



ASX RELEASE

27 April 2017

About Marenica Energy

- Marenica Energy Limited (ASX: MEY) is a minerals exploration company holding a portfolio of mineral tenements in Namibia and Australia.
- Marenica's principal project is the 75% owned Marenica Uranium Project in Namibia.
- Marenica is currently focused on the development of its propriety **U-pgrade™** technology.

Investment Summary

- 75% interest in the Marenica Uranium Project in Namibia.
- **U-pgrade™**
- Marenica has the entitlement to receive 1.125% of the gross production of gold and other minerals in the Katanning Gold Project in Western Australia.

Directors

Douglas Buerger – Non-Executive Chairman
Murray Hill – Managing Director & CEO
John Sestan – Executive Director
Nelson Chen – Non-Executive Director
Lou Guo Qing – Non-Executive Director
David Sanders – Non-Executive Director

Share Structure

Shares on Issue: 31,481,239
Options on Issue: 1,038,714
Performance Rights: 202,500
Last Price (18 April 2017): \$0.15
Market Capitalisation: circa \$4.7 million

Substantial Shareholders

Hanlong Energy Limited: 11.9%
MingSun Technology Co Limited: 6.5%
Retzos Executive Pty Ltd 6.4%
Murray Hill & Associates: 5.3%

Contact

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Quarterly Activity Report For the period ending 31 March 2017

Summary

Marenica Uranium Project – Namibia

- An Independent Scoping Study has been completed on the Marenica Uranium Project in Namibia
- Industry competitive Capital and Operating cost – the reduction in costs is the same order of magnitude for the **U-pgrade™** plant previously reported by Marenica, i.e. ~50% reduction in operating and ~50% reduction in capital
- Further cost savings are possible if the **U-pgrade™** concentrate is leached and refined at a third party site
- Opportunities exist to lower costs further and improve project's competitiveness
- Release of Scoping Study production and cost data is restricted by ASIC

U-pgrade™ Process Technology

- U3O8 Corp sample testing is in progress
- Discussion are progressing with other resource owners

Corporate & Financial

- A\$1.7 million capital raising in progress
- Attracting larger and more diversified shareholder base

Marenica Uranium Project – Namibia (75%)

The Marenica Uranium Project (“Project”) is located within Mineral Deposit Retention Licence (MDRL) 3287 in the Erongo Region of Namibia; a recognised uranium mining province and home to several world class uranium deposits and operating mines. As such it has the advantage of well-established and reliable mining related infrastructure and services, and a stable legislative framework within which to operate.

It adjoins the similar Trekkopje Deposit which was acquired by Areva in 2007 as a part of the Uramin acquisition for US\$2.5 billion.



In January 2017 Marenica engaged DRA (processing and infrastructure) and Orelogy (mining and mine-plan) to undertake a Scoping Study. Lead engineers DRA have extensive experience throughout Africa from their base in Johannesburg, including recent experience

in Namibia, and Orelogy were also selected because of their extensive Namibian mining experience.

The Independent Scoping Study reviewed the viability of the Project using the **U-pgrade™** technology, new mining techniques now available for shallow deposits, and in an environment of a more competitive local exchange rate in Namibia.

The scope for the Scoping Study was completed by experienced engineering consulting firms, experts in their respective fields, and included:

- Determine the optimal mining methodology and scale of operations for the Project, suitable to the deposit, that generated an acceptable project value
- Determine a suitable strategic approach to the mining development
- Conclude scoping level process design and preliminary economic trade-off studies
- Provide scoping level capital and operating cost estimates for mining, process plant and mine infrastructure
- Conclude an economic valuation
- Identify project risks and opportunities

The Scoping Study was underpinned by the JORC (2004) resource presented in the following table. The JORC resource was completed by Perth based renowned geological consultants Optiro, and first reported in December 2011.

Total Mineral Resources (at a 50ppm U₃O₈ cut-off grade)			
Resource Category	Tonnes (millions)	U₃O₈ Grade (ppm)	U₃O₈ Mlbs
Marenica			
Indicated	26.5	110	6.4
Inferred	249.6	92	50.9
Total	276.1	94	57.3
MA7			
Inferred	22.8	81	4.0
Total	22.8	81	4.0

Marenica were able to demonstrate, from an infill drill program completed in 2010 and 2011, that with additional drilling the Inferred Resource category can be converted to an Indicated Resource, which provides the Company confidence that the Inferred Resource can be readily converted to higher confidence level categories.

The calcrete deposits in Namibia occur in palaeochannels and there are extensive palaeochannels within the Company's MDRL. Positive near surface drill intercepts have identified areas of high exploration potential outside of the defined resource area, which provides the Company with confidence that the resource base can be increased.

