



ASX ANNOUNCEMENT

22 January 2016

QUARTERLY ACTIVITY REPORT

DECEMBER QUARTER 2015

HIGHLIGHTS

The September 2015 Quarter saw Marmota launch an aggressive gold exploration program across its prime tenement holdings around the Challenger gold mine.

The December 2015 quarter saw that program already yield some exceptional results, in particular at Westpoint Hill.

New exploration ground acquired [see ASX release: [6 October 2015](#)]

- Marmota expanded its tenement holdings near the Widgety prospect (ELA 2015/00175) [see [Figure 1](#)]

Gold exploration program produces exceptional results

- **Oct:** New **large anomalism** at Westpoint Hill identified
Exceptional gold-in-calcrete anomalism assay results of 70ppb to 107ppb;
Better than 99.9% of all calcrete sampling results in the South Australian Government database
- **Nov:** Ground geophysical surveys at Widgety; drilling commences at Widgety
- **Dec:** Widgety: drilling completed
Westpoint Hill: new fine grid calcrete sampling auger drilling completed (1530 samples obtained) over the new target area identified in October

Update from the labs

- **The new assay results from the labs are expected very soon:**
 - **Widgety:** in late January 2016
 - **Westpoint Hill:** in early Feb 2016

Corporate

- **New capital brought in:** around \$500,000 (free of broker costs) including:
 - ✓ \$250,000 placement to Yandal Investments (the investment vehicle of Mr Mark Creasy): new 2nd largest shareholder
 - ✓ Exercise of Listed Options (9 Dec 2015): raising \$186,000
The conversion rate of listed options into shares was over 85%.
- Marmota enters January 2016 with zero Listed Options outstanding, zero debt, and a clean capital structure.
- Share registry moved to Link Market Services

Exploration Activities during Quarter

GOLD

Gawler Craton

Tenement	Name	MEU Holding
EL4510	Ambrosia	100%
EL5684	Pundinya	100%
EL5195	Muckanippie	100%
EL4702	Indooroopilly	100%
EL4995	Mt Christie	100%
EL5060	Lake Anthony	100%
EL5377	Cudyea	100%
ELA2015/00175	Mulgathing	100%

Multi-commodity potential (gold, copper, nickel, zinc, uranium)

