



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

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, 01/05/2013

Name of entity

MARENICA ENERGY LIMITED

ABN

71 001 666 600

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(4)	(94)
(b) development	-	-
(c) production	-	-
(d) administration	(187)	(958)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	368
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(189)	(676)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(5)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	51	53
(c) other fixed assets	-	4
1.10 Loans to other entities	-	(2)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	51	50
1.13 Total operating and investing cash flows (carried forward)	(138)	(626)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(138)	(626)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	337	848
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	337	848
	Net increase (decrease) in cash held	199	222
1.20	Cash at beginning of quarter/year to date	136	111
1.21	Exchange rate adjustments to item 1.20	-	2
1.22	Cash at end of quarter#	335	335
	# A\$36k held in Namibia in N\$ at 30 June 2014 has been included in opening balance of Year-to-Date column		

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The company issued 269,602 fully paid ordinary shares in lieu of a portion of salary/fees owed to CEO, Murray Hill, and consultant, John Sestan, totalling \$67,435 as per ASX announcement dated 13 February 2015.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,651	1,651
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	45
4.2 Development	-
4.3 Production	-
4.4 Administration	117
Total	162

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	8	5
5.2 Deposits at call	327	131
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	335	136

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities (description)	675,000	-	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil Nil		
7.3	+Ordinary securities	15,567,325	15,567,325	

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.4	Changes during quarter				
	(a) Increases through issues	1,769,903	1,769,903		
	Issue shares to M Hill/J Sestan in lieu of salaries & consulting services	98,552 73,101 97,950	98,552 73,101 97,950		
	Placement	1,500,000	1,500,000		
	(b) Decreases through returns of capital, buy-backs	Nil			
7.5	+Convertible debt securities			<i>Conversion Price</i>	Maturity Date
	Convertible Note	16,507	-	\$1.80	On or before 14 November 2016
7.6	Changes during quarter				
	(a) Increases through issues	Nil			
	(b) Decreases through securities matured, converted	Nil			
7.7	Options <i>(description and conversion factor)</i>	721,059	-	<i>Exercise Price</i> \$0.355	<i>Expiry date</i> 26/11/2018
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	180,000		\$2.70	30/04/2015
7.11	Debentures <i>(totals only)</i>	Nil			
7.12	Unsecured notes <i>(totals only)</i>	Nil			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 30 July 2015

Print name: Alan Douglas Buerger

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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