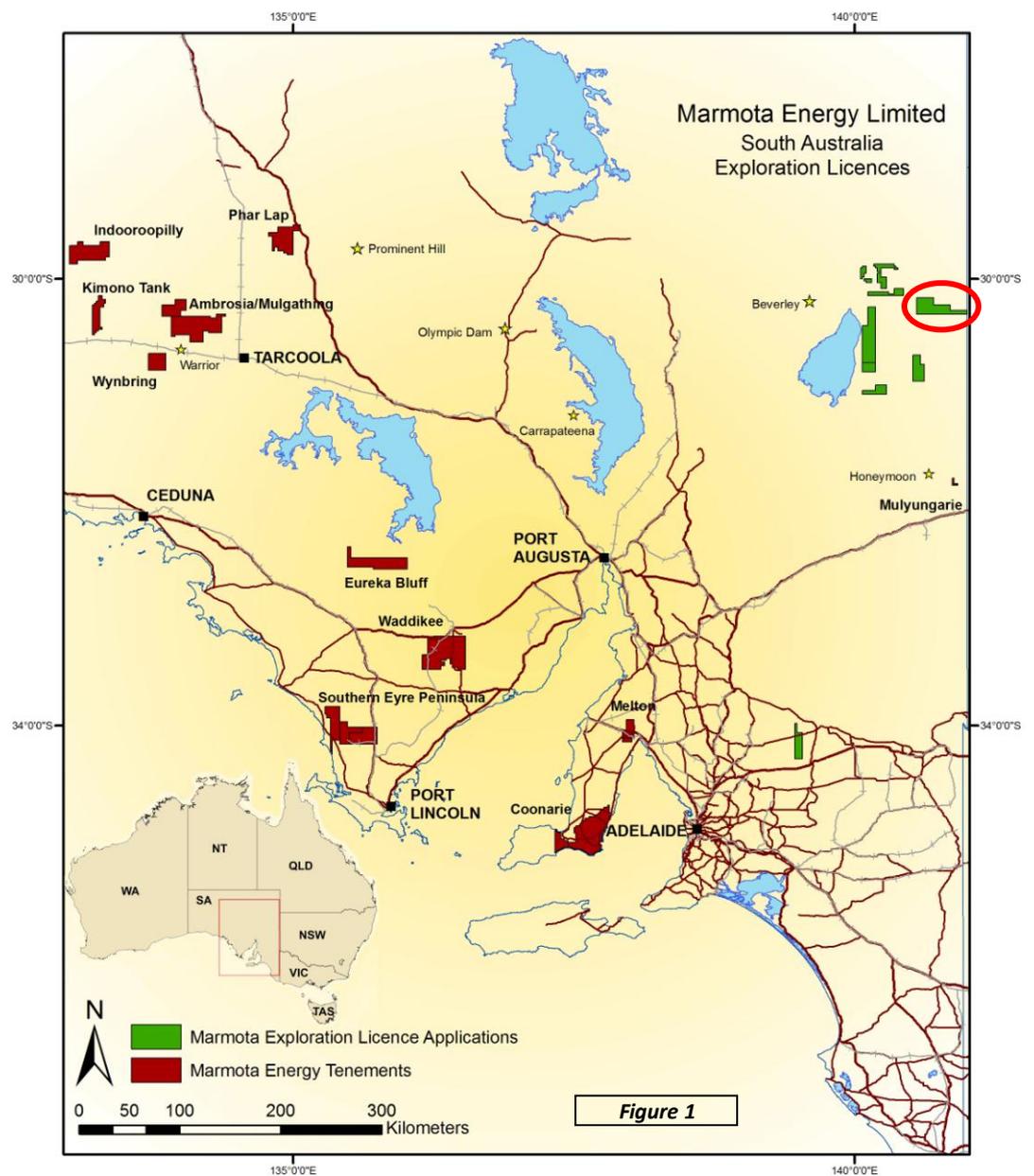


ASX RELEASE

## Highlights

- Three and a half month targeted 4,375 metre drilling program completed on Ambrosia and Mulgathing. Positive uranium results returned from initial laboratory analysis completed for some holes, warranting further follow up.
- Significant large oil-bearing carbonaceous shale body discovered on Ambrosia.
- 20 shallow basement targets identified on Ambrosia with IOCGU potential.
- Anomalous uranium levels found in surface samples at the Waddikee project on Eyre Peninsula in South Australia on the margin of a radiometric anomaly extending for 10 km.
- Exploration Licence Applications (ELA) obtained by Marmota in the highly prospective Lake Frome and Benagerie Ridge region in South Australia.

