MARMOTA ENERGY

ASX RELEASE

QUARTERLY REPORT – Period ending December 2011

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Highlights

Junction Dam uranium project (SA)

- **4.36 Mt containing 3.3 Mlb U_3O_8 maiden Inferred resource announced for the Saffron deposit, one of four identified uranium prospects at Junction Dam project on SA-NSW border west of Broken Hill.**
- **Significant expansion potential identified within Saffron and at two other prospects immediately adjacent to Saffron. Increase in exploration target to 15 – 20Mt U_3O_8 at a grade of .03 - .05% uranium.**
- **Marmota Energy increased its equity interest in the uranium rights on Junction Dam to 87.3%.**
- **Ground EM over large scale Yolanda target provides excellent definition of palaeochannel sediments with good mineralisation potential.**

Western Spur iron ore project (SA)

- **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 .**
- **Excellent access to infrastructure – only 13 km from main Moomba arterial road and northeast of railhead located at Leigh Creek.**
- **Down hole logging of open WMC holes completed.**

Melton copper-gold projects (Yorke Peninsula – SA)

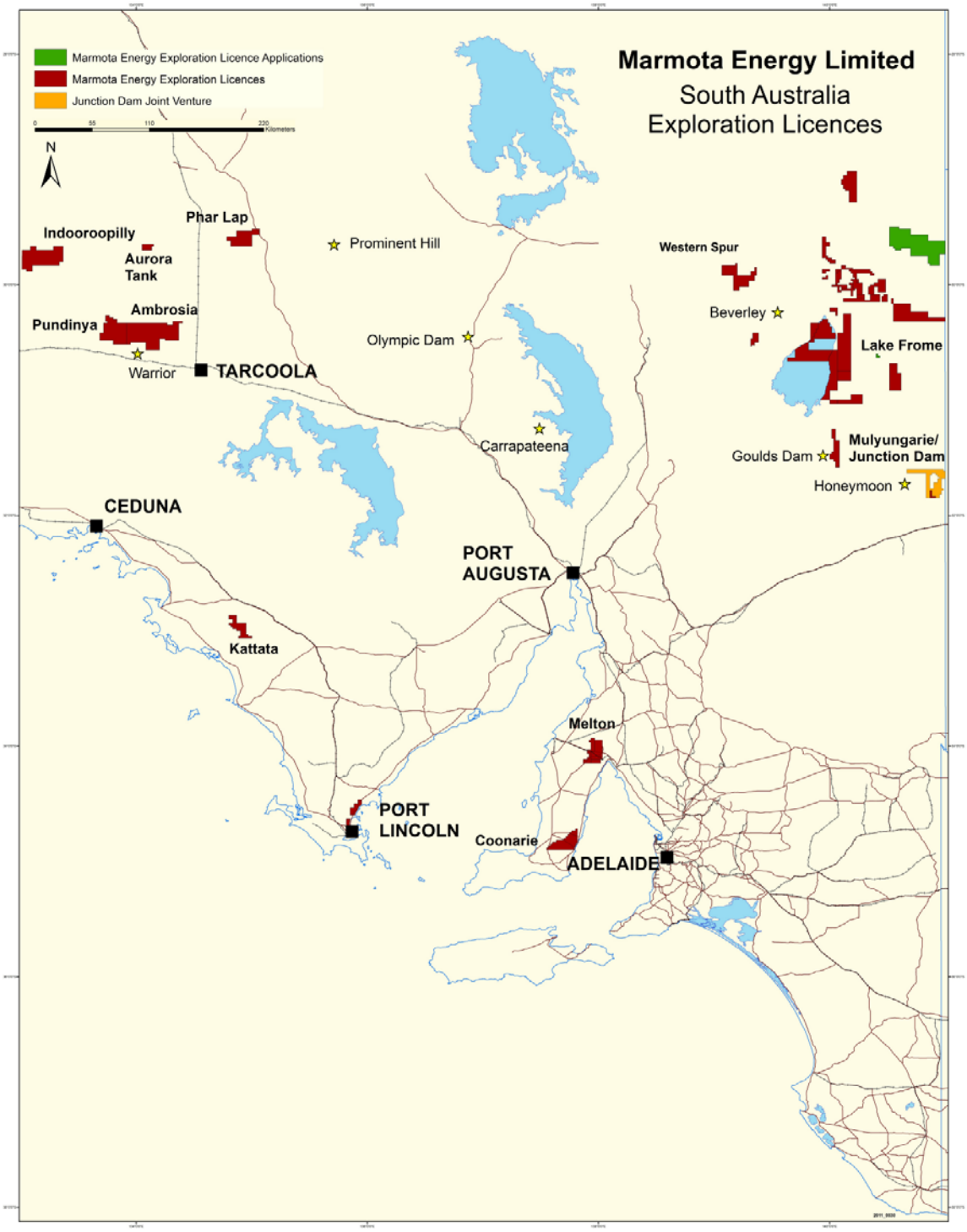
- **Geophysical surveys planned for February 2012 over target areas on 100% owned West Melton copper – gold project.**
- **Reassaying of key interval copper mineralisation composite sample sections confirm consistent grade greater than 1% copper.**
- **Broad zone of copper mineralisation extending for at least 1.3 km defined in the partially drill tested Miranda target.**

Nevada gold project (USA)

- **Significant gold and silver intercepts at the Angel Wing gold project.**
- **Potential bonanza zones to be targeted for 2012 testing at Angel Wing.**

Rudall East Uranium project (WA)

- **Marmota signs second agreement with Teck Australia Pty Ltd to explore for uranium, expanding from SA into the Rudall East uranium project in WA.**



Marmota Energy tenement locations

Review of Operations

Corporate Activities

In the December Quarter of 2011, the Company announced a maiden Inferred resource at Junction Dam, achieving a major milestone for the project. Phase 3 drilling program has confirmed uranium mineralisation on the project's Bridget and Yolanda prospects. These adjoin the Saffron prospect to the north and south respectively with the new zones adding significant potential uranium inventory to what has been defined at Saffron. Marmota has commenced a retention lease process in preparation for field leach trials. This is planned to be completed in parallel with resource expansion programs.

A first stage exploration target assessment was completed for the Western Spur iron project. The results from down hole logging of holes drilled in 1981 by WMC returned results that are interpreted to be comparable to other existing iron resources. Further assaying of Melton core reinforced the significant grades of copper in drill hole MIRDD08.

Marmota is continuing to focus its resources on a strategy to develop a pipeline of projects that will offer a combination of short-term and sustainable longer term revenue potential. Marmota is pursuing a number of partnering opportunities for its key projects from interested parties across the iron ore and uranium spaces.

Finance

As at 31 December 2011, Marmota Energy had available funds of $3.75 million, of which the majority is held in term deposits with Australian banks. During the December Quarter, total net operating expenditure by the company was $986 thousand, which includes $852 thousand directly on exploration.

