



9 February 2016

ASX Announcement

Marenica and Hanlong agree to restructure of Convertible Note

Key Points

- **Term of Note extended to November 2018**
- **Conversion Price of Note reduced from \$1.80 to \$0.58**
- **Note can be repaid in cash or by issue of about 2.8 million shares valued at \$0.58 each**
- **New terms of Note require approval of Marenica Shareholders**
- **Subject to Shareholder Approval of new terms of Note, Marenica intends to proceed with SPP to existing shareholders**
- **Underwriting offer received for SPP. Finalising underwriting terms in the coming days.**

Marenica Energy Limited (ASX:MEY) (“Marenica” or “the Company”) has reached agreement with Hanlong Energy Limited (“Hanlong”) on revised terms for the outstanding Convertible Note (“Note”).

The changes to the terms of the Note include;

- Extension of term until 14th November, 2018
- Conversion Price for Note reduced to \$0.58 per share
- Marenica now has the right to repay debt at maturity in shares issued at \$0.58 per share or cash

Although it is anticipated that the Note remains in place for the next 2 ½ years, at maturity Marenica will have the option to repay the amount outstanding by issuing about 2.8 million shares to Hanlong or cash. The company is currently formalising the changes to the Funding Agreement in the form of a Deed of Variation.

This provides security and certainty to both present and future Marenica shareholders allowing the company to access capital markets without the overhang and uncertainty of a traditional Convertible Note structure.

“The existence of the Note has been a significant obstacle to Marenica’s ability to fund the available development opportunities based on the **U-pgrade™** technology. The agreement to the fixed terms of conversion removes the uncertainty at maturity and gives Marenica the confidence that the Note can be repaid by issuing a pre-determined number of new Marenica shares. This will provide certainty for new investors seeking to become involved in the development and commercialisation of **U-pgrade™**,” said Marenica chairman, Doug Buerger.

"I would also like to acknowledge the support Marenica has received from Hanlong, not just with this agreement but throughout its significant involvement with the company. All parties realise that the Note required restructuring for the company to prosper."

"Provided shareholders approve the modifications to the terms of the Convertible Note new funding pathways will become available to Marenica which will accelerate the development of our **U-pgrade™** technology."

"The Marenica board believes the company has a very bright future through the development of its patented **U-pgrade™** technology," Mr Buerger said.

Under listing rule 7.1, these changes in terms will require shareholder approval, which will be sought at a General Meeting planned for late March.

Share Purchase Plan (SPP)

Marenica intends to undertake a SPP to raise sufficient capital to progress preparations to build a Pilot Plant and to move forward with key **U-pgrade™** commercialisation discussions with Toro Energy Limited and Deep Yellow Limited.

The company is considering a proposal to underwrite the SPP, subject to shareholders approving the announced changes to the terms of the Note.

The intention is to raise approximately \$500,000 under the SPP, which will allow each shareholder to subscribe to a maximum of \$15,000 of new shares in Marenica.

Discussions with the underwriters are expected to be finalised prior to the existing trading halt expiring, at which time further details of the offer to shareholders and the underwriting arrangements will be announced.

The Company has therefore requested that its shares remain in a trading halt until pre-open Wednesday, 10 February 2016.

About Marenica

Marenica Energy (MEY) is an ASX listed uranium exploration company which is developing its patented **U-pgrade™** technology which can upgrade low grade calcrete uranium deposits into a commercial grade concentrate. Marenica's **U-pgrade™** process technology, can halve operating and capital costs of low grade calcrete uranium deposits, converting previously stranded resources into potentially viable projects.

Marenica has developed this potentially disruptive technology on ore samples from the Marenica project in Namibia. In summary, on that ore, **U-pgrade™** has demonstrate that it;

- 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
- Reduces operating costs by 50-70% and capital costs by 30-50% compared to conventional processing

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For further information please contact:

Murray Hill
CEO - Marenica Energy Limited
T: +61 8 6555 1816
E: murray.hill@marenicaenergy.com.au

Media Inquiries
Ian Howarth
Hintons
Mob: 0407 822 319
E: ihowarth@hintons.com.au