QUARTERLY REPORT
Quarter ending
30 September 2010

MARMOTA ENERGY LIMITED
A.B.N. 38 119 270 816

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ASX RELEASE

Marmota Energy Limited (ASX: MEU)

Highlights

- **Junction Dam uranium project**
  - **Phase two drilling program completed at the Junction Dam high grade uranium project. High grades over thick intervals intersected.**
  - **Increase in strike length of zone of mineralisation confirmed.**
  - **High grade Prompt Fission Neutron (PFN) tool results returned from trial.**
- **Marmota elects to participate with Ramelius Resources in a second high grade gold project in Nevada (United States).**
- **Marmota acquires second high grade sedimentary uranium project with ISL potential in South Australia.**
- **Melton copper-gold project (Yorke Peninsula – SA)**
  - **High resolution infill magnetic survey completed over the Miranda target at Melton.**
  - **Exploration tenure increase adjacent to Melton 100% owned by Marmota Energy.**

Marmota Energy tenement locations

Review of Operations

"Marmota is continuing to focus its resources on a strategy to develop a pipeline of projects that will offer a combination of short-term and sustainable longer term revenue potential."

Corporate Activities
In the September Quarter of 2010, the Company continued its exploration across two high potential and strategic projects in South Australia. Marmota completed Phase 2 drilling at the Saffron prospect at its high grade uranium project at Junction Dam near Broken Hill. Further geophysical exploration was conducted at the Company's Melton Project on the northern Yorke Peninsula. Marmota moved to further increase its project position in the uranium space with the completion of the acquisition of a second high grade uranium project in South Australia.
Marmota is continuing to focus its resources on a strategy to develop a pipeline of projects that will offer a combination of short-term and sustainable longer term revenue potential. This strategy will assist in maintaining Marmota's strong cash position while promoting an expanded program of focused exploration. Tenements continue to be granted to Marmota in the uranium rich Lake Frome region in SA near the Beverley and Four Mile developments. Marmota's projects here are 100% owned and are considered by the Company to be prospective for both uranium and precious metals.

Finance
As at 30 Spetember 2010, Marmota Energy had available funds of $8.1 million, of which the majority is held in term deposits with Australian banks. During the September Quarter, total net operating expenditure by the company was $944 thousand.

Exploration Activities

Junction Dam uranium project (SA)

(Marmota 51% of uranium under JV Agreement with Teck Australia Pty Ltd (Teck), PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd)

Marmota Energy Limited (ASX: MEU) has completed the second phase of drilling at the Saffron prospect on Junction Dam. Drilling completed as part of Phase 2 continued to return high grades over thick intervals as well as defining an extension to the zone of mineralisation.

A total of 76 drill holes have now been completed over the Saffron prospect as part of the Phase 1 and 2 programs. Eighty seven percent of holes drilled at the Saffron prospect to date have intersected uranium mineralisation.

Multiple holes completed in Phase 2 returned peak uranium grades of more than 1000 ppm eU_3O_8*. Outstanding high grade intercepts coupled with significant intervals of mineralisation have been intersected across both phases of drilling (Table 1). Many holes drilled continued to return grade-thickness accumulations in excess of 0.045 m% eU_3O_8 (intersections of greater than 0.045 m% eU_3O_8 are considered significant and important in evaluating the economic viability).