Exploration Activities

Junction Dam uranium project (SA)

(Marmota 87.3% of uranium under JV Agreement with Teck Australia Pty Ltd (Teck), PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd)

During the December quarter an initial resource estimate of 4.36 million tones (Mt) U_3O_8 was announced for the Company's Saffron deposit, one of four prospects identified by Marmota within its now advanced Junction Dam uranium project. The project is located adjacent to the Honeymoon in-situ leach (ISL) uranium mine (1.2 Mt Indicated resource) which commenced full scale production in November 2011 with expected annual production of 880,000 pounds U_3O_8 per year.

An Inferred resource of mineralisation for Saffron was announced in November 2011 which was estimated in accordance with JORC code and comprises:

- **4.36 million tonnes of mineralisation**
- **Estimated to contain 1,510 tonnes of U_3O_8 (3.33 million pounds)**
- **Two mineralised sand layers of the Eyre Formation (lower and upper) intersected**
- **Average grade of 437 parts per million (.044%) eU_3O_8 and 248 parts per million (.025%) eU_3O_8 for the lower and upper layers respectively**
- **Average thickness of mineralised intersections is 2.57m and 1.07m for the lower and upper layers respectively**

The bulk of the mineralisation is contained in the higher grade lower unit. Mineralisation was measured within a contained zone extending for approximately 2 km north to south, 1km east to west covering an area of approximately 2 km^2. The uranium mineralisation has been identified as coffinite, uraninite and uranium phosphates in sediments of the Eyre Formation. This is analogous to those at the nearby Honeymoon uranium mine and at the Four Mile project near the Beverley uranium mine, suggesting good potential for in-situ leach extraction.

Marmota is continuing exploration across prospects adjacent to Saffron where significant grades of uranium were intercepted during the Company's 2011 Phase 3 drilling program.

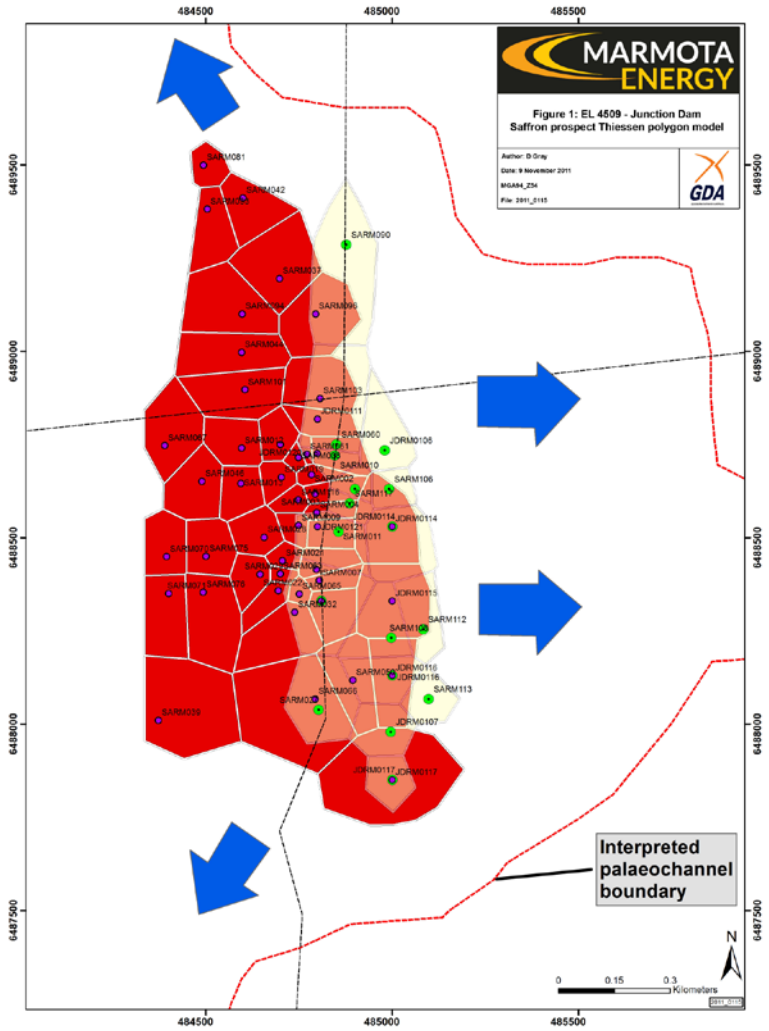


Figure 1: Saffron deposit showing Thiessen polygon model. Two layers of mineralisation have been modelled, with most of the mineralisation hosted in the lower layer. Red area represents higher grade lower layer of mineralisation. Diagram shows drillholes that were used as part of the Inferred resource calculation. Mineralisation interpreted to remain open in several directions (blue arrows).

Increase in exploration target for Junction Dam

Drilling completed during the 2011 Phase 3 program intersected significant grades of uranium at both the Bridget and Yolanda prospects adjoining Saffron to the north and south respectively.

The presence of mineralisation within a 15km strike length open to the north and south will offer substantial expansion potential to existing mineralisation already defined at the Saffron prospect.

Downhole gamma readings indicating uranium mineralisation of potential economic significance at Bridget and Yolanda occur in Eyre Formation sediments. This complements the inventory of uranium mineralisation defined at the Saffron prospect as this formation hosts the nearby Honeymoon Uranium Mine and adjacent Saffron mineralisation.

Mineralisation at Bridget extends for approximately 5km and remains open to the north. The Yolanda prospect extends for approximately 7.5km, and is open to the south. The Company believes these results offer significant increase to the exploration target potential of the Junction Dam project to **15 – 20Mt at a grade of .03 - .05% uranium.~**

Further drilling is planned in 2012 to continue to add to the mineralisation at Bridget and Yolanda prospects, the results of which are expected to facilitate an expansion of the Inferred resource at Saffron.

