

# MARENICA ENERGY LIMITED

## ACN 001 666 600

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## PROSPECTUS

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For an issue of 16,012,417 Placement Options (**Placement Offer**) to Eligible Placement Option Applicants who participated in the Placement which raised \$1,601,241.70. Full terms of the Placement Options are set out in Section 5.1. Completion of the Placement Offer is conditional on the approval of Shareholders to the Placement Offer at the General Meeting currently proposed to be held on 10 December 2019 (see Section 3.1 of this Prospectus).

This Prospectus also includes an offer for 3,202,483 Broker Options (**Broker Offer**) to Canaccord Genuity Patersons Limited (previously Patersons Securities Limited). Full terms of the Broker Options are set out in Section 5.1. Completion of the Broker Offer is conditional on the approval of Shareholders to the Broker Offer at the General Meeting currently proposed to be held on 10 December 2019 (see Section 3.2 of this Prospectus).

This Prospectus also includes an offer for 27,500,000 Converting Preference Shares (**CPS Offer**) to Optimal Mining Limited (**Optimal**). Full terms of the CPS are set out in Section 5.2. Completion of the CPS Offer is conditional on certain conditions including the approval of Shareholders to the Optimal Acquisition at the General Meeting currently proposed to be held on 10 December 2019 (see Section 3.3 of this Prospectus).

Collectively the Placement Offer and Broker Offer are called the Option Offers. Collectively the Placement Offer, Broker Offer and the CPS Offer are called the Offers.

No funds will be raised as a result of the Placement Offer or the CPS Offer. \$320.24 will be raised from the broker offer.

### IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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**1. CORPORATE DIRECTORY**

**Directors**

Andrew Bantock  
*Chairman*

Murray Hill  
*Managing Director and CEO*

Nelson Chen  
*Non-Executive Director*

**Company Secretary**

Shane McBride

**Share Registry\***

Advanced Share Registry Services  
110 Stirling Highway  
NEDLANDS WA 6009

Telephone: + 61 8 9389 8033  
Facsimile: + 61 8 9262 3723

**Auditor\***

Rothsay Auditing  
Level 1, Lincoln House  
4 Ventnor Avenue  
WEST PERTH WA 6005

Telephone: + 61 8 9486 7094

**Registered Office**

Office C1,  
1139 Hay Street  
WEST PERTH WA 6005

Telephone: + 61 8 6555 1816

Email: [info@marenicaenergy.com.au](mailto:info@marenicaenergy.com.au)  
Website: [www.marenicaenergy.com.au](http://www.marenicaenergy.com.au)

**Solicitors**

Poplar Legal Pty Ltd  
1202 Hay Street  
WEST PERTH WA 6005

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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## **2. IMPORTANT NOTES**

This Prospectus is dated 1 November 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Placement Options, Broker Options or CPS may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that applicants read this Prospectus in its entirety and seek professional advice where necessary. The Placement Options, Broker Options and CPS the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known:

- (a) in respect of the Placement Offer, to Eligible Placement Option Applicants and professional advisers whom Eligible Placement Option Applicants may consult;
- (b) In respect of the Broker Offer, to the Broker; and
- (c) in respect of the CPS Offer, to Optimal.

The Corporations Act prohibits the acceptance of applications for CPS under this Prospectus during the seven day period after the date this Prospectus is lodged with ASIC. This period is referred to as the Exposure Period and ASIC may extend this period by up to a further 7 days (that is, 14 days in total). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants before the Opening Date of the CPS Offer.

### **2.1 Risk factors**

Applicants should be aware that subscribing for Placement Options, Broker Options and CPS in the Company involves a number of risks. The key risk factors of which applicants should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Placement Options, Broker Options and CPS in the future. Accordingly, an investment in the Company should be considered highly speculative. Applicants should consider consulting their professional advisers before deciding whether to apply for Placement Options, Broker Options or CPS (as applicable) pursuant to this Prospectus.

## **2.2 Forward-looking statements**

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, Directors and management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

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### 3. DETAILS OF THE OFFERS

#### 3.1 The Placement Offer

The Placement Offer is for the issue of 16,012,417 Placement Options (defined below) to applicants who participated in the Placement.

The Placement was for the issue on 1 August 2019 of 16,012,417 Shares at an issue price of \$0.10 per Share (**Placement**).

The Placement raised a total of \$1,601,241.70, before costs, to be used to fund exploration activities and working capital, including:

- (a) continue to explore Marenica's Namibian uranium tenement portfolio and in particular, its extensive tenement position in the Erongo region. During the calendar year, Marenica was granted five new tenements in the Erongo region and it plans to progressively explore each tenement. Drilling has commenced on the first of those tenements, being EPL 6987, known as Koppies; and
- (b) advance the Australian uranium projects, being the Angela, Thatcher Soak, Minerva and Oobagooma project areas and joint venture holdings in the Bigrlyi, Malawiri, Walbiri and Areva joint ventures, proposed to be acquired from Optimal. On 4 July 2019, the Company announced to the ASX that it had entered into an agreement to acquire the Australian uranium assets of Optimal. Completion of this acquisition is subject to various conditions including approval of regulators, approval of Shareholders and approval of the shareholders of Optimal. Further details about this proposed acquisition are contained in Section 4.2. If completion of this proposed acquisition does not occur then the funds will be used for the purposes set out in paragraphs (a) above and (c) below and for working capital; and
- (c) continue to assess the application of **U-pgrade™** to third party assets.

Based on the number of Shares issued to Eligible Placement Option Applicants who participated in the Placement, a maximum of 16,012,417 Placement Options will be issued pursuant to the Placement Offer. Each Placement Option is exercisable at \$0.17 on or before the date which is two years from the date of issue of the Placement Options.

The issue of the Placement Options is conditional on the approval of the issue by Shareholders at the Company's General Meeting currently proposed to be held on 10 December 2019. If this condition is not satisfied the Placement Offer will not proceed and no Placement Options will be issued under this Prospectus.

If all Placement Options are exercised, the Company will receive approximately \$2,722,110. The exercise of the Placement Options is entirely at the discretion of the holder.

The Placement Options will not be quoted.

The terms and conditions of the Placement Options are set out in Section 5.1 of this Prospectus.

Any Shares to be issued upon the exercise of the Placement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this

Prospectus. Please refer to Section 5.3 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Placement Offer are set out in Sections 4.1 and 4.3 of this Prospectus.

