



Quarterly Activities Report

For the Period Ended 30 September 2015

SUMMARY

- ✓ Marenica is intent on piloting the disruptive **U-pgrade™** process
- ✓ First Stage Testwork programme on Toro ore completed, producing better than expected results
- ✓ Marenica confidence in application of **U-pgrade™** to Western Australian calcrete ores grows
- ✓ Funding and partnering discussions with potential investors continuing

DISRUPTIVE TECHNOLOGY

The **U-pgrade™** process is a major breakthrough for processing surficial uranium deposits. The continued low uranium price is becoming more of a problem for much of the uranium industry, with many of the world's uranium producers reporting a loss at current spot prices. In these difficult times for the industry the time is right to be innovative and embrace disruptive technology like the **U-pgrade™** process.

Marenica believes that the application of **U-pgrade™** to surficial uranium projects provides a means for them to be developed and operated at significantly lower costs than would otherwise be the case, and potentially well below current development incentive prices allowing these projects to beat competing supply onto the market and enter the market in time for the expected recovery in uranium 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 Company considers the best approach to de-risk the **U-pgrade™** process and build industry and investor confidence is to build and operate a pilot plant. The Company intends to build and operate a pilot plant on ore samples either sourced from its own Marenica deposit in Namibia or an alternate ore source pending outcomes from discussions with resource owners.

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

TESTWORK ON WESTERN AUSTRALIAN CALCRETE ORES

The testwork programme on the Toro Energy Limited ("Toro") ore sample continued during the quarter producing some outstanding results. The second stage produced excellent recoveries and rejected a large mass of gangue, and work on the third stage has generated sufficient data to suggest that a high grade concentrate could be produced from further testwork.

The testwork programme has now reached a natural pause point with an internal Marenica cost estimate being produced to demonstrate to Toro the expected benefits of **U-pgrade™**. Discussions were in progress at the time of this report to determine the most suitable approach to progress this application of **U-pgrade™**.

"The Toro **U-pgrade™** testwork programme produced results beyond our expectations, dramatically increasing our confidence level in the application of **U-pgrade™** to Australian calcrete uranium resources.

There are many of these, but up until now, there has been little incentive to explore for, or develop them.” said Murray Hill.

U-PGRADE™ COMMERCIALISATION UPDATE

Discussions are in progress with several other resource companies on how **U-pgrade™** can be applied to their respective resources and the most appropriate platform to progress application of **U-pgrade™**. The Company is also in discussion with investors on the structure of investment in **U-pgrade™** and the Marenica Project.

The Company has several corporate initiatives being developed that could potentially play an important role in the structure of subsequent funding stages. The pilot plant funding package will be finalised following the outcome of these initiatives.

“The Company is looking forward to the events that could unfold during the next quarter, but notes that the current economic climate for resources could lengthen the process.” said Murray Hill.

TENEMENTS

The Group holds the following mineral tenements at the end of the September 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

What is U-pgrade™?

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

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 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(25) - - (191)	(25) - - (191)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid	2	2
1.6 Income taxes paid	-	-
1.7 Other (R & D Rebate)	127	127
Net Operating Cash Flows	(87)	(87)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(87)	(87)

+ 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)	(87)	(87)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net increase (decrease) in cash held	(87)	(87)
1.20	Cash at beginning of quarter/year to date	335	335
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	248	248

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

Nil

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.

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
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	30
4.2	Development	-
4.3	Production	-
4.4	Administration	108
Total		138

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	5	8
5.2 Deposits at call	243	327
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	248	335

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	N/A		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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 <i>(description)</i>				
7.2 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 +Ordinary securities	15,567,325	15,567,325		
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities			<i>Conversion Price</i>	<i>Maturity Date</i>
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 26,700	- -	<i>Exercise Price</i> \$0.355 \$0.400	<i>Expiry date</i> 26/11/2018 17/09/2019
7.8 Issued during quarter	26,700	-	\$0.400	17/09/2019
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
7.11 Debentures <i>(totals only)</i>	Nil			

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)	Nil	
7.13	Performance Rights	675,000	-

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 /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: .29 October 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.

+ See chapter 19 for defined terms.