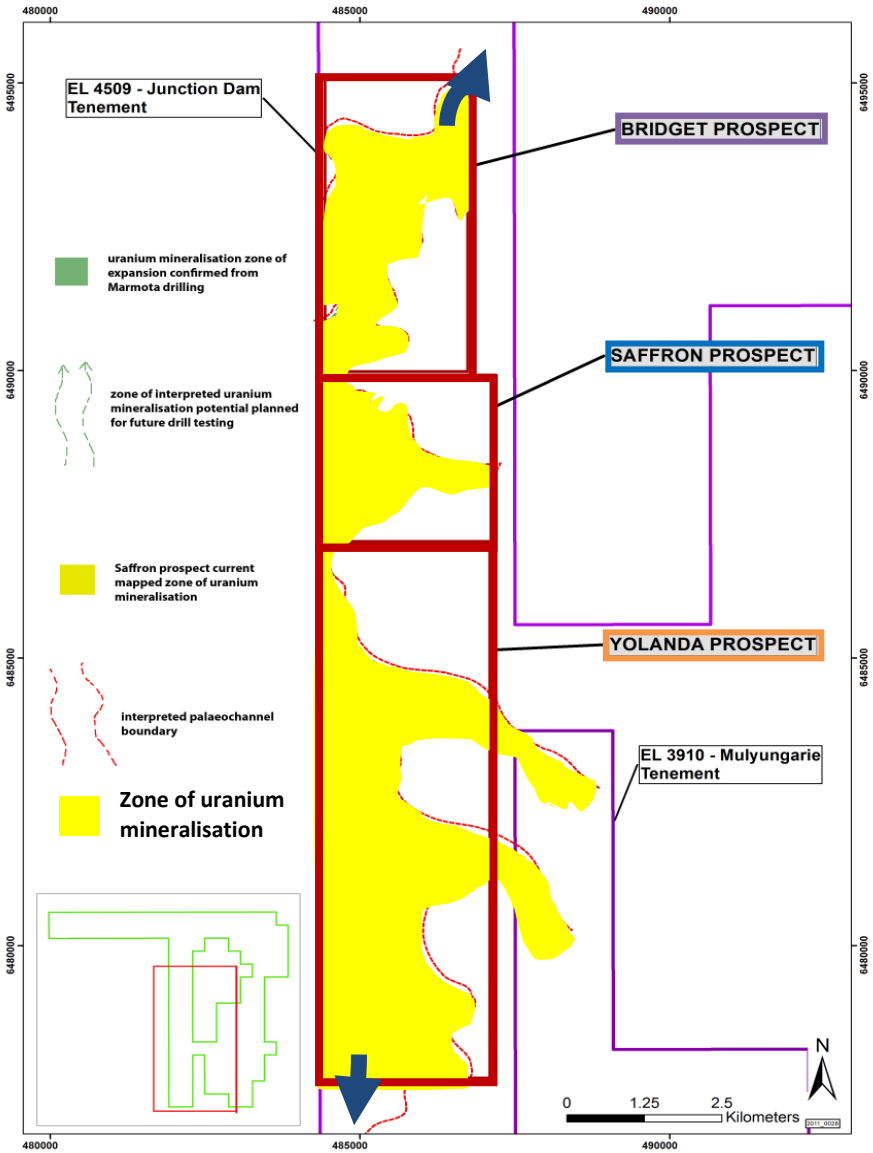


Figure 2: Junction Dam project with areas of confirmed mineralisation highlighted. New zones of mineralisation highlighted on the Bridget and Yolanda prospects open north and south (blue arrows).

Increase in ownership interest

During the quarter the Company announced that it had moved to an 87.3% share of the Junction Dam uranium project. In 2010, Marmota achieved its earn in requirement of 51% interest in the uranium

rights from Teck Australia Pty Ltd, PlatSearch NL (ASX: PTS) and Eaglehawk Geological Consulting Pty Ltd.

Marmota moved to a 74.5% equity interest in the uranium rights on the project through exploration and drilling completed in 2010. Expenditures by Marmota on the Junction Dam project in 2011 further increased its equity interest in the uranium rights on this strategic project to **87.3%.**

Ground EM survey completed over Yolanda target area.

A ground electromagnetic survey was completed over the Yolanda target area to the south of the Saffron deposit. Preliminary results display a strong resistivity contrast between palaeochannel sediments and surrounding rock. The signatures have been interpreted to be similar to those seen in areas on intercepted mineralisation at the adjoining Saffron and Bridget prospects to the north. Reconnaissance drilling completed at Yolanda during 2011 prior to this new data being acquired intercepted mineralisation in zones that demonstrate significant expansion potential.

Follow up drill testing of this area is being planned for 2012.

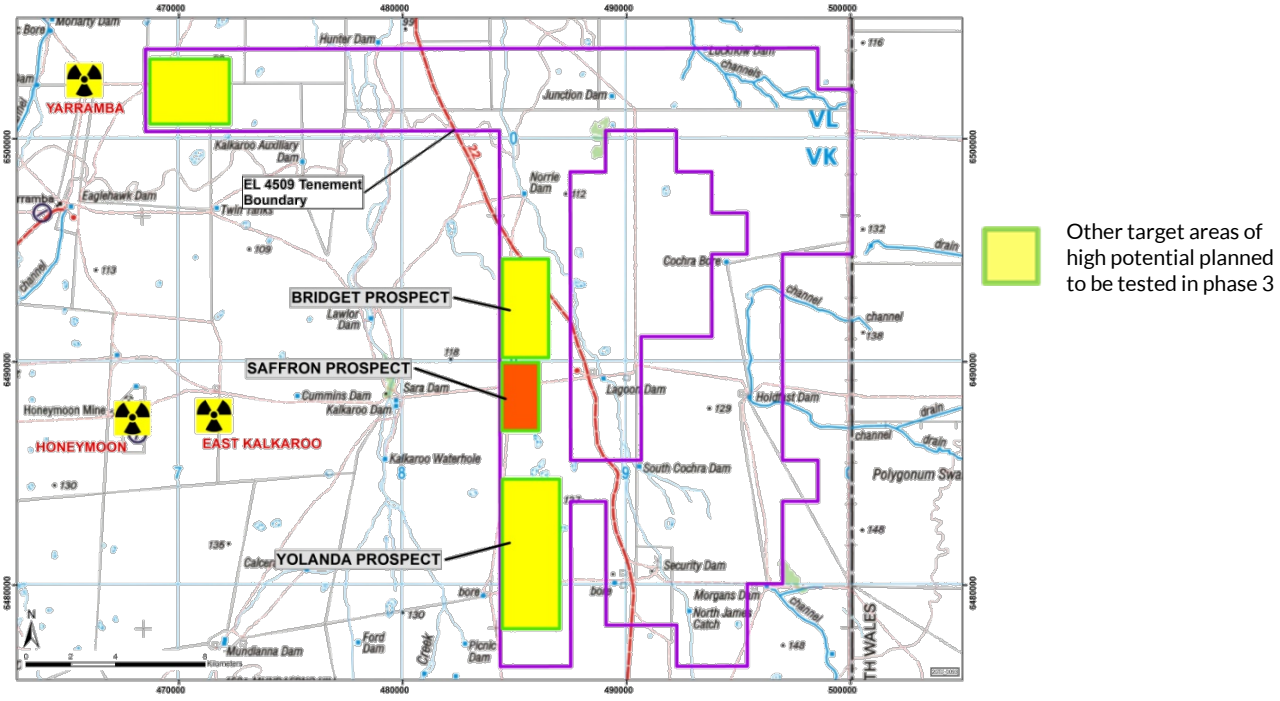


Figure 3. Junction Dam location map

˜ *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.*

Western Spur Iron Ore Project (SA)

During the quarter the Company announced 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 have 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 and north east of rail head located at Leigh Creek (Figure 4).