### **3.2 The Broker Offer**

Pursuant to the Broker Mandate (defined in Section 3.8) entered into between the Company and Canaccord Genuity Patersons Limited (previously Patersons Securities Limited) ACN 008 896 311 (**Broker**), the Company has agreed to issue, subject to the approval of Shareholders, 3,202,483 Broker Options to the Broker (or its nominee) in consideration for services provided to the Company in relation to the Placement. Each Broker Option is exercisable at \$0.17 on or before the date which is two years from the date of issue of the Broker Options. The Broker Options will be issued at a price of \$0.0001 per Broker Option.

The issue of the Broker Options is conditional on the approval of the issue by Shareholders at the Company's General Meeting currently proposed to be held on 10 December 2019. If this condition is not satisfied the Broker Offer will not proceed and no Placement Options will be issued under this Prospectus. If this occurs, all Application monies received under the Broker Offer will be refunded (without interest) in accordance with the Corporations Act.

If all Broker Options are exercised, the Company will receive approximately \$544,422. Exercise of the Broker Options is entirely at the discretion of the holder.

The Broker Options will not be quoted.

The terms and conditions of the Broker Options are set out in Section 5.1 of this Prospectus.

Any Shares to be issued upon the exercise of the Broker Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.3 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Broker Offer are set out in Sections 4.1 and 4.3 of this Prospectus.

### **3.3 The CPS Offer**

The CPS Offer is for the issue of 27,500,000 Converting Preference Shares (**CPS**) to Optimal.

On 4 July 2019, the Company announced that it had executed a binding term sheet with Optimal for the acquisition of Optimal's Australian uranium tenement holding, which are owned by African Uranium Limited and Jackson Cage Pty Limited (collectively, **Acquisition Entities**). The Acquisition Entities are 100% owned Australian subsidiaries of Optimal. The Company will acquire 100% of the share capital of the Acquisition Entities (**Optimal Acquisition**). Completion of the Optimal Acquisition (**Optimal Completion**) is subject to a number of conditions - please refer to Section 4.2 for further details.

At Optimal Completion, the Company will acquire the Acquisition Entities from Optimal by paying cash of \$250,000 (which will be set off against a bridge loan of \$250,000 provided to Optimal to assist it to complete the Optimal Acquisition) and issuing 27,500,000 CPS, which it is proposed Optimal will then in-specie distribute to

its shareholders, at which time the CPS will automatically convert into Shares (**Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares**).

The CPS to be issued at Optimal Completion are being offered to Optimal under the CPS Offer. The issue of the CPS is conditional on Optimal Completion occurring which is conditional on various conditions including the approval of Optimal Acquisition by Shareholders at the Company's General Meeting currently proposed to be held on 10 December 2019 – please refer to Section 4.2 for further details. If these conditions are not satisfied the CPS Offer will not proceed and no CPS will be issued under this Prospectus.

The CPS will not be quoted.

The terms and conditions of the CPS are set out in Section 5.2 of this Prospectus.

Shares into which the CPS will convert upon Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.3 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the CPS Offer are set out in Sections 4.1 and 4.3 of this Prospectus.

### 3.4 Indicative timetable

Date of notice of meeting seeking approval of the issue of Placement Options and Broker Options under the Option Offers and CPS under the CPS Offer	1 November 2019
Lodgement of Prospectus with the ASIC and ASX	1 November 2019
Opening Date of the Option Offers	1 November 2019
Expiry of Exposure Period in relation to the CPS Offer	8 November 2019
Opening Date of the CPS Offer	11 November 2019
Closing Date of all Offers	11 December 2019

This timetable is indicative only and may change. The Company reserves the right to bring forward or extend the Closing Date of the Offers at any time after the respective Opening Date of the Offers without notice.

### 3.5 Application for Placement Options and Broker Options

This Prospectus will be sent to participants in the Placement Offer (**Eligible Placement Option Applicants**) and to the Broker.



Applications for Placement Options can only be made by Eligible Placement Option Applicants and must be made using an Application Form accompanying this Prospectus (as applicable).

Eligible Placement Option Applicants are not required to make any payment for the Placement Options. The Placement Options are free attaching options issued to Eligible Placement Option Applicants pursuant to the terms of the Placement.

Broker Options are being offered to the Broker pursuant to the Broker Mandate (defined in Section 3.8 below). The Broker will be required to make a payment of \$0.0001 for each Broker Options.

Completed Placement Option Application Forms and the Broker Option Application Form must be emailed to [shane.mcbride@marenicaenergy.com.au](mailto:shane.mcbride@marenicaenergy.com.au) or delivered to the Company at Office C1, 1139 Hay Street, West Perth, WA, 6005.

### **3.6 Application for Converting Preference Shares**

This Prospectus will also be sent to Optimal as the eligible applicant under the CPS Offer (**Eligible CPS Applicant**).

An application for CPS can only be made by Optimal and must be made using the CPS Application Form accompanying this Prospectus.

The Eligible CPS Applicant is not required to make any payment for the CPS. The CPS will be issued to the Eligible CPS Applicant pursuant to the terms of the Optimal Acquisition.

The completed CPS Application Form must be emailed to [shane.mcbride@marenicaenergy.com.au](mailto:shane.mcbride@marenicaenergy.com.au) or delivered to the Company at Office C1, 1139 Hay Street, West Perth, WA, 6005.

### **3.7 Minimum subscription**

There is no minimum subscription to the Offers.

### **3.8 Broker Mandate**

The Broker was appointed by the Company to act as lead manager to the Placement pursuant to a capital raising and capital market services mandate agreement (**Broker Mandate**).

Pursuant to the Broker Mandate, the Broker was paid a lead manager fee of 1% on the total gross amount raised under the Placement (being, \$19,374) and a selling fee of 5% of the total gross amount raised in the Placement (being, \$96,875). The Broker Mandate also provides for the issue to the Broker or its nominee of 2 options in the Company for each \$1 raised in the Placement (being, the 3,202,483 Broker Options), subject to Shareholders approving the issue of Broker Options. The Company is seeking Shareholder approval for the issue of the Broker Options at the General Meeting currently proposed to be held on 10 December 2019.

### **3.9 Underwritten**

The Offers are not underwritten.

### **3.10 Issue**

Placement Options and Broker Options issued pursuant to the Option Offers will be issued in accordance with the ASX Listing Rules.

Holding statements for Placement Options and Broker Options issued under this Prospectus will be mailed in accordance with the ASX Listing Rules as soon as practicable after their issue.

### **3.11 Overseas shareholders**

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The Broker Offer is being made to the Broker which has a registered address in Australia. The CPS Offer is being made to Optimal which has a registered address in Australia.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the value of Placement Options the Eligible Placement Option Applicants would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Placement Offers are not being extended and the Placement Options will not be issued to Eligible Placement Option Applicants with a registered address which is outside Australia or Singapore.

