



ASX ANNOUNCEMENT

29 July 2016

QUARTERLY ACTIVITY REPORT

JUNE QUARTER 2016

HIGHLIGHTS

New Exploration Team

- The June quarter saw the commencement of a new organisational structure for exploration, headed up Dr Kevin Wills, with a new exploration team.

Gold

- In April, the 2016 calcrete sampling program commenced with new exploration team on the Gawler Craton gold tenements surrounding the Challenger gold mine.
- Marmota acquired, from a private party, 100% interest in 3 additional tenements around Challenger – EL 5087, 5088, 5527 [ASX:MEU 14 April 2016]
- New holdings further expand Marmota's dominant position around the Challenger Gold mine.
- Marmota then negotiated 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 (on registration).
- Drilling program design undertaken.

Copper

- In June, Marmota, produced a copper Exploration Target, at the Champion prospect at West Melton.
- Future priority placed on Champion + drilling program designed [ASX:MEU 16 June 2016]

Corporate

- **New capital brought in**
 - ✓ \$267,750 placement to Southern Cross Capital Pty Ltd [ASX:MEU 20 June 2016] further to \$258,750 placement (before costs) to same [ASX:MEU 31 March 2016]
 - ✓ New cornerstone investor
- **EDI Taxation Credits** issued to shareholders [ASX:MEU 23 May 2016]