Marmota Energy  
Limited (ASX: MEU)



## Review of Operations

### Corporate Activities

The September Quarter of 2008 has been very active with the Company completing its phase 1 reconnaissance drilling program on the Ambrosia project in South Australia. The Company is pleased with the results which tested palaeochannels prospective for sandstone – hosted uranium in rollfront and tabular settings. During the quarter the Company undertook a

significant drilling program designed to test the potential for sedimentary uranium. A number of shallow basement IOCGU potential targets have also been identified on its Ambrosia - Mulgathing project in South Australia. Initial results from the recently completed drilling program are encouraging confirming the presence of the right geological setting for sandstone-

hosted uranium. A drill rig is currently being secured for IOCGU target testing.

### Finance

As at 30 September 2008, Marmota Energy had available funds of \$9.95 million, of which the majority is held in term deposits with an Australian Bank. During the September quarter, total net operating expenditure by the company was \$1.7 million.



*“A number of shallow basement IOCGU potential targets have also been identified on its Ambrosia - Mulgathing project in South Australia.”*

## Exploration Activities

### Ambrosia Mulgathing

*(Marmota earning 50% under Ambrosia JV Agreement with Monax Mining Limited)*

*(Marmota earning 70% under Farm in and JV Agreement with Monax Mining Limited)*

The Ambrosia-Mulgathing Project tenement totals 1,112 km<sup>2</sup> of pastoral lease land and is located approximately 100 kilometres north west of Tarcoola in the north of South Australia. The area is highly prospective for sedimentary and IOCGU styles of uranium.

and gravity geophysical surveys were completed over the project area. Using this data the Company has accurately mapped palaeodrainage and sedimentary drainage systems and discrete conductive basement targets.

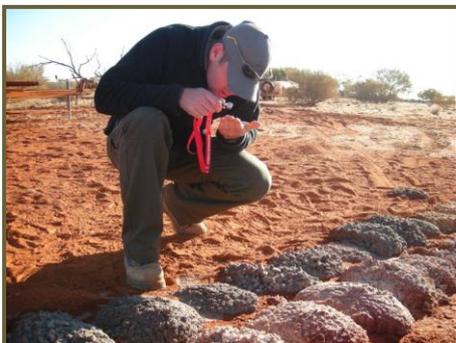
### Drilling Program

### Uranium Potential

The initial phase of drill testing of the Ambrosia palaeodrainages comprised a series of 75 rotary-mud holes. Drillholes were sited on the basis of the Company’s high quality geophysical data and previous company drillhole data. The program was designed to directly test for the presence of uranium mineralisation and provide an understanding of the channel forms and the detail of the channel sediment. Samples were analysed and initial results received to date

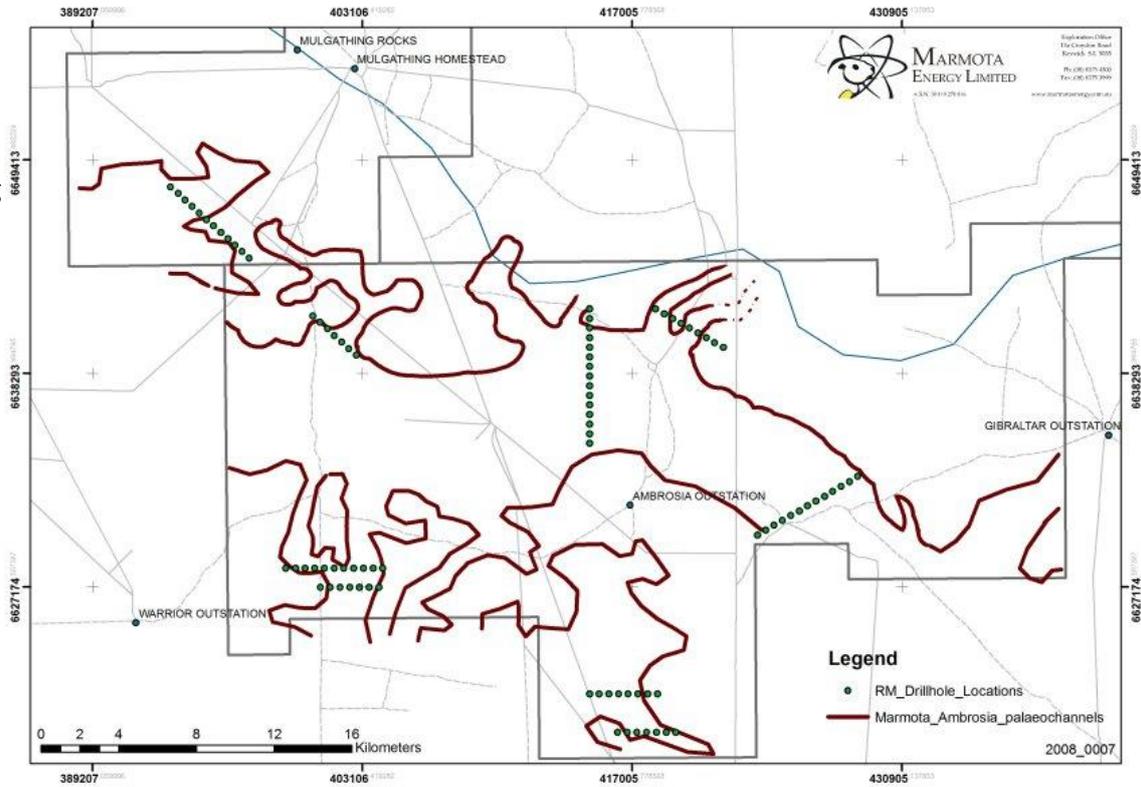
On the Ambrosia project (EL 3358) Marmota is earning 50% equity across all commodities from Monax Mining Limited, and 70% equity for uranium only on Mulgathing (EL 3684) from Monax Mining Limited.

