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# Marenica Uranium Project, Namibia

*"Forging Ahead in 2010"*



# Uranium – a commodity in demand

- Spot price currently ~US\$97,000/t (US\$44/lb)
- Demand fundamentals driven by:
  - *436 operating nuclear reactors worldwide*
  - *115 new reactors planned or under construction for completion by 2020*
  - *20% of world production from politically unstable environments*
  - *Increasing acceptance of nuclear as part of future green energy mix*
  - *Diminishing supply from down blending of Russian HEU*
  - *Uranium market still in deficit to the tune of 60Mlbs pa*
  - *Long term contract pricing of US\$65-70/lb*
  - *Growth from China, India, Russia, Korea and Japan*
  - *Production not keeping up with forecasts – long lead times to production of up to 10 years*
- Strong likelihood for a shortfall in uranium supply in the medium term

# Disclaimer and Competent Person's statement

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## Competent Persons Statement

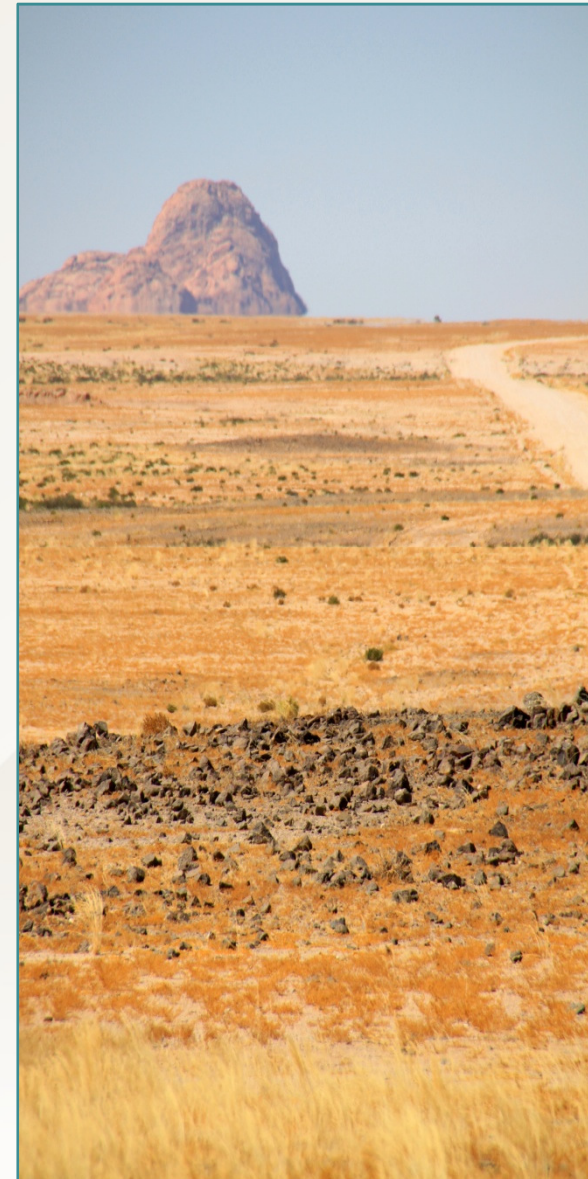
- Information in this report that relates to exploration results is based on information compiled by Dr Erik van Noort, who is a Member of the Australian Institute of Geoscientists. Dr van Noort is a full-time employee of Marenica Energy Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr van Noort consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*
- "The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by a team of full time employees of SRK Consulting (UK) Ltd which was directed by Dr Mike Armitage. Dr Armitage who is a Member of the Institute of Materials, Minerals and Mining and a Fellow of the Geological Society of London, both of which are 'Recognised Overseas Professional Organisations' ('ROPOs'), is the Chairman of SRK Consulting (UK) Ltd and has taken responsibility for the mineral resource aspects of SRK's work. Dr Rob Bowell, a Principal Geochemist with SRK and who is also a Fellow of the Geological Society of London takes responsibility for any comments related to exploration results and metallurgical testwork. Other team members, Dr John Arthur and Ms Tracey Laight are both Fellows of the Geological Society of London, Dr Arthur is also a Member of the Institute of Materials, Minerals and Mining. Both Dr Armitage and Dr Bowell have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Dr Armitage and Dr Bowell consent to the inclusion in this announcement of the matters based on their information in the form and context in which these appear."*