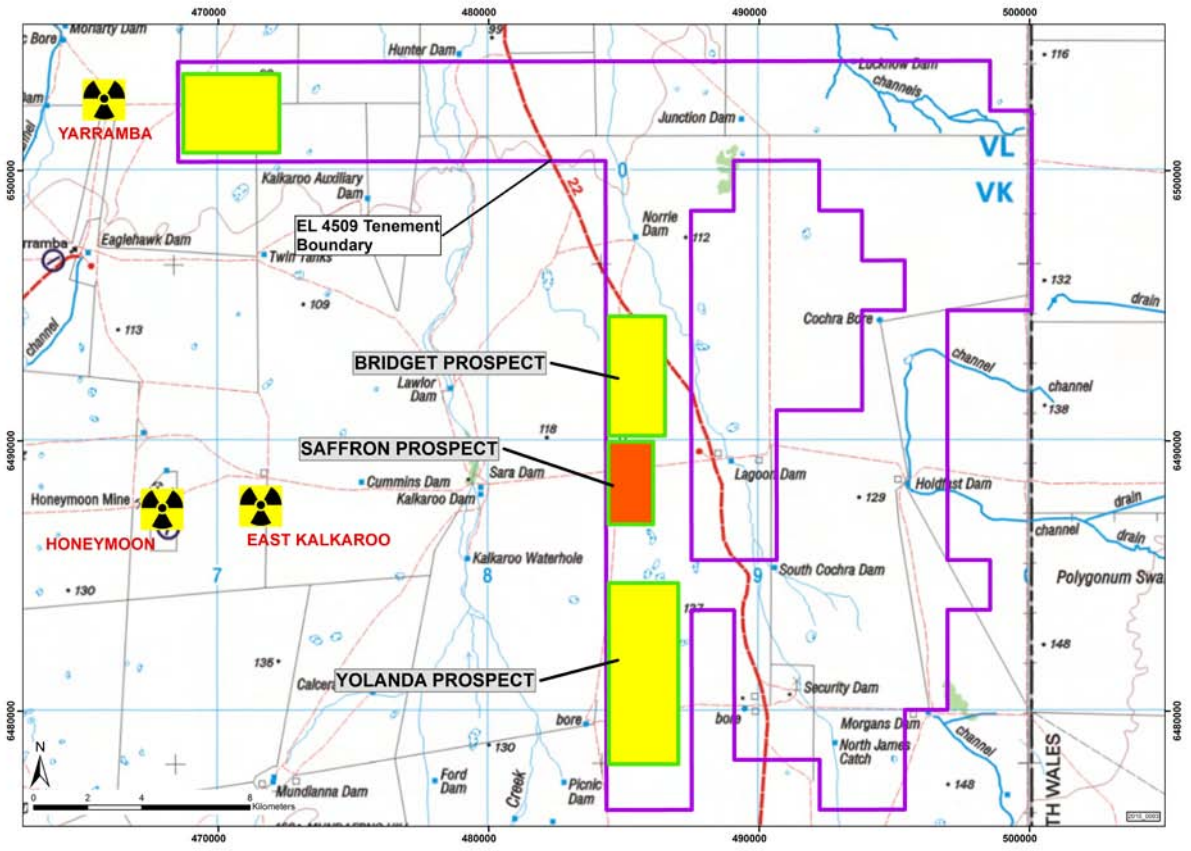
As part of the Phase 2 drilling, Marmota Energy successfully trialled the use of a Prompt Fission Neutron (PFN) tool. This tool directly measures the content of uranium in sands surrounding the boreholes whilst recording the gamma field from uranium and its daughter products in the same zone, thus enabling direct comparisons of the two methods. A common finding in roll front style uranium deposits is that the uranium is not in equilibrium with its daughter

products, and as a result the gamma measurements may over or under estimate the actual uranium content of the sands. The PFN tool which directly measures the uranium is not affected by disequilibrium issues.

A small number of holes were trialled with PFN, with encouraging results supporting the further use of the tool in future Junction Dam drilling programs. The initial results from the holes trialled indicate there were no instances of high gamma response without an accompanying high PFN response (Figure 2).

Greater coverage of holes using PFN is planned to be rolled out in the next phase of drilling at the Saffron prospect. The results from PFN data in the next planned phase of drilling will offer greater confidence in potential resource calculations.

Drilling completed in the Phase 2 program also confirmed an extension to the strike length of the Saffron prospect to approximately **two kilometres**, open to the north and south. Further geophysical exploration is planned across the nearby Bridget prospect in October 2010. The results will be utilised in planning for a Phase 3 drilling program which will also test the 5 kilometre long Bridget prospect immediately adjacent to the Saffron prospect (Figure 1).



Other target areas of high potential to be tested in phase 3

Figure 1. Junction Dam location map

HOLE ID	EASTING	NORTHING	DEPTH FROM (metres)	THICKNESS (metres)	AVERAGE GRADE eU3O8*(ppm)	PEAK GRADE eU3O8*(ppm)	GRADE THICKNESS m%eU3O8
JDRM0111	484800	6488818	124.8	0.8	588.237	1152	0.047
JDRM0114	485000	6488530	124.07	3.15	174.605	830	0.055
JDRM0115	485000	6488330	128.86	0.75	648.597	1676	0.049
JDRM0116	485000	6488130	123.98	0.85	540.732	1411	0.046
JDRM0117	485000	6487850	116.42	0.9	509.983	1095	0.046
			123.27	0.85	674.378	1996	0.057
JDRM0118	484799	6488726	124.03	5.95	423.793	7551	0.252
JDRM0121	484800	6488530	127.88	2.7	427.609	3226	0.115
JDRM0122	484810	6488330	126.1	3.15	238.561	1328	0.075
SARM002	484784	6488669	124.69	6.85	67.845	135	0.046
SARM003	484794	6488617	123.88	5.5	106.763	459	0.059
SARM004	484798	6488567	129.84	0.85	825.935	2510	0.070
SARM007	484805	6488385	128.2	1.85	693.498	1935	0.128
SARM008	484749	6488715	124.75	1.7	1272.899	5192	0.216
SARM009	484749	6488533	125.7	6.55	117.728	935	0.077
SARM012	484596	6488740	125.32	4	156.526	888	0.063
SARM013	484594	6488645	123.66	3.15	633.658	2720	0.200
SARM021	484706	6488438	126.16	3.85	357.926	2565	0.138
SARM022	484695	6488358	126.15	4.15	584.18	3674	0.242
SARM027	484803	6488038	118.65	1	459.641	1204	0.046
SARM028	484657	6488501	124.95	3.7	161.195	663	0.060
SARM029	484646	6488402	125.15	4.05	328.41	1927	0.133
SARM032	484739	6488300	127.55	1.8	409.594	2075	0.074
SARM037	484698	6489195	128.1	1.15	766.124	2416	0.088
SARM039	484373	6488010	129.44	0.85	535.907	1163	0.046
SARM046	484490	6488651	126.9	1	926.326	3221	0.093
SARM050	484895	6488118	124.99	4.2	300.341	1457	0.126
SARM063	484700	6488403	125.2	4.7	161.647	543	0.076
SARM066	484794	6488067	125.55	1.75	496.171	2132	0.087

