



QUARTERLY ACTIVITY REPORT

DECEMBER QUARTER 2016

HIGHLIGHTS

Aurora Tank Gold 100% ownership

- In September 2016, Marmota commenced its first drilling program at Aurora Tank, at the Goshawk Gold Prospect (approximately 50km NE of the Challenger Gold mine):
 - 98 angled aircore drill holes for a total of 4,385metres drilled
- The drilling has already yielded excellent results [ASX:MEU 25 Oct 2016 & 29 Nov 2016] with 31 intersections greater than 1 g/t gold, all close to surface, including:

▪ 3m at 11.3 g/t gold from 22m	– Hole 16AT019	incl 1m @ 23 g/t from 22m
▪ 4m at 9.0 g/t gold from 25m	– Hole 16AT043	incl 1m @ 34 g/t from 27m
▪ 4m at 3.7 g/t gold from 24m	– Hole 16AT044	and 1m @ 11 g/t from 20m
▪ 4m at 6.2 g/t gold from 35m	– Hole 16AT061	incl 1m @ 23 g/t from 35m
▪ 4m at 3.9 g/t gold from 20m	– Hole 16AT062	
▪ 4m at 3.3 g/t gold from 36m	– Hole 16AT028	
- » Significant gold mineralisation over 750m strike length [see Fig. 2]
- » Mineralisation consistently within 50m of the surface

Phase 2 commences

On 30 November 2016, Marmota commenced **Phase 2** drilling at Aurora Tank. Drilling stopped on 18 December 2016 [see ASX:MEU 19 Dec 2016]

So far:

- 31 angled RC drill holes have been completed
- Total Phase 2 drilling to date: 2,604m
- Assay results from the completed drilling samples are anticipated shortly after the release of this quarterly report.

Copper **Champion Prospect (Copper Coast)**

100% ownership

- **Drilling Program Access Granted**

In a judgment handed down on 22 December 2016 in the Environment, Resources and Development (ERD) Court of South Australia, pursuant to an application by the Company under s9AA of the Mining Act 1971, Marmota has been granted a waiver to carry out its designated exploration program on its Champion copper prospect, at West Melton on the Copper Coast (Yorke Peninsula) [see ASX:MEU [22 Dec 2016](#)]

The exploration drilling program approved by the Court includes:

- » IP survey
- » Two Phase drilling program, including a
- » Diamond drilling component

- Program **to be carried out in February, March and April 2017**.

- Drilling program is expected to result in an Inferred Resource being able to be reported in accordance with the JORC Code [see ASX:MEU [16 June 2016](#)]

Corporate

- **Change of Name**

At the AGM held on Tuesday 8 November 2016, shareholders approved the change of name from 'Marmota Energy Limited' to 'Marmota Limited' to better reflect the Company's multi-commodity exposure to gold, copper and uranium. [ASX:MEU [10 November 2016](#)]

- **Change of MD**

David Williams resigned as MD and Company Secretary with effect on 13 November 2016. Marmota's Chief Consulting Geologist, Dr Kevin Wills, took on the additional role of Acting MD from 14 November 2016. The Board is very grateful to Dr Wills for his expert assistance during a particularly active period for the Company.

- **Company Secretary**

Victoria Allinson has been appointed Company Secretary, effective 14 Nov 2016.

- **Ian Warland appointed as new MD**

Subsequent to the end of the quarter, Marmota is very pleased to announce the appointment of highly-experienced geologist, Ian Warland, as Managing Director, commencing 30 January 2017 [ASX:MEU [16 January 2017](#)]

Exploration Activities during Quarter

GOLD

Gawler Craton

Tenement	Name	MEU Holding
EL5589	Aurora Tank	100%
EL5830	Ambrosia	100%
EL5684	Pundinya	100%
EL5195	Muckanippie	100%
EL5799	Indooroopilly	100%
EL4995	Mt Christie	100%
EL5060	Lake Anthony	100%
EL5377	Cudyea	100%
EL5759	Mulgathing	100%
EL5087	Woorong Downs	100%
EL5088	Comet	100%
EL5527	Bradman	100%
EL5861	Carnding	100% ‡
ELA 2016/00133	To be decided	100%
ELA 2016/00146	To be decided	100%

