MARENICA ENERGY LIMITED

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 December 2011

HIGHLIGHTS

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

- Independent metallurgical evaluation shows potential for significant ore upgrades by sizing and separation, with the preferred process option now being tank-leaching of the beneficiated product.
- CSIRO commissioned to further test and improve the upgrade potential. The work is overseen by a steering committee of independent industry experts and Marenica personnel.
- Updated Mineral Resource Estimate has been completed for the Marenica deposit constrained by a 20ppm grade envelope. The updated resource totals **276Mt grading 94ppm U_3O_8** for a combined total of **57 Mlbs of contained U_3O_8**.
- Maiden Resource Estimate completed for the MA7 prospect, which totals **23Mt grading 81ppm U_3O_8 for a total of 4Mlbs of contained U_3O_8**.

OVERVIEW

Marenica Uranium Project – 75% owned

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.

An independent metallurgical evaluation of the Marenica project has identified good potential to significantly upgrade the uranium plant feed grades by sizing and separation.

CSIRO was engaged to undertake further testing on the upgrade potential and characteristics of the Marenica deposit. The potential to significantly upgrade the ore means the preferred process option is now tank-leaching as opposed to heap leaching.

Optiro Pty Ltd (Optiro) completed a resource estimate for the Company during the quarter. The estimate was constrained by a 20ppm grade envelope, for the purpose of ongoing feasibility studies for the deposit. The resource totals **276Mt grading 94ppm U_3O_8** comprising an Indicated Mineral Resource of 26.5Mt grading 110ppm U_3O_8 and an Inferred Mineral Resource of 249.6Mt grading 92ppm U_3O_8, for a combined total of **57 Mlbs of contained U_3O_8** (at a 50ppm cut-off grade).

In addition to the updated Marenica resource, a maiden resource estimate was also completed for the MA7 prospect during the quarter. This resource totals **23Mt grading 81ppm U_3O_8 for a total of 4Mlbs of contained U_3O_8** (at a 50ppm cut-off grade).

The updated resource estimate forms part of an ongoing study of the project economics, in conjunction with the revision of the metallurgical and engineering scoping parameters, due for completion during 2012. As a consequence of the metallurgical evaluation and updated resource estimate, and the likely change to a tank leaching operation, the economic estimates for the heap leach option from the SRK Scoping Study are no longer considered applicable.

Environmental and hydrological baseline studies continued during the December Quarter.

Summerdown Exploration JV

During the quarter Marenica entered an option to joint venture on the Summerdown exploration project in Namibia with Cheetah Minerals Ltd. As part of the option, Marenica drilled 5 RC holes for 568m to test several intrusive bodies defined as geophysical targets. The basement targets were revealed as biotite-magnetite-bearing granitoid underlying significant depth of Kalahari Sand cover, and geochemical analyses revealed no commercial viability of the targets.

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

Metallurgical Results

An independent metallurgical evaluation of the Marenica project has identified good potential to significantly upgrade the uranium plant feed grades by sizing and separation. This upgrade potential effectively dismisses heap-leaching as a process option with the preferred process option now being tank-leaching of the beneficiated product.

CSIRO are undertaking testwork for the Company to improve knowledge of the uranium mineralisation and occurrence in each ore type, and to provide the basis for further testwork targeting a significant upgrade of the uranium.

Subject to successful outcomes from the CSIRO investigations, the company plans to run a programme of metallurgical testwork in Namibia in 2012, to further assess and improve the upgrade potential. The programme will be overseen by a steering committee of independent industry experts and Marenica personnel. The program aims to increase plant feed grades and reduce plant feed tonnes, which will lower capital and operating costs. Success of the programme may also result in lower cut-off grades being applicable, further enhancing the resource.

The heap leach testwork at AMMTEC laboratories in Australia was completed during the quarter. Column leach testwork of both ore types (basement and channel) gave recoveries within the expected range, at approximately 75% after 180 days (Figure 1). However, the necessary addition of significant quantities of polymer to achieve appropriate agglomerates and ensure reasonable percolation rates adds greatly to the heap-leach process cost.