## eU308

- Where eU308 is reported it relates to values attained from radiometrically logged boreholes. The probe has been calibrated at the Pelindaba Calibration facility in South Africa. Down hole spectral gamma logging/probing of drill holes provides a powerful tool for uranium companies to explore for, and evaluate, uranium deposits. Such a method measures the natural gamma rays emitted from material surrounding a drill hole out to around 0.5 metre from its centre - the gamma probe is therefore capable of sampling a much larger volume than that which would normally be recovered from a core or RC hole. These measurements are used to estimate uranium concentrations with the commonly and accepted initial assumption being that the uranium is in (secular) equilibrium with its daughter products (or radio-nuclides) which are the principal gamma emitters. If uranium is not in equilibrium (viz. in disequilibrium) – as a result of the redistribution (depletion or enhancement) of uranium and/or its daughter products - then the true uranium concentration in the holes logged using the gamma probe will be higher or lower than those reported in the announcement*

# Overview – 2009 highlights

- Landmark \$9.9M capital raising
- +14,000m of resource drilling
- Successful bulk metallurgical test work
- Upgraded  $U_3O_8$  JORC resource of ~40Mlbs
- EPL renewed to Nov 2010
- Strong balance sheet – underpins A\$5M exploration budget for 2010
- Future upside from hard rock uranium exploration
- Global nuclear giant AREVA acquires strategic 10.6% interest

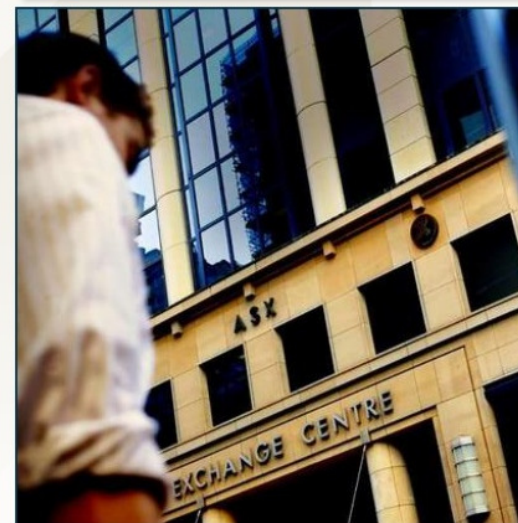


## • Management

- *Graham Woolford* - *Chairman*
- *John Young* - *Chief Executive Officer*
- *Neil Biddle* - *Non Executive Director*
- *David Sanders* - *Non Executive Director*

## • Market details

- *Ordinary Shares* - *449M*
- *Options* - *43M*
- *Top 20* - *66%*
- *Market Capitalisation* - *A\$70M*
- *Debt* - *nil*
- *Cash* - *A\$5M*
- *ASX Code:* - *MEY*
- *Frankfurt Exchange:* - *WTT*
- *Namibian Exchange:* - *WAM*