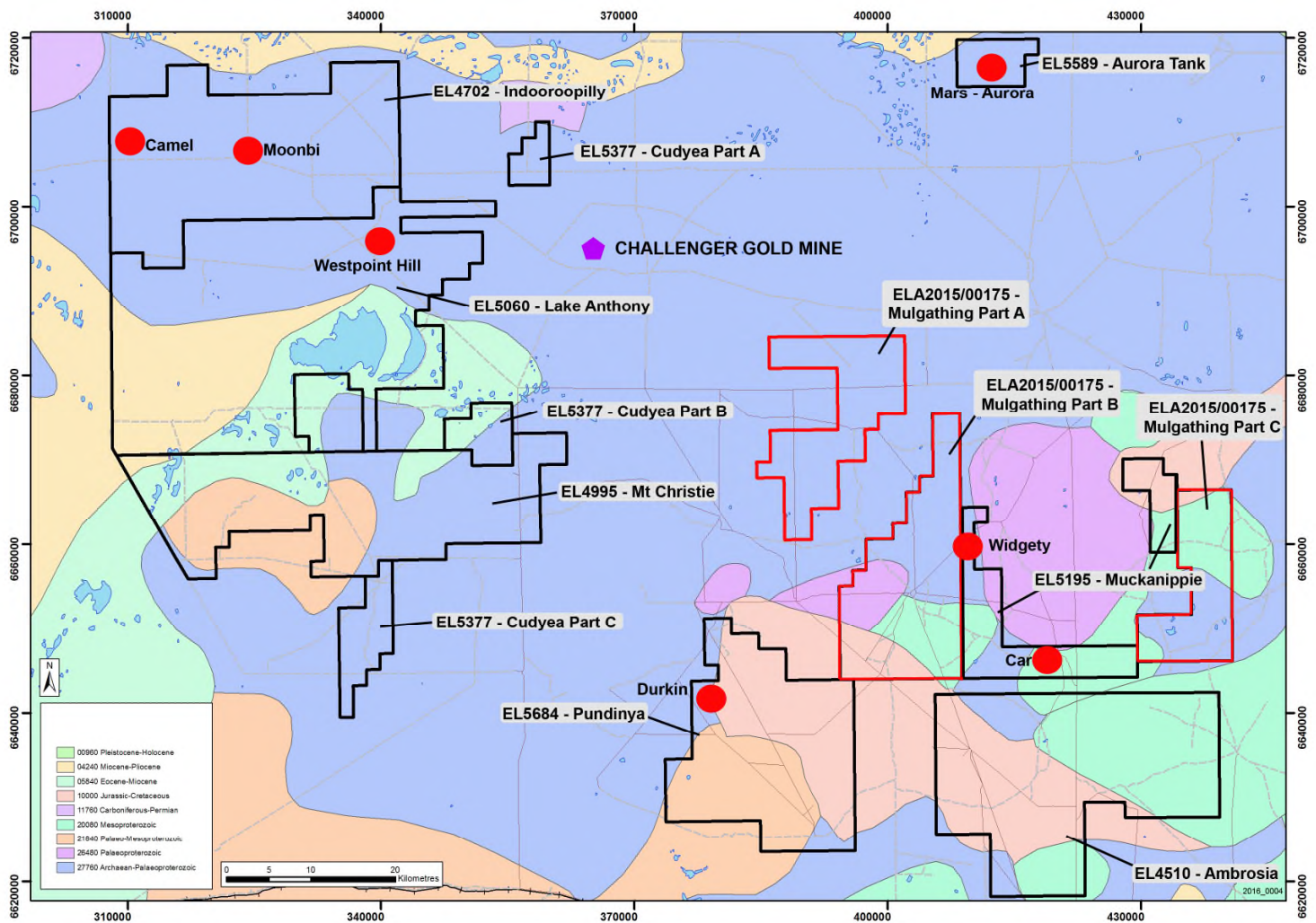


Figure 1: Marmota's Gawler Craton Gold Project + location of new tenements



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 around 4,000 km² of highly prospective area around the Challenger gold mine, in the Woomera Prohibited Defence Area in the Gawler Craton.
- Marmota has adopted 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.

The gold program is ongoing and expanding. Once results are received and properly analysed, a follow-up strategy for each area will be determined.

Mulgathing

[see ASX release: 6 October 2015]

- New exploration ground being processed:
Marmota submitted a new exploration licence application (ELA 2015/00175) for areas immediately adjacent to, or close to, the Company's Widgety prospect [see Figure 1]. This is in the process of being finalised as an Exploration Licence which is anticipated to occur during the March 2016 Quarter.

Challenger Gold Mine

[see ASX releases: 4 November and 7 December 2015]

- On 4 November 2015, Marmota made a formal open offer of \$2 million for the Challenger Gold Mine, owned by Kingsgate Consolidated Limited (ASX: KCN). The terms of the offer are identical (as disclosed) to the offer made by WPG Resources Limited (ASX: WPG), but at twice the price. Kingsgate did not accept the offer, noting that the offer was unfunded (as indeed was the WPG offer).
- On 7 December 2015, Marmota entered into a binding Heads of Agreement with Asymmetric Investment Management Pty Ltd (a WA based hedge fund) to effect that Marmota's \$2m offer for the Challenger Gold Mine (and related assets) is **fully funded**. Marmota also announced underground mining specialists, Byrncut Australia Pty Ltd, as preferred contract operator to operate the mine, contingent on Marmota's bid being successful. Byrncut are the existing operator for Kingsgate of the underground mine at Challenger, and so bring with them unparalleled knowledge and experience of the existing operations. Marmota and Byrncut believe that there are further synergies to be obtained by Byrncut running both the underground operations and the above ground plant. By utilising Byrncut as operator, a successful Marmota offer will ensure that any mine downtime during the transition of ownership will be minimised. Marmota has not yet received a reply from Kingsgate to same. Kingsgate has announced that they have agreed to sell Challenger to WPG, at half the price offered by Marmota, in the March 2016 Quarter.

