



31 January 2018

About Marenica Energy

- Marenica Energy Limited (ASX: MEY) is a minerals exploration company holding a portfolio of mineral tenements in Namibia and Australia.
- Marenica is actively looking to increase these tenement holdings.
- Marenica has developed its proprietary uranium **U-pgrade™** process and has been granted Patents to protect the process.

U-pgrade™ is a beneficiation process for upgrading secondary uranium deposits.

- Marenica's principal project is the 75% owned Marenica Uranium Project in Namibia.

Investment Summary

- 100% interest in Uranium **U-pgrade™** Process
- 75% interest in the Marenica Uranium Project in Namibia.

Contact

Murray Hill
Managing Director & CEO
T: +61 8 6555 1816

E:

murray.hill@marenicaenergy.com.au

Quarterly Activity Report for the period ending 31 December 2017

Highlights

Uranium **U-pgrade™** Process

- All patents have been granted for the **U-pgrade™** process.
- **U-pgrade™** amenability testwork program on Langer Heinrich ore samples was successful.
- Discussions continue on how to progress the application of **U-pgrade™** to Langer Heinrich.
- The Company continues to engage with other resource owners with the aim of applying **U-pgrade™** to their projects.

Corporate

- The Company's board has been reduced from six directors to three.

Patents

The Company has been granted, two certified Australian innovation Patents, three standard Australian Patents and a United States Patent over the entire **U-pgrade™** process. The granting of these Patents confirmed Marenica's long held belief that the process and knowhow is unique, inventive and represents a valuable commercial advance within the uranium extraction industry. Importantly, the Patents give the Company the sole and exclusive rights to the use or license of **U-pgrade™** and puts the Company in a strong strategic position to benefit from the future use of **U-pgrade™** in commercial applications.

Uranium **U-pgrade™** Process

Marenica developed the **U-pgrade™** uranium process to provide a viable pathway for development of the Marenica Uranium Project in Namibia. Marenica has since demonstrated **U-pgrade™** to be effective on other surficial style uranium ores around the world. This disruptive process technology potentially reduces the capital and operating costs by about 50% over standard process routes.

Marenica has completed testwork on ore samples from many Namibian calcrete hosted uranium sources, concluding that the mineralogy is similar for all deposits, and the Company's proprietary **U-pgrade™** process is expected to have a positive impact on the cost of U₃O₈ production from these styles of deposit. Specifically, the Company completed an **U-pgrade™** amenability testwork program on ore samples from Paladin Energy Limited's ("Paladin") 75%-owned Langer Heinrich Uranium Mine ("LHM") in Namibia. The testwork, aimed at confirming the substantial benefits of Marenica's proprietary **U-pgrade™** process to LHM program, was successful. Both parties will determine the most suitable pathway for application of **U-pgrade™** to the LHM low grade ore.

Marenica is in various stages of discussions with a number of resource owners to enable Marenica to demonstrate the benefits of **U-pgrade™** on their projects.

Corporate

At the Company's Annual General Meeting in November 2017 two of Marenica's non-executive directors, Mr David Sanders and Mr Lou Guo Qing, retired from the board and did not stand for re-election, and in December Mr John Sestan resigned as a non-executive director. This resulted in the Marenica Board reducing from six to three directors.

Tenement Schedule

The Group holds the following mineral tenements at the end of the quarter. There was no changes to tenement holdings during the quarter.