Uranium peak grade greater than 1000 ppm
Grade thickness greater than .045 m%eU3O8

Table 1: Best Grade Thickness (GT) readings to date in Marmota's drill holes on Junction Dam from 2010-Phase 2 drilling program. The widths shown are true widths with a 100 ppm cut off applied.

**Hole prefix 'JDR': *Equivalent grades (eU_3O_8) from Borehole Wireline Pty Ltd gamma probe 3024, calibrated at Adelaide Test Pits. Dead time 6.06656e-6, k factor 2.47442e-5, 108mm hole, water filled.*

**Hole prefix 'SAR': *Equivalent grades (eU_3O_8) from Borehole Wireline Pty Ltd gamma probe 3785, calibrated at Adelaide Test Pits. Dead time 4.27264e-6, k factor 2.2702e-5, 108mm hole, water filled.*

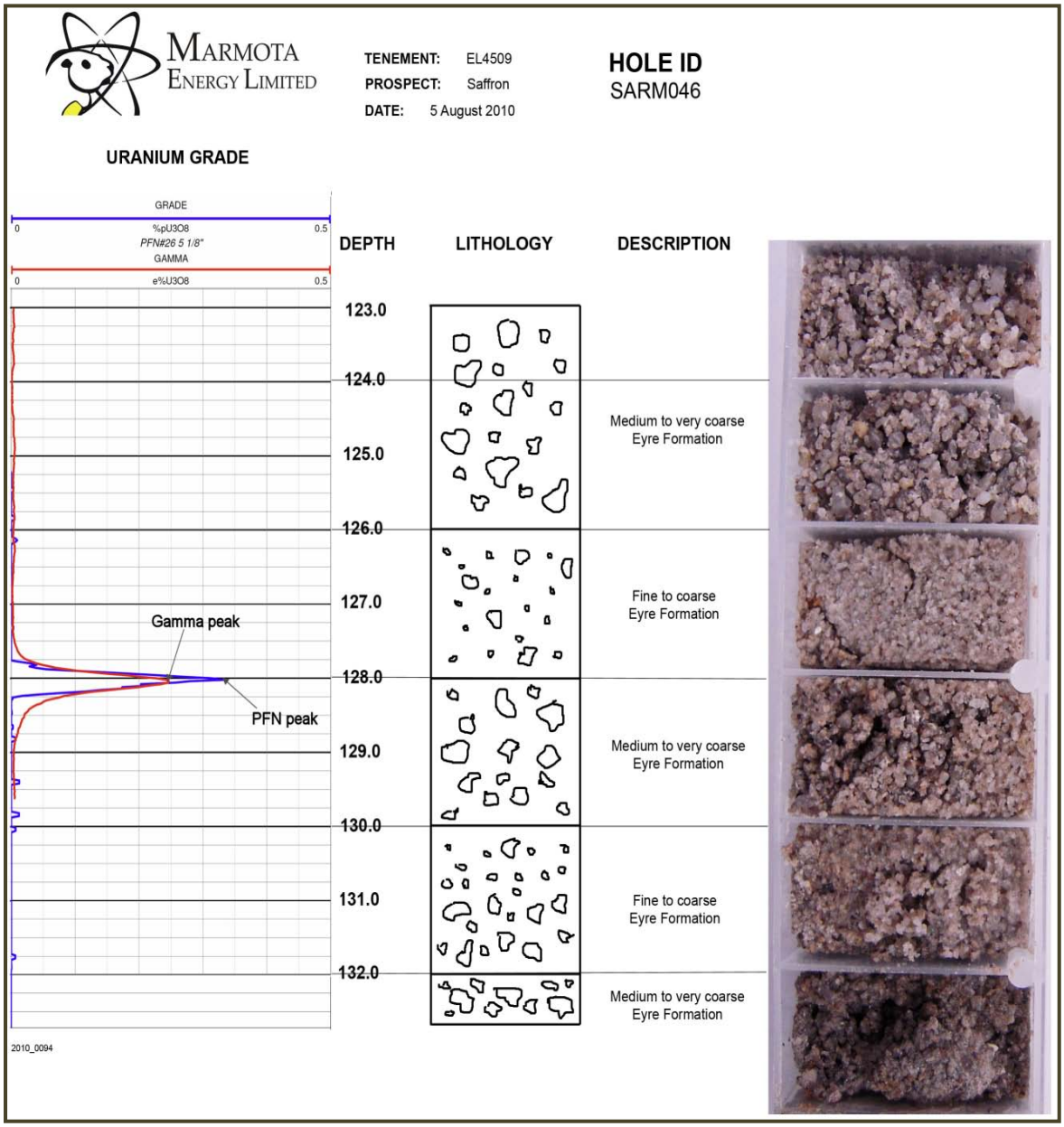


Figure 2. Result from PFN test on hole SARM046, gamma trace in red, PFN trace shown in blue. Interpreted corresponding stratigraphy schematic also shown.