Mineral Resource Estimate

An update to the Marenica Mineral Resource Estimate was completed during the quarter by Optiro Pty Ltd (Optiro). More selective constraints and grade interpolation were applied to this estimate than in previous evaluations. A 20ppm grade envelope was used, which was considered more appropriate for ore-body modeling and the assessment of mining options.

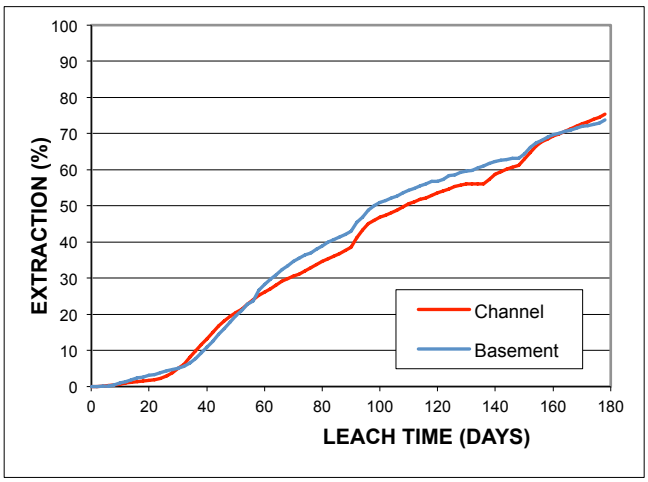

Figure 1: Results of Marenica column-leach testwork after 180 days

The updated resource totals **276Mt grading 94ppm U_3O_8** comprising an Indicated Mineral Resource of 26.5Mt grading 110ppm U_3O_8 and an Inferred Mineral Resource of 249.6Mt grading 92ppm U_3O_8, for a combined total of **57 Mlbs of contained U_3O_8** (at a 50ppm cut-off grade; see Figure 2, Table 1).

This compares to the October 2010 estimate by SRK of a potentially mineable resource of 269Mt at 107ppm U_3O_8 for 64 Mlbs of contained U_3O_8, within a global unconstrained resource of 648Mt at 97ppm for 138 Mlbs U_3O_8.

The updated resource estimate forms part of an ongoing study of the project economics, in conjunction with the revision of the metallurgical and engineering scoping parameters, due for completion during 2012. This will supersede the SRK October 2010 Scoping study results.

A maiden resource estimate was also completed for the MA7 prospect, located approximately 6km SE of the main Marenica resource, during the quarter. This resource totals **23Mt grading 81ppm U_3O_8 for a total of 4Mlbs of contained U_3O_8** (using a 50ppm cut-off grade; see Figure 2, Table 2).

Table 1: Marenica Resource Estimate, Dec 2011

Domain	Category	MTonnes	U_3O_8 (ppm)	U_3O_8 Mlbs
Palaeochannel	Indicated	20.1	105	4.7
	Inferred	201.3	91	40.5
Basement	Indicated	6.5	124	1.8
	Inferred	48.2	98	10.4
	Total	**276.1**	**94**	**57.3**

Table 2: MA7 Resource Estimate, Dec 2011

Domain	Category	MTonnes	U_3O_8 (ppm)	U_3O_8 Mlbs
Palaeochannel	**Inferred**	12.1	91	2.4
Basement	**Inferred**	10.7	69	1.6
	Total	**22.8**	**81**	**4.0**

Table 3: Collar information for Summerdown RC drilling

HoleID	Northing	Easting	RL (m)	Depth EOH (m)
SD11-01	7663011	227368	1482	100
SD11-02	7663031	228877	1474	111
SD11-03	7661849	228860	1481	103
SD11-04	7664777	226952	1466	97
SD11-05	7669407	221007	1454	157

SUMMERDOWN EXPLORATION JOINT VENTURE, NAMIBIA

In October 2011, Marenica entered into an option to Joint venture with privately owned company Cheetah Minerals (Pty) Ltd to farm into its Summerdown Manganese - Rare Earth Exploration Project, located 200km north-east of Windhoek in Namibia (Figure 4).

