



ASX ANNOUNCEMENT

31 October 2016

QUARTERLY ACTIVITY REPORT

SEPTEMBER QUARTER 2016

HIGHLIGHTS

Aurora Tank 100% ownership and control

- In July, Marmota entered into an agreement with its joint venture partner Apollo Minerals. Under the agreement, Marmota assumed full control of Aurora Tank (EL 5589), and increased its stake to 100% ownership [ASX:MEU 4 July 2016]

Gold

- Re-booted gold exploration strategy in Gawler Craton
 - Calcrete sampling program expanding on Marmota's Gawler Craton gold tenements surrounding the Challenger gold mine
 - 7 new anomalous gold zones already identified
- In September 2016, Marmota commenced its first drilling program at Aurora Tank, at the Goshawk Gold Prospect:
 - 98 angled aircore drill holes for a total of 4,385metres drilled
- Subsequent to the end of the Quarter [ASX:MEU 25 October 2016], the Company was delighted to report that the drill program returned multiple significant gold intersections. Highlights include 15 intersections greater than 1 g/t gold including:
 - 4m at 8.0 g/t gold from 24m – Hole 16AT043
 - 4m at 3.7 g/t gold from 24m – Hole 16AT044
 - 4m at 4.9 g/t gold from 32m – Hole 16AT061
 - 4m at 3.9 g/t gold from 20m – Hole 16AT062
 - 4m at 3.3 g/t gold from 36m – Hole 16AT028
 - 4m at 3.1 g/t gold from 24m – Hole 16AT019
 - » Significant gold over 750m strike length [see Fig. 2]
 - » Consistently close to surface

Corporate

- **New capital**
A Share Purchase Plan (SPP) was offered to eligible shareholders in September 2016. The SPP received overwhelming support from shareholders, with eligible shareholders applying for \$530,000 of shares, which is more than 75% over the \$300,000 SPP target.
- **AGM:** The AGM will be held at 3pm on Tuesday 8 November 2016 at: Level 29, Westpac House, 91 King William Street, Adelaide

Work undertaken during reporting period

Background

- Marmota is searching for Challenger-style gold systems. The Challenger mine has already produced 1 million ounces of gold (over A\$1.7 billion of gold, at current prices).
- Marmota has a dominant tenement holding around Challenger. Marmota tenements cover approximately 5,300 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 commenced a re-booting of 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

Aurora Tank Gold Project

- In July 2016, Marmota entered into an agreement with joint venture partner Apollo Minerals. Under the terms [see ASX:MEU 4 July 2016], Marmota has assumed full control of Aurora Tank (EL 5589) and increases its stake to 100% ownership.
- Aurora Tank represents the Company’s most advanced gold project.
- In September 2016, Marmota completed ahead of schedule a drilling program over a grid (see Fig. 2) of 98 angled aircore drill holes for a total of 4,385 metres [see ASX:MEU 19 September 2016].
- This drilling program was designed to test the Goshawk gold Prospect at Aurora Tank (EL5589) with the intention of defining geochemical dispersion from gold mineralisation.

Subsequent to the end of the Quarter, in late October, assay results were received for the September drilling program [see MEU ASX Release: 25 October 2016]. 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.

Highlights include:

- 15 intersections greater than 1 g/t gold including:
 - 4m at 8.0 g/t gold from 24m – Hole 16AT043
 - 4m at 3.7 g/t gold from 24m – Hole 16AT044
 - 4m at 4.9 g/t gold from 32m – Hole 16AT061
 - 4m at 3.9 g/t gold from 20m – Hole 16AT062
 - 4m at 3.3 g/t gold from 36m – Hole 16AT028
 - 4m at 3.1 g/t gold from 24m – Hole 16AT019
- Significant gold over 750m strike length [see Fig. 2]
- Consistently close to surface
- New mineralisation intersected, including at eastern and western extremities of previously known zone

