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MARMOTA ENERGY LIMITED – AGM 2008

CHAIRMAN'S ADDRESS

Fellow Shareholders

Welcome to our first Annual General Meeting as a listed company. Since listing in November 2007 the world has changed. The Global Financial Crisis emanating from the USA has caused the most volatile equities market since the Great Depression. The effect will be felt for some time as governments globally address the issues arising therefrom in their attempt to prevent flow-ons to the real economy.

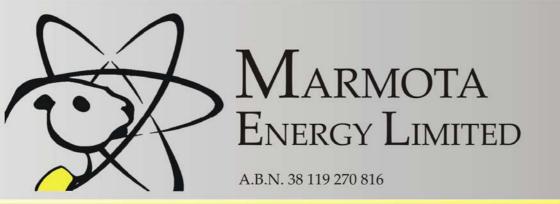
However, the underlying long term demand for commodities still exists. We recognise that there is a short term adjustment but we also recognise that the emerging economies of China, India and other nations increasingly will require minerals and energy to effect their modernisation and that the first world economies still have underlying demand to service their economies. In effect then there has been a change in the short term level of demand but little change to the long term demand which has simply been delayed.

When demand returns, particularly when China starts to build back up it is likely that supply will be constrained. This will occur because as capital dries up, credit becomes constrained, projects are deferred, exploration falters, which will inexorably lead to supply failures in the not too far distant future. The future is therefore bright for companies that survive and retain quality assets.

Exploration requires patient capital as its lifeblood to develop discoveries into working mines that will produce the commodities for world consumption. It is a very good time to be exploring, make discoveries and bring them to production in the low of the cycle as it helps service the demand when the cycle turns.

However, the industry will need an incentive to entice battle weary investors to provide the patient capital for the long term gains that will flow from its investment. Countries like Canada have provided such an incentive in the form of flow through shares where the investor obtains a deduction for the proportion of subscribed capital which is spent on exploration. The company forgoes the deduction in favour of the shareholder. This process simply changes the timing of tax revenues until such time as production is achieved.

Flow through shares formed part of the Federal Government's platform in the lead up to the last election and it is pleasing that Minister Ferguson continues to give strong support for the concept. We



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can only urge Government as a whole to address the matter with the utmost urgency. Not in generations has the supply of capital dried up so dramatically: not in generations has the need for capital been so great for the nation's future.

What does this mean for Marmota?

Your Board has considered the position of the company and has reviewed our exploration portfolio and the potential to bring projects to production as soon as possible. Our focus remains on completing our Joint Venture obligations in order to earn our interest in the tenements. We will also monitor developments in the market looking for opportunities which may bring us to production earlier.

However we do have a number of priority projects both in our joint venture properties and our acquired tenements which are 100% owned:

- 1 Ambrosia- This tenement is highly prospective for Olympic Dam style Iron Oxide Copper Gold Uranium but at shallower depths than experience elsewhere in the Gawler Craton. We have discovered lignite in our initial round of drilling which whilst prospective for Uranium may also be mineable for its hydrocarbon content. We have protected the tenement with a Petroleum Lease Application in the event that there is a Coal Seam Methane opportunity.
- 2 Mulyungarie (near Honeymoon) and our new suite of Lake Frome tenements located in the area of the Beverley Uranium mine provide us with an exciting opportunity for their Uranium and base metals potential.
- 3 Waddikee has also shown great potential with the radiometric map revealing most interesting results for Uranium potential

The increased demand for uranium as an energy source in a carbon-constrained world is significant and we intend to exploit the potential to this commodity across the remainder of our tenements as well as those highlighted above.

Our Managing Director will deal with the technical issues in respect of each of the above. Obviously, we have sufficient capital to pursue the current objectives and meet our obligations. So depending upon results we will look to bring the most marketable project to production. We will also seek our joint venture partner to do the same.

To date we have spent capital raised in exploring for minerals particularly in obtaining geophysical data and drilling. We still have a significant amount of cash (over \$11 million at



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June) in an environment where other juniors will find difficulty in accessing the capital markets. In this environment we expect opportunities will abound in the form of access to tenements that were able to be held but because of cash restrictions will be released. We will apply future capital to projects with the most potential to reach production.

In this environment we have to be aware of our counter-party risk. Our awareness has been raised significantly and whilst we haven't encountered any risk issues from counterparties we are only dealing with parties that minimise our risk. Our cash is deposited with one of the big four Australian Banks as we have had and maintain a policy of only dealing with an Australian Bank of substance. However, liquidity is an issue for all explorers and we will give shareholders the choice to participate in a capital raising at the appropriate time.

Our people remain a significant resource for the company as it is through this resource that we hope to convert our exploration to production.

I thank shareholders for their ongoing support particularly for their support for the successful raise of \$15million approximately through the IPO.

I take this opportunity to thank management and all staff for their enthusiasm and for their professional approach to the discovery of minerals for the benefit of the shareholders.

I also record my thanks to all those who have in any way contributed to our success particularly my fellow directors.

Thank you Ladies and Gentlemen.