‡ new tenement granted on 6 October 2016

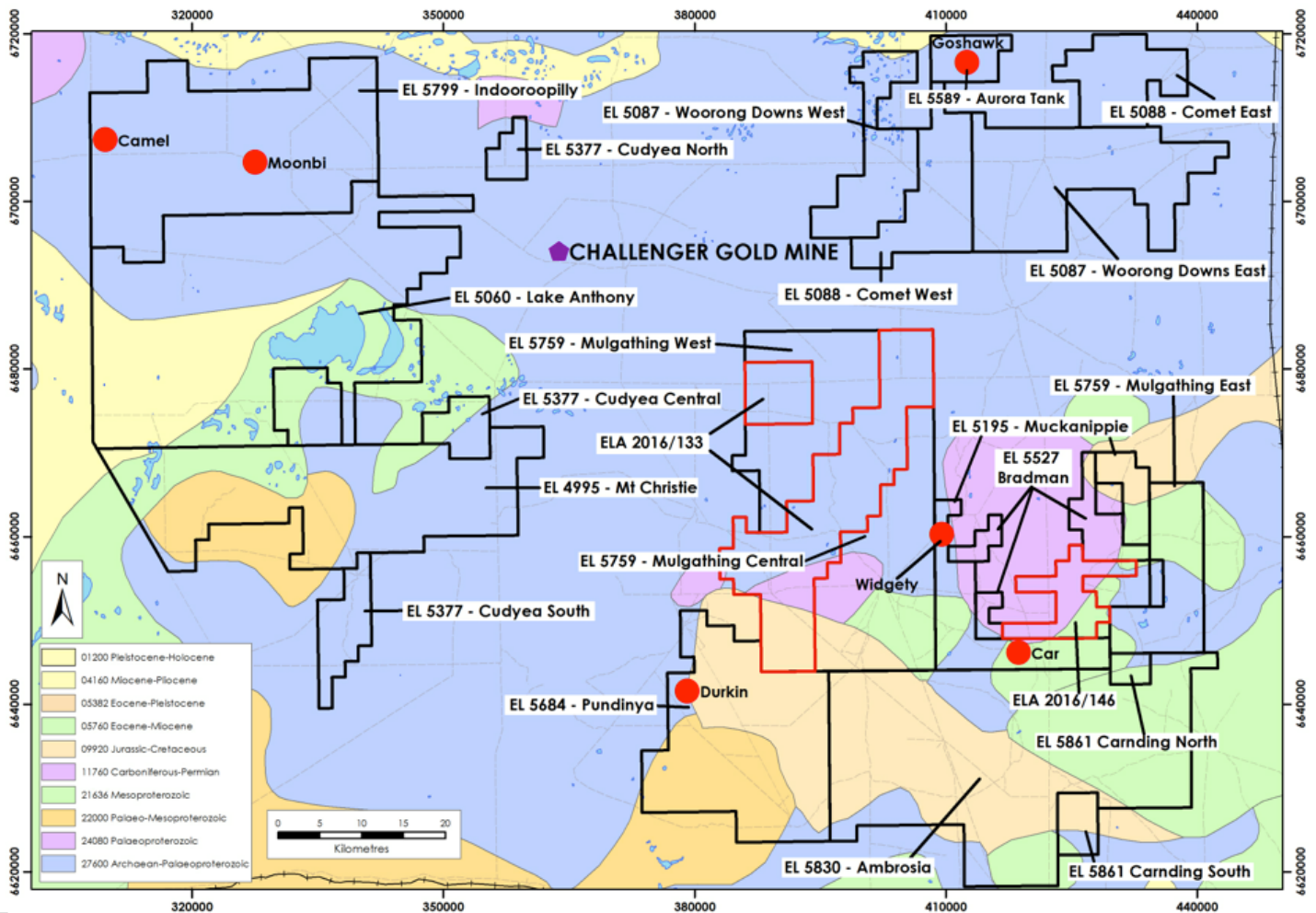


Figure 1: Marmota’s Gawler Craton Gold Project, including new tenements in red outline □

Work undertaken during reporting period

Background

- Marmota is searching for Challenger-style gold systems. The Challenger mine has already produced over 1 million ounces of gold (over A\$1.6 billion of gold, at current prices).
- Marmota has a dominant tenement holding around Challenger. Marmota tenements cover to over 5,700 km² of highly prospective area around the Challenger gold mine, in the Woomera Prohibited Defence Area in the Gawler Craton.
- Marmota is adopting the same calcrete sampling methodology that was used to find Challenger — to highlight areas of gold anomalism with the potential for Challenger-style gold mineralisation.

