

ASX ANNOUNCEMENT

28th October 2009

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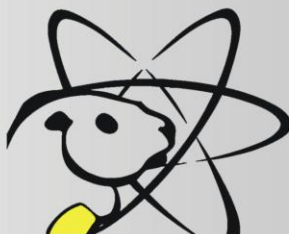
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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr D J Calandro, who is a Member of the Australian Institute of Geoscientists. Mr Calandro is employed full time 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.



**MARMOTA
ENERGY LIMITED**

A.B.N. 38 119 270 816

Drilling update - New uranium prospect discovered at Junction Dam, South Australia

- **Elevated gamma readings in first three drill holes on Junction Dam**
- **First three holes return equivalent grade values of 200 ppm and greater with best value of 1381 ppm eU₃O₈* in second hole drilled**
- **Further drill testing continuing along 20km extent of the Yarramba Palaeochannel at Junction Dam**

Exploration Update - Junction Dam uranium project

(Marmota Energy earning 51% interest in uranium rights under JV Agreement with Teck Australia Pty Ltd (Teck), PlatSearch NL (ASX: PTS) and Eaglehawk Geological Consulting Pty Ltd)

Marmota Energy Limited ('the Company') is pleased to announce the discovery of a new uranium prospect at the Junction Dam uranium project ('the project') in mid-north South Australia. On the project, Marmota has the right to earn 51% interest uranium rights from Teck Australia Pty Ltd, PlatSearch NL (ASX: PTS) and Eaglehawk Geological Consulting Pty Ltd. Encouraging preliminary results have been returned from the first three holes drilled as part of the Company's broad spaced maiden 25 hole drilling program.

Junction Dam (EL 3328) is located 12km east of the Honeymoon Uranium Mine (a 6.5 million pound inferred resource owned by Uranium One and Mitsui) and 50km west of Broken Hill. The project's proximity to the major regional centre of Broken Hill and good access to road and rail infrastructure makes this a strategically significant project for Marmota Energy.

As with Marmota's adjoining Mulyungarie project, Junction Dam contains Eyre and Namba formation sediments, which are both prospective for large tonnage low operating cost uranium deposits. The Eyre Formation hosts the nearby Honeymoon Uranium Mine and Beverley Four Mile uranium project, while the Namba hosts SA's major sedimentary uranium development at Beverley.

Marmota's maiden drilling program is focusing on the south western part of the project area (Figure 1). Drilling commenced on what has been interpreted as the outer bend of the highly prospective Yarramba Palaeochannel. Recent high resolution ground gravity and radon surveys assisted greatly in drill hole target allocation. The new gravity data on Junction Dam was successfully used to define a 20 km extent of the Yarramba Palaeochannel. Marmota Energy also previously intersected multiple occurrences of uranium on their adjacent Mulyungarie project. Two holes in particular intersected what is believed to be the tail of a potential roll front uranium deposit, which is planned to be further tested as part of this current phase of drilling.