Widgety Prospect [see ASX releases: 14 October 2015 and 26 November 2015]

- Calcrete sampling via auger drilling was carried out during the September 2015 Quarter at the Widgety prospect (50km SE of Challenger) on a fine 50m x 50m grid pattern, in-filling existing anomalous data.
- Assay results [see ASX release: 14 October 2015] returned strong gold-in-calcrete anomalous assay results, defining several anomalous clusters, each around 250m wide.
- 96 sample locations at Widgety returned anomalous gold-in-calcrete readings ≥ 20 ppb (out of 331 samples taken at Widgety) [see Figure 2 below].

For comparison: a gold-in-calcrete result of 20ppb is better than 98.4% of all calcrete sampling data recorded in the South Australian Government database of 192,677 samples.

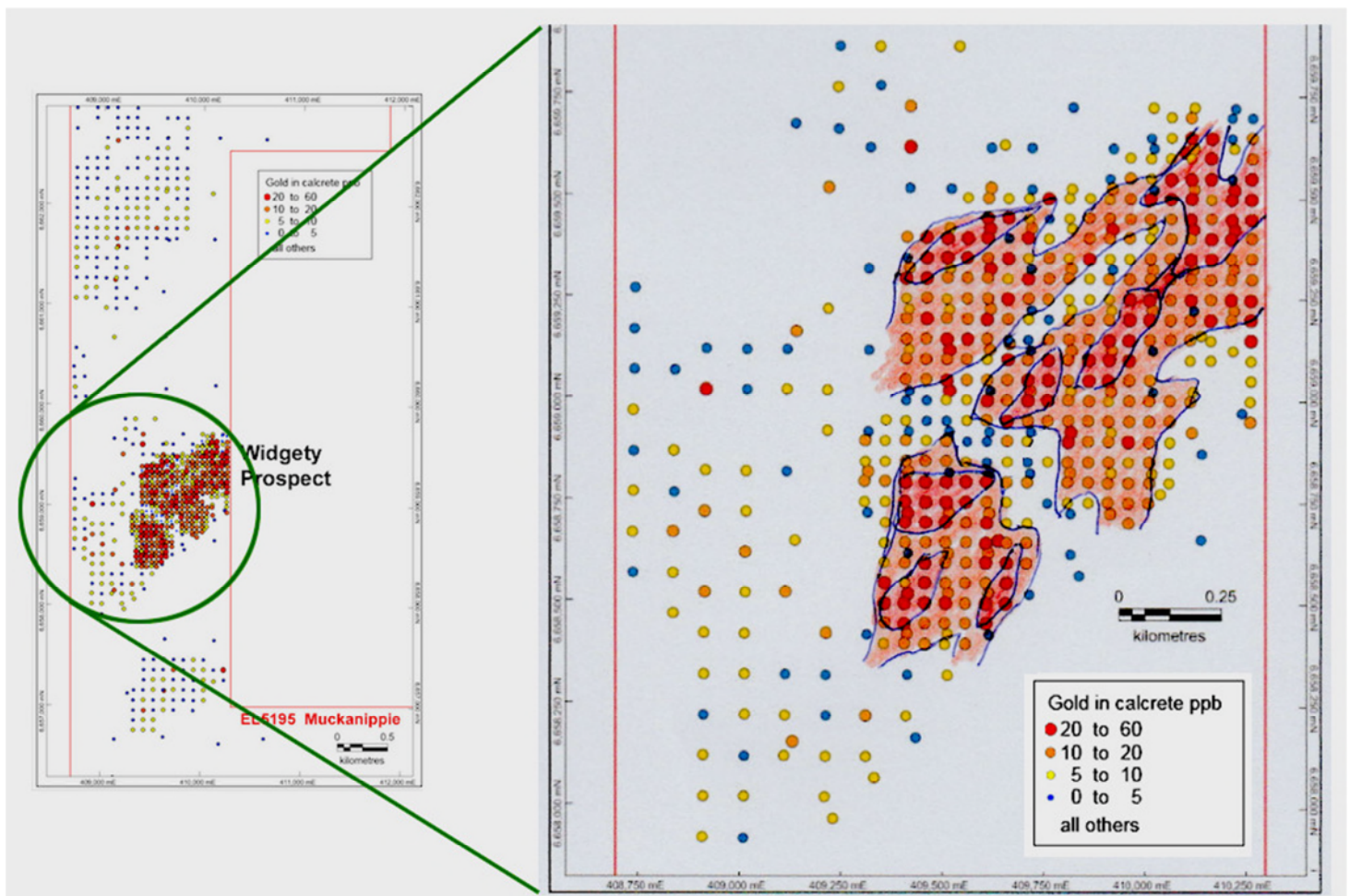


Figure 2: Widgety: Detail of gold-in-calcrete anomaly (contoured at 10ppb and 20ppb gold)

- Pre-existing geophysical data for the target area was only available on a *widely-spaced* regional level.

October 2015

- In October, Marmota carried out new focused (*closer spaced*):
 - ground magnetic survey (lines at 200 and 100 metre spacing) and
 - ground gravity survey (200m x 200m grid)
 ... over the Widgey area, to better define drilling targets.

November and December 2015

- In November: geophysicst review identified multiple key target areas for the drilling program [see [Figures 3 and 4](#) below].
- In December, an angled RC drilling program was completed at the Widgey prospect on schedule with 1,652 metres drilled, testing 3 areas of interest identified in [Figure 4](#). Drilling was to a maximum depth of 102m.