The Project is located on a major north-east trending structure and east of the Otjozondu Manganese Project being developed by Shaw River Manganese (ASX: SRR).

As part of the option agreement, Marenica drilled five vertical RC holes for a total of 568m, to test two intrusive bodies underlying recent sand cover, targeted by aeromagnetics (Table 3; Figure 5).

Remote Exploration Services (RES) was contracted to provide drill contractor management, chip logging, sampling and site rehabilitation. Ferrodrill Namibia (Pty) Ltd was appointed as the drill contractor.

Drilling revealed that the intrusive bodies are covered by Kalahari sediments ranging in thickness from 78m to 140m. The bedrock intersected in all five holes consists of medium to coarse grained biotite-bearing granite with varying amounts of magnetite. The preliminary conclusion is that the characteristics of the granite intersected in all instances are indicative of I-type granites.

The 23 samples collected of the bedrock intersections were submitted to Bureau Veritas Laboratories in Swakopmund, Namibia for chemical analysis (mixed acid and peroxide digests with 62 element suite including REE; and gold-PGE analysis by fire assay). Geochemical results revealed no commercial viability of the basement targets.

CORPORATE

Following his retirement at the Company's Annual General Meeting on 29th November 2011, in accordance with the Company's constitution, Mr Nelson Chen was re-appointed by the Board as a Director of the Company with immediate effect. Mr David Sanders was also re-appointed as a director of the Company at the Company's Annual General Meeting on 29th November 2011.

Chief Executive Officer Mr John Young resigned from the Company on 2nd December 2011. Mr Young's duties will be undertaken by the Company's Chairman Mr Robert Pearce and Non-Executive Director Mr Doug Buerger while a replacement for the position is sought. Mr Young's services will be available to the Company on a consultancy basis as required.

The Company also advises that Mr Simon Robertson resigned as Company Secretary on 30th November 2011. The Company has appointed Mr Michael van Uffelen as Company Secretary to replace Mr Robertson.

ENDS

For further information contact Marenica Energy Limited:

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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.

The information in this report which relates to Mineral Resources is based upon information compiled by Ian Glacken, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Ian Glacken is an employee of Optiro Pty 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. Ian Glacken consents to the inclusion in the report of a summary based upon his information in the form and context in which it appears.