#### ***Singapore***

This document and any other materials relating to the Securities have not been and will not be lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures ACT, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not an existing holder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

#### ***Nominees and custodians***

Nominees and custodians may not submit an Application Form on behalf of any Eligible Placement Option Applicant or the Broker or the Eligible CPS Applicant resident outside Australia or Singapore without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **3.12 Enquiries**

Any questions concerning the Offers should be directed to Shane McBride, Company Secretary, on +61 8 6555 1816.

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## 4. PURPOSE AND EFFECT OF THE OFFERS

### 4.1 Purpose of the Offers

The purpose of the Offers is to:

- (a) offer the Eligible Placement Option Applicants who participated in the Placement, one (1) Placement Option for every one (1) Share subscribed for and issued under the Placement (**Placement Shares**) (being, a total of 16,012,417 Placement Options). No funds will be raised through the issue of the Placement Options pursuant to this Prospectus as the Placement Options are free attaching to the Shares subscribed for and issued under the Placement. However, if all of the Placement Options are exercised, the Company will receive approximately \$2,722,110; and
- (b) offer the Broker (or its nominee), 3,202,483 Broker Options at an issue price of \$0.0001 per Broker Option pursuant to the terms of the Broker Mandate. \$320.24 will be raised through the issue of the Broker Options pursuant to this Prospectus as the Broker Options are being issued at an issue price of \$0.0001 each. If all of the Broker Options are exercised, the Company will receive approximately a further \$544,422.
- (c) offer Optimal 27,500,000 Converting Preference Shares as part consideration for the acquisition of the Acquisition Entities under the Optimal Acquisition. No funds will be raised through the issue of the CPS pursuant to this Prospectus.

### 4.2 Optimal Acquisition

Under the Optimal Acquisition, Marenica will acquire the Acquisition Entities from Optimal by paying cash of \$250,000 (which will be set off against a bridge loan of \$250,000 provided to Optimal to assist it to complete the Optimal Acquisition) and issuing 27,500,000 Converting Preference Shares under the CPS Offer, which it is proposed Optimal will then in-specie distribute to its shareholders, at which time the Converting Preference Shares will automatically convert into Shares.

The Optimal Acquisition is subject to a number of conditions, including the following outstanding material conditions:

- (a) Shareholders approving the Optimal Acquisition for the purposes of sections 246B(1) and 254A(2) of the Corporations Act and Listing Rules 7.1, by 20 December 2019. This approval is being sought at the General Meeting currently proposed to be held on 10 December 2019;
- (b) Optimal obtaining the approval of its shareholders of the Optimal Acquisition and under section 256B and 256C(1) of the Corporations Act for the Optimal In-Specie Distribution, by 20 December 2019. A notice of meeting is expected to be sent to Optimal's shareholders seeking such approval at a general meeting of Optimal currently proposed to be held on 6 December 2019.

### 4.3 Effect of the Offers

The principal effect of the Offers, assuming all Placement Options and Broker Options and CPS offered under the Prospectus are issued, will be to:

- (a) increase the number of options in the Company on issue from 23,512,929 options as at the date of this Prospectus to 42,727,829 options;
- (b) increase the number of CPS in the Company on issue from nil to 27,500,000; and
- (c) upon Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares, increase the number of Shares on issue from 89,224,710 to 116,224,710 (assuming no options in the Company are exercised or performance rights issued by the Company are converted into Shares).

#### 4.4 Effect on capital structure

The effect of the Offers on the capital structure of the Company is set out below.

##### Converting Preference Shares

	Number
Converting Preference Shares currently on issue	Nil
Converting Preference Shares offered pursuant to the CPS Offer	27,500,000
<b>Total Converting Preference Shares on issue after completion of the CPS Offer</b>	<b>27,500,000</b>
Converting Preference Shares to be automatically converted into Shares on proposed in-specie distribution of CPS	27,500,000
<b>Total Converting Preference Shares on issue after Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares</b>	<b>Nil</b>

##### Shares

	Number
Shares currently on issue	89,224,710
Shares offered pursuant to the Offers	Nil
<b>Total Shares on issue after completion of the Offers</b>	<b>89,224,710</b>
Shares as a result of Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares	27,500,000
<b>Total Shares on issue after Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares</b>	<b>116,724,710</b>

##### Options

	Number
Options currently on issue:	
Unquoted exercisable at \$0.17 on or before 13/12/2020	15,490,000
Unquoted exercisable at \$0.17 on or before 25/5/2020	7,309,998
Unquoted exercisable at \$0.1806 on or before 1/12/2019	290,698

Unquoted exercisable at \$0.21 on or before 30/11/2021	422,233
<b>Sub-Total</b>	<b>23,512,929</b>
Placement Options offered pursuant to the Placement Offer	16,012,417
Broker Options offered pursuant to the Broker Offer	3,202,483
<b>Total Options on issue after completion of the Offers</b>	<b>42,727,829</b>

**Notes:**

1. Assumes that all Placement Options and Broker Options under the Option Offers are issued.

**Other securities**

	Number
<b>Other securities currently on issue:</b>	
Employee Performance Rights currently on issue	202,500
Performance Rights offered pursuant to the Offers	Nil
<b>Total Performance Rights on issue after completion of the Offers</b>	<b>202,500</b>

**4.5 Details of substantial holders**

Based on the information set out in substantial shareholder notices issued by the relevant shareholders, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Hanlong Energy Limited	11,635,072	13.04%
Mr Chris Retzos	5,503,847	7.53%

Assuming the issue of the Placement Options and Broker Options (and their respective exercise) and assuming Optimal Completion occurs and the CPS are issued under this Prospectus and assuming In-Specie Distribution and Automatic Conversion of the CPS into Shares, the resulting effect on the holdings, as shown above, of the substantial shareholders will be as follows:

Shareholder	Shares	%
Hanlong Energy Limited	11,635,072	8.56%
Mr Chris Retzos	5,503,847	4.05%

If Optimal Completion occurs and the CPS the subject of the CPS Offer are issued to Optimal then prior to the Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares, Optimal will hold in excess of 20% of the Company's issued capital. Such an issue will not enliven the takeover provisions in the Corporations Act as the CPS are not "voting shares" for the purposes of the takeover provisions of the Corporations Act.

If Optimal Completion occurs, following the Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares, no Optimal shareholder who receives Shares in the Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares will hold greater than 5% of the Company.