Exploration Activities during Quarter

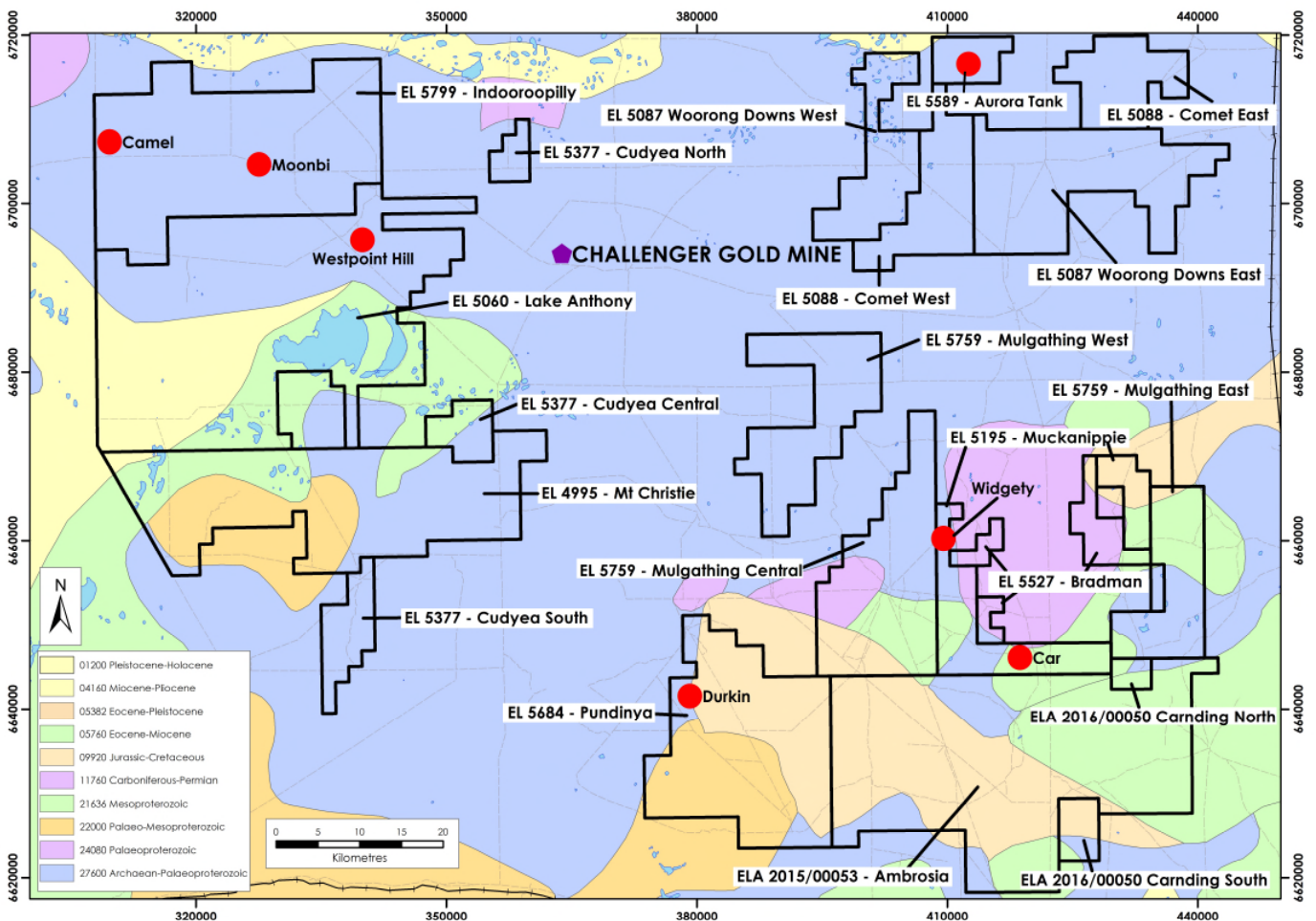
GOLD

Gawler Craton

Tenement	Name	MEU Holding
EL4510	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% *
ELA2016/00050	Carnding	100% ‡

* tenements acquired from private party

‡ tenement application submitted during the June 2016 Quarter



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\$1.5 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

- The June quarter saw the commencement of a new organisational structure for exploration, headed up Dr Kevin Wills, with a new exploration team.
- Dr Wills is recognised as a pioneer of the use of calcrete sampling for gold exploration in the Gawler Craton. In particular, he designed the calcrete sampling program that ultimately led to the discovery of the Challenger Gold Mine.
- April saw the start of 2016 gold exploration activities in the Gawler Craton gold project. This work was temporarily interrupted by unusual and heavy rain in the region throughout the June 2016 Quarter. The program features calcrete sampling across multiple targeted areas on the:
 - Lake Anthony (EL 5060)
 - Muckanippie (EL 5195) and
 - Mt Christie (EL 4995) tenements
- At the start of the June 2016 Quarter, Marmota conducted a site reconnaissance over a number of its tenements in the Gawler Craton gold project. This included revisiting locations where anomalous gold in calcrete samples were obtained at Westpoint Hill in October 2015 and undertaking further field analysis under the guidance of Dr Wills.

Westpoint Hill

- In the recent March Quarterly [see ASX:MEU 29 April 2016], Marmota reported that it had repeatedly been unable to reproduce the 3 high gold-in-calcrete anomalies at Westpoint Hill: Neither by detailed infill sampling program, nor by subsequent taking of new duplicate samples [see ASX:MEU 29 April 2016].