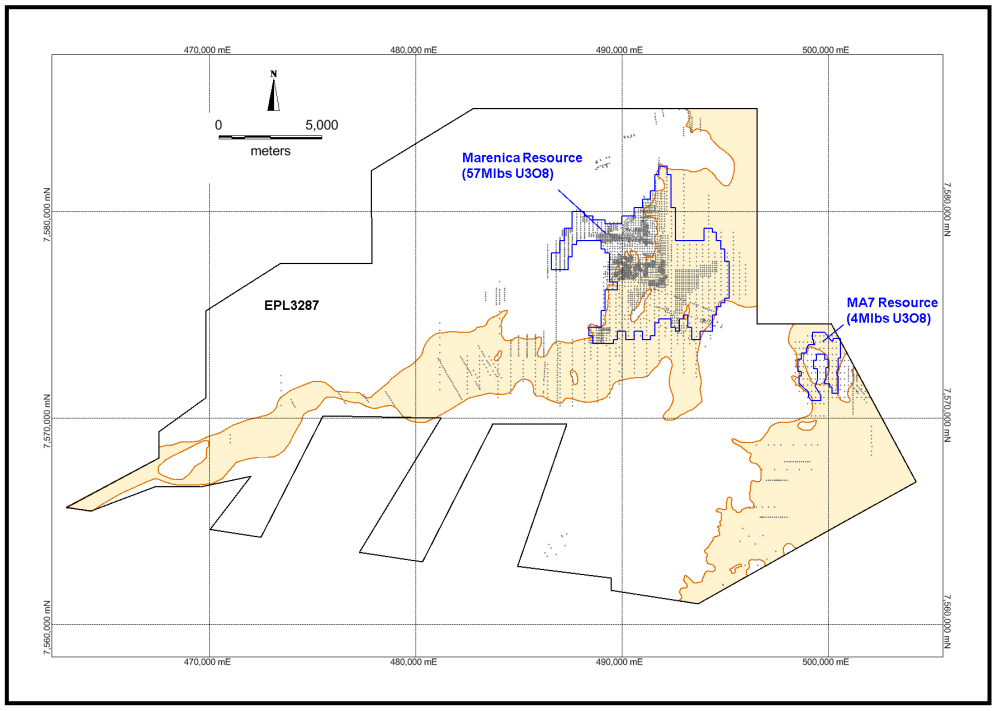

Figure 2: Outline of the Marenica main resource and MA7 resource area

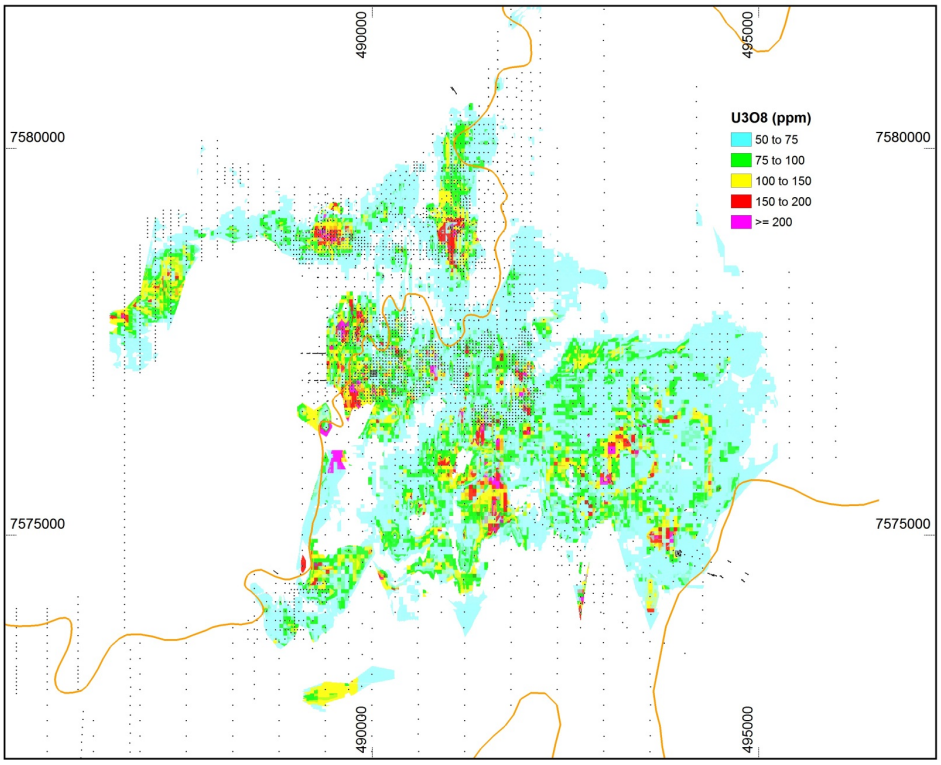

Figure 3: Block model plan view showing grade distribution throughout the Marenica Deposit