#### 4.6 Pro-forma balance sheet

The audited balance sheet as at 30 June 2018 and the unaudited pro-forma balance sheet as at 30 June 2019 shown below have been prepared on the basis of the accounting policies adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Placement Options, Broker Options and CPS are issued under this Prospectus and assuming the In-Specie Distribution and Automatic Conversion of the CPS into Shares has occurred.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

		<b>MARENICA 30 June 2019 (UNAUDITED)</b>	<b>ACQUISITION ENTITIES 30 June 2019 (UNAUDITED)</b>	<b>PRO-FORMA 30 June 2019 (UNAUDITED)</b>
<b>CURRENT ASSETS</b>				
Cash <sup>1,2,&amp;3</sup>		487,862	-	1,813,497
Trade and other receivables <sup>4</sup>		283,026	-	33,026
<b>TOTAL CURRENT ASSETS</b>		770,888	-	1,846,523
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables		7,290	-	7,290
Fixed Assets		20,886	-	20,886
Acquisition of Tenements <sup>2,4</sup>		-	-	2,962,706
<b>TOTAL NON-CURRENT ASSETS</b>		28,176	-	2,990,882
<b>TOTAL ASSETS</b>		799,064	-	4,837,405
<b>CURRENT LIABILITIES</b>				
Creditors, borrowings and Employee benefits		261,329	149,112	410,441
<b>TOTAL CURRENT LIABILITIES</b>		261,329	149,112	410,441
<b>NON-CURRENT LIABILITIES</b>				
Employee benefits		33,985	-	33,985
<b>TOTAL NON- CURRENT LIABILITIES</b>		33,985	-	33,985

		<b>MARENICA 30 June 2019 (UNAUDITED)</b>	<b>ACQUISITION ENTITIES 30 June 2019 (UNAUDITED)</b>	<b>PRO-FORMA 30 June 2019 (UNAUDITED)</b>
<b>TOTAL LIABILITIES</b>		295,314	149,112	444,426
<b>NET ASSETS (LIABILITIES)</b>		503,750	(149,112)	4,392,979
<b>EQUITY</b>				
Share capital <sup>1,5</sup>		51,030,575	20,102	55,089,018
Reserve		409,674	-	409,674
Retained losses		(50,936,499)	(169,214)	(51,105,713)
<b>TOTAL EQUITY</b>		504,750	(149,112)	4,392,979

**Notes:**

1. The Cash balance was increased and Share Capital increased by \$1,601,242 raised through the issue of Shares in the Placement announced on 26 July 2019 and the Cash balance was reduced and Share Capital decreased by \$103,668, being the transaction costs associated with the Placement.
2. The Cash balance was reduced and Acquisition of Tenements was increased by expected transaction costs of \$120,308 associated with the Optimal Acquisition.
3. The Cash balance was reduced and Share Capital was decreased by costs of \$51,631 to complete this Notice of Meeting and the associated Prospectus.
4. The balance of Trade and Other Receivables was reduced and Acquisition of Tenements increased by \$250,000 as an offset of the Bridge Loan against the purchase price, on Optimal Completion.
5. Share Capital was increased by \$2,612,500 being the calculated value of 27,500,000 Shares at \$0.095 per Share (being the closing price of Marenica shares on the ASX on 31 October 2019) to be issued to Optimal on Optimal Completion.
6. Share Capital was decreased and Acquisition of Tenements was decreased by \$20,012, on elimination intercompany assets acquired on acquisition of Acquisition Entities.

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## **5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **5.1 Placement Options and Broker Options**

The Placement Options and Broker Options have the same terms and conditions (and in this Section 5.1 are referred to as **Options**)

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i) the amount payable upon exercise of each Option will be \$0.17 (in this Section 5,1, **Exercise Price**).



(c) **Expiry Date**

Each Option will expire at 5:00 pm (AWST) on the date that is two years from the date of grant of the Options (in this Section 5.1, **Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable on the last day of March, June, September or December on or prior to the Expiry Date (in this Section 5.1, **Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 5.1(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## 5.2 Converting Preference Shares

### 5.2.1 Glossary

- (a) Unless the context otherwise requires words and expressions used in these Converting Preference Share terms (in this Section 5.2, **CPS Terms**) have the meanings ascribed to them respectively in the Constitution;
- (b) If a word or phrase is defined in this clause 1 of the CPS Terms, its other grammatical forms have a corresponding meaning; and
- (c) The following expressions have the following meanings in this Section 5.2:

**ASTC** means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532) or any successor.

**Automatic Conversion** has the meaning given to that term in clause 5.2.3(a) of these CPS Terms.

**Automatic Conversion Date** means the first Business Day after the CPS are registered in the name of the Distribution Recipient as a result of the Distribution.

**Board** means the board of directors of the Company.

**CHES** means the Clearing House Electronic Subregister System operated by ASTC.

**Company** means Marenica Energy Limited.

**Constitution** means the constitution of the Company as amended from time to time.

**Conversion** means in relation to a CPS, the taking effect of the rights specified in clauses 5.2.3(a), 5.2.5 and 5.2.6(d) of these CPS Terms in relation to that CPS and Convert and Converted have corresponding meanings.

**Conversion Date** means the Automatic Conversion Date or the New Conversion Date, as applicable.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**CPS** means the converting preference shares in the capital of Marenica known as "CPS" issued on the CPS Terms or, where the context requires, each converting preference share.

**CPS Holder** means each person registered in the Register from time to time as a holder of CPS.

**Distribution** means the distribution in specie of the CPS to holders of ordinary shares in the Original CPS Holder, pursuant to the Distribution Resolution.

**Distribution Recipient** means a recipient of CPS distributed as part of the Distribution.

**Distribution Resolution** means a resolution passed at a meeting of ordinary shareholders of the Original CPS Holder authorising the Distribution pursuant to the Corporations Act.

**Dividend** means the non-cumulative dividend payable on each CPS at

the Dividend Rate.

**Dividend Rate** means 5% per annum based on the Face Value of each CPS.

**Face Value** means \$0.000001 per CPS.

**New Conversion Date** has the meaning given to that term in clause 5.2.6(d) of these CPS Terms.

**Original CPS Holder** means Optimal Mining Limited.

**Register** means the register of CPS maintained by the Company and includes any sub-register of that register.

**Shares** means a fully paid ordinary share in the capital of the Company.

**Terms** means the terms and conditions for the issue of CPS in the Company as these terms and conditions are amended, supplemented or replaced from time to time and as set out in these CPS Terms.

#### **5.2.2. CPS**

- (a) The CPS are fully paid converting preference shares in the capital of the Company. They are issued and are automatically Converted according to these Terms.
- (b) Each CPS will be issued fully paid at the Face Value.

