

UP TO 125MT HEMATITE IRON TARGET FOR WESTERN SPUR IN NORTH EAST S. A.

- Independently assessed 60 – 125Mt[~] first stage iron ore exploration target at Western Spur, northeast of the Leigh Creek coal fields.
- Significant additional resource potential estimated over 8 km strike with grades up to 58.9% Fe from sampling program
- Very low levels of deleterious elements within specifications for blast furnace feed
- Excellent access to infrastructure – only 13 km from main Moomba arterial road
- Follow up programs being planned

Western Spur Iron Ore Project (SA)

Marmota Energy Limited (ASX: MEU) is pleased to announce the results of an independent assessment of exploration targets for the Western Spur iron project in South Australia. Exploration results from Marmota's own programs and available data from previous exploration over the Company's Western Spur iron ore project has highlighted the potential for this discovery to be one of South Australia's largest single hematite iron ore bodies (Table 1).

The zone of hematite iron ore outcrop lies approximately 13 kilometres from the Moomba gas field arterial road (Figure 1).

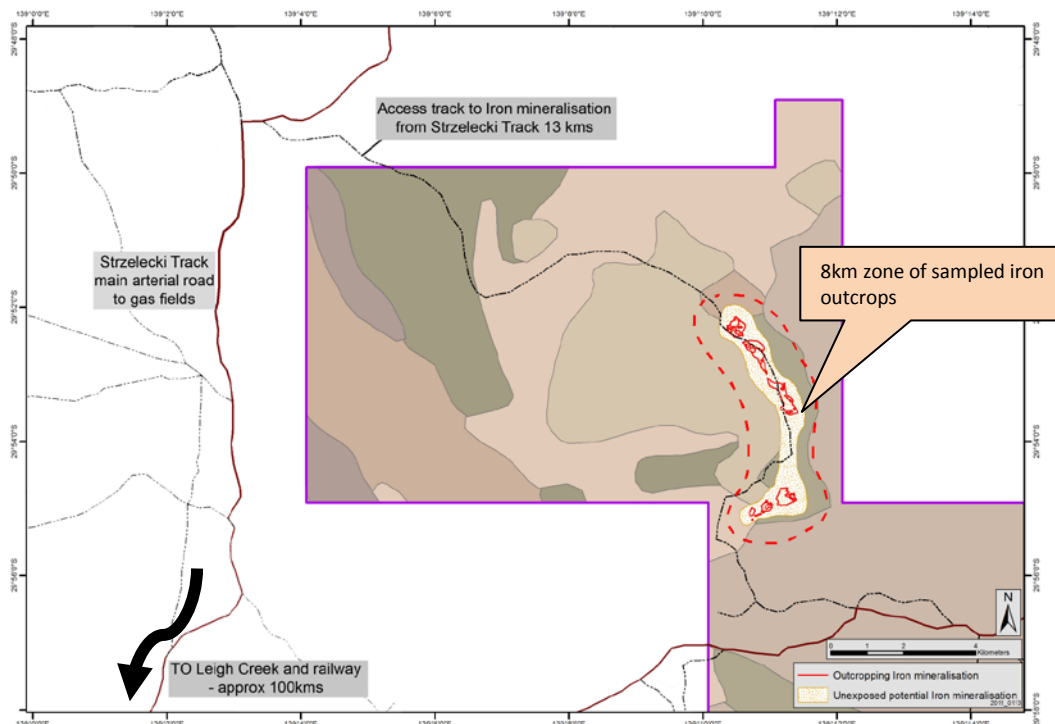


Figure 1: Location of Marmota sampled iron outcrops at Western Spur with potential contiguous 8km zone of unexposed iron mineralisation highlighted by red dashed line.

Since the discovery by Marmota of a number of large-scale iron outcrops on the project in January this year, the Company has completed consecutive sampling programs. Assays of samples produced grades ranging up to **58.9% Fe**, and **28.07% Mn**. Surface sampling was conducted by Marmota over outcrops and one mine shaft. The Company believes significant portions of Western Spur's ore zone 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 iron mineralisation at Western Spur contrasted in its mode of formation and probable age with other known South Australian iron projects. Therefore, at this early stage of examination, it is regarded as a new type of potentially economic iron deposit for South Australia.

A range of estimated tonnage and grade potential was calculated to provide an iron ore exploration target for ongoing investigation. A conservative low-end composite figure of 60 million tonnes of iron at a grade range of 50-65% Fe₂O₃ was estimated for the 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 3, Location 7 and 8) for a total strike-length of about 8km, resulting in a high-end tonnage estimate of 125 million tonnes Fe₂O₃.

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 complemented by significant intervals of siderite (FeCO₃) achieving intercepts of up to 60 metres thickness. Deleterious elements such as silica and aluminium are regarded as being within feed tolerance.