Three additional target areas have been identified on the Junction Dam project that Marmota considers to be just as prospective as the Saffron prospect (Figure 1). Further exploration including preliminary drill testing is planned in early 2011 on those additional target areas.

Marmota will assess all results achieved from Phase 1 and 2 drilling programs for its suitability to outline a potential maiden inferred resource at Junction Dam over the coming months. From the results achieved to date, Marmota believes there is significant potential for further extension to the Saffron prospect and the discovery of additional zones of uranium on Junction Dam.

Nevada (US) Gold Projects

Angel Wing gold project

During the Quarter Marmota Energy announced a significant expansion of its gold project interests with partner Ramelius Resources Limited (ASX: RMS) in Nevada. Marmota can earn 40% of Ramelius' equity in the Angel Wing gold project through incremental contribution totalling $1.6m over four years. Ramelius will have the right to earn 70% in the Angel Wing gold project.

The Angel Wing project is located in north-eastern Nevada and represents a largely unexplored low sulphidation epithermal gold vein field. The epithermal veins occupy an undrilled north-south directed dilational jog that can be traced over at least 1.5km strike within the project area (Figure 3).

Surface rock chip sampling has returned encouraging assay results up to 3m @ 17.1g/t Au (Ramelius' check sampling returned 3m @ 25.2g/t Au + 89.2g/t Ag). Ramelius' 1m rock chip samples returned assays up to ***57.7g/t Au*** with coincident elevated silver values (up to 232ppm Ag).

The anomalous rock chip geochemistry combined with the observed epithermal vein textures supports the exploration concept that the outcrops are approximately 100-200m above a predicted bonanza gold grade boiling zone.

Further exploration is planned to be carried out across the target zone over the coming months. The Angel Wing gold project complements Marmota's interests in the Big Blue gold project, also in Nevada (Figure 3).

Figure 3: Angel Wing and Big Blue projects location map

Gold mining is a major industry in Nevada and is one of the largest sources of gold in the world. Nevada currently produces 82% of all the gold mined in the United States, with 5.7 million ounces mined in 2008. A number of major mining companies, including Newmont Mining and Barrick Gold operate gold projects in the State.

Ramelius intends to undertake a detailed induced polarisation survey in October 2010 to better constrain the depth to target of the potential bonanza gold grade window. This will be followed up by high resolution ground magnetic surveys to finalise targets in preparation for Reverse Circulation drill testing.

The region where Angel Wing is located is famous for hosting a number of large scale high grade gold projects.

Pundinya (formerly Wynbring) uranium project (SA)

Marmota Energy announced during the Quarter a significant expansion of its South Australian uranium project interests with the acquisition of the Pudinya uranium project (formerly Wynbring) from Fission Energy Limited. The project was acquired for a cash consideration of $350,000. Ownership of the tenement (EL 4526) was transferred to Marmota for which the previous owner, Tasman Resources Limited received 500,000 Marmota shares (escrowed for one year).

The Pundinya project is located approximately 100km WNW of Tarcoola in South Australia and immediately adjoining Marmota's Ambrosia project (Figure 1). The project is located in a Tertiary palaeochannel 25km to the northwest of Toro Energy Ltd's Warrior uranium deposit. The Wynbring palaeochannel was initially identified by uranium explorer PNC in the 1980's but no further exploration took place until further drilling was completed in late 2007.

Uranium mineralisation has already been confirmed from drilling completed on the project. Encouraging grades of up to **3200 ppm uranium** have been returned from assay in drillholes completed on the project to date.

The Wynbring palaeochannel remains largely untested for approximately 9km downstream from the Pundinya prospect to the southern margin of the tenement boundary (Figure 2). Marmota believes from previous exploration results that there is significant expansion potential, with other priority target areas yet to be tested on the project.

With the acquisition of the Pundinya project, Marmota now has very significant strategic holdings of uranium prospective tenements in two key areas of South Australia: The Lake Frome region where known deposits of uranium occur and the Gawler Craton.