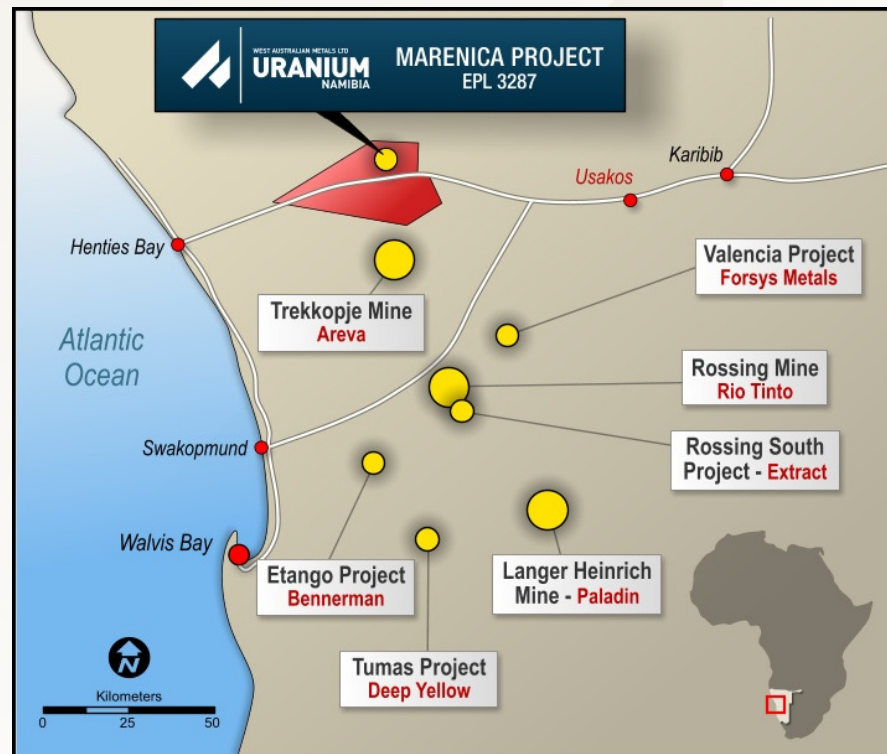


# Namibia

- Modern, politically stable country with long history of resource development and mining
- World-class uranium province producing 8-10% of world's uranium
- Current projects include:

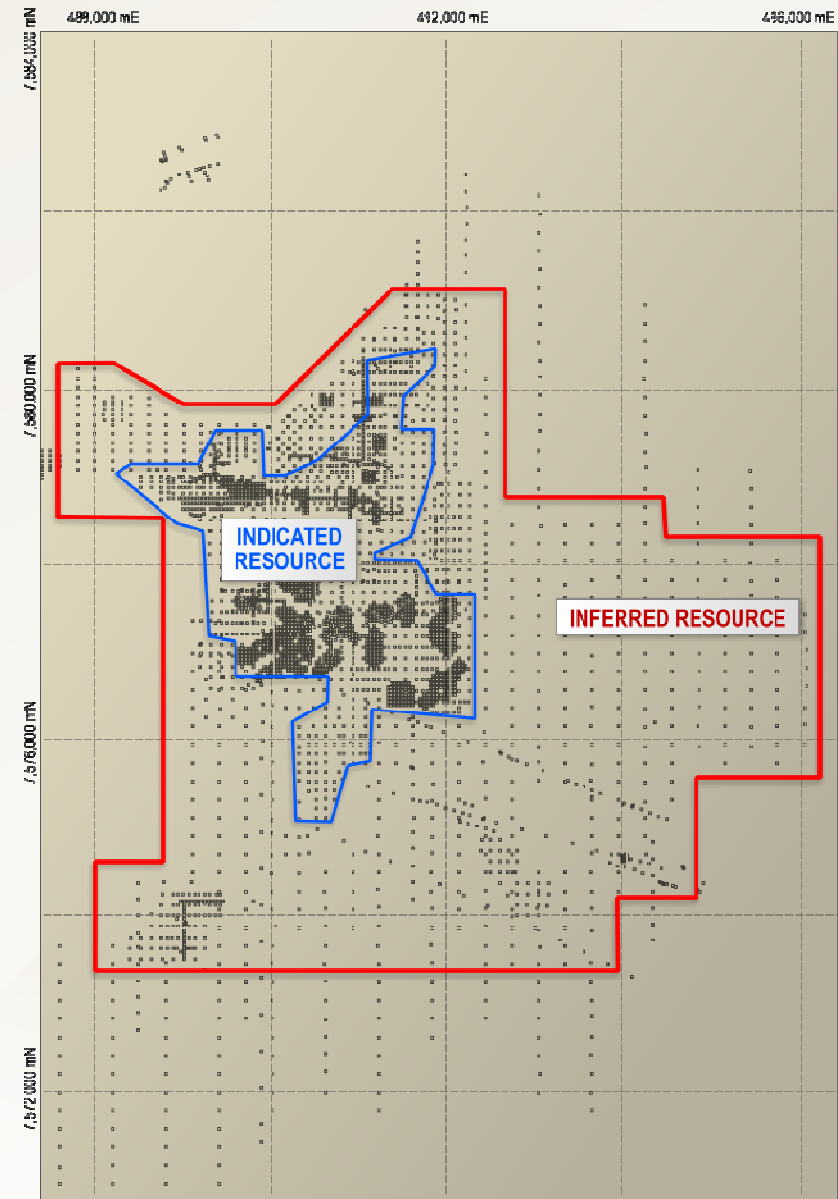
- *Rossing Mine – 69% Rio*
- *Langer Heinrich Mine – Paladin*
- *Trekkopje – Areva/CGNC*
- *Valencia – Forsys*
- *Etango – Bannerman*
- *Rossing South – Extract*
- *Inca – Deep Yellow*