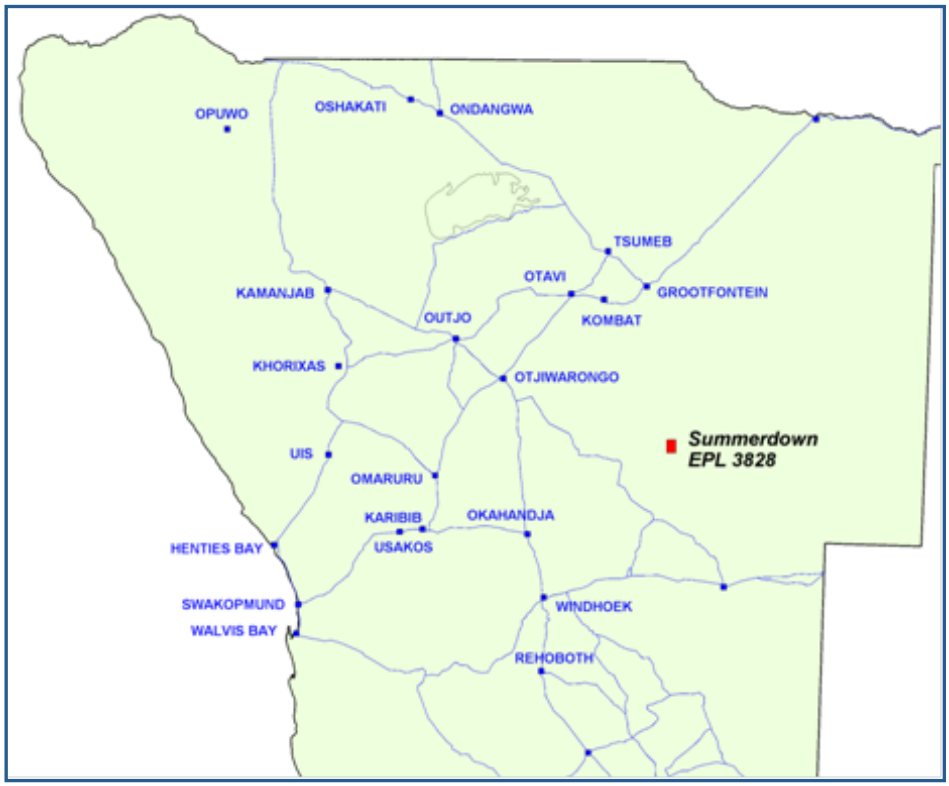

Figure 4: Location of The Summerdown Project, Namibia

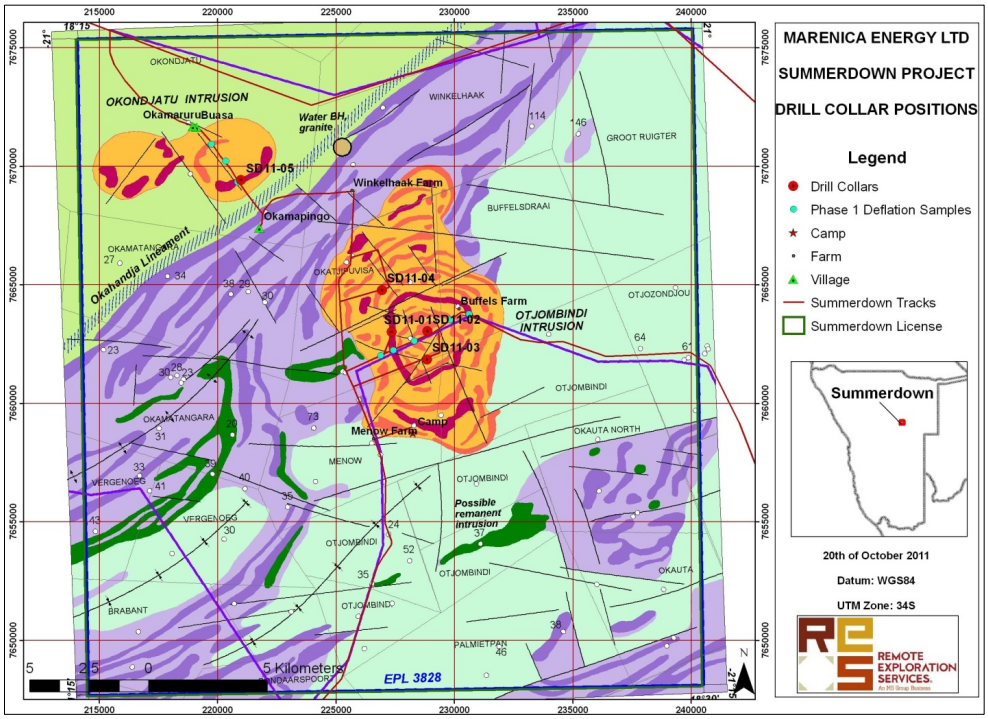

Figure 5: Location of RC drill holes completed over the Summerdown Project.