



Quarterly Activities Report

For the Period Ended 30 June 2015

HIGHLIGHTS

- ✓ Application of **U-pgrade™** to Toro ore demonstrates application to Western Australian calcrete ores
- ✓ Marenica banked \$A356,000 from share placement to new investor, Mingsun
- ✓ Funding and partnering discussions with potential investors continuing
- ✓ Discussions continued with resource owners to secure agreement for pilot testing of their resources in exchange for a pathway to commercialisation

TESTWORK ON WESTERN AUSTRALIAN CALCRETE ORES

U-pgrade™ was developed on the ore from the Marenica Project in Namibia. The Company is encouraged that the **U-pgrade™** technology could be used on different calcrete ore types found in Australia.

Marenica has an agreement with Toro Energy Limited to provide a sample of calcrete hosted uranium ore from its Wiluna project to conduct testwork using the proprietary **U-pgrade™** technology. The testwork programme, fully funded by Toro, is aimed at determining the amenability of **U-pgrade™** to the Toro ore sample.

The testwork programme has been carefully structured in stages with the first stage completed this quarter. The testwork generated valuable information and produced outstanding results that form a solid base for completion of the next stages of testing. The next stages of the programme will test the quantum of upgrading possible, and provide data to more accurately estimate the potential performance improvements and cost benefits.

"**U-pgrade™** testwork and cost analysis on Namibian calcrete uranium ores show a likely 50% reduction in process operating and capital costs compared to conventional processing. The fact that an **U-pgrade™** process can be used on an Australian calcrete uranium ore is a very exciting opportunity for the uranium industry in Australia." said Murray Hill.

This is an opportunity for the Company to apply **U-pgrade™** to Australian ores.

U-PGRADE™ COMMERCIALISATION UPDATE

The commercialisation strategy adopted by Marenica to link **U-pgrade™** to resources and provide three different levels of investment is progressing with potential investors looking at each of the following:

- The ASX listed parent company Marenica Energy Limited
- The wholly owned subsidiary Uranium Beneficiation Pty Ltd (holder of the **U-pgrade™** intellectual property)
- The Project level post signing of agreements with resource owners

During the quarter Marenica finalised an agreement to raise \$356,000 from the placement of 1,500,000 shares to Hong Kong based Chinese company, Mingsun Technology Co Limited (“Mingsun”). The placement was completed in May 2015. The placement has provided working capital to Marenica for the further development and commercialisation of its patented **U-pgrade™** process.

Marenica is continuing discussions with parties at all three levels. The Company is confident of a positive outcome to these investment opportunities but the current apprehensive economic climate for resources has lengthened the negotiation process. The investment from Mingsun provides time for these discussions to come to fruition.

The Company has previously demonstrated in bench scale testwork that it can concentrate the uranium from its low grade calcrete hosted uranium deposit in Namibia (Marenica). In summary, on that ore, **U-pgrade™**

- Reduces operating costs by 50-70% and capital costs by 30-50% compared to conventional processing
- Rejects ~98% of the mass prior to leaching
- Concentrates the uranium by a factor of 50
- Produces a high grade concentrate in a low mass of ~2% (leach feed)
- Rejects acid consumers

Marenica’s **U-pgrade™** process is a major breakthrough for processing surficial uranium deposits. Whilst the continued low uranium price is a major problem for much of the uranium industry, with many of the world’s uranium producers reporting a loss at current spot prices, these low prices provide an opportunity for Marenica to commercialise the **U-pgrade™** process because of the expected lower operating and capital costs. A number of resource companies have stated that they require a uranium price of at least \$75/lb before they can develop new projects. Marenica believes that the application of **U-pgrade™** to surficial uranium projects provides a means for these to be developed and operated at significantly lower costs than would otherwise be the case, and well below current project development trigger prices. Also **U-pgrade™** provides an opportunity for existing producing mines to lower their costs and improve their margins, as well as make adjacent satellite deposits viable.

The potential application of **U-pgrade™** to surficial uranium deposits is the Company’s primary target.

CORPORATE

On 28 May 2015 Marenica received funds of \$356,000 from the placement of 1,500,000 shares to Mingsun.

During the quarter the company received \$52,901 from the sale of PAK (Pacific American Coal Company) shares.

TENEMENTS

The Group holds the following mineral tenements at the end of the March 2015 quarter.

Namibia – Marenica Minerals (Pty) Ltd (Marenica 75%)

- EPL3287

Australia – Marenica Energy Ltd

- Vic Loc 118; Vic Loc 119 and Vic Loc 833

ENDS

For further information contact Marenica Energy Limited:

Murray Hill, CEO, Ph: (+61 8) 6555 1816