

MEY.AU

Marenica Energy Limited

A\$ 0.13

Formerly West Australian Metals Limited

8 December 2009
 Uranium, Gold, Lead-Zinc
 Namibia, Australia (WA, VIC)
 Mid Exploration
 Exchanges: ASX:MEY, FSE:WTT, NSE:WAM

MEY holds the Marenica uranium deposit (80% MEY), Namibia. Aggressive exploration underway (A\$6m). Total resource 38.6mlb U₃O₈. M&I target (1Q10) 15-20mlb at 180ppm (to 20m depth). Potential for heap leach. Adjacent to Trekkopje heap leach project (AREVA).

Capital Profile

Share price (A\$)	0.13
52 week range (A\$/share)	0.058 to 0.28
Number of shares (m)	450
Options and warrants (m)	68
Convertible notes (m)	4
Fully diluted (m)	521
Market capitalisation (undiluted) (A\$m)	58.4
Debt (A\$m) - Dec 09F	0.0
Enterprise value (A\$m)	58.4
Major shareholders: ANZ Nominees (20.5%), Polo Resources (11.0%), Batavia Mining Limited (6.1%), Citicorp Nominees (6.1%)	
Avg monthly volume (m)	9
Cash (A\$m) - Dec 09F	6.0
Price/Cash (x)	9.7
Price/Book (x)	7.0
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	Sep-09a	Dec-09F	2008a	2009a	2010F
Exploration and evaluation (A\$m)	1.46	0.75	3.04	3.03	6.21
Corporate (A\$m)	1.69	0.60	1.93	4.20	3.49
Exploration/(Expl.+ Corporate) (%)	46	56	61	42	64
Funding duration at current burn (years)			0.5	1.5	0.1
Shares on issue (pr end) (m shares)	449.5	449.5	290.3	366.1	449.5
Drilling - RAB (m)	1,460	1,500	0	0	6,460
Drilling - Other/Diamond (m)	12,235	0	27,419	15,260	12,235
Land holding ('000 ha)*	83	83	100	100	83
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.11	0.00	5.49	14.33	0.11
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	7.3	6.0	2.4	10.5	0.9
Cash backing (Ac/share)	1.6	1.3	0.8	2.9	0.2
Net asset backing (Ac/share)	2.0	1.9	0.7	2.6	1.6

*Uranium prospective tenements only, both held and under application. Quarters refer to calendar year.

Investment Points

MEY's exploration focus is uranium (90%) and gold/base metals (10%). Exploration budget \$6m FY10.

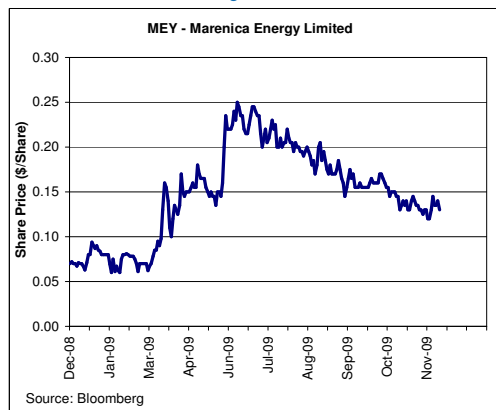
Strategic MEY land holding at Marenica (525km²), in the Damara province. Palaeochannel and Primary targets.

Marenica resource upgrade (Nov '09) to 38.6mlbs (+12%) to ~40m depth. Grade unchanged 0.014% U₃O₈. Scoping study expected 2Q10.

Next resource statement expected 1Q10. Near surface M&I target ~40mt @ ~180ppm U₃O₈ (+15mlb) - 20m depth. Drilling for palaeochannel extensions over 6.5km (4Q09; 5000m).

Marenica - heap leach potential. Adjacent to Trekkopje heap leach (Areva). Initial met. work indicates +90% alkaline leach recovery.

Primary target potential; Initial positive results; 3 dome structures identified. Drilling 10km FY10.



Company Comment

Overview: MEY's principal asset is the Marenica Uranium Project JV, Namibia. In the world class Damara uranium province, host to 8-10% of the world's uranium production (Rossing, Langer Heinrich, Trekkopje). July '09 placement raised \$9.9m, issuing 82.6m shares at 0.12/share plus options.

Marenica (Namibia, 706km², 80% MEY): Located 30km north of Trekkopje is a palaeochannel uranium deposit (formerly explored by Goldfields) with alaskite primary uranium mineralisation.