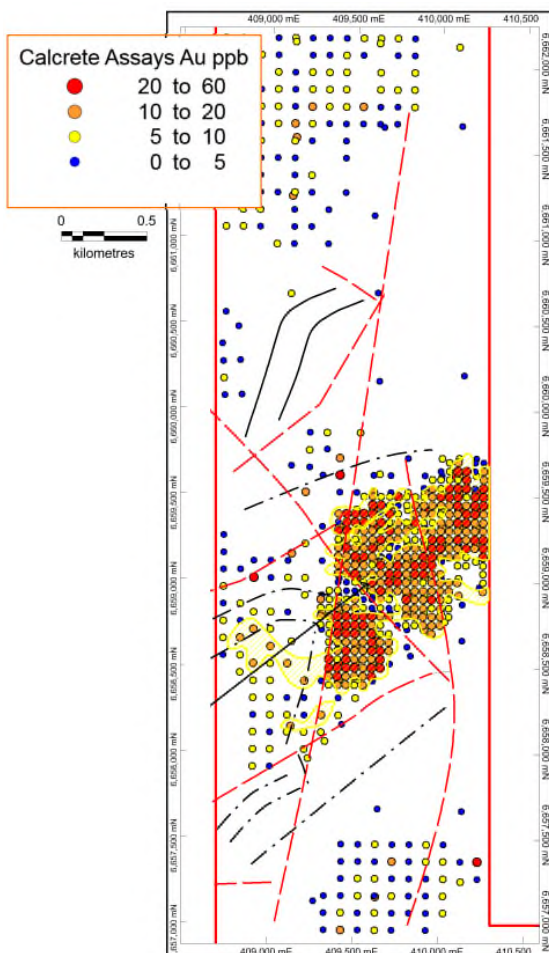


Figure 3: Marmota gold-in-calcrete sampling

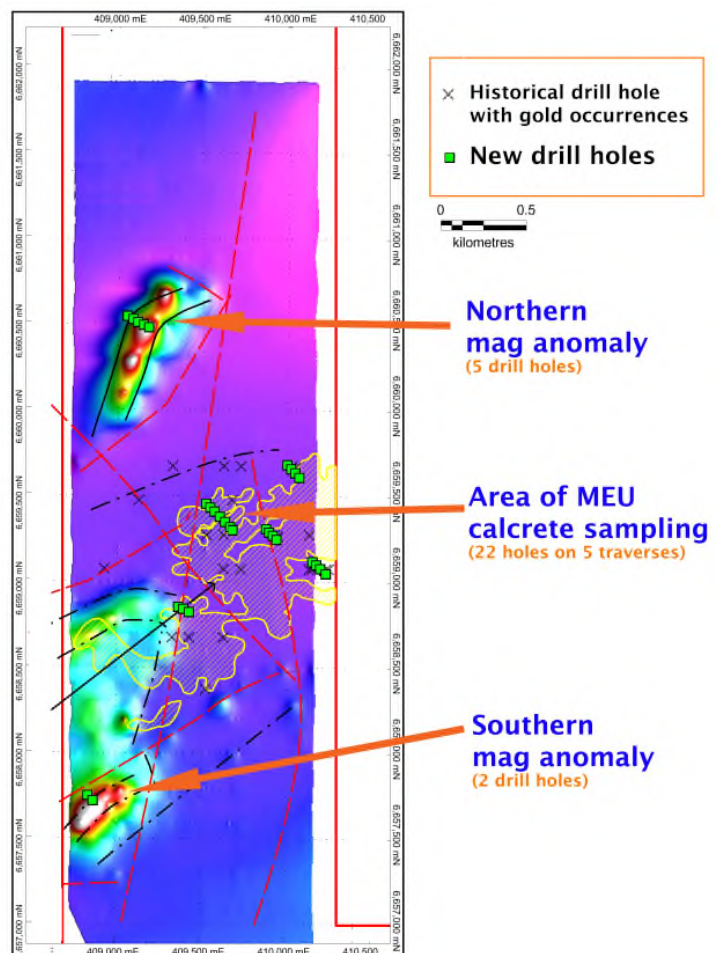


Figure 4: Higher-resolution magnetic survey highlighted additional targets, to both the North and South, with new RC drillholes

- Assay results from Widgey are expected in late January 2016.

Westpoint Hill

[see ASX releases: 26 October 2015 and 24 November 2015]

- Westpoint Hill is located about 25km west of the Challenger gold mine

October 2015

- In October 2015, Marmota's calcrete sampling (on 800m grid) identified exceptional gold-in-calcrete anomalous assay results of 70ppb to 107ppb at Westpoint Hill
– see Figure 5 below