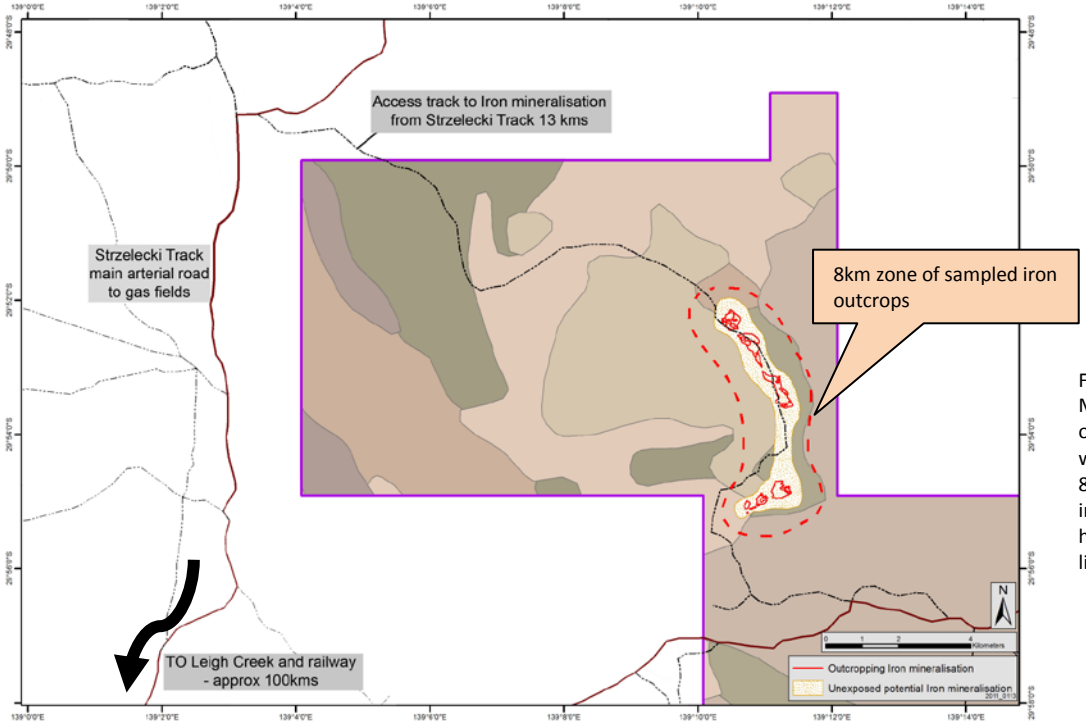


Figure 4: Location of Marmota sampled iron outcrops at Western Spur with potential contiguous 8km zone of unexposed iron mineralisation highlighted by red dashed line.

Since the discovery by Marmota of a number of large-scale iron outcrops on the project in January last 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.

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% Fe_2O_3 was estimated for 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 5, Location 7 and 8) for about 8km, resulting in a high-end tonnage estimate of 125 million tonnes Fe_2O_3.

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 associated with significant intervals of siderite ($FeCO_3$) achieving intercepts of up to 60 metres thickness. Deleterious elements such as silica and aluminium appear to be within furnace 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 sulphur or phosphorus. The iron in the siderite has not been included in this preliminary estimate of the exploration target, offering further scope for growth. A 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
Warramboo	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.

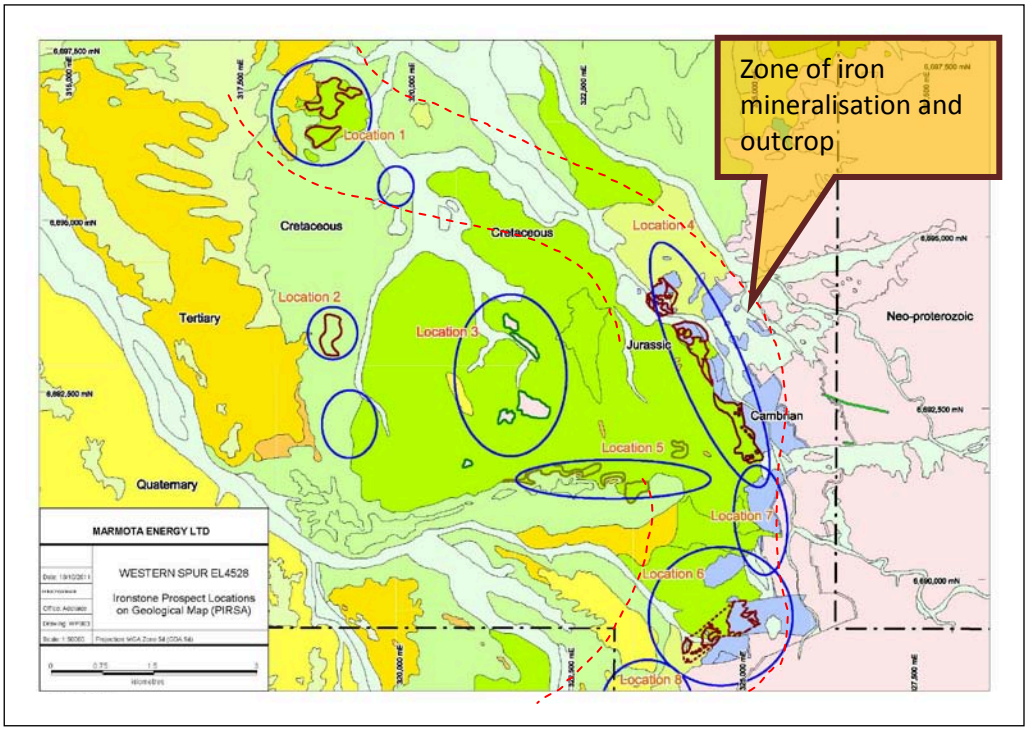


Figure 5: Location of iron outcrops and zones of anomalous iron from previous sampling over geology