Palaeochannel resource (Nov '09, 38.6mlbs U₃O₈ grading 0.014%, 80ppm cut-off) with potential for open cut mining covers the historic resource area (Anomalies 1-4) plus extensions over 10-15km. Drilling 2H09 focused on infill, with extension drilling to the north and west. MEY plans to drill test two other sections of the channel 3km and 3.5km long 4Q09 (5,000m) which have not previously been drill tested. A resource upgrade is expected 1Q10 targeting an Indicated Resource of ~15-20mlbs U₃O₈.

Heap leach potential: Preliminary bottle roll alkaline leach tests indicate +90% uranium recoveries from calcare and oxidised bedrock. Target heap leach recovery 65%-70% - subject to further testwork. MEY reported (Nov '09) that ore is amenable to 375% upgrade to 0.087% U₃O₈ (from 0.023%) by screening, scrubbing and sorting, which could potentially reduce variable processing costs. At this stage, alkaline heap leach and IX is the preferred process route. Scoping study expected 2Q10.

Primary Targets: There are 3 dominant dome structural targets in the Marenica licence area. MEY drilled Phillipus and Springbok 3Q09 (18 holes, 2831m). **Phillipus Zone** has a radiometric anomaly over 900m and 2Q08 was confirmed to contain uraninite, which is easy to process (non refractory). Drilling 3Q09 indicates the Phillipus Zone has a consistently mineralised horizon, though a little narrow to establish the scale required for deposits of this type. Intercepts include 16.2m @ 169ppm eU₃O₈ from 8m (MAR1601) While low grade, mineralisation occurs near surface (from 15m) and is consistent with resource/reserve grades of 0.011% to 0.012% U₃O₈ at the Valencia alaskite project. Airborne radiometric survey completed Oct '09 to assist with target identification for 2010.

Scaddan Lignite - Uranium (WA, 100% MEY): 75km NE of Esperance. Drilling 3Q09 - 32 shallow holes to ~45m (1,460m) on 2km by 2km hole spacing. MEY states the lignite material may have potential for coal to liquids (CTL) conversion to produce diesel mid term; similar to Blackham Resources (ASX:BLK, mkt cap ~\$15m) which has pre development projects at Scaddan and Zanthus (WA).

Investment Comment: Based on the economics of low grade heap leach deposits, Marenica has potential to be economic, though likely at a uranium price above US\$50-60/lb. Further palaeochannel exploration success 4Q09 could help resolve scale and grade issues to enhance project optimisation and support share price performance. The proximity of Trekkopje (Areva) may also present Marenica with alternatives for project optimisation. Scoping study expected 2Q10. Exploration drilling 2010 for primary mineralisation offers blue sky upside. EV/resource ratio is ~US\$1.70/lb (mkt cap A\$58m).

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)							
Uranium	Classification	Project	Ore	eU ₃ O ₈	Cut Off	U ₃ O ₈	U ₃ O ₈	U ₃ O ₈	Eqty
U ₃ O ₈		Equity	Mt	%	ppm	Kt	Mlb	Mlb	
Reserves									
Resources									
Marenica	Indicated	80%	16	0.017	80	2.7	5.9	4.7	
	Inferred	80%	106	0.014	80	14.8	32.7	26.2	
Mineralised Material (est., non compliant with JORC)						0.0	0.0	0.0	
Total						17.6	38.6	30.9	

Contacts

Mr John Young
 Chief Executive Officer
 Tel: 61 (0) 8 9321 7355
 West Perth, WA, Australia
www.marenicaenergy.com.au

Directors

G Woolford (Non Exec Ch)
 N Biddle (Dir)
 D Sanders (Non Exec Dir)
 P Ingram (Non Exec Dir)

