

New iron mineralised zones with significant grades identified at Western Spur hematite iron project in SA

- New sites with significant iron grades ranging up to 38.2% Fe located in the southern and eastern region of the Western Spur hematite iron project northeast of Leigh Creek coalfields in SA.
- Results lie outside previously defined areas of mineralisation - offering further scope for target growth.

Western Spur Iron Project (SA)

(100% Marmota Energy)

Additional iron mineralised sample sites with significant iron results from laboratory assay have been identified by Marmota Energy at Western Spur.

The new surface sample sites lie within two distinct areas located to the south of Western Spur's high priority and defined outcrop zone (Figure 1). The new areas have been identified as having significant grades of iron warranting follow-up exploration. The sites are interpreted to be associated with a zone of anomalism visible in broad resolution remote sensing coverages.

The zones identified will be further investigated for their potential to offer additional iron mineralisation and growth to the currently defined first stage exploration target~ (Table 2) for iron at Western Spur.

Site Number	MGA E	MGA N	Zone	Fe %
482687	325422.5	6686578	54	28.6
482688	323422.5	6685978	54	32.1
482559	327572.5	6677578	54	37.0
482689	323822.5	6682578	54	29.6
482657	323922.5	6683378	54	34.3
482685	338322.4	6685328	54	31.6
482684	338922.4	6685578	54	38.2
482683	338822.4	6686578	54	33.4
204873	331922.4	6688578	54	33.3
204871	318822.4	6689678	54	29.1
204872	318922.4	6690078	54	33.8
204845	313822.5	6696378	54	29.4
204839	319522.5	6696728	54	30.8
482674	323822.5	6695778	54	31.2
482686	328222.5	6683678	54	29.4

Table 1: Iron assay results from surface samples located to the south of outcrop zone.

An extension of planned geophysical surveys at Western Spur to include these new areas is being considered, along with comprehensive sampling. The results will be used to determine prioritisation of targets in preparation for drilling.

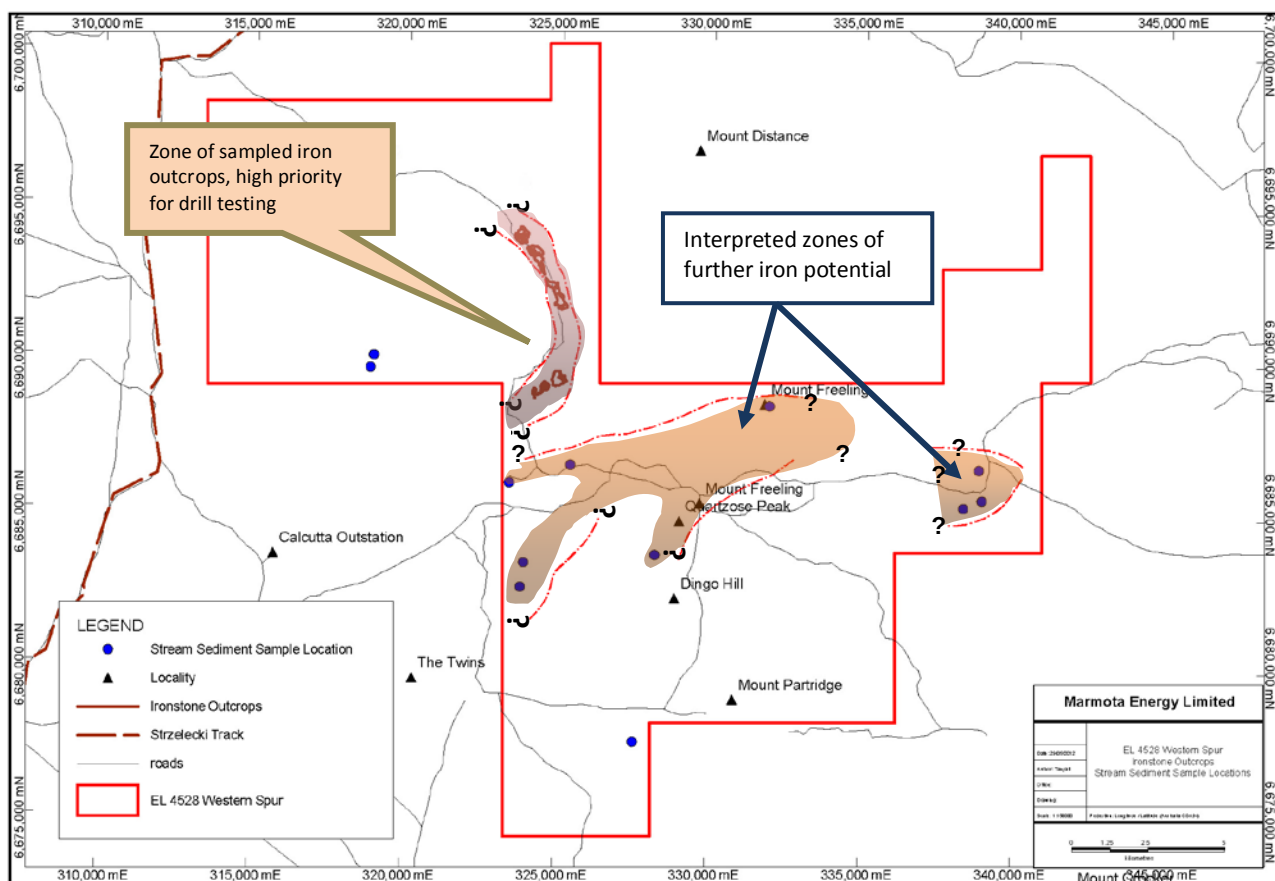


Figure 1: Sample sites with interpreted zones of potential highlighted.