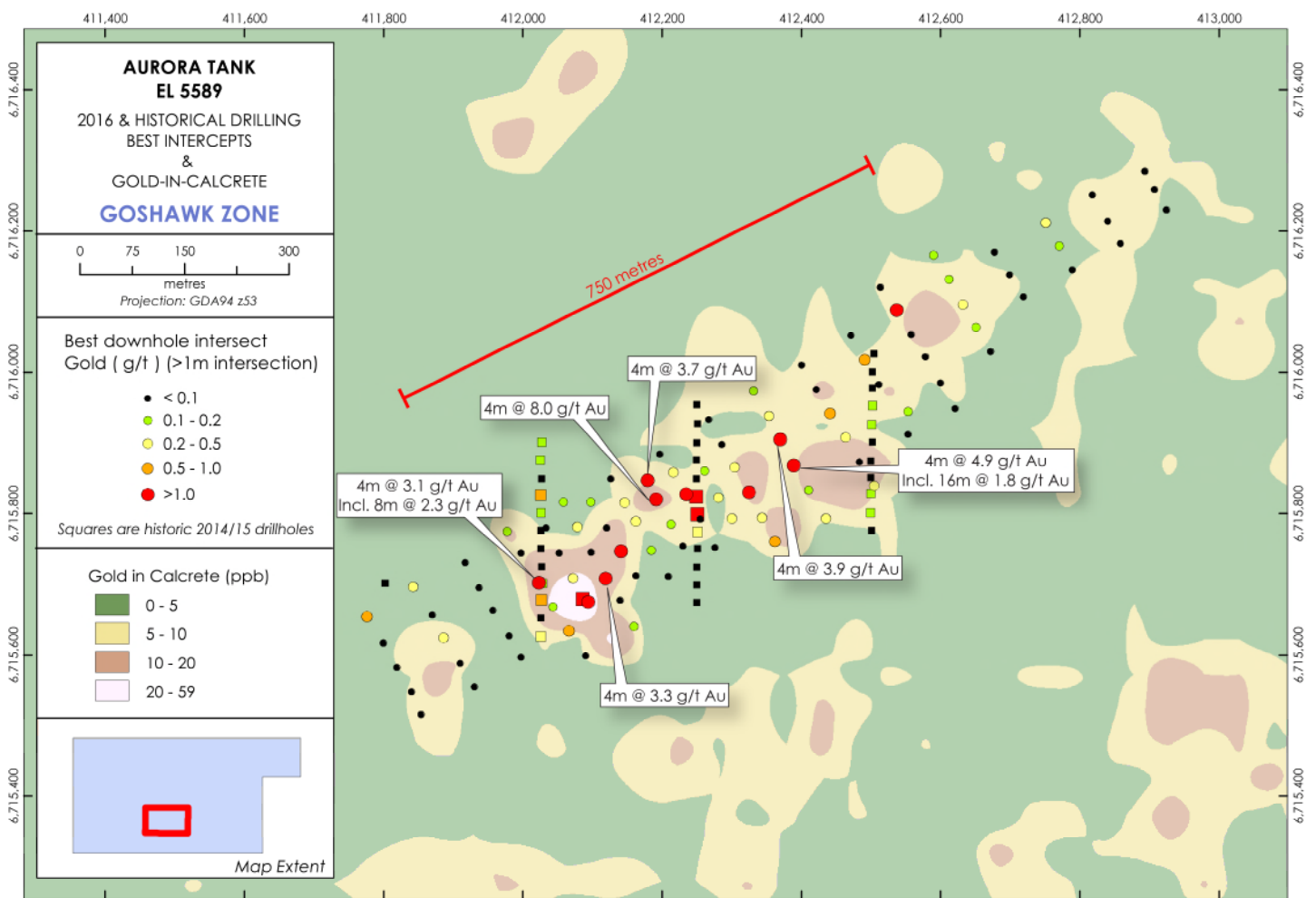


Figure 2: Best downhole gold results at Goshawk Prospect at Aurora Tank

URANIUM Junction Dam project

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

Future exploration focus

- Uranium is on back-burner pending uplift in market conditions
- Watching developments re prospective re-opening of adjacent Honeymoon Plant

COPPER Yorke Peninsula – Copper Coast (West Melton)

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

- Marmota recently produced its first copper Exploration Target, at the Champion prospect at West Melton on the Copper Coast [see ASX:MEU [16 June 2016](#)]
- Results from a drilling program conducted in the June quarter (outside the Champion prospect) have focused future copper priority within the 100% owned Champion Prospect.
- Drilling program at Champion has been designed and PEPR lodged.

What is next?

GOLD

Aurora Tank

- Assay results received from Aurora Tank after the end of the quarter are based on 4m composites. Marmota will now carry out analysis of 1m drill samples over interesting intersections and analyse the data to select target locations.
- The forward drilling program will consist of deeper and closer-spaced RC drilling to outline the location of the primary mineralised gold zones.