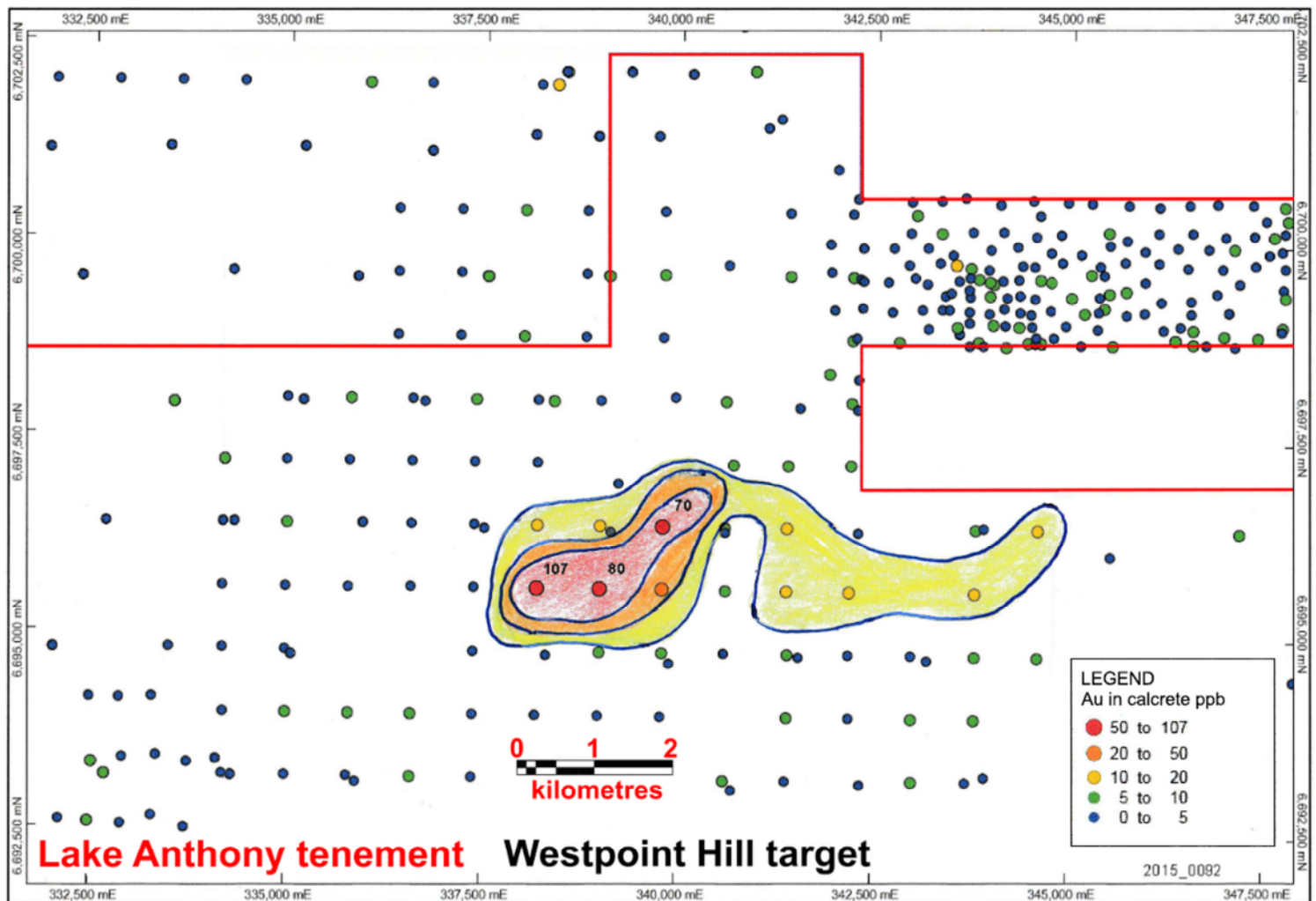


Figure 5: Westpoint Hill target: Gold-in-calcrete anomalism (contoured at 10ppb, 20ppb and 50ppb gold)

- The October assays yielded a best gold-in-calcrete result of 107ppb. For comparison: a gold-in-calcrete result of 100ppb is better than 99.9% of all calcrete samples (including all in-fill samples) ever recorded in the South Australian Government database of 192,677 calcrete samples.
- Not one, but three contiguous high values ... spanning 2km strike length
- Coincident with *magnetic* and *gravity* anomalism
- There are strong similarities between the discovery of Challenger and the discovery of the anomalism at Westpoint Hill. Westpoint Hill identified as highest priority.

November and December 2015

- On 24 November 2015, Marmota commenced **high detail** comprehensive infill calcrete sampling program via auger drilling at Westpoint Hill [see **Figure 6** below]
- In December: this substantial program **completed on schedule**.
- 1,530 calcrete samples (out of 1,580 targets) successfully acquired , and sent to laboratory for assay.