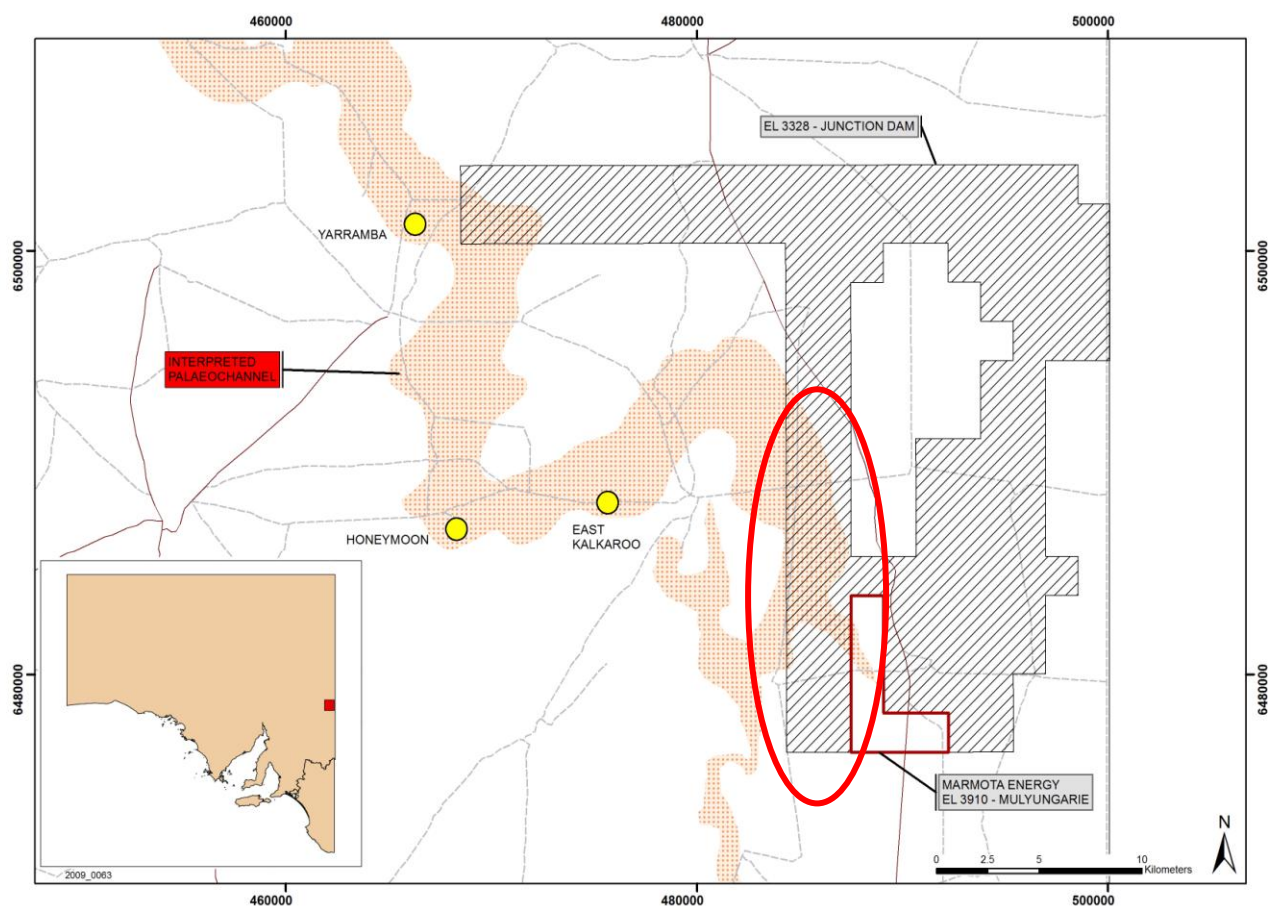


Figure 1: Location of the Junction Dam project, with previous channel map coverage and priority target area circled in red.

Using a cut off equivalent grade of 200 ppm $eU_3O_8^*$, significant gamma anomalism from the downhole geophysics was encountered in Eyre Formation sands in the first three holes that were drilled this week (see table 1). The best intersection was in hole JDRM0107 showing a distinct peak from the downhole gamma tool, indicating equivalent grade of 1381 ppm $eU_3O_8^*$ (5583 counts per second). Drill holes have intersected multiple sand units with basal sand units returning elevated downhole gamma readings. This is interpreted to be analogous with the mineralisation model at the nearby Honeymoon development. Drilling is continuing and is expected to be completed in about four week's time.

| HOLE ID | EASTING | NORTHING | GAMMA TRUE COUNTS (counts per second) | URANIUM PEAK GRADE eU_3O_8 (ppm) | DEPTH metres |
|----------|---------|----------|--|---------------------------------------|-----------------|
| JDRM0106 | 484980 | 6488734 | 360 | 89 | 110.5 |
| | | | 1381 | 341 | 117 |
| | | | 1213 | 300 | 122.7 |
| JDRM0107 | 484996 | 6487979 | 5583 | 1381 | 121 |
| JDRM0108 | 485001 | 6487501 | 632 | 205 | 110.8 |

Table 1: Downhole peak gamma readings in Marmota's first three drill holes on Junction Dam.

Mr Dom Calandro
MANAGING DIRECTOR

28 October 2009

**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.*