Concurrently, Marmota continues its rapid reconnaissance calccrete sampling as we work through our Gawler Craton tenement position surrounding the Challenger gold mine. As and when relevant, small-scale follow-up in-fill programmes are being adopted. As noted in the recent Shareholder update [see ASX:MEU [13 September 2016](#)], 7 new anomalous gold zones have already been identified.

COPPER

A forward exploration program is proposed based on a possible exploration time window in December 2016 and the first few months of 2017.

It is likely to include:

- an IP geophysical survey
- two-phase drilling program consisting of:
 - first phase of 47 x 65-metre deep RC percussion drill holes for total of 3,055 metres;
 - second phase of 30 to 35 holes totalling a further 2,275 metres.

The forward program of exploration work on the Champion Prospect is outlined in the ASX Release dated [16 June 2016](#), which also provides the first Exploration Target Estimates at Champion. As noted there, the planned program should result in an Inferred Resource being able to be reported in accordance with the JORC Code and estimated by a Competent Person as defined in the JORC Code (2012) and also enabling a scoping study into a possible mine development.

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:

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About Marmota Energy Limited

Marmota Energy 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.marmotaenergy.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")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(221)	(221)
(b) development		
(c) production		
(d) staff costs	(58)	(58)
(e) administration and corporate costs	(36)	(36)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
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)	8	8
1.9 Net cash from / (used in) operating activities	(305)	(305)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(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 (3 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)	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	529	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	(5)	(5)
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	524	524

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	634	634
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(305)	(305)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	524	524
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	852	852

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	836	618
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)	852	634

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

57

-

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

- 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

**Current quarter
\$A'000**

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.		

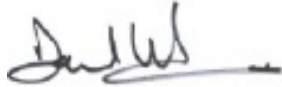
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	250,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	55,000
9.5 Administration and corporate costs	40,000
9.6 Other (provide details if material)	-
9.7 Total estimated 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	EL4648	Replaced by EL5832	100%	0%
	EL4510	Replaced by EL5830	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EL5830	Granted (subsequent licence to EL4510)	0%	100%
	EL5832	Granted (subsequent licence to EL4648)	0%	100%
	EL5087	Transferred	0%	100%
	EL5088	Transferred	0%	100%
	EL5527	Transferred	0%	100%
	EL5589	25% transferred	75%	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:
(Director/Company secretary)

Date: 31 October 2016

Print name: David Williams

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.

TENEMENT STATUS

(as at 30 September 2016)

Project name	Tenement	Number	Area (km ²)	Tenure holder / applicant	Details	MEU's interest %	Status
Junction Dam	Junction Dam	EL 5682	341	Teck Australia Pty Ltd 51%, Variscan Mines 39.2%, Eaglehawk Geological Consulting Pty Ltd 9.8%	JV with Teck Australia, Variscan Mines & Eaglehawk Geological Consulting	100% of the uranium mineral rights	Granted
Melton	Melton	EL 5122	28	Marmosa P/L	JV with Monax Mining	75% of all minerals	Granted
	North Melton	EL 5209	137	Marmota Energy	JV with Monax Mining	75% of all minerals	Granted
	West Melton	EL 5832	88	Marmota Energy		100%	Granted
Ambrosia	Ambrosia	EL 5830	854	Marmosa P/L		100%	Granted
	Muckanippie	EL 5195	181	Marmota Energy		100%	Granted
	Mulgathing	EL5759	652	Marmota Energy		100%	Granted
	Carnding	ELA2016/00050	53	Marmota Energy		100%	Application
	Bradman	EL5527	92	Marmota Energy	Being transferred from current holder	100%	Granted
Pundinya	Pundinya	EL 5684	435	Marmota Energy		100%	Granted
Aurora Tank	Aurora Tank	EL5589	48	Marmota Energy		100%	Granted
	Woorong Downs	EL5087	458	Marmota Energy		100%	Granted
	Comet	EL5088	268	Marmota Energy		100%	Granted
Indooroopilly - Lake Anthony	Indooroopilly	EL 5799	570	Marmota Energy		100%	Granted
	Mt Christie	EL 4995	620	Marmota Energy		100%	Granted
	Lake Anthony	EL 5060	981	Marmota Energy		100%	Granted
	Cudyea	EL5377	145	Marmota Energy		100%	Granted
Mulyungarie	Mulyungarie	EL 5124	17	Marmosa P/L		100%	Granted

Marmosa Pty Ltd is a wholly owned subsidiary of Marmota Energy Limited