Gold Exploration Activities

- Under the direction of Dr Wills, Marmota has redesigned and re-booted its gold exploration program around the Challenger gold mine.
- Marmota has adopted a new ‘taskforce’ approach to provide a focused and systematic approach to gold exploration.
- Marmota has already identified 7 new anomalous gold zones of interest, and as it works through the existing and newly-acquired tenements, the pool gets richer and more interesting.
- The calcrete sampling program is currently working its way through multiple targeted areas on the:
 - Lake Anthony (EL 5060)
 - Muckanippie (EL 5195) and
 - Mt Christie (EL 4995) tenements

New Tenements Acquired

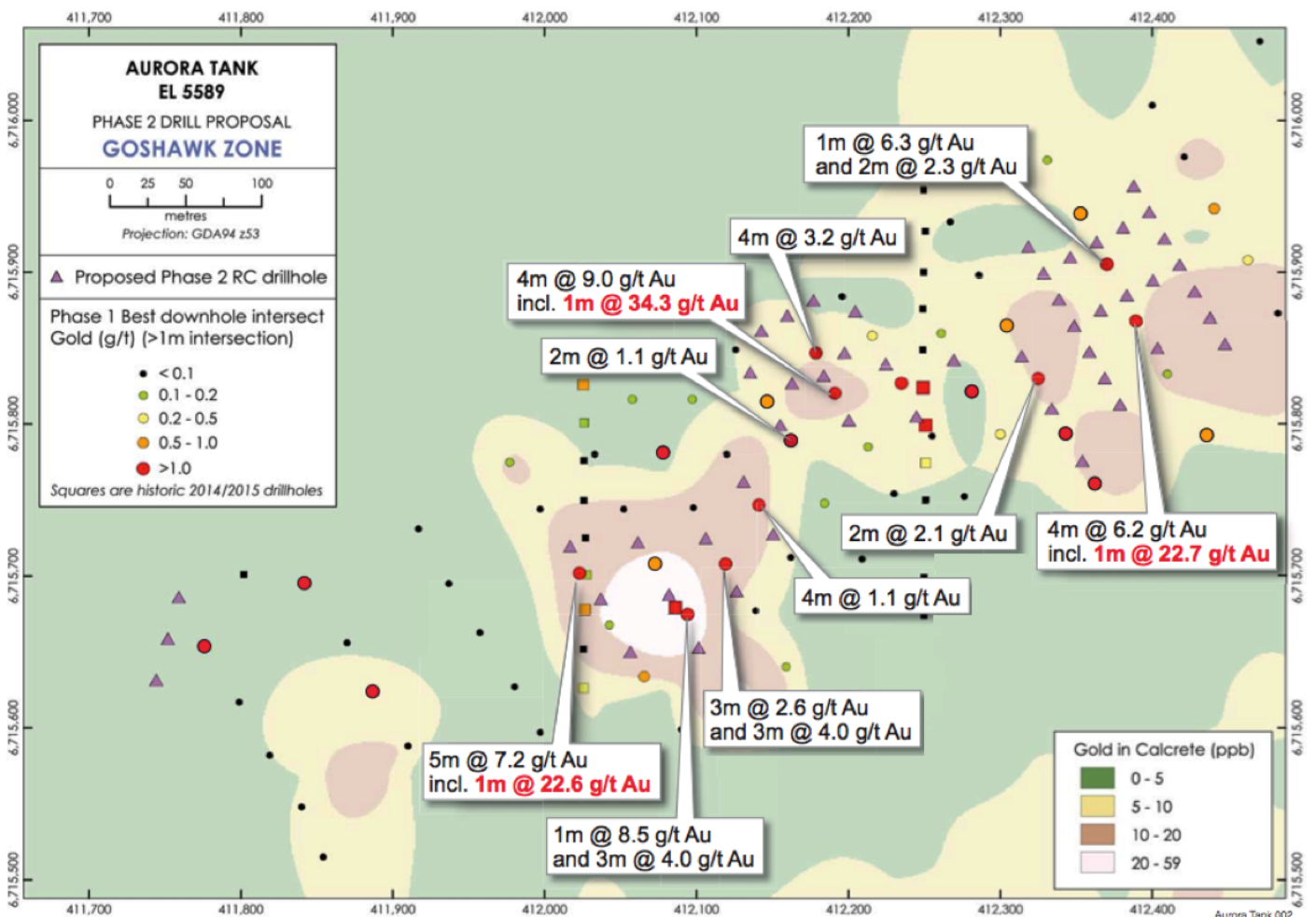
- Marmota further expanded its tenement holding around the Challenger gold mine [see ASX:MEU 7 Nov 2016]. The Company successfully submitted new Exploration Licence Applications for 2 new tenements around the Challenger gold mine:
 - ELA 2016/00133 and
 - ELA 2016/00146
- The new tenements cover over 480 km² of highly prospective ground around Challenger, further consolidating Marmota’s portfolio.
- Come with targets already identified
- Increases Marmota’s holding around Challenger to over 5,700 km²