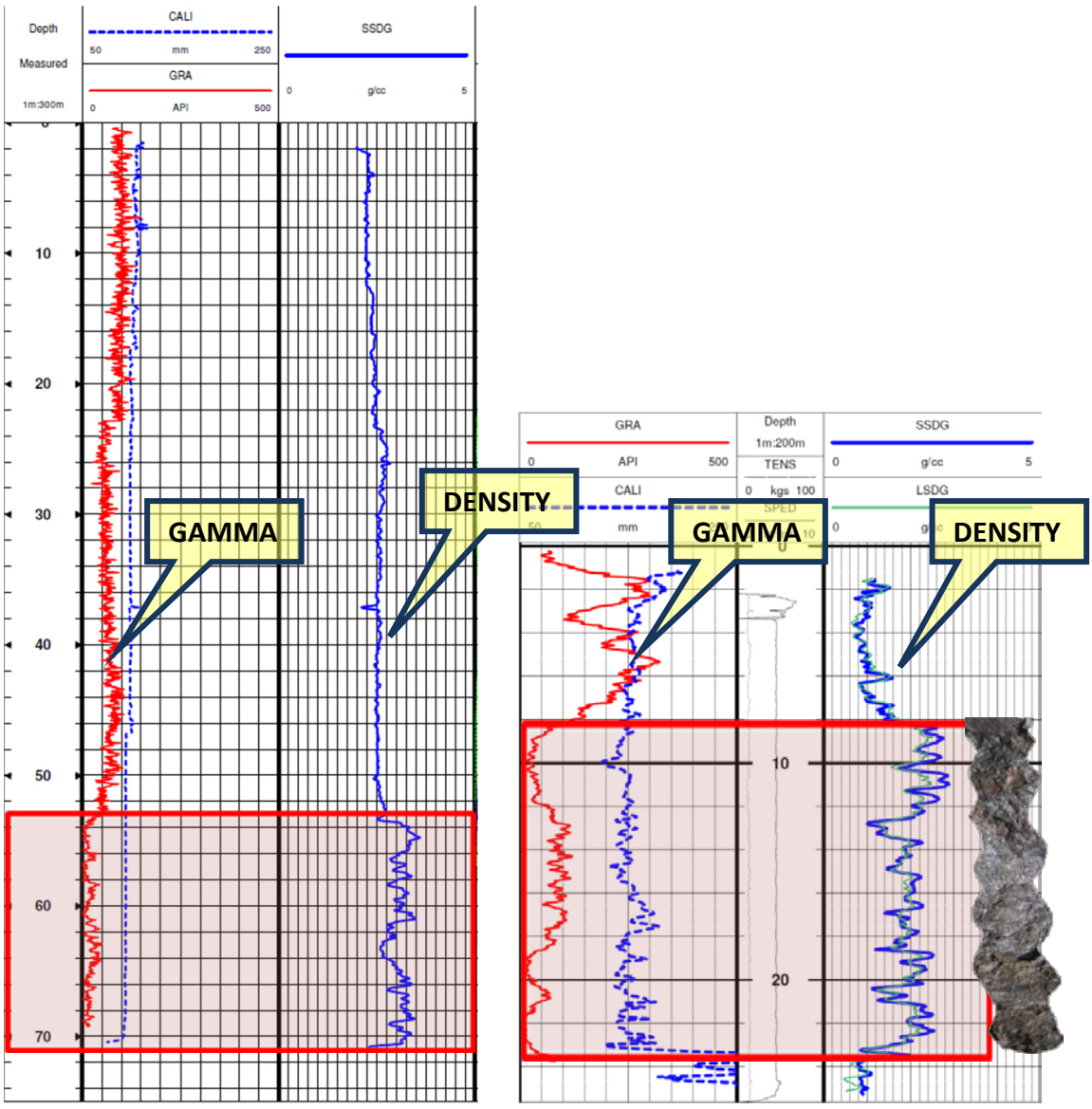
Downhole logging of Western Mining Corporation (WMC) drill holes

Twelve drill hole collars were located on the largest iron outcrop at Western Spur. WMC drilled the holes in 1981 as part of a program to test for manganese which appears to occur in discrete pods at various locations throughout the project area.

As the holes were drilled directly into the outcrop which is believed to be made up of mostly hematite and other iron related minerals, the drill holes have remained open thus facilitating downhole probing with modern instruments.

Ten of the twelve drill holes were able to be successfully probed (Figure 6). Preliminary results indicate signatures typical of iron deposits of this type. Comparison with downhole logs from other iron resources in Australia compare favourably, reinforcing the significance of the potential for a large scale iron deposit.

Figure 6: Downhole logging completed during December 2011 at Western Spur.



Downhole density and gamma logs from another Australian iron resource

Downhole density and gamma logs of hole VP1 at Outcrop 4 – Western Spur

Figure 7: Comparison of downhole logging signatures.

The downhole results confirm iron mineralisation at depth (Figure 7). The log shown above displays a good contrast between iron intervals and other rock types achieved where the WMC drill hole was not totally in potential iron mineralisation.

Resultant signatures are interpreted to be typical of iron intercepts. The example log on the left is from another iron ore resource which typically displays a increase in density with a corresponding drop in gamma when iron mineralisation is intercepted.

The Western Spur logs display similar signatures to that of other existing iron ore resources in Australia.

Melton Copper Project (SA)

(Marmota 50% under Melton JV Agreement with Monax Mining Limited)

Marmota and its joint venture partner Monax Mining Limited (ASX: MOX) completed Phase 2 reconnaissance drill testing of the Miranda target at Melton during 2011. Four diamond drill holes designed to follow up on results achieved during the 2010 Phase 1 program were completed at the Miranda target, located at the southern end of the project area (Figure 10).

All four Phase 2 drill holes intersected copper mineralisation in addition to the Phase 1 drill holes that intercepted broad zones of low grade copper at the Miranda target in 2010. The drill hole intercepts across both Phases of drilling at the Miranda target define an zone of copper mineralisation interpreted to extend for at least 1.3 km open to the north. Drilling has only partially tested the prospective Miranda target with further exploration planned on the project over coming months.

Assay results from Miranda are interpreted to have intersected a broad zone of copper mineralisation, containing a potential high grade zone encompassed in a broad lower grade halo (Figure 8). The mineralisation appears to be shallowing toward the northern end of the target area.

The majority of the eight drill holes completed across both phases only tested the southern end of the Miranda copper target. Drill hole MIRDD08 tested the central part of the target, with best intercepts achieved at what is interpreted to be a contact between the Miranda target and a larger adjoining mafic body (Figure 10).

Significant results from Phase 1 and 2 of drilling of the Miranda target include:

Hole	East	North	From m	Interval m	Cu %	Au g/t	Ag g/t
MIRDD01 (Phase 1)	773860	6219295	451	21	0.11		1.02
MIRDD04 (Phase 1)	773835	6219245	432	4	0.15		1
			463	4	0.13		0.9
			487	3	0.26		3.56
MIRDD05 (Phase 2)	773832	6219146	438	1	0.21		0.4
MIRDD06 (Phase 2)	773762	6219294	373	3	0.25		

			466	12	0.23		
Including				1	1.2		
and				1	0.65		
MIRDD08 (Phase2)	773930	6219630	461	9	1.03		
including				4	1.5		
including				1	1.35		
and				1	2.25	.46	112.1
and				1	1.5		