About the Project

Since the discovery in January 2011 by Marmota of a number of large-scale iron outcrops the Company has completed consecutive sampling programs. Previously announced assays of samples produced grades ranging up to **58.9% Fe**, and **28.07% Mn**. Surface sampling was conducted by Marmota over outcrops (Figure 2) and one mine shaft. The Company believes portions of Western Spur's zone of mineralisation remain unexposed, potentially complementing the large scale iron exposures. This is not unusual for iron projects as seen elsewhere that have substantial ore zones but with only limited surface outcrop. The zone of iron outcrop is located near to major road infrastructure being approximately 13 kilometres from the Moomba gas field arterial road and north east of the rail head located at Leigh Creek.



Figure 2: Example of visible hematite iron outcrop at Western Spur

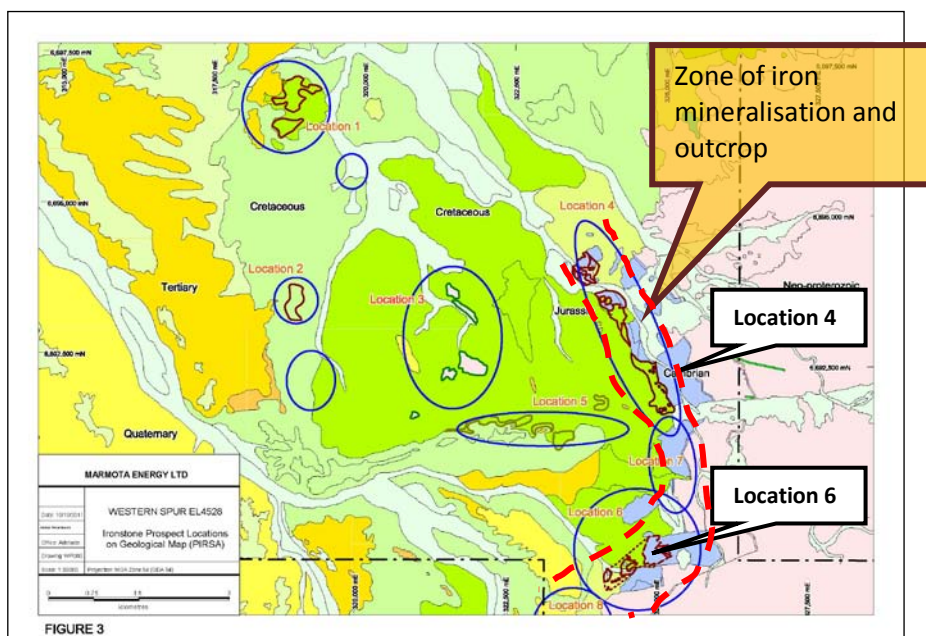


Figure 3: Location of iron outcrops and zones of anomalous iron from previous sampling over geology

Based on available data a range of estimated tonnage and grade potential was calculated to provide an iron exploration target for ongoing investigation. A conservative low-end composite figure of 60 million tonnes of iron at a grade range of 50-65% Fe_2O_3 was estimated for three prospects sampled by Marmota during 2011 (Location 1, 4 and 6). Anomalous Fe and Mn in WMC stream sediment samples indicated the possibility that the ironstone at Location 4 and 6 is continuous in between these prospects. Mineralisation potentially extends along strike to the southwest (Figure 5, Location 7 and 8) for about 8km, resulting in a high-end tonnage estimate of 125 million tonnes Fe_2O_3 (Table 2).

Additional information was obtained from previous exploration conducted on the project by Western Mining Corporation (WMC) and other companies. Drilling completed by WMC intercepted significant intervals of massive hematite and siliceous and limonitic ironstone. Intervals of hematite of up to 30 metres were associated with significant intervals of siderite (FeCO_3) achieving intercepts of up to 60 metres thickness. Deleterious elements such as silica and aluminium appear to be within furnace feed tolerance. Iron ore in siderite is mined elsewhere at the Deveci iron mine in Turkey and at Styria, Steirischer Erzberg, in Austria. It is a valuable iron mineral, comprising 48% iron and typically contains no sulphur or phosphorus. The iron in the siderite has not been included in this preliminary estimate of the exploration target, offering further scope for growth. A review is underway to assess the additional mineralisation that may add to a potential deposit.

South Australia iron ore projects comparison table

(Source: PIRSA M20 Information sheet – October 2011)

SA Iron ore project	Type	Size (Mt)	Grade (% Fe)
Iron Chieftain	hematite	18.2	58
Wilgerup	hematite	13.2	57.7
Peculiar Knob	hematite	19.2	64
Warrambo	magnetite	110.5	19.4
Hawks Nest	hematite and magnetite	102.5	37.4
Western Spur (exploration target)	hematite	~60 -125	40 – 59

Table 2: Comparison table of Western Spur with other known iron projects in South Australia

~ The estimates of exploration target potential, quantity and grade mentioned above should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target potential, quantity and grade are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

First stage drill testing of a high priority target zone containing outcrop at locations 4 and 6 shown in Figure 2 is being planned at Western Spur, with design of high resolution geophysical programs underway. A staged 30 hole program is proposed across these locations which is planned to include several core holes to enable good comparison with the WMC drill logs. Consultation with geophysical contractors is currently underway regarding appropriate survey technique and design.

An Exploration Work Application (EWA) has been submitted to the government regulator for assessment which includes the proposed drilling program. Marmota is following the required regulatory and land access processes to obtain the necessary approvals for drilling of the iron targets.



Mr Dom Calandro
MANAGING DIRECTOR

30 May 2012

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 sufficient 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.