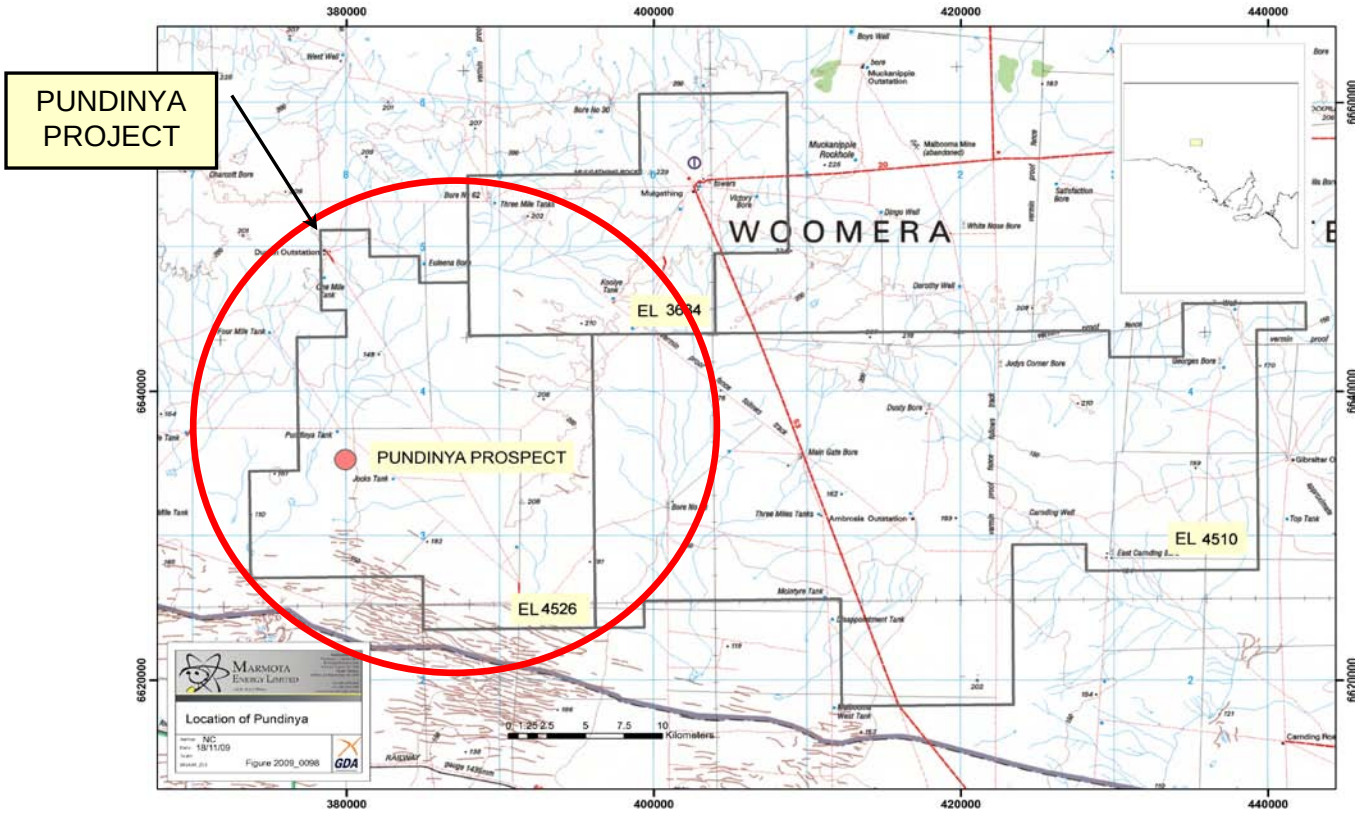


Figure 4: Pundinya tenement location

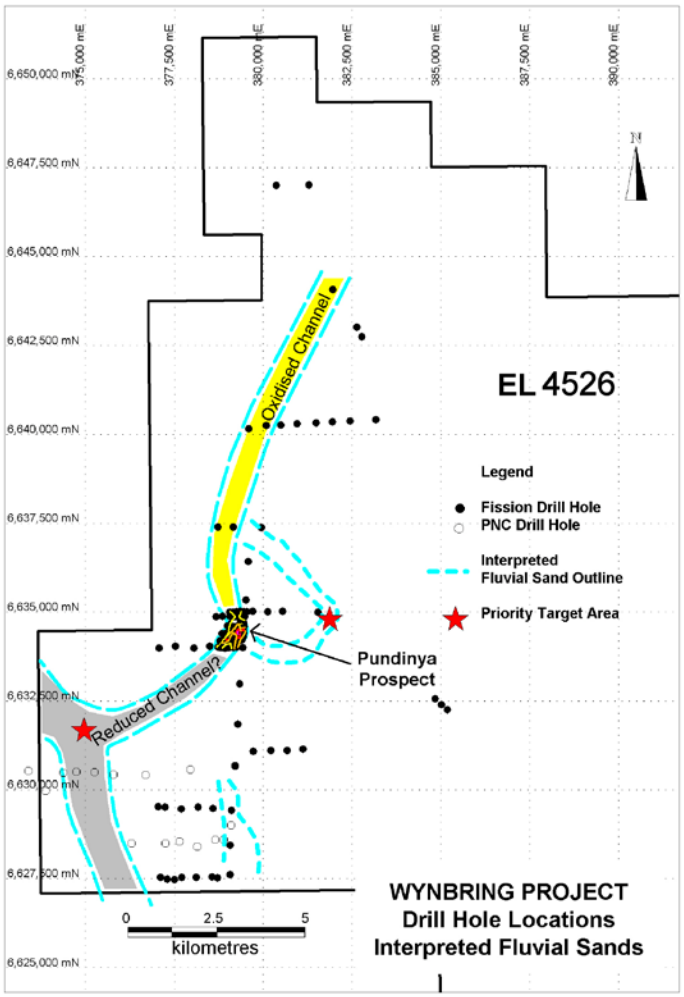


Figure 5: Drill Holes and Interpreted Fluvial Sand Locations.
Diagram from previous Fission ASX release dated 1/07/2008.