Aurora Tank – Gold

- Aurora Tank is located approximately 50km NE of the Challenger gold mine.
- In September 2016, Marmota commenced its first drilling program at Aurora Tank [Fig. 2] of 98 angled aircore drill holes for a total of 4,385 metres [ASX:MEU 19 Sept 2016].
- In late October, Marmota was delighted to report that the September drilling program at Goshawk Prospect at Aurora Tank returned multiple significant gold intersections all close to the surface (from 4m composite samples) [see ASX:MEU 25 October 2016].
In late November, Marmota received 1m assay intervals [ASX:MEU 29 Nov 2016].

Highlights include:

- 31 intersections greater than 1 g/t gold including:
 - 3m at **11.3 g/t** gold from 22m – Hole 16AT019 incl 1m @ **23 g/t** from 22m
 - 4m at **9.0 g/t** gold from 25m – Hole 16AT043 incl 1m @ **34 g/t** from 27m
 - 4m at **3.7 g/t** gold from 24m – Hole 16AT044 and 1m @ **11 g/t** from 20m
 - 4m at **6.2 g/t** gold from 35m – Hole 16AT061 incl 1m @ **23 g/t** from 35m
 - 4m at **3.9 g/t** gold from 20m – Hole 16AT062
 - 4m at **3.3 g/t** gold from 36m – Hole 16AT028
- Significant gold mineralisation over 750m strike length [see Fig. 2]
- Mineralisation consistently within 50m of the surface



Phase 2 commenced

In December 2016, Marmota commenced **Phase 2** drilling at Aurora Tank.

Program [see ASX:MEU 19 Dec 2016]

- 31 angled RC (reverse circulation) drill holes have been completed
- Maximum hole length: 90 m
- Total drilling to date: 2,604m

Marmota now intends to implement an expanded program, consisting of the Phase 2 holes not yet completed, and additional holes, designed with the benefit of the new assays from the December drilling just completed, after the summer heat.

Phase 2 program is shown in [Figure 2](#).

Completed holes to date are shown in [Figure 3](#).