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

- MDRL3287

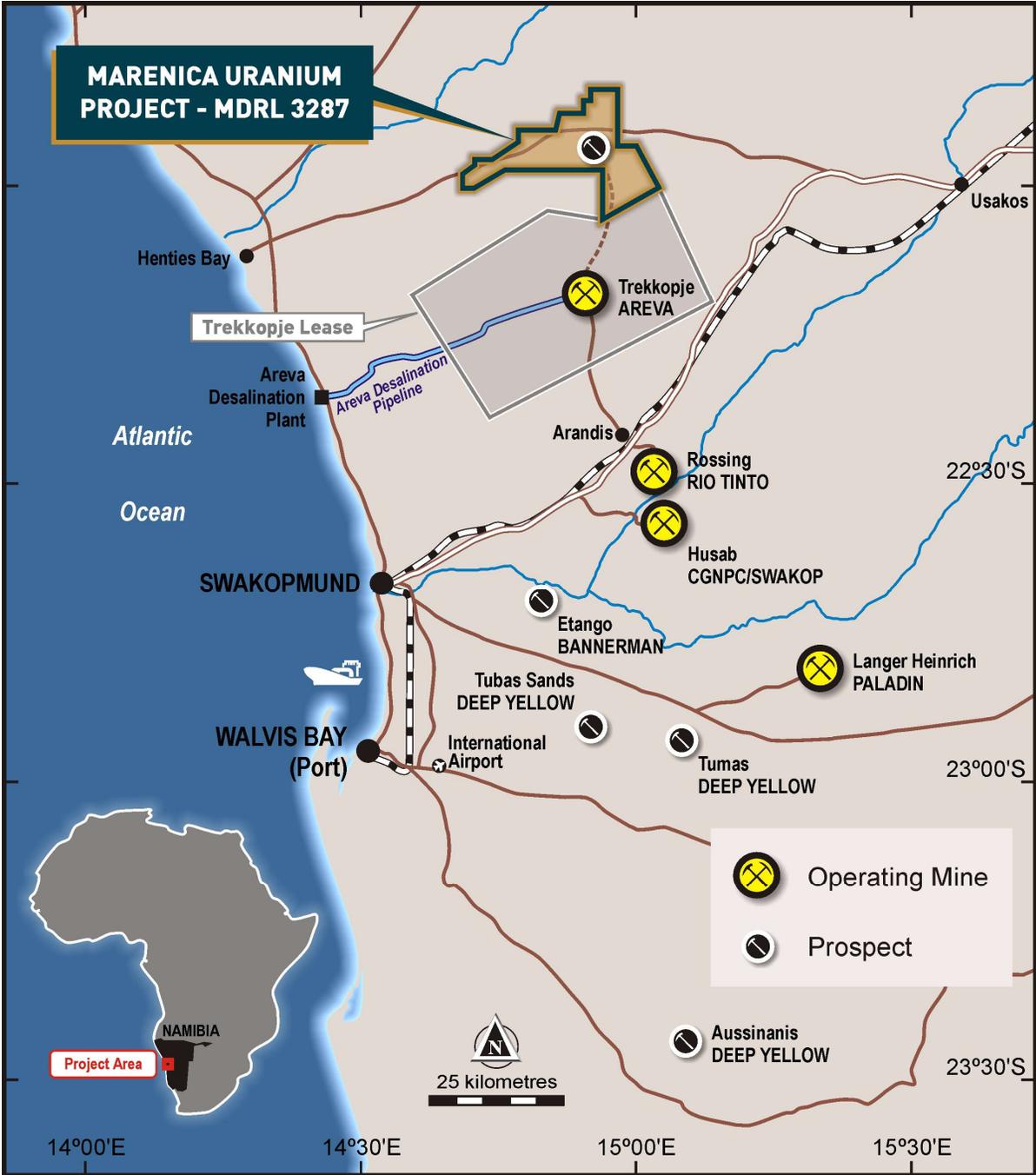
Australia – Marenica Energy Ltd

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

Expenditure

The Group incurred exploration expenditure of \$35,159 during the quarter.

Project Location



What is U-pgrade™?

Marenica developed ***U-pgrade™*** as a beneficiation process for upgrading surficial uranium ores. Marenica developed this potentially disruptive process on ore samples from its namesake Marenica Project in Namibia and since then testwork been undertaken on ore samples from other sources. The Company has demonstrated in bench scale testwork that it can concentrate the uranium from its calcrete hosted uranium project in Namibia (Marenica). In summary, ***U-pgrade™*** has demonstrated that it;

- Concentrates the uranium by a factor of 50
- Rejects ~98% of the mass prior to leaching
- 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