



Quarterly Activities Report

For the Period Ended 31 March 2014

HIGHLIGHTS

The Company has a high level of confidence that its proprietary **U-pgrade™** technology has a much broader application than the Marenica deposit and has appointed an industry specific strategic advisor to assist in development of a commercialisation plan for **U-pgrade™**. The strategy includes targeting application on higher grade resources than Marenica and the Company expects to be in a position to provide more details on the strategy in the current quarter.

MARENICA URANIUM PROJECT – 75% owned

The main activity in this quarter in relation to the Marenica Uranium Project continued to be development of Marenica's proprietary **U-pgrade™** technology. **U-pgrade™** is the technology developed by Marenica for upgrading the carnotite in surficial secondary uranium deposits prior to leaching. The **U-pgrade™** process rejects ~98-99% of the mass by physical separation prior to leaching. The low mass of concentrate leached is both beneficial for the environment as well as operating and capital costs.

Limited metallurgical testwork was completed during the March quarter whilst the company conserved cash and reviewed the **U-pgrade™** commercialisation and development strategy.

APPLICATION OF **U-PGRADE™**

Ore Characterisation testwork has been and continues to be completed on ore sources at CSIRO facilities in Perth, under the guidance of Marenica.

Previously reported Ore Characterisation testwork on samples from Areva Mine's Trekkopje deposit in Namibia and Deep Yellow Ltd (Reptile Uranium (Pty) Ltd) resources in Australia and Namibia produced excellent results, showing a high propensity for upgrading. Based on these results Marenica has a high level of confidence that **U-pgrade™** can be successfully applied to the Trekkopje deposit and Deep Yellow deposits in both Namibia and Australia and other surficial deposits around the world.

Marenica is looking forward to demonstration of **U-pgrade™** on deposits around the world.

Ore Characterisation testwork on ore sources from other resource companies and the design and costing of a transportable Pilot Plant will be completed subsequent to the next capital raising.

CORPORATE

With the identification of a broader application for **U-pgrade™** in several African and Australian deposits the Company is currently reviewing the **U-pgrade™** development and commercialisation strategy.

The company intends to undertake a capital raising in the current quarter through a Share Purchase Plan. The money raised will be used to develop the new commercialisation strategy and for working capital.

The Company wishes to clarify the Patent information provided in the December 2013 Quarterly Activities Report. The Company has a Patent priority date of 17 October 2012 and the Patent Cooperation Treaty was lodged on 23 April 2013. No further Patent activity is required until 17 April 2015 when the complete patent is required to be lodged in specified countries.

TENEMENTS

The Group holds the following mineral tenements at the end of the March 2014 quarter.

Namibia – Marenica Minerals (Pty) Ltd

- EPL3287

Australia – Marenica Energy Ltd

- Vic Loc 118
- Vic Loc 119
- Vic Loc 833

Australia – Ausgold Exploration Pty Ltd

- M70/210
- M70/211
- M70/488

ENDS

For further information contact Marenica Energy Limited:

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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, 01/05/2013

Name of entity

Marenica Energy Ltd

ABN

71 001 666 600

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	(247)	(716)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	19
1.5 Interest and other costs of finance paid		(152)
1.6 Income taxes paid – R & D Grant		600
1.7 Other (provide details if material)	9	90
Net Operating Cash Flows	(423)	(773)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	0	(2)
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	0	(2)
1.13 Total operating and investing cash flows (carried forward)	(423)	(775)

+ 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)	(423)	(775)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	15	1035
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		(381)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	15	654
	Net increase (decrease) in cash held	(408)	(121)
1.20	Cash at beginning of quarter/year to date	703	416
1.21	Exchange rate adjustments to item 1.20		
		295	295
1.22	Cash at end of quarter		

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	32
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	

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

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- 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

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+ 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	84
4.2 Development	
4.3 Production	
4.4 Administration	186
Total	270

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	4	5
5.2 Deposits at call	291	698
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	295	703

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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 <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	1,015,615,086	1,015,615,086	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities <i>(description)</i>	1,650,671 Convertible notes - Convertible at 2.626c on or before 14 November 2015.		

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	18,000,000		<i>Exercise price</i> 2.7 cents	<i>Expiry date</i> 30/4/2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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:

Date: 30th April 2014
 Print name: Robert Ashley Pearce
 Chairman

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

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Mining exploration entity and oil and gas exploration entity quarterly report

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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