- 6 ● Accessible Infrastructure



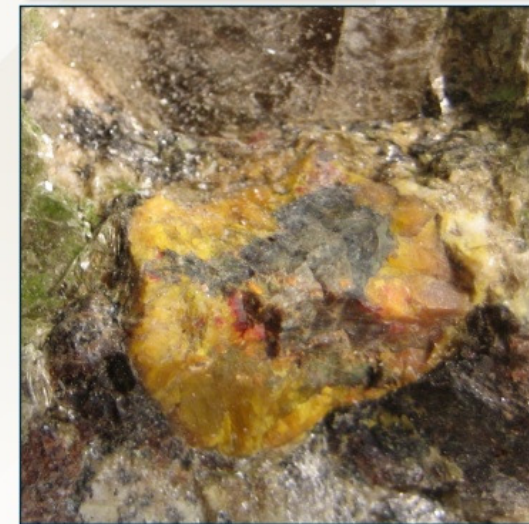
# Marenica resources

- Interim resource of 122Mt grading 140ppm  $U_3O_8$ , comprising:
  - *Indicated 16Mt @ 170ppm  $U_3O_8$*
  - *Inferred 106Mt @ 140ppm  $U_3O_8$*
- Significant final down-hole probe results received from historical drill holes at Marenica with better intersections including:
  - *4.6m @ 363ppm  $eU_3O_8$*
  - *19.8m @ 313ppm  $eU_3O_8$*
  - *12.5m @ 621ppm  $eU_3O_8$*
  - *7.9m @ 1,256ppm  $eU_3O_8$*
  - *13.6m @ 406ppm  $eU_3O_8$*
- New resource statement planned for February 2010



# Marenica metallurgy

- Marenica ore amenable to upgrading:
  - *confirmed by screening, scrubbing and ore sorting test work*
- 375% increase in  $U_3O_8$  grade achieved:
  - *from a head grade of 232ppm  $U_3O_8$  to a final product grade of 871ppm  $U_3O_8$*
- 90% of the uranium can be retained in 37% of the ore
- 96% extraction of uranium achieved from both calcrete and oxidised bedrock through initial leach test work
- Final metallurgical results due Q1 2010