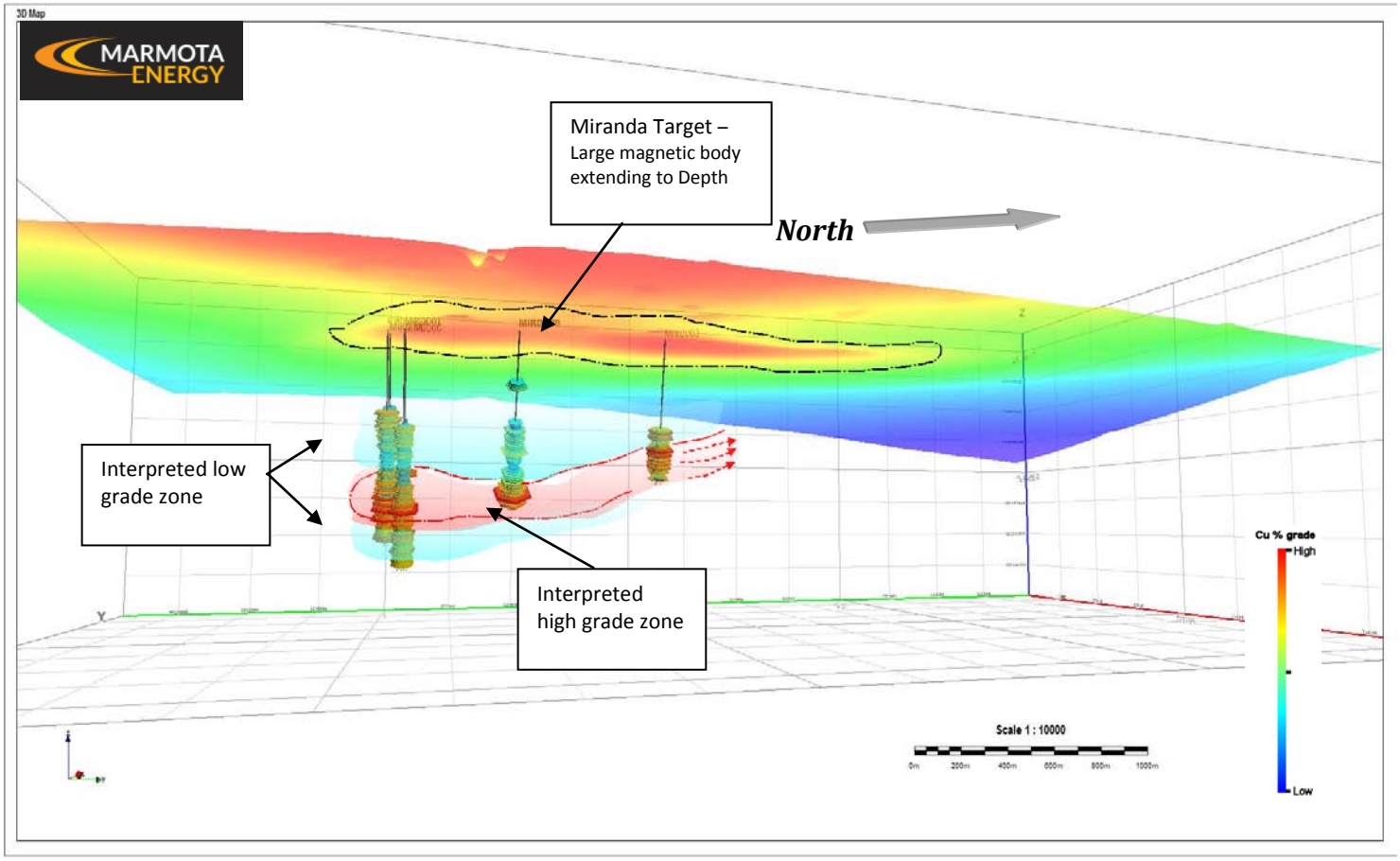


Figure 8: Miranda target Phase 1 and 2 assay results schematic. Miranda total magnetic intensity image with drill hole locations shown and copper intercepts down hole displayed as coloured disks. Interpreted zones of grade displayed as shaded transparent fill.

Figure 9: Example of copper mineralisation (chalcopyrite) observed in Miranda drill hole MIRDD07 during 2010 Phase 1 drilling.

The Miranda target is interpreted to be analogous to three other potential targets across the Melton and Marmota's 100% owned West Melton projects (Figure 10). These three prospective targets are interpreted to be shallower than the Miranda target. The large host mafic body at the centre of the targets is interpreted to have undergone faulting with uplift of the north western half of the body. This uplifted section potentially offers shallower targets for drill testing. Geophysical surveys are planned for February 2012 over the three other target areas defined in the figure below. The data will be used to plan for drill testing.

Further exploration is also planned at the Miranda target, which will include petrological assessment of mineralised samples from key drillholes along with reassessment of shallower intervals of drillholes for potential further assay. Planning for exploration along with drill testing of targets across both projects is underway.

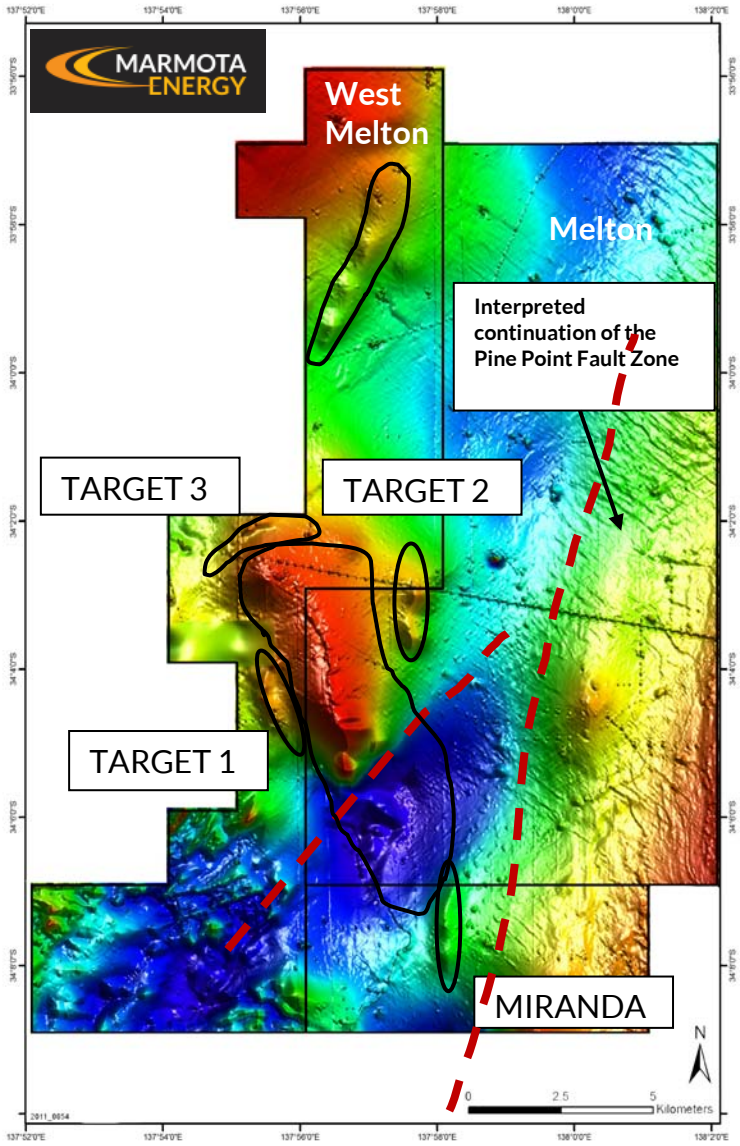


Figure 10: West Melton and Melton projects merged total magnetic intensity image. Miranda target and new targets of similar signature interpreted to be at shallow depth highlighted.

