

HIGHLIGHTS

MARENICA URANIUM PROJECT, NAMIBIA (Marenica Energy – 75%)

- **Positive results received** from the first stage of metallurgical testwork on the beneficiation of various Marenica ore types, with an average of **80-93% of total uranium** reporting to the concentrate, depending on material types.
- **Recoveries of up to 66%** achieved from intermittent 30-day bottle roll leach tests on composites made up of screened fines of run-of-mine material from the beneficiation work. Results achieved at ambient temperatures with low consumption of reagents.
- **Major new 14,000m drilling program commenced mid-April 2011**, most of which is designed as resource development drilling aimed at improving grade and tonnes within the current optimised pit shell.

CORPORATE

- Marenica Energy wishes to comment on the unfortunate events in Japan following the tragic earthquake and tsunami of Friday, 11 March 2011. Marenica believes that the long-term outlook for the continuing demand for uranium remains sound and the Company's strategy to deliver value to shareholders by developing the Marenica Uranium Project remains on track.
- The Company has completed all documentary requirements to give effect to the transfer of 5% of the Marenica Uranium Project to the Company's BEE partner in Namibia, Millennium Minerals.

OVERVIEW

During the Quarter, Marenica's exploration and management team continued to progress development plans for the Company's 75%-owned **Marenica Uranium ("Project")**, located in Namibia, Southern Africa.

After receiving funding under the Memorandum of Understanding signed with Hanlong Energy Limited during the December Quarter, the Company's focus was to maintain a systematic approach to ensure that it will be in a position to make a decision on the future development of the Marenica Project during 2011.

Metallurgical testwork is continuing at AMMTEC laboratories in Australia to confirm the heap leach process route proposed for the Project and to assess the amenability of the ore to a range of beneficiation, blending and agglomeration process options.

Positive results were received from the first stage of metallurgical testwork on beneficiation of various ore types from the Project. An average of 80-93% of total uranium reported to the concentrate, depending on material types. Intermittent 30-day bottle roll leach tests have been completed on three composites made up of screened fines. Preliminary results from typical run-of-mine material show recoveries of around 60-66% after 30 days, with low consumption of reagents.

The next phase drilling at the Project deposit is due to start in mid-April and is aimed at improving tonnes and U_3O_8 grade within the optimized pit shell produced as part of the SRK Scoping Study. Environmental and baseline studies continued during the Quarter as part of the pre-feasibility baseline assessment that will contribute to a comprehensive Environmental Impact Assessment ("EIA") as part of the Definitive Feasibility Study ("DFS"). As a result of increased activity at the Marenica Project, Mr Gottfried Grobbelaar has been appointed as Senior Geologist for the Project, who has substantial experience in uranium exploration in Namibia.

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Metallurgical Testwork

The first stage of metallurgical testwork was completed during the Quarter at AMMTEC Laboratories in Perth, Western Australia and is being supervised by Kappes, Cassidy & Associates Australia Pty Ltd (“KCAA”). This work represents a key component of the Pre-Feasibility Study (“PFS”) planned to be completed on the Project during 2011. This work is designed to confirm the heap leach process route for the Project and to assess the amenability of the ore to a range of beneficiation, blending and agglomeration process options.

The results of the testwork completed last year by ANSTO indicated that both dry screening and whole ore scrubbing would recover 90% of the uranium values into a lower weight – potentially 50% of the original feed. A practical flowsheet program has been developed by KCAA where a dry screen undersize can be combined with the undersize from the wet scrubbed oversize to produce a “concentrate” that can be agglomerated and heap leached.

Results – Beneficiation of Ore types

The preliminary results for the beneficiation stage for a range of bedrock/basement ores types have been successful in upgrading both the -25mm and -50mm material, with the average percentage of uranium to the intended agglomerate/leach feed **of 86.5% with a low of 71.5 % and a high of 94.8%**. The total percentage of fines to the agglomerate/leach feed averaged 49.1% with a low of 37.9% and a maximum of 60.3%.

The beneficiation testwork for a range of calcrete ores types has been successful in upgrading both the -25mm and -50mm material, with the average percentage of uranium to the intended agglomerate/leach feed **of 91.1% with a low of 85.1 % and a high of 98.0%**. The total percentage of fines to the agglomerate/leach feed averaged 63.8% with a low of 57.3% and a maximum of 74.6%.

These numbers are close to the original objectives of the program (see Table 1 below, highlighted in blue) and overall it appears that **85% to 90% of the contained uranium** can be collected into a screened/scrub concentrate.

The remaining material will be composited for verification of upgrading testwork and finally column leach testing of the upgraded products. It is expected that final results from column leach work will not be available until the end of the September 2011 Quarter.