The interpreted Wynbring palaeochannel remains largely untested for approximately 9km downstream from the Pundinya prospect to the southern margin of the tenement boundary (Figure 5). Priority targets outside of the Pundinya prospect are an interpreted drainage confluence 4km to the south west and a possible former channel meandering to the east (Figure 5).

The immediate priority will be to undertake high resolution ground radon surveys and biogeochemical sampling over key target areas. The same techniques were successfully used for targeting on Marmota's other high grade uranium project at Junction Dam.

This will be followed up by infill drilling initially designed to test for higher grade portions of the Pundinya prospect, with some step out drilling to test the priority targets and the remainder of the palaeochannel downstream.

Melton Copper-Gold Project (SA)

(Marmota 50% under Melton JV Agreement with Monax Mining Limited)

In May 2010, Marmota Energy completed its maiden drilling program on the highly prospective Melton copper-gold project on SA's Yorke Peninsula. The drilling program was designed to test for the presence of copper mineralisation in the first three of five targets on the project. Seven drill holes were completed, totaling 3378.4 metres.

Marmota Energy considers this region highly prospective for the discovery of new deposits of copper and gold. Recently the prospectivity of the region and in particular the Pine Point Fault has been demonstrated by the discovery of significant copper-gold mineralisation by Rex Minerals at its Hillside Project immediately south of Marmota's Melton project .

The two Melton tenements (EL3911 and EL4000), cover the northern extension of the Pine Point Fault and contain a number of discrete magnetic and gravity features consistent with copper-gold mineralisation elsewhere along the fault. Drill holes MIRDD01 and MIRDD04 in the southern end of the Miranda geophysical target returned results indicating copper mineralisation from assay (Figure 6). Drill holes MIRDD01 and MIRDD04 intersected observable sulphide mineralisation (pyrite and chalcopyrite), interpreted as the potential margin of a large low grade halo of alteration (Figure 8). Assay results (reported previously) returned grades of up to 0.49 % copper in MIRDD01 (best metre interval).

Drill holes in the Miranda target intersected copper mineralisation interpreted to be associated with an amphibole – magnetite–pyrite - chalcopyrite alteration system. The alteration is interpreted to be related to the intrusion of an extensive mafic body into metasediments and granites.

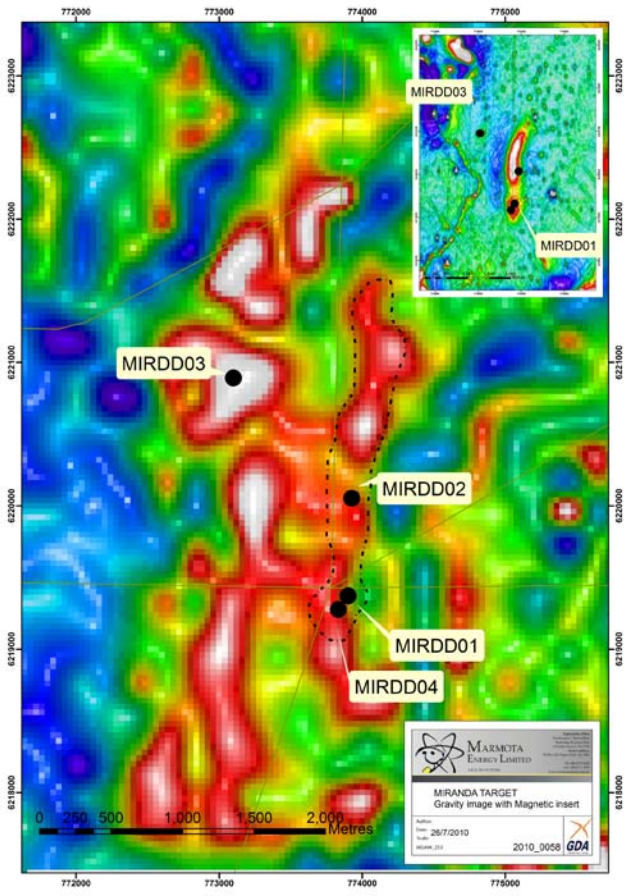


Figure 6: Miranda Bouguer gravity anomaly with drill hole locations and coincident magnetic anomaly inset.