# Road to production – scoping study

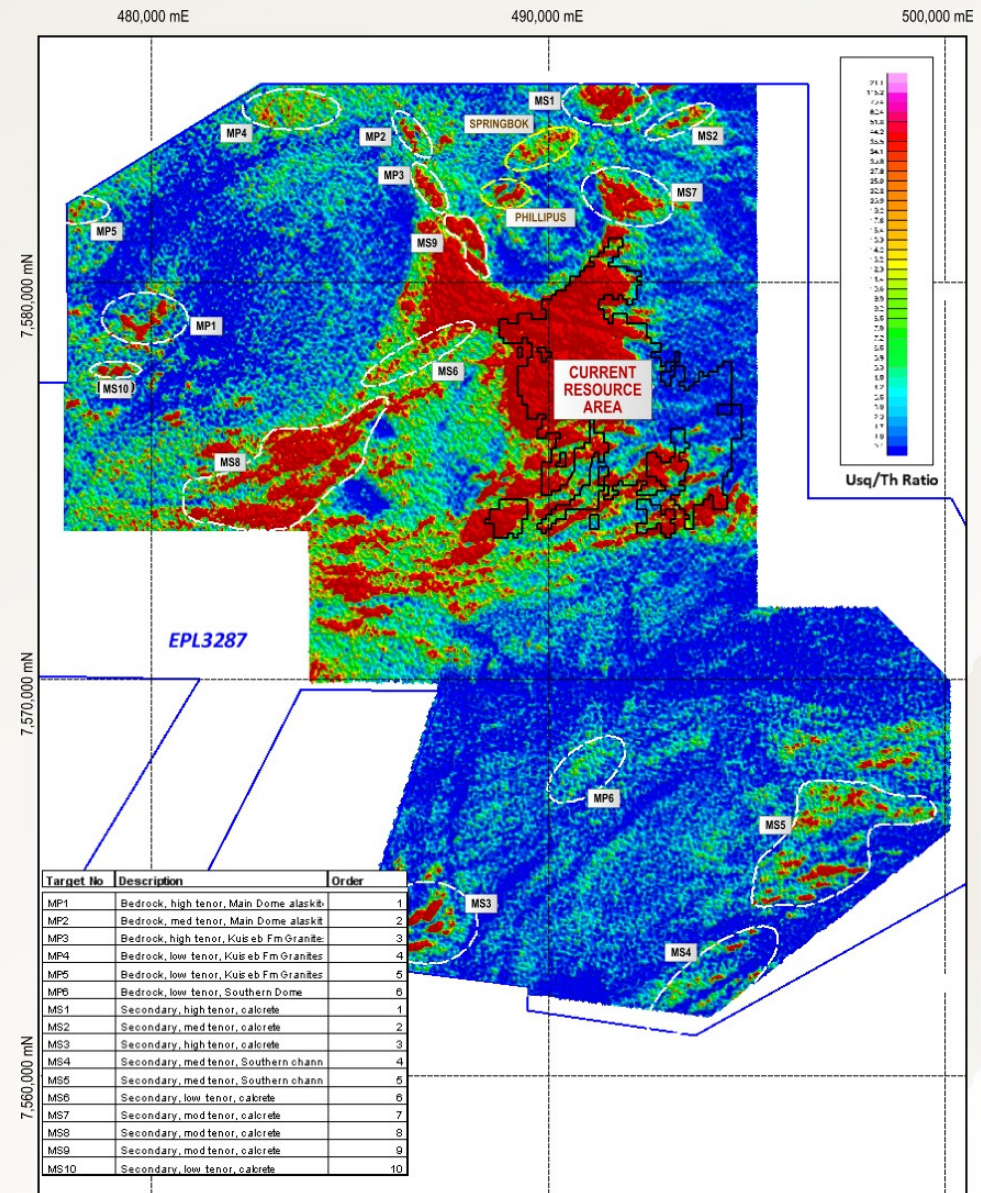
- Resource
  - +40Mlb  $U_3O_8$  (>80ppm cutoff) SRK in 2010
- Mining
  - *Conceptual resource optimization*
  - *Annual ore and waste production schedules*
  - *Operating and capital cost models  $\pm 35\%$*
  - *Mine Plan, mine layout and access requirements*
- Metallurgy /Process options
  - *Detailed metallurgical testwork ( ANSTO)*
  - *Determine capital and operating cost of process route*
- Waste Management/Leaching
- Environmental and Social
- Infrastructure
- Technical and Economic Modeling