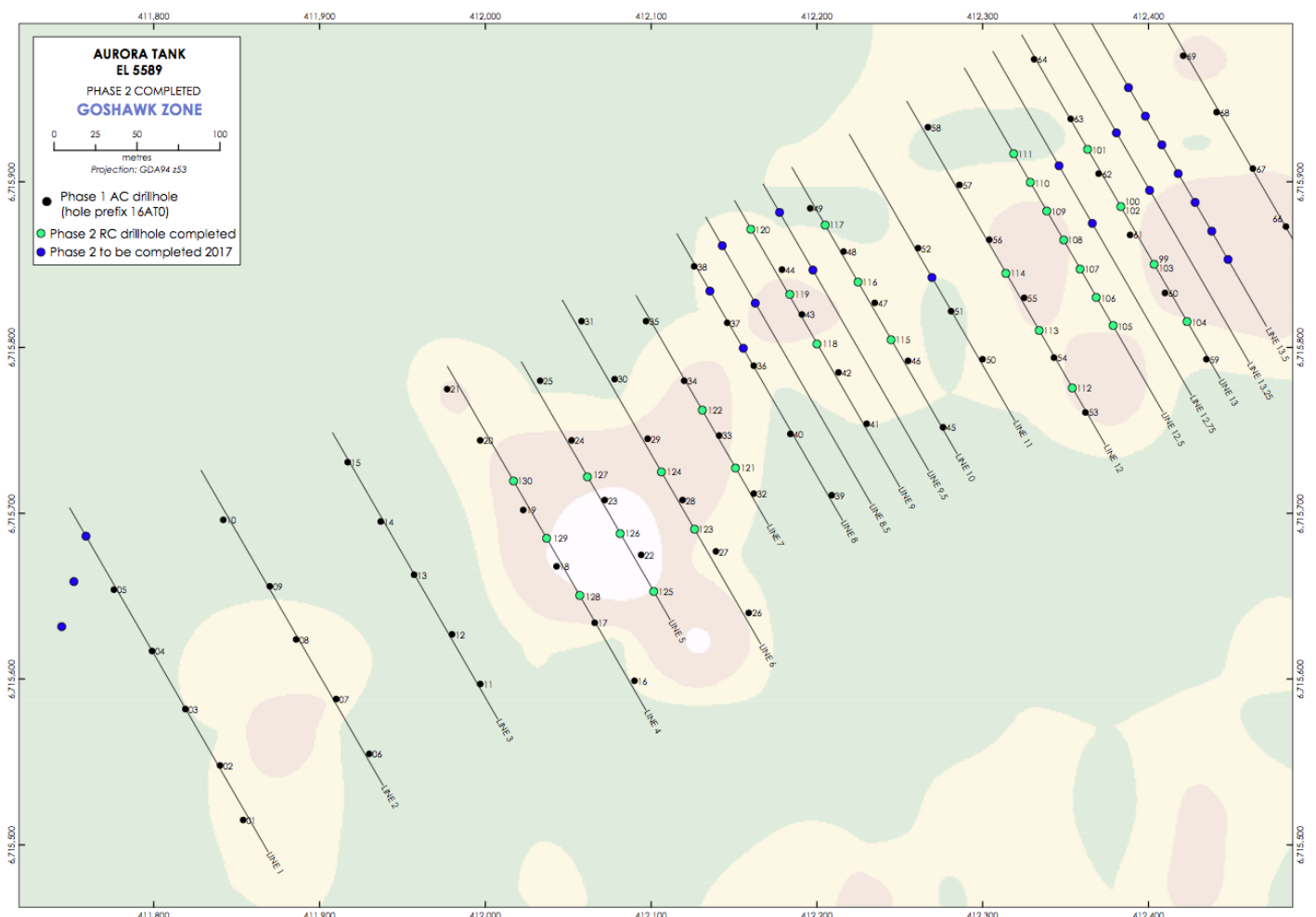


Figure 3: Phase 2 RC drill holes completed

URANIUM Junction Dam project

Tenement	Name	MEU Holding
EL5682	Junction Dam	100% of uranium
EL5124	Mulyungarie	100%

Marmota has:

- Inferred Resource of ¹ **5.4 million pounds** U₃O₈ with average grade of 557ppm U₃O₈ [see ASX:MEU 18 July 2013]
- Overall Exploration Target² of 15 to 25 m tonnes at 400-700 ppm U₃O₈ containing **22–33 million pounds** U₃O₈ [Saffron deposit with Bridget and Yolanda prospects: see ASX:MEU 9 July 2012]



Figure 4: Location of Junction Dam and Honeymoon Mine

Future exploration focus

- Watching developments re prospective re-opening of adjacent Honeymoon Plant, approximately 10km away.