The Miranda Target is a large geophysical anomaly demonstrating a significant magnetic and a larger sized coincident gravity response which extends for more than four kilometres in length (Figure 6). An infill Helimag survey was completed over the Miranda target to improve the structural definition, in particular the southern end of Miranda (Figure 7). This will assist in target allocation processes for Phase 2 drilling planned for early 2011.

Marmota has moved to increase its tenement footprint on Yorke Peninsula, obtaining a new tenement immediately adjoining the Melton project (Figure 9).
Large north westerly trending structures can be observed in the magnetic data crossing from the Melton project across onto the new ELA.

Figure 8: Example of copper mineralisation (chalcopyrite) observed in Miranda drill hole MIRDD01.

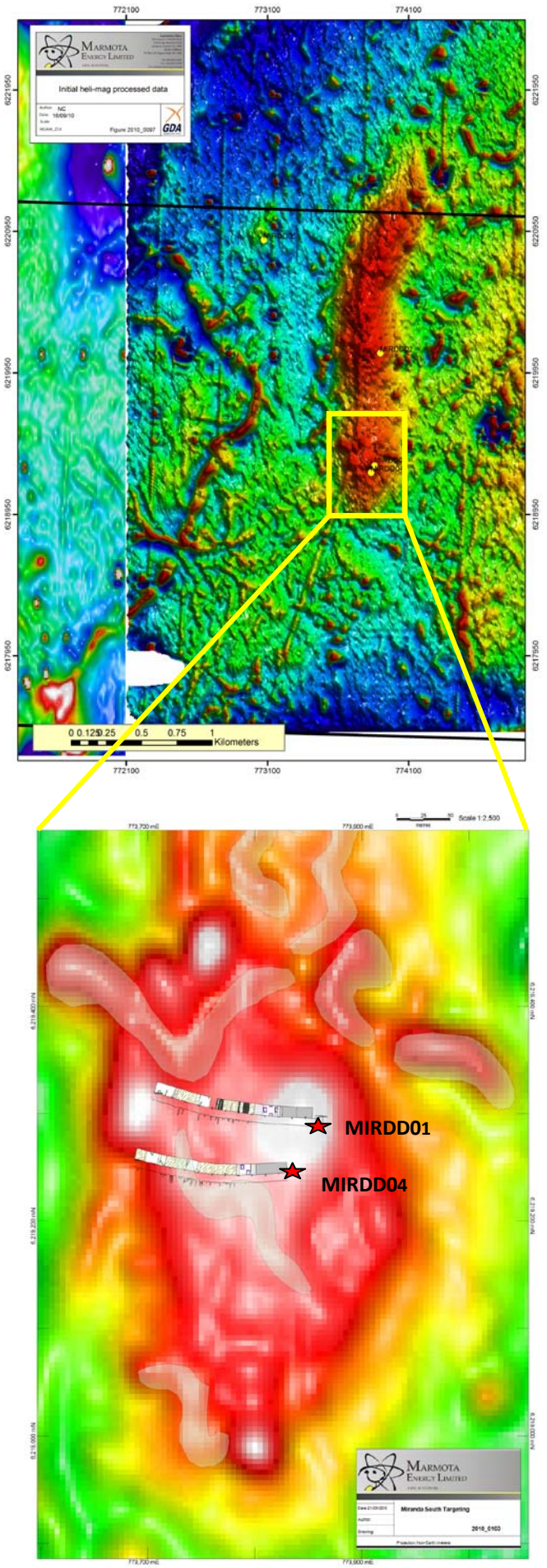


Figure 7: Infill Helimag image with zoom over the southern end of Miranda target.

Marmota Energy Limited

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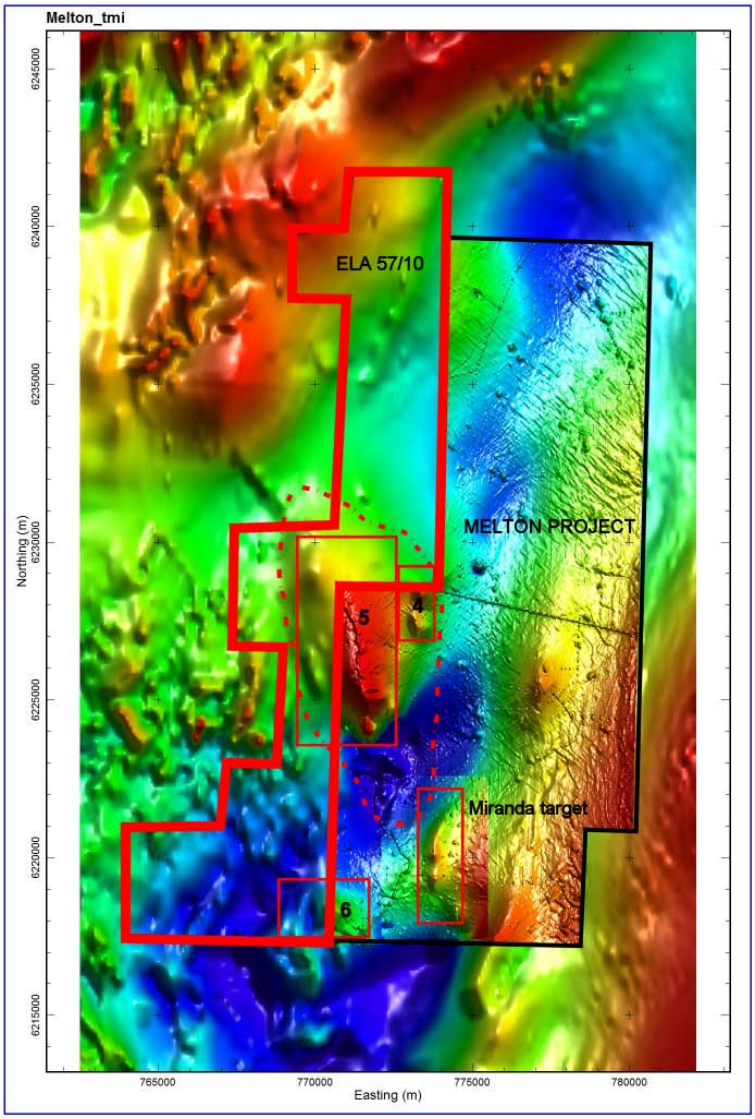