#### **5.2.3. Automatic Conversion**

- (a) Subject to clause 5.2.6(d) of these CPS Terms, each CPS will be Converted on the Automatic Conversion Date in accordance with clause 5.2.5 (**Automatic Conversion**) of these CPS Terms.
- (b) The Company does not have the right to Convert the CPS other than in the circumstances listed in clause 5.2.3(a) of these CPS Terms.

#### **5.2.4. No Holder conversion right**

Save as provided for in these Conditions, no CPS Holder has a right to Convert a CPS.

#### **5.2.5. Conversion**

- (a) In the event of a Conversion all CPS will convert into Shares on the basis of one Share for each CPS.
- (b) A CPS, upon Conversion, confers all of the rights attaching to one Share but these rights do not take effect until 5.00pm (Perth time) on the Conversion Date. At that time:
  - (i) all other rights conferred or restrictions imposed on that CPS under these CPS Terms will no longer have effect; and
  - (ii) the Share resulting from the Conversion will rank equally with all other Shares.
- (c) Conversion does not constitute a redemption, buy-back, cancellation or termination of CPS or an issue, allotment or

creation of a new Share.

- (d) Upon Conversion the Company shall provide the CPS Holder with a certificate or statement of holding for the Shares the subject of a Conversion.
- (e) Despite anything else in these Terms, upon Conversion of the relevant CPS, any entitlement to a Dividend (accrued or otherwise) with respect to CPS, will cease to accrue and be deemed to be written off.

#### **5.2.6. Quotation of Shares**

- (a) Each Share arising from Conversion will rank pari passu with all other fully paid Shares, except that such Shares arising from Conversion will not be entitled to any dividend or any other distribution or entitlement that has been declared or determined but not paid as at the Conversion Date.
- (b) The Company must provide to ASX a notice complying with sections 708A(5)(e) and 708A(6) of the Corporations Act (Cleansing Notice).
- (c) If on the Automatic Conversion Date the Company would be unable to provide to ASX a Cleansing Notice in respect of a Conversion because it is unable to comply with the requirements of sections 708A(5)(e) and 708A(6) of the Corporations Act (including where trading in the Shares on ASX was suspended for more than a total of five days in the preceding 12 month period) or for any other reason is unable to provide to ASX a Cleansing Notice (for the purposes of clause 5.2.6(b), the Company must within 20 Business Days after the Automatic Conversion Date lodge with ASIC a prospectus complying with section 708A(11) of the Corporations Act.(Cleansing Prospectus).
- (d) If the Company is under an obligation to lodge a Cleansing Prospectus, and the Automatic Conversion Date would occur prior to actual lodgement of the Cleansing Prospectus then the Conversion of the CPS will not occur until the date on which the Company has complied with its obligations under clause 5.2.6(c) of these CPS Terms (for the purposes of this clause 5.2.6(d) of these CPS Terms, the New Conversion Date) and each CPS will be Converted on the New Conversion Date in accordance with clause 5.2.5 of these CPS Terms.
- (e) Shares arising from Conversion will be issued in uncertificated form through CHESS.
- (f) Statements of holdings for Shares arising from Conversion will be dispatched by the Company by mail free of charge as soon as practicable but in any event within 10 Business Days after the relevant Conversion Date.

#### **5.2.7. General CPS Terms**

- (a) Register

The Company shall maintain the Register.

- (b) General Rights

(i) CPS rank equally amongst themselves in all respects.

(ii) Until Conversion, the CPS shall have an entitlement to the payment of Dividends equal to the Dividend Rate before payment of a dividend to holders of Shares or any other class of shares ranking behind the CPS.

(iii) Until Conversion, if there is a return of capital on a winding up of the Company, CPS Holders will be entitled to receive out of the assets of the Company available for distribution to holders of CPS, in respect of each CPS held, a cash payment equal to the Face Value and any accrued and unpaid Dividend before any return of capital is made to holders of Shares or any other class of shares ranking behind the CPS.

(iv) CPS do not confer on their holders any right to participate in profits or property except as set out in these Terms or in the Constitution.

(v) If, upon a return of capital, there are insufficient funds to pay in full the amounts referred to above and the amounts payable in respect of any other shares in the Company ranking as to such distribution equally with the CPS on a winding up of the Company, the CPS Holders and the holders of any such other shares will share in any distribution of assets of the Company in proportion to the amounts to which they respectively are entitled.

(vi) Until Conversion, the CPS do not confer on the CPS Holders any further right to participate in the surplus assets of the Company on a winding up than those set out in these Terms.

(vii) Until all CPS have been converted, the Company must not, without approval of the CPS Holders, issue shares ranking in priority to the CPS or permit the variation of any rights of any existing shares to shares ranking equally or in priority to the CPS, but the Board are at all times authorised to issue further CPS ranking equally with any existing CPS.

(viii) If a takeover bid is made for ordinary shares, acceptance of which is recommended by the Board, or the Board recommend a member's scheme of arrangement, the Board will use reasonable endeavours to procure that equivalent takeover offers are made to the CPS Holder or that they participate in the scheme of arrangement.

(ix) Until conversion, the CPS confer no rights to subscribe for new securities in the Company or to participate in any bonus issues.

(x) A CPS does not entitle a CPS Holder to vote at any general meeting of the Company except in the following circumstances:

(A) on a proposal:

1. to reduce the share capital of the Company;
2. that affects rights attached to the CPS;
3. to wind up the Company; or
4. for the disposal of the whole of the property, business and undertaking of the Company;

(B) on a resolution to approve the terms of a buy back

agreement;

(C) on a resolution during a period in which a Dividend or part of a Dividend on the CPS is in arrears; or

(D) on a resolution during the winding up of the Company.

(xi) In accordance with the Constitution, a Holder will have the same rights as the holders of Shares with respect to receiving notices at general meetings and financial reports and attending the Company's general meetings.

(xii) Subject to complying with all applicable laws, the Company may, without the authority, assent or approval of the CPS Holders, amend or add to these CPS Terms if such amendment or addition is, in the opinion of the Company:

( A ) of a formal, minor or technical nature;

( B ) made to correct a manifest error; or

( C ) not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the CPS Holders.

### **5.3 Ordinary Fully Paid Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares:

- (a) that will be issued if the Placement Options or Broker Options are exercised; and
- (b) into which the CPS will convert if Optimal Completion occurs and following the Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares.

This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.



(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## 6. RISK FACTORS

### 6.1 Introduction

The securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 6.2 Specific Risks

#### (a) 'Going concern' risk

In the Company's Annual Report for the financial year ended 30 June 2019 (refer to page 32), it was noted that:

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

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

The Directors are of the view that the Company has or will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this Prospectus.