¹ Upward revision of the Saffron deposit Inferred Resource size as indicated above follows the application of an average positive disequilibrium factor of 1.63. This is an indicative result and further assessment is underway. It is uncertain if further exploration work or feasibility studies will result in the determination of an Ore Reserve.

² Exploration targets are partly conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain that further exploration will result in the estimation of a Mineral Resource.

COPPER Copper Coast – Yorke Peninsula

Tenement	Name	MEU Holding
EL5832	West Melton	100%
EL5122	Melton	Marmota 75% Monax Mining Limited [ASX:MOX] 25%
EL 5209	North Melton	Marmota 75% Monax Mining Limited [ASX:MOX] 25%

Copper Coast (West Melton)

- Marmota recently produced its first copper Exploration Target, at the Champion prospect at West Melton on the Yorke Peninsula [see ASX:MEU [16 June 2016](#)]
- Drilling program at Champion has been designed and all necessary approvals obtained.
- **Drilling Program Access Granted**
In a judgment handed down on 22 December 2016 in the Environment, Resources and Development (ERD) Court of South Australia, pursuant to an application by the Company under s9AA of the Mining Act 1971, Marmota has been granted a waiver to carry out its designated exploration program on its Champion copper prospect, at West Melton on the Copper Coast. [ASX:MEU [22 Dec 2016](#)]

The exploration drilling program approved by the Court includes:

- » IP geophysical survey
- » Two Phase drilling program
 - Phase 1: 47 x 65-metre deep RC drill holes for total of 3,055 metres (see [Fig. 5](#))
 - Phase 2:
 - a) 30 to 35 RC holes, and
 - b) Two diamond drill holes

The waiver granted by the Court is subject to a set of conditions that Marmota is both able and willing to fully comply with.

- Program [to be carried out in February, March and April 2017](#) period.
- Drilling program is expected to result in an Inferred Resource being able to be reported in accordance with the JORC Code [see ASX:MEU [16 June 2016](#)]