Figure 9: New exploration licence (ELA 57/10) immediately adjoining the Melton tenement. Large magnetic structures trending to the north-west contain targets 4 and 5 planned to be tested in future phases of drilling.

The new ELA is 100% owned by Marmota.

Forward Program

Down hole geophysical logging of MIRDD01 and MIRDD04 at Melton will be completed later this year following crop harvest. Ground EM surveys will commence on Junction Dam in preparation for drill testing in early 2011.

Timing	Project	Project
May - September 2010	Junction Dam COMPLETED	Phase 2 drilling to commence
August 2010	Melton COMPLETED	Miranda Helimag survey
October 2010	Nevada Gold COMPLETED	Angel Wing IP survey
October 2010	Junction Dam UNDERWAY	• QEMSCAN of Saffron samples • 'Bridget' target ground EM
December 2010	Melton	Downhole geophysical logging of MIRDD01 and MIRDD04

Mr Dom Calandro
MANAGING DIRECTOR

29 October 2010

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr D J Calandro, who is a Member of the Australian Institute of Geoscientists. Mr Calandro is employed full time by the Company as Managing Director and, has a minimum of five years relevant experience in the style of mineralisation and type of deposit under consideration and qualifies as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" Mr Calandro consents to the inclusion of the information in this report in the form and context in which it appears.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Marmota Energy Limited

ABN

38 119 270 816

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(900)	(900)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(136)	(136)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	80	80
1.5	Interest and other costs of finance paid	1	1
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	GST	11	11
	Other		
	Net Operating Cash Flows	(944)	(944)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(350)	(350)
	(b) equity investments	-	-
	(c) other fixed assets	(56)	(56)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(1)	(1)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(407)	(407)
1.13	Total operating and investing cash flows (carried forward)	(1,351)	(1,351)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,351)	(1,351)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	
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) Payments relating to issue of shares/options	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,351)	(1,351)
1.20	Cash at beginning of quarter/year to date	9,447	9,447
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	8,096	8,096

Payments to directors of the entity and associates of the directors
Payments to 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	215
1.24	Aggregate amount of loans to the parties included in item 1.10	1

1.25 Explanation necessary for an understanding of the transactions

The amount at 1.23 above represents non executive directors' fees and executive director's salary (including SGC superannuation), legal fees paid to a legal firm in which a director is a partner and exploration costs reimbursed to a director related entity.

The amount at 1.24 above represents costs to be recovered in relation to shared facilities, from a related entity.

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

On 18 August 2010, Marmota Energy Limited completed the acquisition of the Wynbring uranium project from Fission Energy Limited and Tasman Resources Limited. Consideration was $350,000 and the issue of 500,000 ordinary shares, escrowed for a period of twelve months.

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

$17,699 contributed by Monax Mining Limited for exploration under joint venture agreement, for all minerals on EL 4000 and EL 3911.

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	450
4.2	Development	-
4.3	Production	-
4.4	Administration	150
	Total	**600**

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	189	427
5.2	Deposits at call	7,907	9,020
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	8,096	9,447

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased	EL 4529 ELA 217/10	Acquired Application	0% 0%	100% 100%

+ See chapter 19 for defined terms.

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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	150,409,490	149,909,490		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	500,000	nil	nil	nil
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	28,000,000 290,000 400,000	- - -	*Exercise price* $0.40 $0.04 $0.1016	*Expiry date* 11/07/12 23/12/13 05/03/15
7.8	Issued during quarter			*Exercise Price*	*Expiry Date*
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				

+ See chapter 19 for defined terms.

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 4).

2 This statement does /does not* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: ..... Date: 29/10/2010.....
(~~Director~~/Company secretary)

Print name: Virginia Suttell.....

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.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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+ See chapter 19 for defined terms.