Table 1 – Metallurgical Testwork Results

Scoping Assumptions	Material	%Wt	% U	Original Head Grade (ppm U3O8)	Up Grade (ppm U3O8)	%Upgrade
		50%	90%	103	191	85
AMMTEC Screen & Scrubbing	Bedrock -25mm	49.10%	86.50%	85	147	73
	Bedrock -50mm	45.30%	79.60%	107	172	61
	Calcrete -25mm	63.80%	91.10%	111	154	39
	Calcrete -50mm	63.00%	92.60%	101	148	47
Avg All		55.30%	87.45%	101	155	53

Results – Leaching

Three composite samples of the dry screened fines of calcrete and bedrock materials underwent intermittent 30-day bottle roll testwork at ambient temperatures. Final results from the three composite samples indicate leaching has progressed well right up to the 30th day with up to 65% uranium leached from typical run-of-mine (ROM) ore, with low reagent consumptions. While the bottle roll testwork was halted at 30 days, it is important to note that the material at 30 days was continuing to leach.

East Pit Drilling Proposal

Uranium mineralisation in the East Pit (within the optimised pit shell from the SRK Scoping Study) target area is concentrated into two main NE-trending zones, broadly separated by a (weakly mineralised) palaeo-ridge feature (see Figure 1).

This proposed East Pit area is currently drilled on a 300m x 200m density. It is anticipated that in-fill drilling to a 100m x 100m density in the NW section should result in increased tonnes and U₃O₈ grade. A total of 205 holes are planned for approximately 11,000m of drilling. Depending on the success of this program, a second phase of in-fill drilling will be designed to in-fill the SE part of the target area.