Angel Wing gold project

(Ramelius Resources (ASX: RMS) + Marmota Energy Limited (ASX: MEU) earning 70%)

Potential bonanza zones will now be targeted at the Angel Wing project in Nevada by joint project partners, Marmota Energy Limited ("Marmota") (ASX: MEU) and Ramelius Resources Ltd ("Ramelius") (ASX:RMS) after successful new assay results more than doubled the strike length and increased the depth extent of known gold mineralisation at the Angel Wing project.

The results, announced, are the final assays from a 15-hole drilling program conducted by the JV at Angel Wing in 2011. The assays reported consistent gold intercepts in multiple holes supported by strong silver grades.

Marmota and Ramelius consider the assay outcomes from the target Da Vinci gold vein at Angel Wing, as very encouraging.

Epithermal veins similar to those at Angel Wing generally had discrete elevation intervals that contain the majority of high-grade mineralisation. Further drilling will now be planned in 2012 to test for the presence at Da Vinci of bonanza zones. The geochemistry, textures and morphologies observed from the 2011 drilling schedule suggest that these zones, if present, may be nearby deeper in the Da Vinci system.

Angel Wing is a sediment-hosted and epithermal vein gold project in northeast Elko County, Nevada. In 2011, Ramelius drilled a total of 1,922.7m in 12 Reverse Circulation holes for 1,682.5m and three core holes for 240.2m.

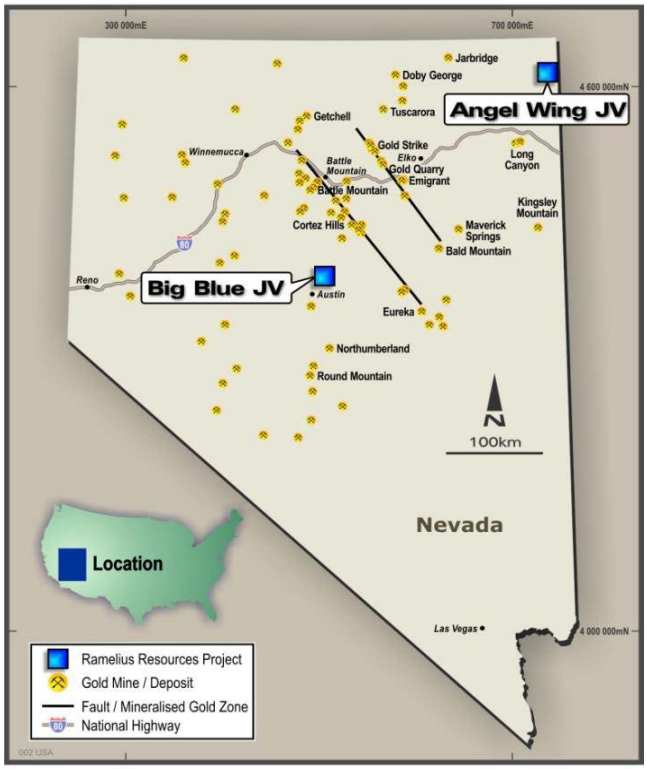


Figure 11: Angel Wing and Big Blue project location map

Assay Results

Encouraging gold and silver grades were returned from assay of up to 1.53 Au (g/t) and 147 Ag (g/t) respectively. The results of the 2011 drilling more than doubled the strike length and increased the depth extent of known gold mineralisation in the Da Vinci vein. Seven drill intercepts now indicate the Da Vinci vein's strike length is about 175m and vertical extent from surface is about 100m.

Angel Wing currently has seven gold target areas identified by surface mapping of quartz-calcite veins with distinctive "angel wing" textures, rock chip and soil geochemistry, and geophysics. Ramelius' 2011 drill program tested five of the target areas. The maiden 2011 drilling program was designed to test the Da Vinci vein with five holes and provided first-ever drill tests of the three additional outcropping veins: the Botticelli which is a northwestward splay of the Da Vinci vein, the Rossetti, and the Raphael. Significant drill intersections, defined as those with gold grades of 0.01 oz Au/ton (0.343 g Au/t) or higher over intercepts of 5 ft (1.5 m) or longer, or silver grades of 0.30 oz Ag/ton (10.29 g Ag/t) or higher, are summarised in the following table.

Hole ID	Interval (ft)	Length (ft)	Grade (oz/ton) Ag	Grade (oz/ton) Au	Interval (m)	Length (m)	Grade (g/t) Ag	Grade (g/t) Au
Raphael (AMAX) Target								
AW11-04	15-30	15	0.61		4.6-9.1	4.6	20.92	
AW11-06	20-25	5	0.78		6.1-7.6	1.5	26.9	
El Greco Target								
AW11-07	75-80	5		0.030	22.9-24.4	1.5		1.035
Da Vinci Target								
AW11-08	430-435	5		0.011	131.1-132.6	1.5		0.366
AW11-C02	301-305	4	0.45		91.7-93.0	1.2	15.45	
AW11-C03	85.7-95.3	9.6		0.015	26.1-29.0	2.9		0.522
	117-130	13		0.036	35.7-39.6	4.0		1.248
	208-228	20	1.52		63.4-69.5	6.1	52.04	
	223-228	5	4.29	0.019	68.0-69.5	1.5	147	0.635
	268-288	20		0.021	81.7-87.8	6.1		0.721
Botticelli Target								
AW11-C01	72.5-89.7	17.2		0.017	22.1-27.3	5.2		0.578
	84-89.7	5.7	0.036		25.6-27.3	1.7	12.41	
	94.0-107.0	13		0.022	28.7-32.6	4.0		0.755
	AW11-C01, -C02, and --C03 are core holes.							
	Original data are in feet and ppm (g Au/t). True thickness of gold and silver intercepts cannot be determined.							

Quality Assurance / Quality Control procedures used by Ramelius for the 2011 drilling program include collection of

duplicate samples and insertion of blanks and analytical standards into the sample sequence. Control samples are about 10 percent of each batch of samples. All samples were analysed by ALS Minerals on a 50g charge and an AAS finish.

Project Details

The Angel Wing project consists of 87 unpatented lode claims covering 7.3 sq km in northeast Elko County, Nevada. Project area stratigraphy from youngest to oldest is a) Tertiary felsic volcanic rocks, b) Tertiary conglomerate, and c) limestone, probably late Paleozoic or Triassic age. Past work consisted of geological mapping, soil and rock sampling, and a gravity survey. Ramelius completed IP/Resistivity, ground magnetic, and soil geochemical surveys. Gold values above 100 g Au/t in rock chips occur in an area 2,042 m long and up to 914m wide. Rock-chip samples up to 92.5 g Au/t occur in steeply dipping, quartz-calcite-adularia veins within the limestone and up to 1.507 g Au/t in disseminations and quartz-calcite veinlet stockworks in altered limestone and Tertiary conglomerate. Historic shallow vertical drilling targeted disseminated mineralisation and returned up to 1.609 g Au/t over 15.2m in drill hole DC-7.

