



Quarterly Activities Report

For the Period Ended 31 December 2012

HIGHLIGHTS

- Metallurgical upgrade testwork continued during the December 2012 quarter.
- Preliminary primary upgrade testwork produced upgrade ratios of between 3 and 5 times.
- Further testing of 30% of the material upgraded by the primary upgrade produced a total grade increase of 15 to 25 times.
- Exclusive Prospecting License extended to 30 November 2014.

Marenica Uranium Project – 75% owned

The main activity in this quarter for the Company continued to be detailed metallurgical testwork on bulk samples to upgrade the carnotite ahead of leaching, from the Company's 75% owned **Marenica Uranium ("Project")**, located in Namibia, Southern Africa. The metallurgical testing of this upgrade process will be continued during the March 2013 quarter.

As announced on 21 December 2012, preliminary primary upgrade testwork produced upgrade ratios of between 3 and 5. Further testing of material concentrated from this primary process produced a grade increase of 15 to 25 times at high recovery for 30%. Testing is continuing to attempt to further improve this grade and to also further concentrate the balance of the material upgraded via the primary process. The Company is aiming to complete the next phase of the testwork during the March 2013 quarter.

The Company is continuing to work on optimising a recovery flowsheet, that it believes is unique in the uranium industry to concentrate uranium. The Company has filed a provisional patent over the process and the flowsheet.

The successful application of the proposed concentrating process to the Project ore would reduce the amount of material to be leached (by rejecting 95 to 97% of the original mass) and lower the capital and operating costs for processing and therefore has the potential to significantly enhance the Project's economics.

The Exclusive Prospecting License (EPL) on the Marenica lease expired on 30 November 2012 and has been extended for a further two years to 30 November 2014.

ENDS

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