- As a final check, as part of the site reconnaissance activities mentioned above, Marmota's new exploration team took duplicate samples by hand-based auger at the 3 sample points [ASX:MEU 12 April 2016]. This was again unable to reproduce any anomalous gold-in-calcrete results at those 3 sample points.
- As the Company has consistently and repeatedly been unable to reproduce the 3 high values [see ASX:MEU 17 Feb 2016, 24 Feb 2016, 29 April 2016], Marmota will not conduct any further work over them.

New Tenements

- **Acquisition of new licences from a private party**

In April 2016, Marmota entered into a binding agreement with a private party to acquire a 100% interest in 3 tenements around the Challenger gold mine in the central Gawler Craton — EL 5087, 5088 and 5527 [see [Figure 1](#) above]. These licences have received virtually no historical drilling for gold, and are an important addition to the Company’s gold exploration portfolio. The acquisition was completed shortly after the end of the June 2016 Quarter [see ASX:MEU [15 July 2016](#)]

- **Aurora Tank Gold Project**

During the quarter, Marmota negotiated an agreement with its joint venture partner Apollo Minerals. Under the agreement, Marmota immediately assumes full control of Aurora Tank (EL 5589), and increases to 100% ownership [see ASX:MEU [4 July 2016](#)] effective as soon as the transfer is registered.

The new agreement between Marmota and Apollo finalises all matters under the farm in agreement. Apollo has transferred to Marmota its interest in the Aurora Tank tenement and Marmota has paid Apollo \$50,000.

This project represents the Company’s most advanced gold project and will be the focus of follow-up drilling in the September 2016 quarter.

Aurora Tank [JV with Apollo Minerals Limited ASX:AON]

Tenement	Name	MEU Holding
EL5589	Aurora Tank	Marmota: 75% Apollo: 25% (being transferred to Marmota)

Work undertaken during reporting period

- No work was undertaken at Aurora Tank during the June 2016 Quarter.