Iron ore in siderite is mined elsewhere at the Deveci iron mine in Turkey and Styria, Steirischer Erzberg, in Austria. It is a valuable iron mineral, comprising 48% iron and typically contains no sulfur or phosphorus. The iron in the siderite has not been included in this preliminary estimate of the exploration target, offering further scope for growth. Further review is underway to assess the additional ore 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 1: Comparison table of Western Spur with other known iron projects in South Australia

~ The estimates of exploration target sizes mentioned above should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes 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.

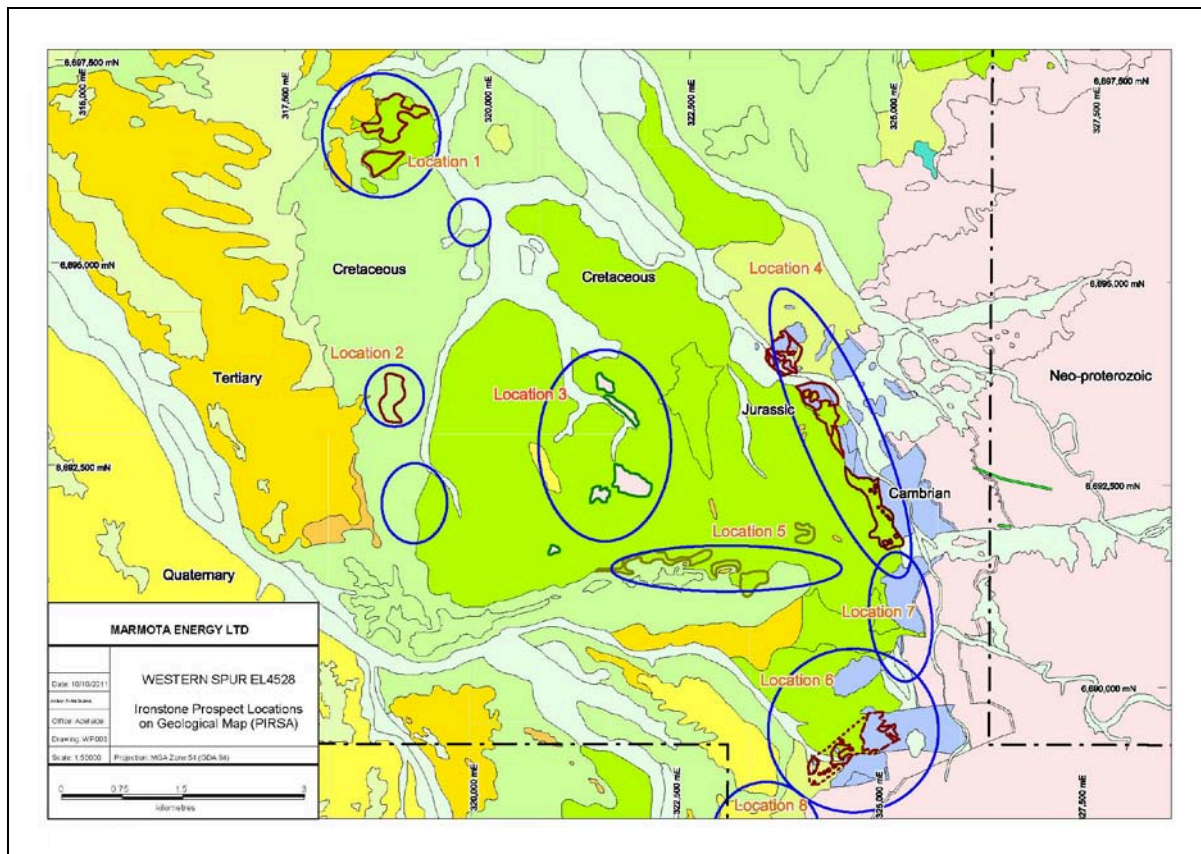


Figure 2: Location of iron outcrops and zones of anomalous iron from previous sampling over geology

The Western Spur project has been assessed as also being prospective for economic manganese mineralisation based on significant manganese grades in WMC drill holes and Marmota's rock-chip and shaft samples. Host lithologies have been assessed as being of similar age to those at the world-class manganese deposit at Groote Eylandt.

Drill Program

Marmota intends to conduct an aggressive exploration program immediately to test the resource potential of Western Spur.

WMC drill holes on the project which are expected to have remained open will be relogged with downhole probes in December 2011. The holes will be logged to obtain fresh density, magnetic susceptibility, magnetic deviation, and gamma data. This will assist greatly for further evaluation and planning of drillhole locations. In addition, petrological examination of the mineralisation is planned to enable better understanding of the mode of occurrence and therefore, allow comparisons with other deposits together with high resolution geophysics over the target area to map potential unexposed areas of the ore zone. This will be used in target assessment processes in preparation for drill testing.

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.

Mr Dom Calandro
MANAGING DIRECTOR

16 November 2011