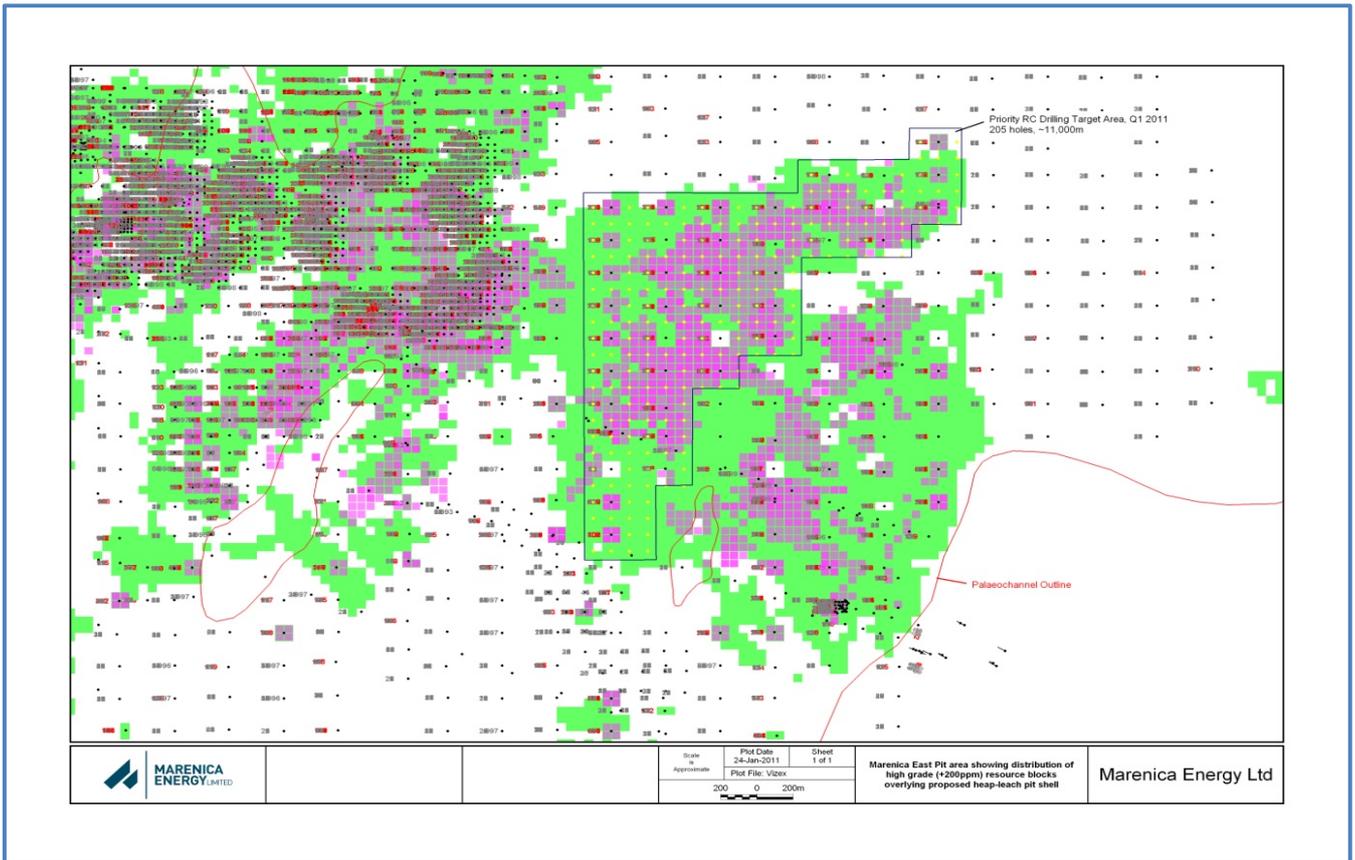


Figure 1: Distribution of high-grade (+200ppm U₃O₈) blocks and proposed in-fill drilling for the Marenica East Pit area

Target Area MA7

- Positive results were received during the Quarter from reconnaissance RC drilling at Target MA7, located 7km south-west of the Project deposit, with two separate mineralised trends outlined and best results (previously reported) including:
- 6.3m @ 124.9ppm eU₃O₈ from 10.86m in MAR1639
- 3.6m @ 175.7ppm eU₃O₈ from 21.69m in MAR1647
- 5.0m @ 210.3ppm eU₃O₈ from 25.62m in MAR165
- 1.8m @ 619.8ppm eU₃O₈ from 35.52m in MAR1660
- 8.8m @ 319.6ppm eU₃O₈ from 2.75m in MAR1661

In-fill RC drilling is proposed for the northern part of Target area MA7 aimed at defining an initial inferred resource for the area. Secondary uranium mineralisation occurs in tributary palaeochannel fill and underlying weathered bedrock. A total of 88 holes are planned for approximately 3000m (see Fig 3), resulting in an in-fill drill-hole density of 300m x 200m. All holes are planned vertical and designed to penetrate the base of the palaeochannel cover.

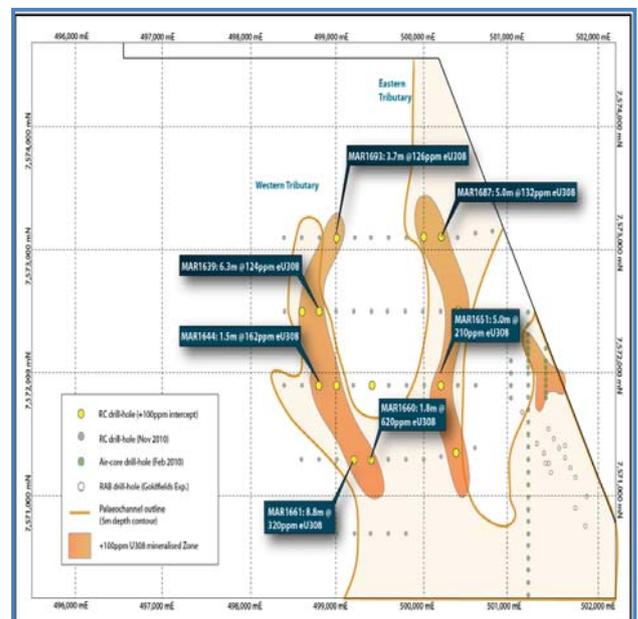


Fig 2: Target Area MA7

Other Projects

The Scaddan Project (E63/1033 & E63/1037) in Western Australia was relinquished during the Quarter.

