



## Quarterly Activities Report

For the Period Ended 31 March 2015

### HIGHLIGHTS

- ✓ Marenica to raise \$A356,000 from share placement to new investor, Mingsun
- ✓ Funding and partnering discussions with potential investors continuing
- ✓ Discussions continued with resource owners to secure agreement for pilot testing of their resources in exchange for a pathway to commercialisation
- ✓ Toro **U-pgrade™** testwork programme progressing well

### U-PGRADE™ COMMERCIALISATION UPDATE

The commercialisation strategy adopted during the September quarter to link **U-pgrade™** to resources and provide three different levels of investment is progressing with potential investors looking at each of the following:

- The ASX listed parent company Marenica Energy Limited
- The wholly owned subsidiary Uranium Beneficiation Pty Ltd (holder of the **U-pgrade™** intellectual property)
- The Project level post signing of agreements with resource owners

After the end of the quarter Marenica entered into an agreement to raise \$356,000 from the placement of 1,500,000 shares to Hong Kong based Chinese company, Mingsun Technology Co Limited (“Mingsun”). The placement is subject to corporate due diligence, with funding due in May 2015. The placement will provide working capital to Marenica for the further development and commercialisation of its patented **U-pgrade™** process.

Marenica is continuing discussions with party's at all three levels. The Company are confident of a positive outcome to these investment opportunities but the decline in commodity prices and the current apprehensive economic climate has lengthened the negotiation process. The investment from Mingsun provides time for these discussions to come to fruition.

The Company has previously 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™**

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

**U-pgrade™** testwork has been completed to date using samples from a number of other surficial deposits and conclusions from these tests support the results from the Marenica ore.

The company's strong belief that its proprietary **U-pgrade™** process has a much broader application than the Marenica deposit has been supported by investors' due diligence teams. The **U-pgrade™** process has passed every technical due diligence completed to date. Furthermore, the current low uranium price environment provides an additional incentive / business opportunity for **U-pgrade™**.

Marenica's **U-pgrade™** process is a major breakthrough for processing surficial uranium deposits. Whilst the continued low uranium price is a major problem for much of the uranium industry, with many of the world's uranium producers reporting a loss at current spot prices, these low prices provide an opportunity for Marenica to commercialise the **U-pgrade™** process because of the expected lower operating and capital costs. A number of resource companies have stated that they require a uranium price of at least \$75/lb before they can develop new projects. Marenica believes that the application of **U-pgrade™** to surficial uranium projects provides a means for these to be developed and operated at significantly lower costs than would otherwise be the case, and well below current project development trigger 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 potential application of **U-pgrade™** to surficial uranium deposits is the Company's primary target.

## TORO ENERGY LTD AGREEMENT

Marenica announced on 15 January 2015 that Toro Energy Limited has agreed to provide a sample of calcrete hosted uranium ore from its Wiluna project to conduct testwork using the proprietary **U-pgrade™** technology.

The testwork programme, fully funded by Toro, aimed at determining the amenability of **U-pgrade™** to the Toro ore sample, is progressing well.

This is an exciting opportunity to demonstrate the application of **U-pgrade™** on Western Australian ores.

## GENERAL

### Pacific American Coal Limited (PAK) – formerly Texas & Oklahoma Coal Company Limited (“TOCC”)

Marenica holds 2,833,334 shares and 850,001 options in PAK. As at the date of this report Marenica had divested 283,500 PAK shares on market (ASX). The PAK investment is non-core and the ASX listing of PAK provides an opportunity for Marenica to liquidate its investment. Marenica will continue to sell PAK shares on market, short of an offer from prospective PAK investors.

## CORPORATE

On 8 April 2015 Marenica entered into an agreement to raise \$356,000 from the placement of 1,500,000 shares to Mingsun. Corporate due diligence is expected to be completed during April with the funding available in May 2015.

## TENEMENTS

The Group holds the following mineral tenements at the end of the March 2015 quarter.

Namibia – Marenica Minerals (Pty) Ltd

- 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**