High resolution magnetic, radiometric, airborne EM



*Drilling at Ambrosia*

have returned some positive uranium results. The Company is encouraged by this and believes further drill testing is warranted in the near vicinity of some holes that have returned positive results. Several holes intersected lignites and carbonaceous sand. These act as the reducing agents necessary to aid in the deposition of uranium mineralisation in rollfront and tabular systems.



Above: Ambrosia – Mulgathing interpreted channel outline

**Oil Shale Potential**

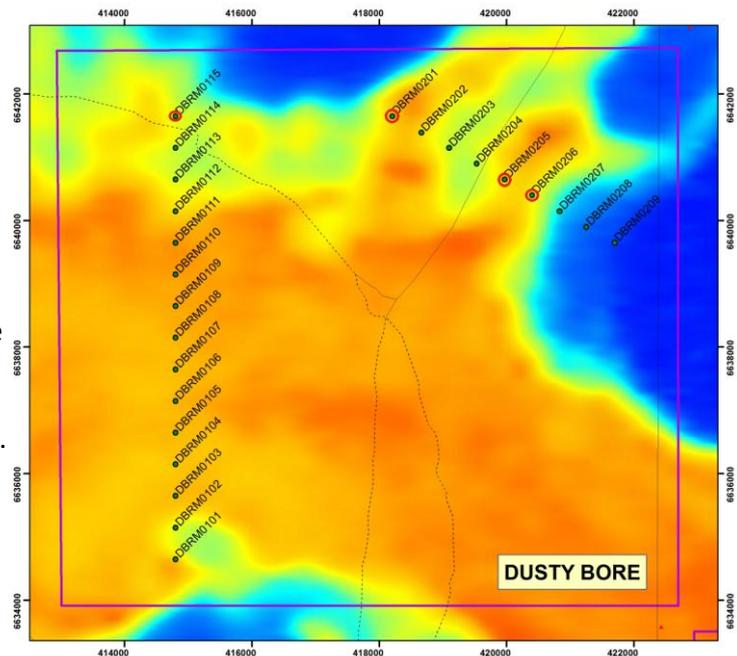
Adjoining holes in 3 neighbouring drill traverses spaced approximately 15 kilometres apart in the main trough running through the project area have intersected significant intervals of carbonaceous sediment. The carbonaceous black organic muds were intersected in a number of holes in neighbouring traverses along the 43 km trough. A interval of at least 120 metres was identified in hole DBRM0111 although the Company believes greater thicknesses occur elsewhere in the basin. Samples were sent for preliminary analysis returning results indicative of potential for oil. One sample from hole DBRM0110-15 offered a potential yield of 24.10 kg/tonne. Additional samples are

being prepared for laboratory analysis. The Company believes that results achieved during this early stage of the program confirm the presence of potential uranium and oil bearing systems in the project area. The Company is awaiting more results due in the coming weeks.

**IOCGU Potential**

Several bedrock-hosted iron-oxide-copper- gold -uranium (IOCGU) targets, interpreted to be at shallow depths, have been identified from the airborne EM survey. These are planned to be drill tested. A number of other discrete conductive anomalies that coincide with gravity or magnetic anomalies are also present within the project area. Modeling of these responses has been completed. Target ranking is being completed to identify

which anomalies have the highest potential. Calcrete sampling over the best ranked targets will be completed in November 2008.



Above: Dusty Bore target region drillhole locations over AEM data in central Ambrosia project area. Positive uranium results achieved in holes marked in red.

