



## Quarterly Activities Report

For the Period Ended 30 June 2012

### HIGHLIGHTS

- Continuing detailed mineralogical testwork confirms that the uranium mineralisation at Marenica has distinctive characteristics including that the uranium occurs as a single mineral, in a distinct size band, is well liberated and is heavier than the host rock.
- Bench scale scoping level secondary upgrade testwork on small sample masses in Perth produces encouraging results.
- Bulk sampling programme in Namibia completed and samples dispatched to Perth.
- Board appoints metallurgist as CEO and an additional non-executive director.
- \$3.2 million raised via a 1 for 2 entitlement issue at 1.3 cents per share, following which Hanlong Energy Ltd (Hanlong) is now a 30% shareholder.
- Terms of the \$2m convertible note due to Hanlong were renegotiated to reduce the exercise price from 7 cents to 2.674 cents.

### Marenica Uranium Project – 75% owned

The Company collected bulk samples from its 75%-owned **Marenica Uranium ("Project")**, located in Namibia, Southern Africa, and continued testing to upgrade the carnotite ahead of leaching. The metallurgical testing of this upgrade process will be the main activity for Marenica during the next two quarters.

The further mineralogical analysis completed by CSIRO has confirmed the mineralogical characteristics reported in the March Quarterly report and provide the basis for the current testing programme, which is designed to establish if the carnotite can be upgraded ahead of leaching.

Initial scoping level bench scale upgrade tests

have produced encouraging results and a more advanced programme on the bulk samples is now underway.

Five test pits varying from a depth of 4 to 8m were excavated on site and bulk samples were collected at 1m intervals. Sub samples from these samples have been dispatched to Perth and a nominal 2-3t of each 1m interval have been stored at site for future testwork requirements. The first bulk shipment arrived in the Perth and was sent to a metallurgical laboratory in early July for testing to commence. A second shipment is due to arrive in early August.

The test pits have been left "open" to provide access for consultants and vendors to view the ore characteristics for any number of reasons, including mining method determination.

## CORPORATE

The Company raised A\$3.2 million in May 2012 from the issue of 249,314,844 shares under a pro rata non-renounceable entitlement issue at 1.3 cents per share. The issue was underwritten by Hanlong Energy Ltd (“Hanlong”), a pre-existing substantial shareholder of the Company and holder of a convertible note with a face value of A\$2 million. Following completion of the entitlement issue, Hanlong now holds a 30% (36.4% assuming on conversion of the convertible note) stake in the Company.

The proceeds from this issue will be used to fund the Company’s activities, including further metallurgical testwork on bulk-samples to assess whether upgrading can be applied to increase the leach feed grade from the Company’s Marenica uranium deposit.

The Company also agreed with Hanlong to redeem their existing convertible note and issue a new convertible note with the same face value, interest rate and maturity date and a conversion price of 2.674 cents per share.

On 1 May 2012 Marenica Energy Limited appointed Mr Murray Hill to the position of Chief Executive Officer. Mr Hill consulted to the Company in a metallurgical capacity from June 2011 up until his appointment as CEO. Mr Hill was a member of the Company’s Technical Steering Committee and was the driving force behind the proposed upgrade process.

On 1 June 2012, the Company appointed Mr Bo Yang as a director. My Yang is the Chief Financial Officer of Hanlong and the Board welcomes the opportunity to work closely with its major shareholder to progress work on the Company’s Marenica uranium deposit.

**ENDS**

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