

# Marenica Energy Could Turn Out To Be A Mini Uramin, But Investors Don't Appear To Have Noticed Yet

By Charles Wyatt

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When John Young, chief executive of ASX-listed Marenica Energy was in London about three weeks ago he gave Minews some background on his company, but it was agreed that an article would await publication of a scoping study which was nearing completion. Now the scoping study has been published, and Marenica should be showing up on the radars of investors in London as its Marenica uranium project in Namibia is very close to the big Trekkopje mine in Namibia which is being developed by AREVA. Trekkopje, it will be remembered, was previously owned by Uramin which was acquired by AREVA back in 2007. Shareholders made a lot of money, but fair enough - Uramin had built up a major resource. That is what John is intent on doing as well. First off it is worth pointing out that the Marenica project is not only close to Trekkopje, it is also in the same uranium province as both the Rossing uranium mine, which is producing for Rio Tinto, and the Langer Heinrich mine owned by Paladin.

As to resources, back in November 2009 Marenica announced what it called an interim resource, based on data which was both new and historic. It totalled 122 million tonnes grading 140 parts per million (ppm) U<sub>3</sub>O<sub>8</sub>, giving a total of 38.6 million lbs. This was further broken down into an indicated resource of 16 million tonnes at 170 ppm U<sub>3</sub>O<sub>8</sub>, with 106 million tonnes grading 140 ppm in the inferred category. This resource estimate was based on data from just over a third of the holes the company drilled in 2009 and resulted in approximately 15 per cent of the resource being upgraded to indicated, as well as delivering an increase in overall tonnage and U<sub>3</sub>O<sub>8</sub> content. The real push came in January of this year, though, when there was a 120 per cent increase in contained U<sub>3</sub>O<sub>8</sub> to 85 million lbs. This time the resource estimate was based on all the drilling results from 2009, and it included data from previous studies carried out by Gold Field South Africa. It was on this resource that the scoping study was based.

The important message that comes out of the scoping study is that Marenica could work as an economic large scale bulk tonnage heap leach project. Initially the plan had been to develop the process based on a continuous agitated leach circuit fed by high grade ore. This would have meant cherry-picking the grades, and would have been much more complicated. The heap leach route now looks economic and is likely to deliver considerably better financial returns.

John Young points out, however, that there are no estimates as yet for capital expenditure, or indeed for opex, in the scoping study. These will have to await further metallurgical work across a range of run-of-mine samples to confirm that heap leach technology actually works. It should do, but nobody can afford to take anything for granted in mining.

In August, therefore, the company will start a series of agglomeration and column leach tests. These will take several months so nothing further is likely to be heard on that front before the end of the year. During this time Marenica Energy will have to top up funds in order to continue with its exploration programme, as the focus moves to maximising the resource for this bigger bulk tonnage project.

During that time the company will be vulnerable to an opportunistic bid from AREVA. Trekkopje is also low grade, but the resource is huge and SRK has claimed that it may be the largest calcrete deposit in the world in terms of tonnage of mineralized material and contained lbs of U<sub>3</sub>O<sub>8</sub>. It takes time and money to build up a resource to this sort of level, but AREVA may decide that it is worth taking what, to it, would be a small bet, in order to have a nearby deposit under its control which it could explore using cash flow from Trekkopje.

The upgraded scoping study will take Marenica to a level where it can move smoothly on to a prefeasibility study. The corollary to that is that a further resource estimate can be expected at the end of the year. In the meantime, the company's initial environmental investigations indicate no great problems from this angle, and it helps that the Namibian government has shown itself to be mining friendly over many a long year. Nevertheless the next stage of the study will include baseline studies, additional water and groundwater investigations, as well as flora and fauna studies. In addition the economics may also be improved, in terms of mining methods. So far these have focused on truck and excavator mining, but the possibility of using bulk methods will now be investigated.

Maximising the resources to make sense of a bulk tonnage operation is now the priority. Three target exploration areas have been defined, and these should boost the resources of contained U<sub>3</sub>O<sub>8</sub> considerably. John Young points out that an ever improving understanding of the mineralization means that it is that much easier to convert inferred into indicated resources, and he is now expecting a further 100 to 150 million tonnes at a grade of between 140 and 180 ppm from adjacent exploration areas. He sums up that the economics of the project are bound to benefit from an increased resource base and a decision on the optimal process route. It should be an interesting few months.