**Waddikee Project**

*(Marmota earning 70% Uranium under JV agreement with Monax Mining Limited)*

The Waddikee project covers 1004 km<sup>2</sup> south of Kimba on South Australia's Eyre Peninsula.

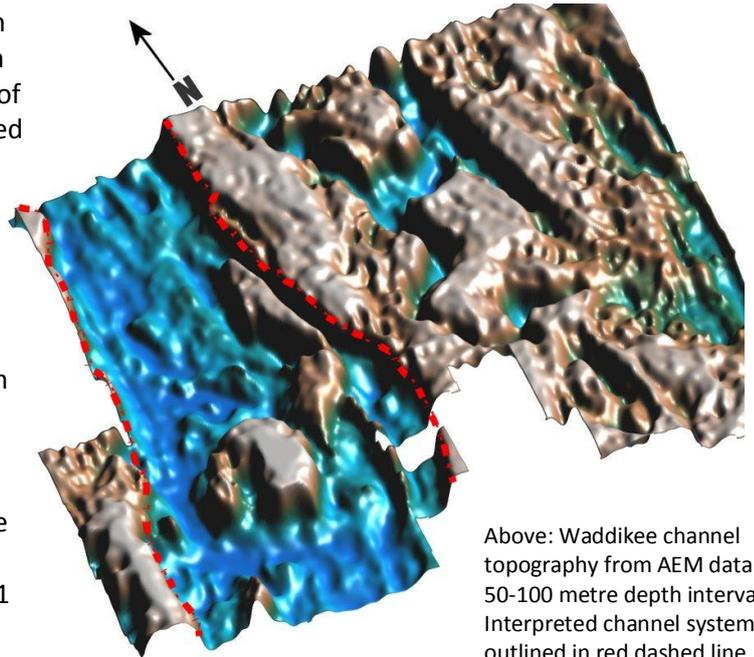
Final airborne electromagnetic (AEM) data have been received defining a significant channel system along the western side of the Waddikee project corresponding to anomalous uranium results from previous exploration. Marmota believes that Waddikee is strongly prospective for bedrock-hosted uranium (including unconformity style) and sandstone-hosted uranium that was eroded from the uranium-bearing rocks and deposited in the palaeochannel.

Previous company exploration found vein type, primary uranium in fault breccias. Radiometric data acquired by Marmota show significant areas of anomalous uranium on Waddikee. They are located in the areas shown as the white colour on the radiometric map.

Joint venture partner Monax Mining Limited recently completed a sampling program focusing

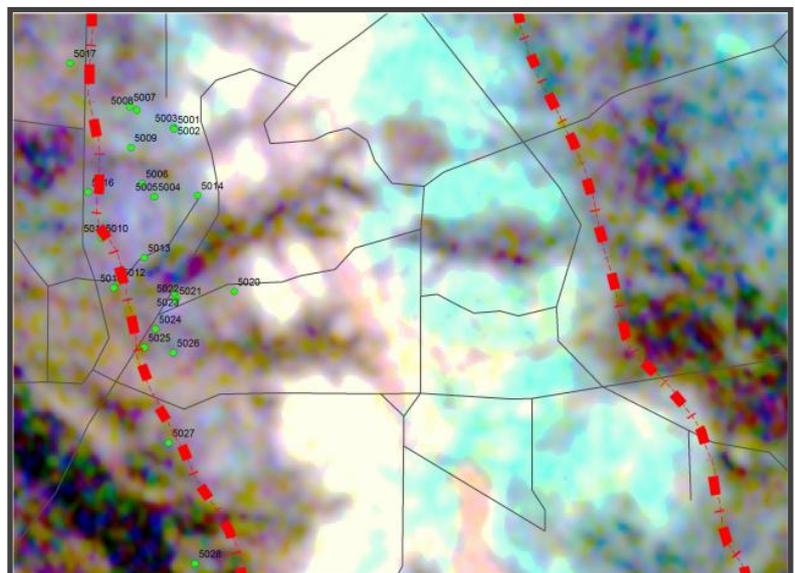
on manganese potential in the project area. Marmota believes that the location of some of the Monax planned sample sites were also significant to Marmota uranium concepts for the project area. Marmota commissioned analysis of some samples which may have potential for uranium anomalism. Surface samples collected at two adjacent locations yielded anomalous results. Sample 5025 and 5026 returned anomalous results of 79.01 and 117.22 ppm uranium respectively. These samples were taken from surface outcrop at the margin of a significant radiometric anomaly which extends for approximately 10 kilometres. A detailed uranium focused sampling program is planned in the fourth quarter of 2008 concentrating on selected regions within the project area in line with the Company's mineralisation concepts. This will be followed up with drill testing of targets.