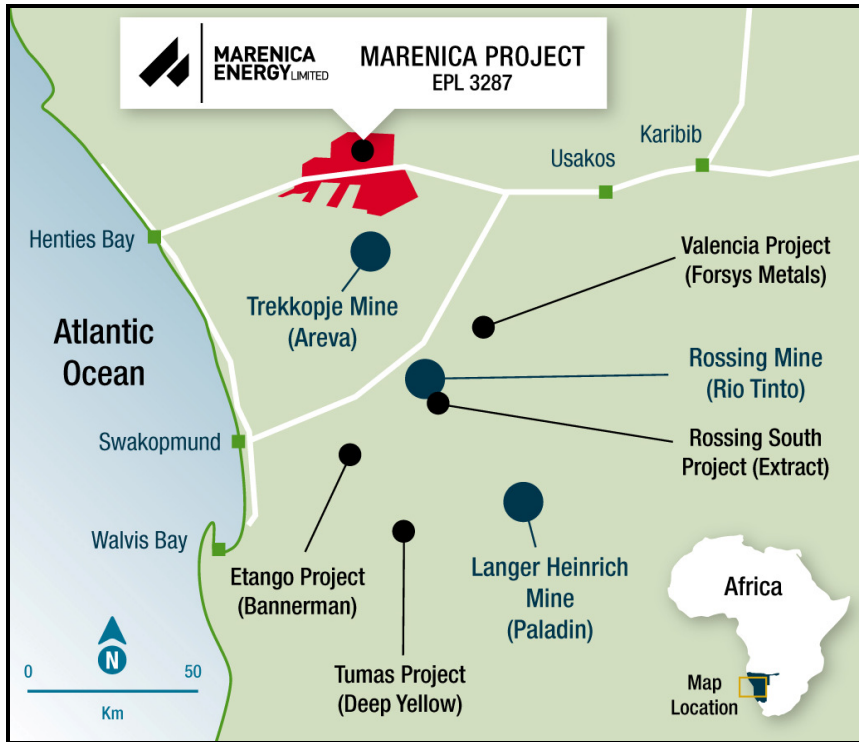
Key Projects

Project	Ownership/ Appl/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Marenica	80%/75%*	U	Private Co.	Calcrete	Alkali	Mid. Expl	Namibia
Scaddan	100%	Lignite, U	na	Calcrete	na	Early Expl.	Aus (WA)
Northampton	100%	Pb/Zn, Cu	na	na	na	Early Expl.	Aus (WA)

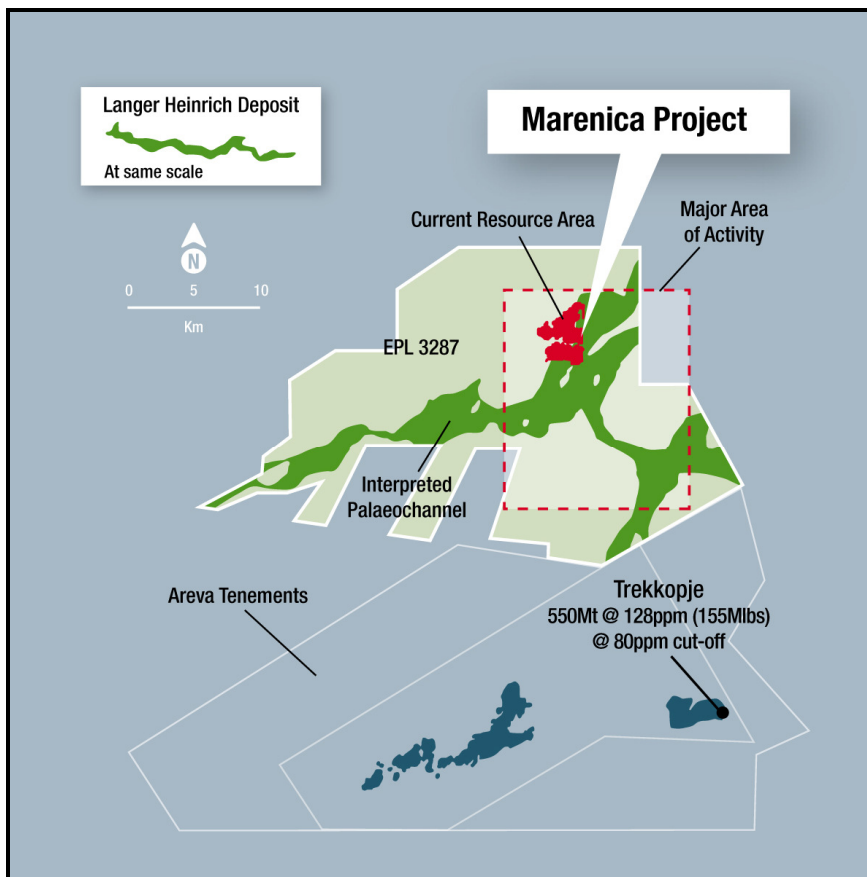
* MOU signed with Millennium Minerals under the Black Economic Empowerment (BEE) principles. 5% to be acquired funded from future project profits.

Analyst: John Wilson
johnwilson@rcresearch.com.au

Location Map - Marenica uranium project, Namibia: In the world class Damara uranium province, host to 8-10% of the world's uranium production (Rossing, Langer Heinrich, Trekkopje).



Marenica uranium project, Namibia: Mid term potential to increase Marenica's palaeochannel M&I Resource to ~22mlbs U₃O₈ @ 0.02% (currently 5.9mlbs @ 0.014%) – targeting ~50% conversion from Inferred Resources.



Disclosure and Disclaimer

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