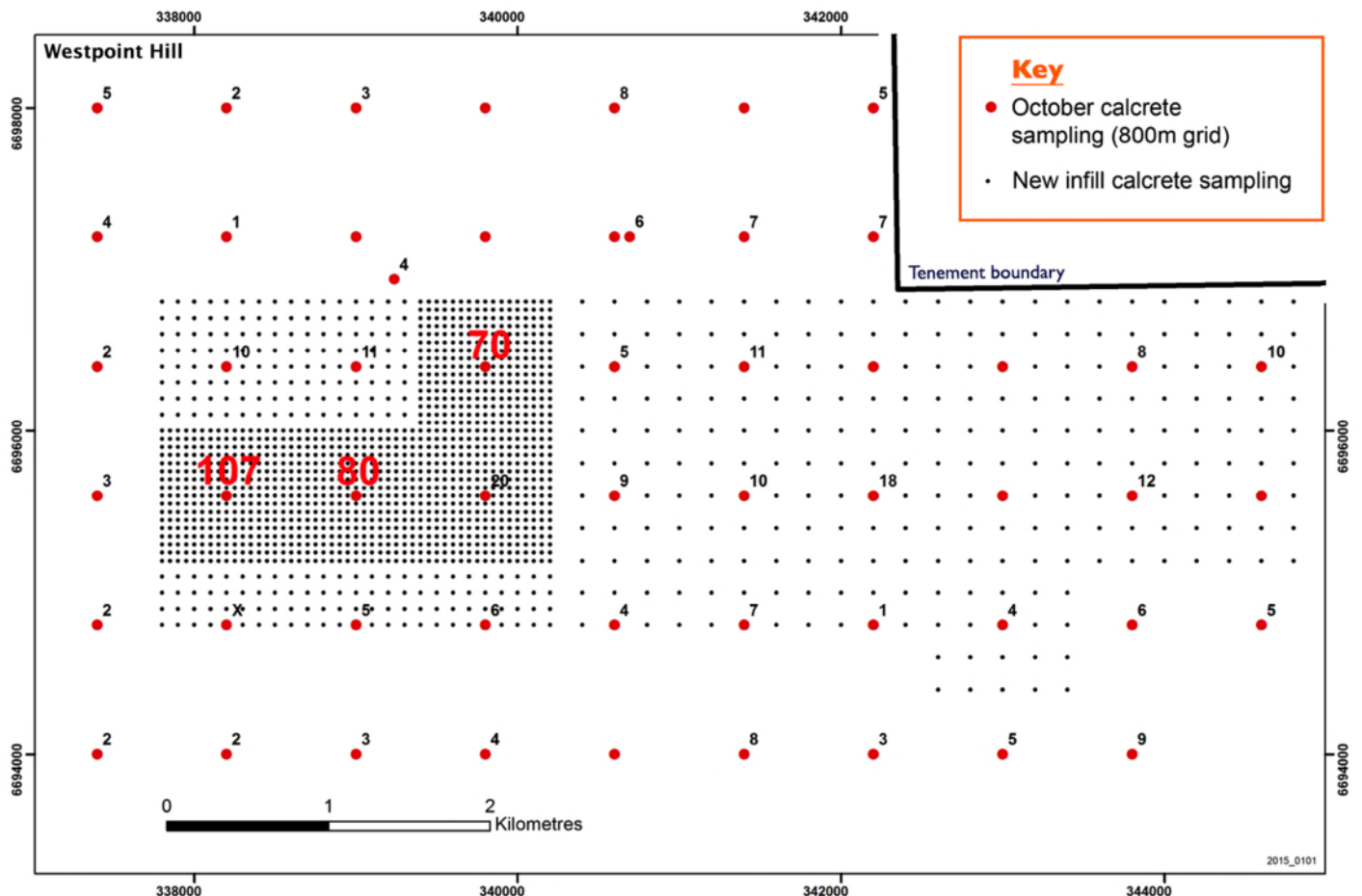


Figure 6:

- Previous (800m grid) sampling carried out in previous Quarter (red dots) and
- **NEW** high detail infill calcrete sampling points: **1580 targets** (black dots)

- Assay results from Westpoint Hill are expected to be received in early February 2016.

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

Tenement	Name	MEU Holding
EL5589	Aurora Tank	Marmota: 75% Apollo: 25%

Gold and IOCG (Iron oxide copper gold)

Work undertaken during reporting period

- Apollo announced that an independent expert review had confirmed the discovery of a significant mineralised gold system at Aurora Tank [see AON ASX Release: 19 November 2015].

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

- Progress made on land access requirements
- Marmota exhibited at the Yorke Peninsula Field Days liaising with the local community and land-holders

Future exploration focus

- Progression of land access requirements
- Planning ground geophysical surveys and drilling program for 2016

URANIUM Junction Dam project

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

Uranium

Future exploration focus

- Uranium is on back-burner pending uplift in market conditions

What is next?

Marmota's gold program is ongoing and expanding.

Widgety

Marmota is awaiting the assay results from the drilling program conducted during the December 2015 Quarter. Based on those results, the forward program for 2016 will be determined. The program is likely to be dovetailed with work on the adjacent Mulgathing ELA, once that Licence has been granted.

Westpoint Hill

The Westpoint Hill target area has been highlighted as a priority. Marmota is awaiting the assay results from the substantial *high detail* auger drilling calcrete sampling program (1,530 samples). Based on those results (due in early February), a forward program for 2016 will be put into action.