Waddikee's proximity to good infrastructure coupled with a strong exploration history and potential for multiple styles of uranium mineralisation makes this a high priority project for Marmota Energy.



Above: Waddikee channel topography from AEM data 50-100 metre depth interval. Interpreted channel system outlined in red dashed line.

*"These samples were taken from surface outcrop at the margin of a significant radiometric anomaly which extends for approximately 10 kilometres."*



Above: Zoom of recent sample region, red dashed line bounding interpreted radiometric anomaly.

Red – Potassium  
 Green – Thorium  
 Blue – Uranium  
 (White – High in all three above elements)

## Future Exploration

Discrete focused drilling programs are planned to test higher potential ranked targets across Marmota projects over the coming year. Data processing and modeling are continuing. This will enable the outline and depth of the palaeochannels to be mapped more accurately across many of Marmota's projects. The AEM survey data along with the new gravity data acquired have greatly enhanced exploration for uranium and basement targets. The data will aid in defining drillholes across the Company's suite of tenements and sampling programs to continue into the 4<sup>th</sup> quarter of 2008.

Timing	Action	Tenement	Project Name
Late 2Q - 3Q 2008	Drilling	EL 3358, EL 3684	Ambrosia, Mulgathing
4Q 2008	Radon Surveys	EL 3910, EL 3358, EL 3684, EL 3355, 3356, 3561, EL 3357, EL 3907, 3908	Mulyungarie, Ambrosia, Mulgathing, Southern Eyre Peninsula, Waddikee, and Coonarie
4Q 2008	Geochemical sampling	EL 3357, EL 3910	Waddikee, Mulyungarie
1Q 2009	Drilling	EL 3910, EL 3358	Mulyungarie, Ambrosia
2Q 2009	Drilling	EL 3357	Waddikee

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See us at:

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## General

### Lake Frome Region ELA's

Marmota Energy is pleased to announce that it has been successful in obtaining exploration licence applications (ELA) over 9 additional areas in the prospective Lake Frome region in South Australia (see figure 1).

The ELA areas have both Namba and Eyre formations present, which host the nearby Beverley uranium mine to the west and the Honeymoon deposit to the south respectively. Historic exploration conducted in the 1970's on ELA 339/08 area A (circled in red) yielded anomalous uranium in several regional spaced drill holes. The ELA's are 100% owned by Marmota and the basement rocks will also be investigated for base metal potential.

### Mulyungarie

Marmota has successfully completed negotiations for a Native Title agreement under Part 9B of the *Mining Act, 1971* (Act) in respect of EL 3910 (Mulyungarie). This will enable Marmota to proceed with on ground exploration activities on EL3910.



Dom Calandro  
Managing Director

28<sup>th</sup> October 2008



# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

**Marmota Energy Limited**

ABN

**38 119 270 816**

Quarter ended ("current quarter")

**30 September 2008**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(1,577)	(1,577)
(b) development	-	-
(c) production	-	-
(d) administration	(232)	(232)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	94	94
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	(2)	(2)
1.7 Other (provide details if material) )		
GST	(18)	(18)
Other	-	-
<b>Net Operating Cash Flows</b>	<b>(1,736)</b>	<b>(1,736)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(129)	(129)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(42)	(42)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		
Loans repaid to other entities	(49)	(49)
<b>Net investing cash flows</b>	<b>(220)</b>	<b>(220)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,956)</b>	<b>(1,956)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,956)	(1,956)
	<b>Cash flows related to financing activities</b>		
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	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,956)	(1,956)
1.20	Cash at beginning of quarter/year to date	11,917	11,917
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	9,961	9,961

**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	138
1.24	Aggregate amount of loans to the parties included in item 1.10	42

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) and legal fees paid to a legal firm in which a director is a partner. The amount at 1.24 represents contributions to the establishment of a 50% owned associate company which provides management and logistics services to the entity from 1 July 2008.

**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

Nil

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

Nil

**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

**Note:**

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	-
<b>Total</b>		<b>250</b>

### 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	141	347
5.2 Deposits at call	9,820	11,570
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>9,961</b>	<b>11,917</b>

### 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	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	120,721,009	66,309,009		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	Release from escrow	2,909,000	End of escrow period was 28/8/2008	
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	28,000,000	-	<i>Exercise Price</i> \$0.40	<i>Expiry Date</i> 11/07/12
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## 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 ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Print name: Virginia Suttell..... Date: ....28/10/2008.....  
(~~Director~~/Company Secretary)

## 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.