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

#### (b) Future capital requirements

The Company's current business will require ongoing expenditures. The funds raised from the Placement and issue of the Broker Options will not be sufficient to successfully achieve all the objectives of the Company's overall business strategy and it will be required to raise additional capital.

If the Company is unable to source additional capital after exhaustion of the net proceeds of the Placement, the issue of the Broker Options and existing working capital, there can be no assurance that the Company will have sufficient capital to continue.

Any additional equity financing would most likely be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which may limit the Company's business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(c) **Potential for dilution**

Upon completion of the Offers and assuming all Options proposed to be issued under the Offers are issued and exercised and CPS are converted into Shares (but assuming no other existing options are exercised, existing performance rights converted into Shares or any other securities are issued) the number of Shares on issue in the Company will increase from 89,224,710 currently on issue to 135,939,610.

This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the date of this Prospectus (being, 31 October 2019) of \$0.095 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offers.

(d) **Namibia sovereign risk**

The Company's Namibian activities are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation in Namibia that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

To date, the Company has experienced good working relations with the Republic of Namibia's Ministry of Mines and Energy personnel and the Minister of Mines.

(e) **Tenement Title – Namibia**

Interest in minerals licences (herein referred to as "tenements") in Namibia is governed by Namibian legislation and is evidenced by the grant of licences. Each licence is for a specific term and may carry with it, annual expenditure and reporting commitments, as well as other statutory and ancillary terms and conditions requiring compliance.

(f) **Title, Tenure and Access – General**

Generally, licences which the Company owns or may acquire either by application, sale and purchase, joint venture or farm-in are regulated by the applicable mining legislation. There is no guarantee that applications will be granted as applied for (although the Company has no reason to believe that licence applications will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition, a relevant minister or government agency may need to consent to any transfer of any licence to the Company.

Renewal of licences is also made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation. In addition, the relevant minister or government agency may impose conditions on any renewal, including relinquishment of ground.

(g) **Uranium mining risk in Australia**

**Australia**

All mining in Australia is regulated by both the Commonwealth and State Governments. The areas of uranium mining that are regulated include exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, storage and transport and native title. In particular, the approval processes for uranium mining are more onerous than for the mining of other minerals. Compliance with such regulations may increase the costs of exploring, drilling, developing, constructing, operating and closing uranium mines and other production facilities.

The mining and export of uranium is permitted under strict national and international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries that sign bilateral agreements with Australia covering the use of Australian Obligated Nuclear Material (AONM) and who undertake to use it only for peaceful purposes.

**Western Australia**

From June 2002 to November 2008, uranium mining was prohibited in Western Australia. Accordingly, all mining leases granted since 22 June 2002 are subject to a condition which prohibits the mining of uranium. In 2008, the Liberal state government lifted the ban on uranium mining in

Western Australia. Mining leases granted by the Western Australian government since 2008 and currently held by the Company are not subject to a condition prohibiting the mining of uranium. However, there can be no assurance that the policy with respect to uranium mining in Western Australia will not change again in the future and this may adversely affect the long-term prospects of the Company.

Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's assets of which cannot be predicted.

(h) **Title risk – Western Australia and Northern Territory**

Under the terms of the grant of the tenements and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, tenement holders are required to meet prescribed expenditure conditions. Failure to meet these expenditure commitments will render the tenement liable to be forfeited unless a total or partial exemption is granted in accordance with the Mining Act 1978 (WA) or the equivalent legislation in the Northern Territory.

Further, there is no guarantee that current or future applications, extensions or renewals of the Company's exploration or mining tenements will be granted.

Even if the Company is entitled to seek an exemption from the requirement to meet expenditure requirements, it may nevertheless be the subject of an attempt by a third party to claim a failure to satisfy expenditure conditions which may need to be resolved through litigation.

(i) **Native title and access risks - Australia**

Exploration and mining activities can be affected by land claim compensation and environmental considerations. It is possible that Aboriginal sites of significance may be found within the Company's tenements that may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from traditional owners to explore and extract resources.

The Company must comply with Aboriginal heritage legislation requirements and, in some instances if a native title claim was to be made over the project area, the Company might need to negotiate access agreements which require heritage survey work to be undertaken ahead of the commencement of exploration or mining operations.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(j) **Exploration Targets**

The Company may describe the exploration potential of some of its prospects in the form of exploration targets. Those exploration targets are conceptual in nature as there has been insufficient exploration to define a mineral resource in accordance to JORC 2004, and it is uncertain if future exploration would have resulted in the determination of a mineral resource within them. Exploration targets are expert expressions of judgment based on geological models produced from knowledge,

experience and industry practice. These models and targets can have an influence on the methods and styles of exploration activity. However, it is recommended that no investment decision be made on the basis of exploration targets.

(k) **JORC 2004 Resources**

The Company currently has and may acquire JORC 2004 mineral resources from time to time. If the mineral resource estimate for any such JORC 2004 resources were prepared and first disclosed under the 2004 Edition of the Australian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves (JORC Code 2004) and they have not since been updated to comply with the 2012 Edition of the Australian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves (JORC Code 2012), ASX Listing Rules will require that they are updated to JORC 2012 if that information materially changes since it was last reported. It is possible that the conversion from JORC 2004 to JORC 2012, may result in a material change to the JORC 2004 reported mineral resource estimate.

(l) **Resource and Reserve Estimates**

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling, metallurgical recovery testwork and similar examinations.

In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(m) **Joint venture parties, contractors and agents**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(n) **Exploration, development, mining and processing risks**

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore resources;
- (ii) successful conclusions to bankable feasibility studies; and
- (iii) access to adequate capital for project development.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(o) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) The ability to develop an economic process route to produce a metal and/or concentrate;
- (ii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project; and
- (iii) the Company has not yet commercially proven the technical and economic viability of the scale up of the **U-pgrade™** process to a commercial operation.

(p) **Operational and technical risks**

The current and future operations of the Company, including exploration, appraisal, production and licencing activities may be affected by a range of factors, including:

- (i) geological, geotechnical and hydrogeological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programs and budgets;
- (iv) the supply and cost of skilled labour; and/or
- (v) prevention or restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals.

(q) **Technology Risk**

The Company developed proprietary technology to upgrade the uranium ore at the Marenica Project ("**U-pgrade™**") with the potential to be applied to other similar uranium deposits. The technology has, however, only been "bench scale" tested on samples of ore from Marenica's own Marenica Project, Paladin Energy Limited's Langer Heinrich Project, Toro Energy Limited's Wiluna Project and Deep Yellow Limited's Tumas Projects. There is a risk that the **U-pgrade™** technology may not be able to be replicated on a commercial scale.