This study met its objective in providing quantitative confirmation for the Company that a viable project is possible at a moderately higher uranium price, and provide justification for the Company to proceed further along the pathway towards for fast track development when conditions warrant.

The Scoping Study has arrived at an industry competitive Capital and Operating cost for the Marenica Project. The reduction in costs compared to a conventional plant, are in the same order of magnitude for the **U-pgrade™** process previously reported by Marenica, i.e. a reduction of ~50% in operating costs and ~50% reduction in capital for a process plant producing U₃O₈. Further savings in CAPEX will be possible if the **U-pgrade™** concentrate is leached and refined at a third party site.

Although the Scoping Study is underpinned by a JORC resource and complies with ASX guidelines, Marenica has not received ASIC consent to communicate these results to the market. ASIC have indicated that Scoping Study production data cannot be reported if the study is underpinned by a resource significantly in the Inferred Resource category. Marenica's resource contains 90% in the Inferred category. Marenica remains committed to work with ASIC to find a solution that meets the objectives and requirements of both parties.

U-pgrade™ Process Technology

U-pgrade™ amenability testwork is in progress on samples from U3O8 Corp's Laguna Salada surficial uranium deposit in Argentina. The program is expected to be completed during the next quarter.

Discussions continue with a number of resource owners to demonstrate the benefits of **U-pgrade™** and enter into agreements for future testwork and eventually license and commercialisation agreements. Due diligence has been completed on several resources. The Company is encouraged by the strong interest shown in the technology throughout the industry.

With all commercialisation discussions, it is Marenica's priority to make the technology available on terms where its shareholders receive a fair share of the benefits derived by resource owners using **U-pgrade™** while ensuring that the resource owner enjoys significant benefits from the application of the technology.

Corporate and Financial

On 12 April the Company announced a capital raising of \$1.7 million to progress development of opportunities;

- \$951,200 to be raised in a two tranche placement to institutional and sophisticated investors at an issue price of 13 cents per share; and
- \$748,800 to be raised in a non-renounceable rights issue at the same issue price of 13 cents per share.

The Company is pleased that Patersons Securities Limited is acting as Lead Manager to the Capital Raising.

The first tranche placement of 4,376,923 fully paid ordinary shares (\$569,000) were placed on 20 April under the Company's ASX Listing Rule 7.1 placement capacity, the balance of the placement will be subject to shareholder approval which will be sought at a General Meeting currently scheduled for early June.

The pro rata non-renounceable rights issue will be offered on the basis of 1 new Share for every 6.2 Shares held by eligible shareholders at an issue price of 13 cents per Share to raise up to \$748,800. Under the rights issue, Marenica will issue up to a maximum of 5,760,000 new Shares. The rights issue provides all eligible shareholders with an opportunity to subscribe for new Shares at the same price as the placement.

Hanlong Energy Limited will participate in the placement and right issue to maintain their equity interest of 11.9% in Marenica, the Hanlong contribution to the capital raising will offset payment of the convertible note interest due on 30 April 2017.

Tenement Schedule

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

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

- EPL3287

Australia – Marenica Energy Ltd

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

Competent Persons Statement

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

What is U-pgrade™?

Marenica has previously developed a beneficiation process, as described in patent number WO 2014/059461, for upgrading uranium from low grade uranium ores. Marenica has developed this potentially disruptive technology on ore samples from the Marenica Project in Namibia. The Company has 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™** 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% and capital costs by ~50% compared to conventional processing

For further information please contact:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MARENICA ENERGY LIMITED

ABN

71 001 666 600

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(42)	(177)
(b) development	-	-
(c) production	-	-
(d) staff costs	(113)	(350)
(e) administration and corporate costs	(134)	(461)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	102
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(288)	(882)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	500
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(24)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	476
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	440	558
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(288)	(882)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	476
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	152	152

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	8	5
5.2 Call deposits	144	435
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	152	440

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	115
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments of director fees and salary/super to managing director .

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,651	1,651
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	1,651	1,651
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company has Convertible Notes with Hanlong Mining Ltd with maturity date of 14 November 2018. The key terms of the Convertible Notes are a conversion price of \$0.58 per share, and an coupon interest rate of 8% per annum. The Company has the right to repay the debt at maturity in shares issued at \$0.58 per share or cash.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	83
9.2 Development	
9.3 Production	
9.4 Staff costs	128
9.5 Administration and corporate costs	128
9.6 Other (provide details if material) ¹	278
9.7 Total estimated cash outflows	617

¹ Interest payment to Hanlong and incentive payment to SBS

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 27 April 2017

Print name: Susan Hunter

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.