Marmota has hired additional geologists and field assistants so as to speedily advance both Widgety and Westpoint Hill.

Competent Persons Statement

The information in this release that relates to Exploration Results and Mineral Resources is based on information compiled by Dan Gray as Senior Project Geologist of Marmota Energy Limited who is a member of the Australasian Institute of Geoscientists. 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gray consents to the inclusion in the 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 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")

31 December 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 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	(204)	(376)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(153)	(251)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Government funding	13	17
		(342)	(607)
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	(2)	(3)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	5	5
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
		3	2
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(339)	(605)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(339)	(605)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	518	996
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 (costs associated with issue of shares)	19*	(32)
	Net financing cash flows	538	964
	Net increase (decrease) in cash held	198	359
1.20	Cash at beginning of quarter/year to date	402	241
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	600	600

* includes reversal of costs double counted in previous Quarter.

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
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), legal fees paid to a legal firm in which a former Director is a partner and a credit received from a related party for shared facilities and staff

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

+ 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	200
4.2 Development	
4.3 Production	
4.4 Administration	95
Total	295

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	561	363
5.2 Deposits at call	39	39
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	600	402

+ See chapter 19 for defined terms.

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	EL4509	Expired and subsequent licence issued – EL5682	100% of uranium rights
		EL4526	Expired and subsequent licence issued – EL5684	100%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EL5682	Subsequent licence granted (ELA 2015/00052)	Nil
		EL5684	Subsequent licence granted (ELA 2015/00062)	Nil

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			
7.2	(description)			
	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	379,305,157	379,305,157	
7.4	Changes during quarter	1,666,666	1,666,666	3.0
		22,214,935	22,214,935	2.0
	(a) Increases through issues	400,000	400,000	1.8
	(b) Decreases through returns of capital, buy-backs	1,700,000	1,700,000	1.0

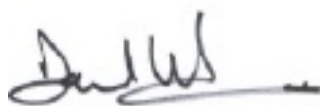
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	<i>Unlisted</i> 870,000 225,000 100,000	- - -	<i>Exercise price</i> \$0.018 \$0.073 \$0.036	<i>Expiry date</i> 16/12/19 29/07/16 24/07/17
7.8	Issued during quarter				
7.9	Exercised during quarter	<i>Listed</i> 8,960,817 <i>Unlisted</i> 400,000	8,960,817 -	\$0.02 \$0.018	09/12/15 16/12/19
7.10	Expired during quarter	<i>Listed</i> 1,549,813	1,549,813	\$0.02	09/12/15
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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: 22 January 2016
(Director/Company secretary)

Print name: DAVID WILLIAMS

+ See chapter 19 for defined terms.

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 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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+ See chapter 19 for defined terms.

TENEMENT STATUS

(AS AT 31 DECEMBER 2015)

South Australia

Project name	Tenement	No	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 4648	88	Marmota Energy		100%	Granted
Ambrosia	Ambrosia	EL 4510	854	Marmosa P/L		100%	Granted
	Ambrosia	ELA 2015/00053 (subsequent licence application)	603	Marmosa P/L		100%	Subsequent licence application
	Muckanippie	EL 5195	181	Marmota Energy		100%	Granted
	Mulgathing	ELA 2015/00175	652	Marmota Energy		100%	Application
Pundinya	Pundinya	EL 5684	435	Marmota Energy		100%	Granted
Western Spur	Western Spur	EL 4528	333	Marmota Energy		100%	Granted
	Western Spur	ELA 2015/00065 (subsequent licence application)	333	Marmota Energy		100%	Subsequent licence application
Aurora Tank	Aurora Tank	EL5589	48	Marmota Energy 75%; Southern Exploration 25%	JV with Southern Exploration	75% of all minerals	Granted
Indooroopilly - Lake Anthony	Indooroopilly	EL 4702	570	Marmota Energy		100%	Granted
	Indooroopilly	ELA 2015/00249 (subsequent licence application)	570	Marmota Energy		100%	Subsequent licence application
	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