Note: Under an agreement entered into with Apollo Minerals [see ASX:MEU [4 July 2016](#)], Marmota has assumed full control of Aurora Tank (EL 5589), and 100% ownership on registration of same.

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 – Melton project

Tenement	Name	MEU Holding
EL4648	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

Work undertaken during reporting period

West Melton 2016 Drilling Program

- In April/May, Marmota tested 4 new target areas *outside* of the Champion prospect, to test for additional copper mineralisation in the area surrounding the Champion prospect, on the West Melton tenement [see ASX:MEU [21 April 2016](#)]
- 24 RC holes were drilled over the 4 new copper targets for a total of 1,268 metres [see [Figure 2](#) below]
- Results from drilling program were received after the end of the June 2016 Quarter [see ASX:MEU [22 July 2016](#)]
- Best results obtained were associated with the geochemical target (copper-in-calcrete anomaly). However, no potentially economic mineralisation was intersected. Weak copper mineralisation was intersected at Target 1 confirming the effectiveness of copper-in-calcrete anomalies analogous to the Champion Prospect. See ASX:MEU [22 July 2016](#) for full details.
- Results reinforce Marmota's future focus and priority of working on the Champion copper prospect [see ASX:MEU [16 June 2016](#)]

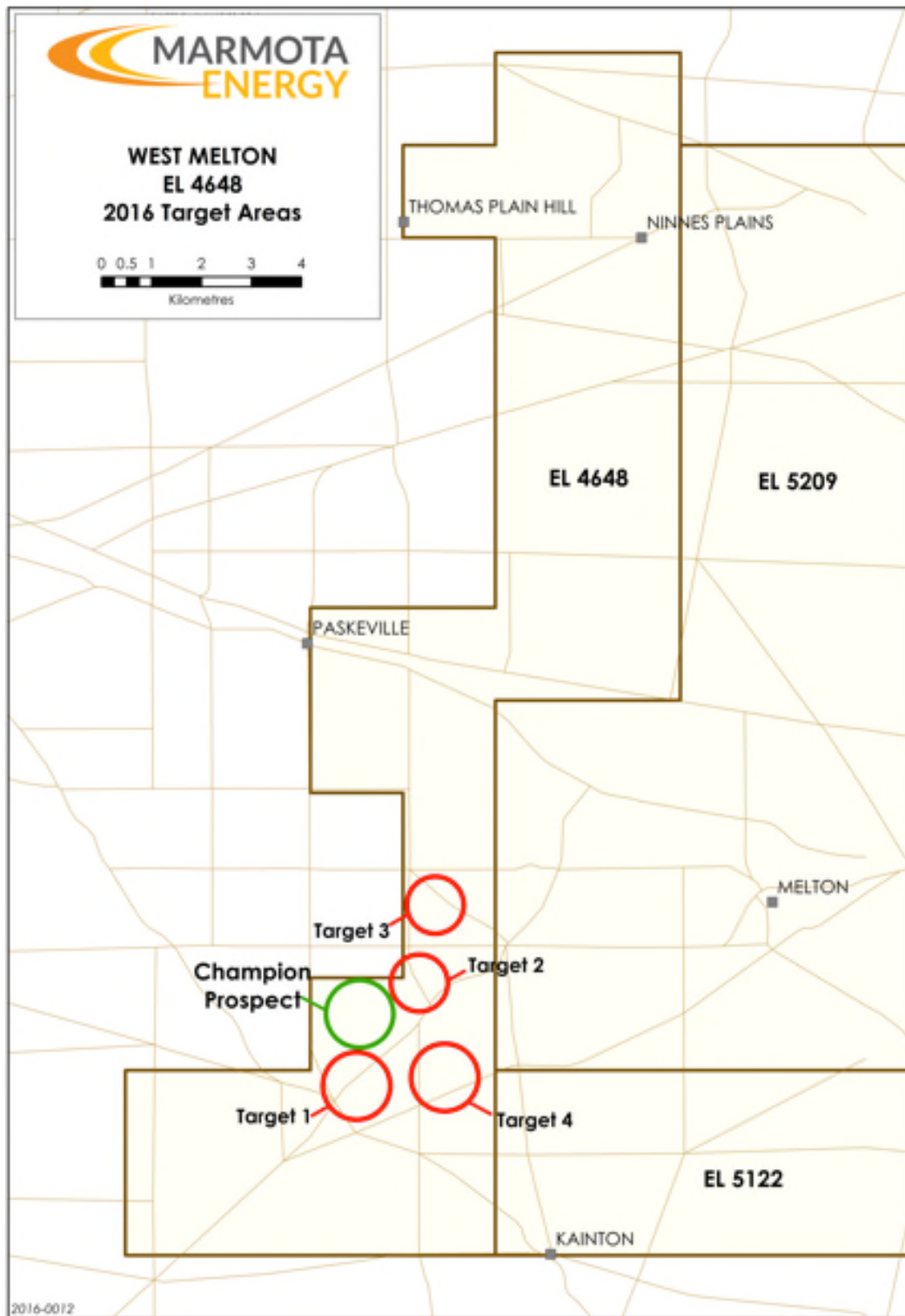


Figure 2: Four new Target Areas tested (all outside Marmota’s Champion prospect

Champion Copper Prospect First Exploration Target estimates

- In June, Dr Kevin Wills, Marmota’s new Chief Consulting Geologist, undertook the first comprehensive assessment of the 2014 drilling program at the Champion prospect (EL 4648) [see Figures 2 and 3]
- That drilling program made a number of significant intersections of secondary copper mineralisation [see ASX Release: 7 May 2014] which have enabled the first estimation of an Exploration Target reported in accordance with the JORC Code (2012).