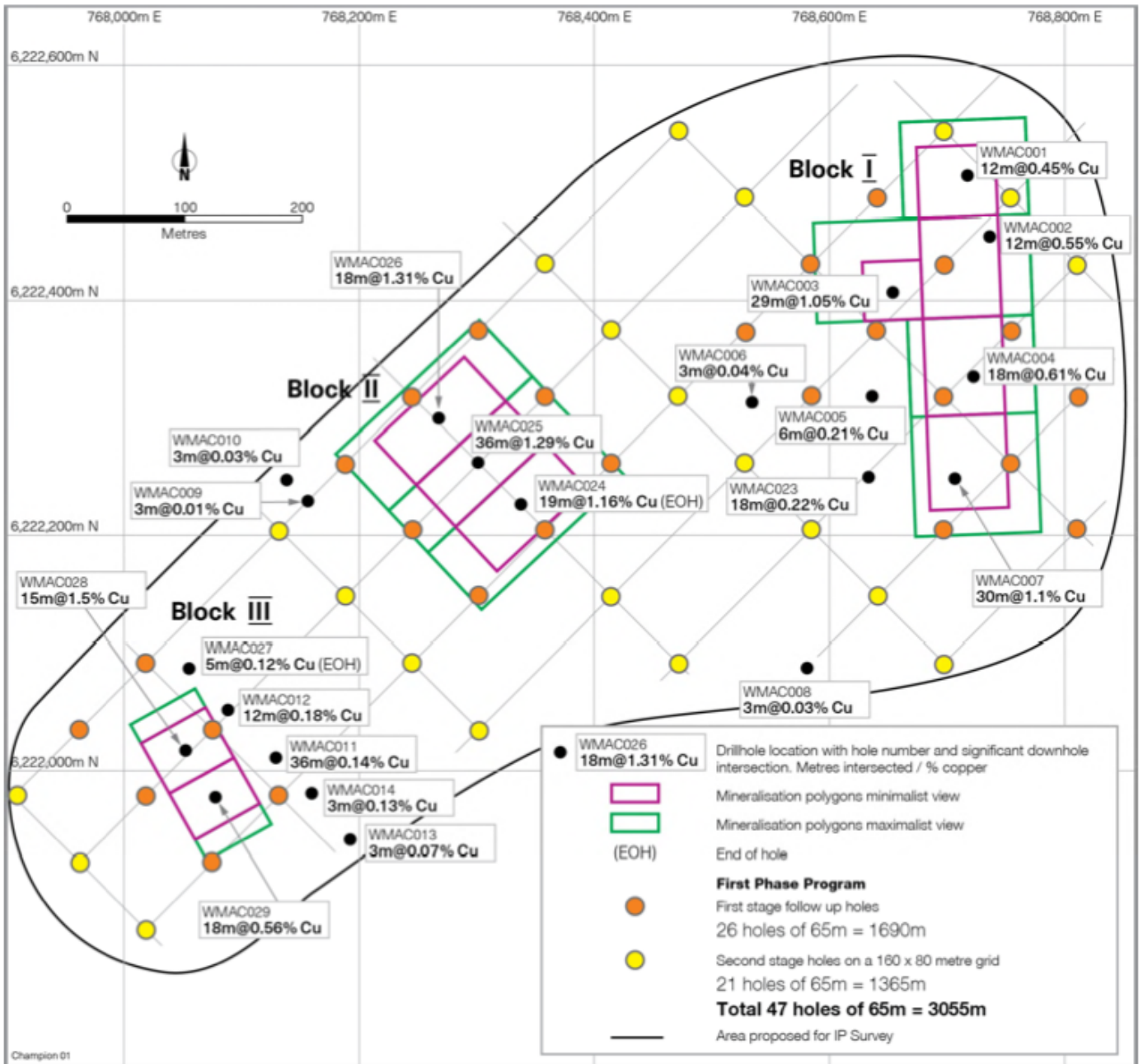


Figure 5: Champion Prospect – approved Drilling Program (Phase 1)

What is next?

GOLD

Aurora Tank

- Assay results from the first 31 holes of Phase 2.
- Expanded Phase 2 drill program to follow.

COPPER

February, March and April: approved drilling program at Champion

The first Exploration Target Estimates at Champion are provided at ASX:MEU [16 June 2016](#). As noted there, the above program is expected to result in an Inferred Resource being able to be reported in accordance with the JORC Code.

Competent Persons Statement

Information in this Release relating to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Dr Kevin Wills, who is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves." Dr Wills consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For further information, please contact:

Marmota Limited

Dr Kevin Wills Acting Managing Director
Email: info@marmota.com.au

Unit 6
79–81 Brighton Road
Glenelg SA 5045
ABN: 38 119 270 816
T: (08) 8294 0899
F: (08) 8376 8633
www.marmota.com.au

About Marmota Limited

Marmota Limited (ASX: MEU) is a South Australian mining exploration company, focused on gold, copper and uranium. Gold exploration is centred on the Company's dominant tenement holding in the highly prospective and significantly underexplored Gawler Craton, near the Challenger gold mine, in the Woomera Prohibited Defence Area. The Company's cornerstone copper project is based at the Melton project on the Yorke Peninsula. The Company's largest uranium project is at Junction Dam adjacent to the Honeymoon mine.

For more information, please visit: www.marmota.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MARMOTA ENERGY LTD

ABN

38119270816

Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(266)	(487)
(b) development		
(c) production		
(d) staff costs	(57)	(115)
(e) administration and corporate costs	(49)	(85)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (government funding received)	7	15
1.9 Net cash from / (used in) operating activities	(364)	(669)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	-	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	529
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(12)	(17)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(12)	512

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	852	634
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(364)	(669)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(12)	512
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	476	476

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	460	836
5.2 Call deposits	16	16
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	476	852

6. Payments to directors of the entity and their associates

- | | Current quarter
\$A'000 |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 50 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

The amount at 6.1 represents payments of non executive director's fees and salary (including superannuation) paid to executive director.

7. Payments to related entities of the entity and their associates

- | | Current quarter
\$A'000 |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	Nil	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	250,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	55,000
9.5 Administration and corporate costs	40,000
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	345,000

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	n/a	n/a	n/a	n/a
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EL5861	Granted	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company secretary

Date: 30 January 2017

Print name: Victoria Allinson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.