# Marenica exploration 2010

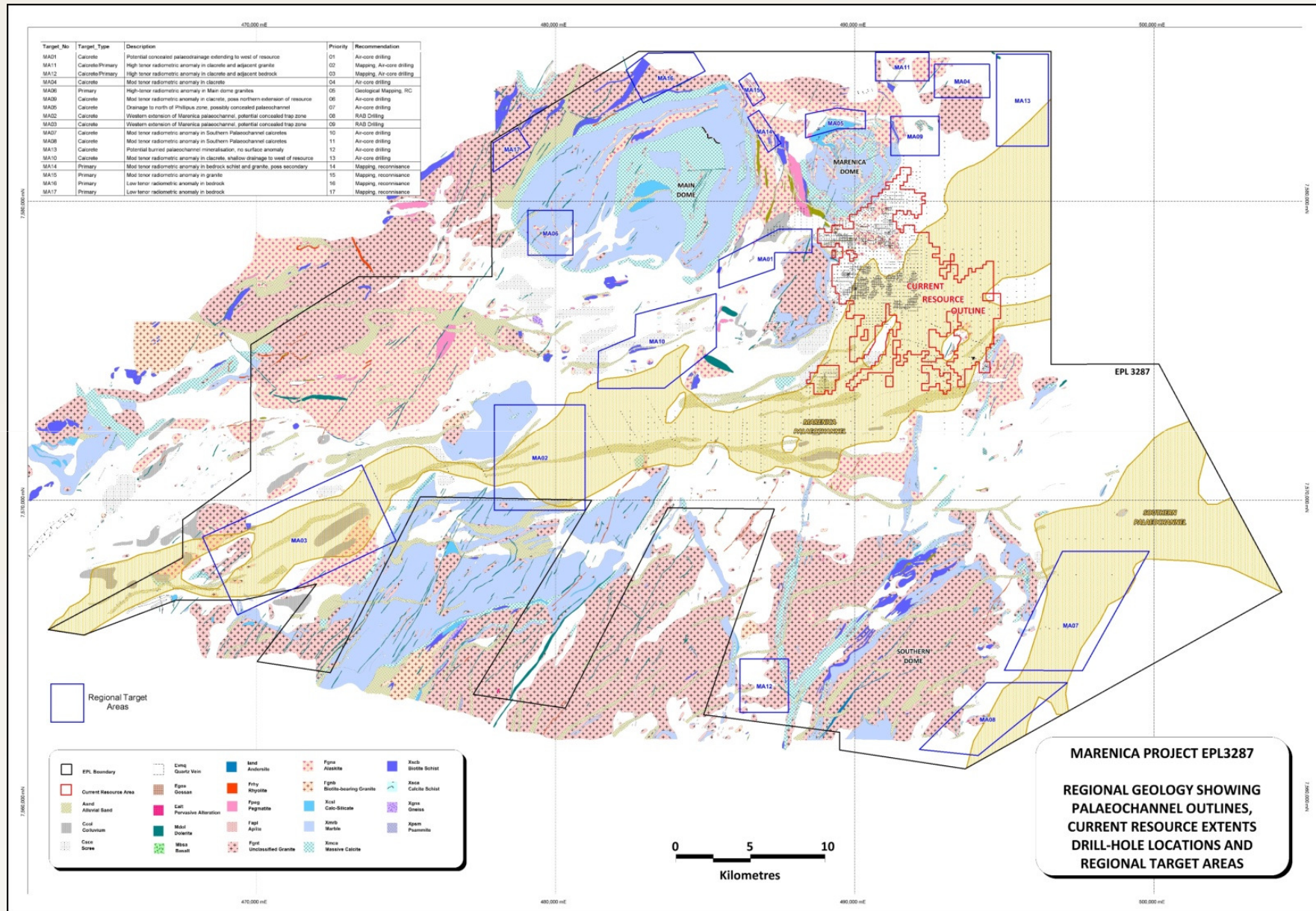
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- *NEW Airborne Radiometric Survey* – 16 new radiometric anomalies in both palaeo-channel and bedrock terrains
- *Aircore Drilling* – to start mid-February:
  - *to test peripheral targets to the Marenica paleochannel*
  - *Additional palaeochannel targets in the south-eastern area, adjacent to the prospective southern dome*
- RC Drilling planned – to test selected hard rock primary uranium targets – many based on detailed ground mapping, using the new radiometrics




# Marenica exploration 2010

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**MARENICA PROJECT EPL3287**  
**REGIONAL GEOLOGY SHOWING PALAEOCHANNEL OUTLINES, CURRENT RESOURCE EXTENTS, DRILL-HOLE LOCATIONS AND REGIONAL TARGET AREAS**

# Marenica project – value benchmarks

- Kintyre Uranium deposit (WA) – sold by Rio Tinto to CAMECO (70%) and Mitsui (30%) for US\$495M
  - *Valuation of US\$6-8/lb*
- Mega Uranium sold a 35% stake in Lake Maitland deposit (8.4M lbs) in Western Australia to JAURD and Itochu for US \$49M.
  - *Equates to US\$5.83 per lb for an Inferred Resource*
- Marenica currently valued at **less than US \$2.00 per lb**
- Our focus is to realise this value for shareholder  
 <US\$2.00 per lb        + US\$6.00 per lb



# Approach for value realisation

- Sustainable funding program during 2010
- Scoping Study results
- Potential acquisition or Joint Venture
- Additional 7,000m of exploration drilling in 1H 2010 targeting primary and secondary uranium mineralisation
- Timetable of results:
  - *Resource Update – February 2010*
  - *Metallurgy due – end of Q1 2010*
  - *Scoping Study – Q1/Q2 2010*
- Develop commercialisation path a view to exploit existing uranium infrastructure in the local region





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