(r) **General Environmental Risks**

Mining is an industry which has become subject to increasing environmental responsibility and liability. The potential liability is an ever-present risk.

Mining and exploration operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay exploration or increase costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

(s) **Intellectual property**

- (i) The Company has sought to protect intellectual property in its proprietary technology, including applying for patents. A patent is a monopoly granted by a government for a period of up to 20 years in return for disclosure to the world. A patent provides exclusive legal rights in respect of an invention (as defined by the claims of a patent) in the country of grant. After a patent expires or lapses, or to the extent of any revocation, anyone may then use the invention.
- (ii) In order to secure patent protection, a patent application is filed with the Patent Office in each country of interest, the application is examined under the patent laws of that country, and a patent will be issued if the application meets the patentability criteria of that country. The grant of a patent in one country does not guarantee the grant of a patent for the same invention in another country. Moreover, the claims of a patent application may be amended during examination before a national Patent Office to meet the patentability criteria of that country. Accordingly, the scope of any patent protection may vary between countries, and from the initially filed patent application.
- (iii) The grant of a patent does not guarantee validity and a patent may be challenged by third parties at a Patent Office by opposition and/or re-examination in some countries, or post-grant through the courts by revocation proceedings.
- (iv) The grant of a valid patent does not mean that the invention may be exploited in a given country without infringing third party IP rights in that country.

(t) **Global Credit and Investment Markets**

Global credit, commodity and investment markets often exhibit a high degree of uncertainty and volatility. The factors which contribute to these situations are outside the control of the Company and may occur from time to time resulting in uncertainty in world stock markets (including ASX). This may impact the price at which the Company's securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives.



(u) **Competition from alternative energy and public perception**

Nuclear energy is in direct competition with other sources of energy which include oil, gas, coal and hydro electricity. The competitiveness of these energy sources may change as a result of technological, political or other developments resulting in a decrease in the competitiveness of nuclear energy with a consequent impact on the demand for uranium. Furthermore, the growth of the nuclear power industry (and resulting increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity.

The nuclear industry may be subject to negative public opinion due to political, technological and environmental factors. Negative public opinion may continue to have an adverse impact on the demand for uranium and increase the regulation of uranium mining thereby making it more difficult for the Company to extract value from its Tenements.

One of the arguments for nuclear energy is its substantially reduced level of carbon emissions per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have very low levels of carbon emissions however, to date, have not been efficient enough to be relied upon for large scale base-load power. Nevertheless, technological changes may occur that make alternative energy systems more efficient, reliable and competitive, therefore making energy produced from uranium relatively less attractive and or profitable.

(v) **Commodity Price Volatility and Foreign Exchange Risk**

In the event that the Company achieves exploration success and/or success with its strategies to commercialise **U-pgrade™** leading to an interest in uranium production in Namibia or elsewhere, the Company will derive revenue through the sale of uranium.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for uranium, forward selling by producers, and production cost levels in major metal-producing regions. Uranium demand has also been impacted by other unexpected operational and environmental issues, such as experienced at Fukushima, Japan in 2011.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

As the Company's undertakes activities in Namibia, capital, ongoing expenditure and any income related thereto may be denominated in United States Dollars, Namibian Dollars or South African Rand.

Furthermore, no hedging strategy has yet been developed or implemented by the Company. This may result in the Company being exposed to the effects of the change in currency (exchange rate) risk.

(w) **Insurance**

The Company has a policy of obtaining insurance to reduce losses where appropriate, taking into consideration the availability of cover and premium costs and where required under its contractual commitments. There can be no assurance, however, that the Company will be able to obtain or maintain such insurance coverage at reasonable rates (or at all), or that any coverage it has or obtains will be adequate and available to cover any claims. However, as at the date of this Prospectus, the Directors believe that all appropriate insurance policies have been obtained by the Company.

(x) **Taxation and government regulations**

Changes in taxation and government legislation in a range of areas (for example, Corporations Act, accounting standards, and taxation law, or similar legislation in overseas jurisdictions) can have a significant influence on the outlook for all companies and the returns to investors.

The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cashflows of the Company.

Recent changes to taxation rules in a number of prominent African countries have materially impacted mining businesses. Whilst no such changes have been proposed in Namibia, if similar changes were adopted in the future they could materially affect the Company's asset values and potential future returns from Namibia.

(y) **Reliance on key personnel**

The Company is reliant on its key management personnel. The loss of one or more of these individuals could adversely affect the Company.

The Company manages this risk by recruiting qualified and experienced personnel and by ensuring key personnel are appropriately remunerated in line with industry standards.

### **6.3 General Risks**

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(c) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's absolute or relative operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and/or
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation - acquisition and disposal of securities**

The acquisition and disposal of securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for securities under this Prospectus.

#### **6.4 Speculative investment**

The above list of risk factors ought not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Offers under this Prospectus.

Therefore, the Options being issued pursuant to this Prospectus (or Shares to be issued upon exercise of the Options) carry no guarantee with respect to the payment of dividends, returns of capital or their respective market value.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

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## 7. ADDITIONAL INFORMATION

### 7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83 and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Placement Option Applicants, the Broker and Optimal should therefore have regard to the other publicly available information in relation to the Company.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
01/11/2019	Notice of General Meeting
31/10/2019	Quarterly Cashflow Report
31/10/2019	Quarterly Activities Report
24/10/2019	Notice of Annual General Meeting/Proxy Form
23/10/2019	Appointment of Key Exploration Consultants
26/09/2019	Corporate Governance Statement
26/09/2019	Appendix 4G
26/09/2019	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

Announcements are also available through the Company's website [www.marenicaenergy.com.au](http://www.marenicaenergy.com.au).

### 7.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.125	10 April 2019
Lowest	\$0.073	31 October 2018
Last	\$0.095	31 October 2019

### 7.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offers.

### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

<b>Director</b>	<b>Shares</b>	<b>Options</b>	<b>Employee Performance Rights</b>
Murray Hill	2,542,858	3,600,000	202,500
Andrew Bantock	200,000	1,100,000	Nil
Nelson Chen	1,331,707	1,292,857	Nil

#### **Notes:**

1. The Company is seeking Shareholder approval at its upcoming Annual General Meeting to issue 3,600,000 options to Mr Hill. Refer to Resolution 5 and Schedule 1 of the Notice of Annual General Meeting for further detail.
2. The Company is seeking Shareholder approval at its upcoming Annual General Meeting to issue 1,000,000 options to Mr Bantock. Refer to Resolution 3 and Schedule 1 of the Notice of Annual General Meeting for further detail.
3. The Company is seeking Shareholder approval at its upcoming Annual General Meeting to issue 1,000,000 options to Mr Chen. Refer to Resolution 4 and Schedule 1 of the Notice of Annual General Meeting for further detail.