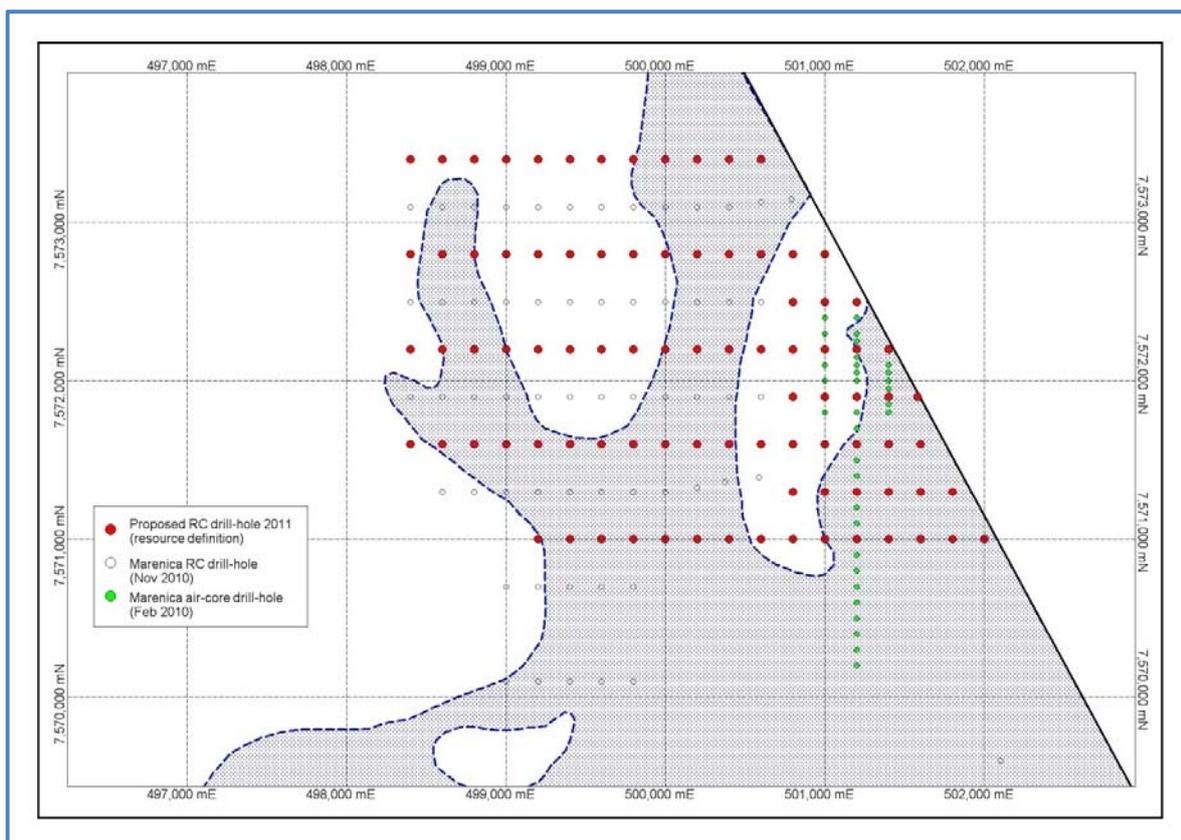


Figure 3: Proposed in-fill RC drilling for Target Area MA7

CORPORATE

The Company would like to take this opportunity to comment on the unfortunate events in Japan following the tragic earthquake and tsunami of Friday 11th March 2011.

In spite of the subsequent radiation and cooling problems at the Fukushima nuclear power plant, the Company continues to believe that the medium and long-term outlook for nuclear power remains positive and that these recent events will not affect global demand for the supply of uranium.

The Company believes that the continued operation of fossil fuel plants as a solution for baseload power in emerging economies would have severe economic and environmental impacts through increased greenhouse gas emissions, and that nuclear energy will continue to be an important part of the world's future energy mix.

There are more than 440 nuclear reactors operating safely around the world with a further 62 reactors currently under construction and further expansions forecast from high-growth regions such as China and India. Recent events in Japan will translate into more stringent safety and design requirements for both existing "old" and new nuclear power plants.

The Company remains focused on delivering value to shareholders through the development of the Marenica Uranium Project.

ENDS

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Notes

Information in this report that relates to exploration results is based on information compiled by Dr Erik van Noort, who is a Member of the Australian Institute of Geoscientists. Dr van Noort is a full-time employee of Marenica Energy Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr van Noort consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where eU3O8 is reported it relates to values attained from radiometrically logged boreholes. The probe has been calibrated at the Pelindaba Calibration facility in South Africa. Down-hole spectral gamma logging/probing of drill holes provides a powerful tool for

uranium companies to explore for, and evaluate uranium deposits. Such a method measures the natural gamma rays emitted from material surrounding a drill hole out to around 0.5 metre from its centre - the gamma probe is therefore capable of sampling a much larger volume than that which would normally be recovered from a core or RC hole. These measurements are used to estimate uranium concentrations, with the assumption being that the uranium is in (secular) equilibrium with its daughter products (or radio-nuclides) which are the principal gamma emitters. If uranium is not in equilibrium (viz. in disequilibrium) – as a result of the redistribution (depletion or enhancement) of uranium and/or its daughter products - then the true uranium concentration in the holes logged using the gamma probe will be higher or lower than those reported in the announcement. Preliminary testwork completed for the company by ANSTO Minerals indicates that the Marenica deposit is in secular equilibrium (viz. disequilibrium is not apparent).

Marenica Uranium Project, with location of Regional Target Areas.