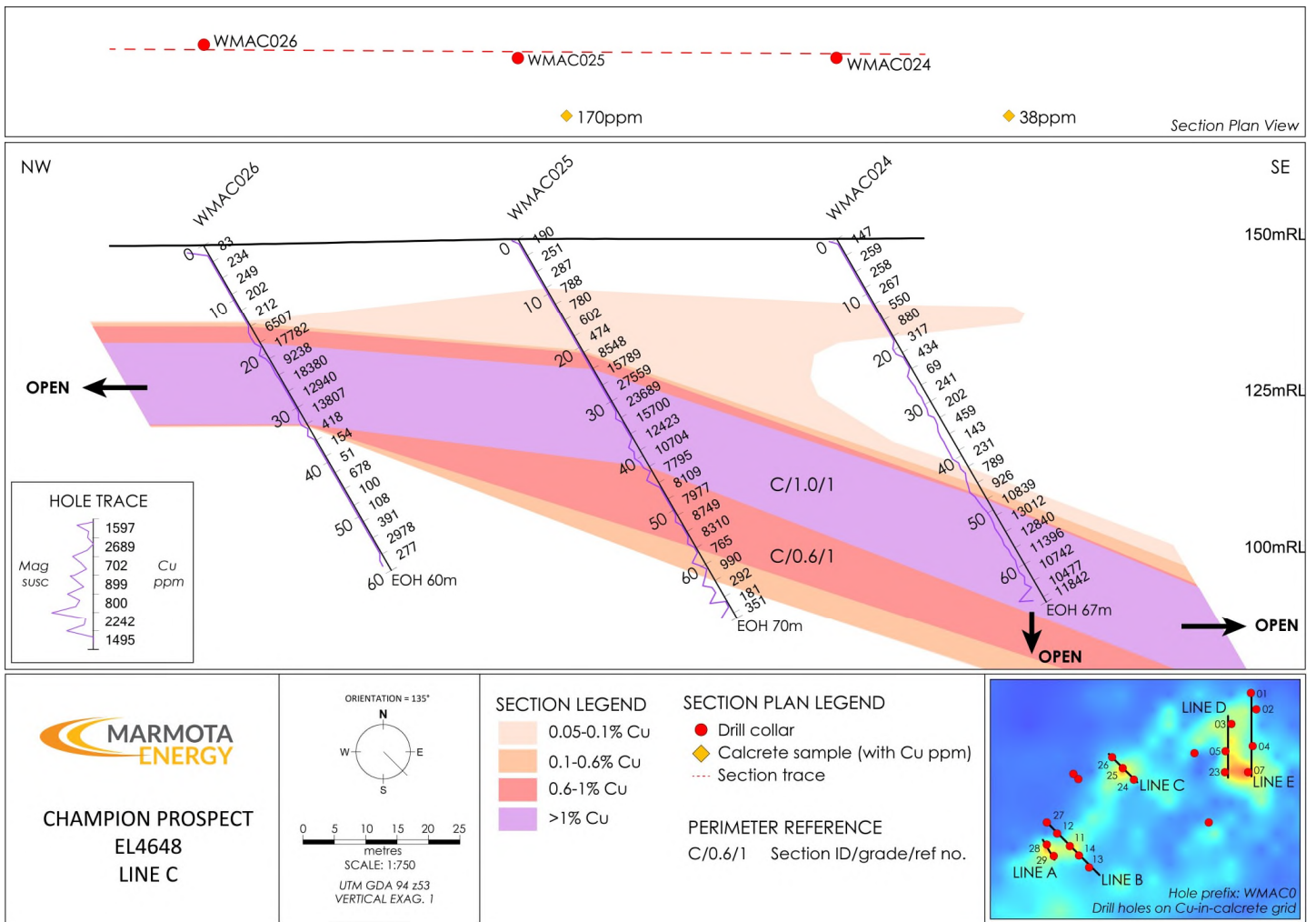


Figure 3: Champion prospect – Section Line C

- The overall Exploration Target derived is:

from **1 to 4 million tonnes** at a grade between **1.0% and 1.5% copper**.

This target is 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. See ASX Release: 16 June 2016 for full details.

- It is worth noting that the above Exploration Target:
 - has **eight open intersections** in the areas drilled
 - only includes **secondary mineralisation** close to the surface; intersected sulphides have not been included in the estimate.

What is next?

GOLD

Marmota is finalising a drilling program at Aurora Tank as our immediate focus. More detail will be available as soon as it is finalised.

Concurrently, Marmota is adopting rapid reconnaissance calcrete 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.

Exploration will further expand into new tenements recently acquired once the necessary access agreements and approvals are in place.

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 Peter Thompson, 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." Mr Thompson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Exploration Target

This Report refers to Exploration Targets. The estimates of Exploration Target sizes should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of Exploration Target sizes 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 able to be reported in accordance with the JORC Code (2012) and estimated by a Competent Person as defined in the JORC Code (2012).

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 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, 01/05/2013

Name of entity

Marmota Energy Limited

ABN

38 119 270 816

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(190)	(659)*
(b) development	-	-
(c) production	-	-
(d) administration	(81)	(421)*
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Government funding	10	42
	(259)	(1,029)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(7)*
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	18
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	-	11
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(259)	(1,018)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(259)	(1,018)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	268	1,464
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(20)	(51)*
	Net financing cash flows	248	1,413
	Net increase (decrease) in cash held	(11)	395
1.20	Cash at beginning of quarter/year to date	647	241
1.21	Exchange rate adjustments to item 1.20		
		636	636
1.22	Cash at end of quarter		

*includes year to date adjustment

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	57
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

The amount at 1.23 represents current non-executive Director's fees and executive Director's salary (including SGC superannuation)

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	350

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	620	631
5.2 Deposits at call	16	16
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	636	647

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	ELA2016/00050	Nil	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
7.2				
7.3	412,798,354	412,798,354		
7.4	(a) 33,493,197	(a) 33,493,197		
7.5				

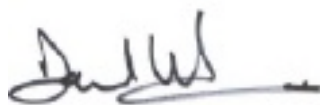
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	550,000 225,000 25,000 2,300,000	- - - -	Exercise price \$0.018 \$0.073 \$0.036 \$0.05	Expiry date 16/12/19 29/07/16 24/07/17 12/01/21
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	320,000 75,000	- -	Exercise price \$0.018 \$0.036	Expiry date 16/12/19 24/07/17
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 29 July 2016
(Director/Company secretary)

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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TENEMENT STATUS

(as at 30 June 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	ELA 2015/00202 (subsequent licence application)	88	Marmota Energy		100%	Subsequent licence application
	West Melton	EL 4648	88	Marmota Energy		100%	Granted
Ambrosia	Ambrosia	EL 4510	854	Marmosa P/L		100%	Granted
	Ambrosia	ELA 2015/00053 (subsequent licence application)	854	Marmosa P/L		100%	Subsequent licence application
	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 75%; Southern Exploration 25%	Southern Exploration transferring back 25%	75% of all minerals	Granted
	Woorong Downs	EL5087	458	Marmota Energy	Being transferred from current holder	100%	Granted
	Comet	EL5088	268	Marmota Energy	Being transferred from current holder	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