### **Remuneration**

The remuneration of each executive Director is determined in accordance with the Company's remuneration framework, which is approved by the Board. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and

the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount payable in aggregate to all non-executive directors has been set at an amount not to exceed \$300,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as options in the Company, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Proposed 2020 <sup>1</sup>	2019 <sup>2</sup>	2018 <sup>3</sup>
Murray Hill	\$284,700	\$368,409	\$287,100
Andrew Bantock <sup>4</sup>	\$60,000	\$82,146	\$25,000
Nelson Chen	\$45,000	\$66,646	\$45,000

**Notes:**

1. The figures noted above for the 2020 financial year include salary, fees and superannuation.
2. The figures noted above for the 2019 financial year include salary, fees, superannuation and share-based payments.
3. The figures noted above for the 2018 financial year include salary, fees, superannuation and share-based payments.
4. Mr Bantock was appointed as a Director on 1 February 2018.

## 7.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;



- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Canaccord Genuity Patersons Limited (previously Patersons Securities Limited) has acted as lead manager to the Placement. Canaccord Genuity Patersons Limited (previously Patersons Securities Limited) will be paid a fee of 1% (excluding GST) on all monies raised under the Placement (being, \$17,614) and a selling fee of 5% of the total gross amount raised in the Placement (being, \$96,875). The Broker Mandate also provides for the issue of 2 options in the Company for each \$1 raised in the Placement (being, the 3,202,483 Broker Options) to be issued to the Broker or its nominee, subject to Shareholders approving the issue of Broker Options. The Company is seeking Shareholder approval for the issue of the Broker Options at the General Meeting currently proposed to be held on 10 December 2019. During the 24 months preceding lodgement of this Prospectus with the ASIC, Canaccord Genuity Patersons Limited (previously Patersons Securities Limited) has been paid fees totalling \$316,395 (excluding GST) by the Company.

Poplar Legal has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Poplar Legal \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Poplar Legal has been paid fees totalling \$49,538 (excluding GST and disbursements) for legal services provided to the Company.

## **7.6 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offers and does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (c) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Poplar Legal has given its written consent to being named as the solicitors to the Company in this Prospectus. Poplar Legal has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Canaccord Genuity Patersons Limited (previously Patersons Securities Limited), who have not been involved in the preparation of any part of this Prospectus, has given its written consent to being named as Lead Manager to the Company in this Prospectus. Canaccord Genuity Patersons Limited (previously Patersons Securities Limited) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Rothsay Auditors has given its written consent to being named in this Prospectus and to the inclusion of the audited financial information of the Company for the financial year ended 30 June 2018 in this Prospectus to the Company. Rothsay Chartered Accountants has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 7.7 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately \$51,631 (excluding GST) and are expected to be applied towards the items set out in the table below:

	<b>\$</b>
ASIC fees	3,206
ASX fees	15,902
Legal fees	20,000
Postage	11,523
Miscellaneous	1,000
<b>Total</b>	<b><u>\$51,631</u></b>

### Notes:

1. The Company also notes the fees payable under the Broker Mandate in consideration for services provided in relation to the Placement. Refer to Section 3.8 for further detail.
2. The estimated expenses will be paid out of the Company's existing working capital.

## 7.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please telephone the Company on +61 8 6555 1816 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic

Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **7.9 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## **7.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing option or share certificates. The securities will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates for the Placement Options to be issued to Eligible Placement Option Applicants or for the Broker Options to be issued to the Broker or for the CPS's to be issued to Optimal. Instead, applicants will be provided with a statement (similar to a bank account statement) that sets out the number of securities allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **7.11 Privacy Act**

If you complete an application for Placement Options or Broker Options or CPS's, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

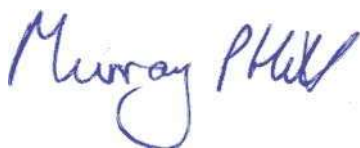
Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Placement Options or Broker Options or CPS, the Company may not be able to accept or process your application.

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## 8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Murray Hill**  
**Managing Director**  
**For and on behalf of**  
**Marenica Energy Limited**

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## 9. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Acquisition Entities** has the meaning described in Section 3.3.

**Application Form** means the application forms for Placement Options, Broker Options or CPS accompanying this Prospectus with respect to either the Placement Offer, Broker Offer or CPS Offer (as applicable).

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Broker** means Canaccord Genuity Limited (previously Patersons Securities Limited) ACN 008 896 311.

**Broker Mandate** has the meaning described in Section 3.8.

**Broker Offer** means the offer of Broker Options described in Section 3.2.

**Broker Option** means an option to acquire a Share on the terms and conditions set out in Section 5.1.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out in Section 3.4 (unless extended).

**Company** means Marenica Energy Limited (ACN 001 666 600).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**CPS** or **Converting Preference Share** means a converting preference share on the terms and conditions set out in Section 5.2 of this Prospectus.

**CPS holder** means a holder of a **Converting Preference Share**.

**CPS Offer** means the offer of CPS described in Section 3.3.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible CPS Applicant** has the meaning described in Section 3.6.

**Eligible Placement Option Applicant** has the meaning described in Section 3.5.

**Offers** means the Placement Offer, Broker Offer and CPS Offer.

**Opening Date** in respect of an Offer means the date specified in the timetable set out in Section 3.4 in respect of that Offer (unless varied).

**Optimal** means Optimal Mining Limited.

**Optimal Acquisition** has the meaning described in Section 3.3.

**Optimal Completion** has the meaning described in Section 3.3.

**Optimal In-Specie Distribution and Automatic Conversion of the CPS into Shares** has the meaning described in Section 3.3.

**Option** means an option to acquire a Share on the terms and conditions set out in Section 5.1 of this Prospectus.

**Option Offers** means the Placement Offer and the Broker Offer.

**Optionholder** means a holder of an Option.

**Placement** means the placement of 16,012,417 Shares to sophisticated and professional investors at an issue price of \$0.10 per Share together with, subject to Shareholder approval, one free Option for every one Share subscribed for and issued to raise approximately \$1,601,241, before costs.

**Placement Offer** means the offer of Placement Options described in Section 3.1.

**Placement Option** means an option to acquire a Share on the terms and conditions set out in Section 5.1 of this Prospectus.

**Prospectus** means this prospectus.

**Securities** means a Placement Option, Broker Option or CPS offered pursuant to this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.