Rudall East Project (WA)

Durning the December quarter Marmota announced it has entered into a second uranium partnership opportunity with Teck Australia Pty Ltd, a subsidiary of major international mining group, Canada's Teck Resources Limited. This new agreement which also represents Marmota's first expansion into Western Australia follows on the back of the Company's highly successful and now advanced Junction Dam uranium joint venture in South Australia.

The new WA-focused joint venture will give Marmota Energy access to 2,736 square kilometres of uranium prospective tenements in a well established uranium province. Under the terms of the agreement Marmota will undertake A$1 million of exploration expenditure over three years to earn a 51% equity interest in the uranium rights across seven adjoining tenements, subject to the satisfaction of Traditional Owner requirements by December 2012. As part of the agreement Teck will be issued 500,000 ordinary shares in Marmota Energy, its first direct equity interest in Marmota and signalling the confidence by Canada's largest mineral house in the South Australian mineral explorer.

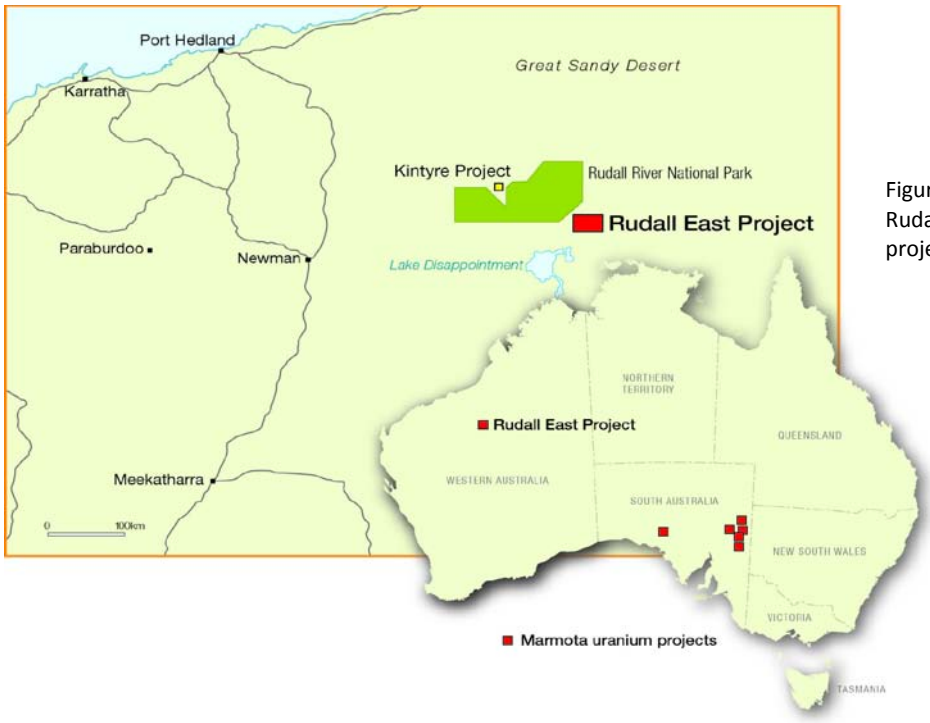


Figure 12. Location of the Rudall East uranium project.

The Rudall East project is located in the Rudall River/Paterson area of Western Australia. This is a highly prospective region for unconformity and sandstone-hosted uranium mineralisation. The Rudall East tenements are located nearby to the Kintyre uranium deposit (Inferred resource of 56.4 Mlb at 0.49% U_3O_8). A comprehensive suite of precompetitive data supplied by the government provides a valuable 'head-start' to exploration.

Marmota's exploration objective is to discover an economic-sized Kintyre-style uranium deposit, or the related sandstone-hosted deposit type, similar to Marmota's Junction Dam uranium project in South Australia.

Previous exploration over the Rudall East project includes good quality Airborne Electromagnetic (AEM) survey data acquired by the Federal Government as part of the 'Onshore Energy Security Program'. The AEM survey has delineated buried palaeochannels and unconformity contacts, both of which are important for uranium targeting in the project area.

Geoscience Australia considers that palaeo-valleys within the Rudall Complex represent one of the most prospective exploration opportunities for uranium mineralisation. A large proportion of the project area marked in orange is interpreted to have a high degree of certainty for significant uranium potential. The orange shaded region corresponds to a significant palaeo-valley (Figure 13) interpreted to run through the tenement package, from the southwest to northeast as shown in the map below.

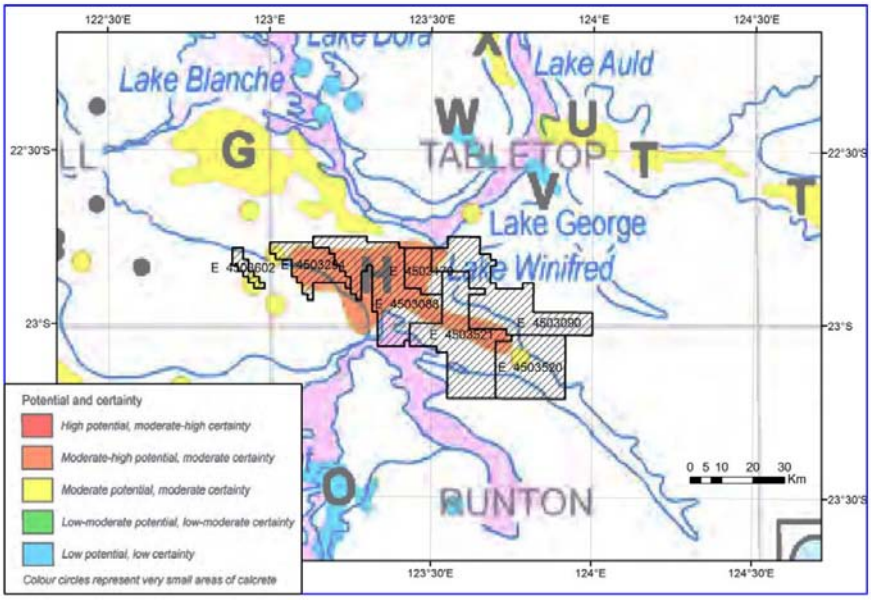


Figure 13: Uranium prospectivity map for South Paterson region. Orange represents moderate-high potential. From GA publication #17086. Rudall East project tenements are shown in black.

Marmota plans to roll out the same exploration methodology over the Rudall East project that has proven successful at its South Australian uranium projects. Marmota's exploration techniques have proven to be robust and coupled with the existing available good quality data, offers a significantly de-risked project opportunity.

Forward Program

During the December quarter Marmota announced a maiden Inferred resource for the Saffron deposit at Junction Dam. The Company believes that there is significant resource expansion potential and has increased the exploration target for the project to **15 – 20Mt at a grade of .03 - .05% uranium.~** Ground EM surveys completed over the Yolanda prospect on the project late in November 2011 have defined the continuation of the extent of the Yarramba palaeochannel that hosts the Saffron and Bridget target areas to the north. These three target areas combined represent a zone of mineralisation with an approximate 15km strike length. This data will play a critical role in designing the resources expansion drilling program, planned to be carried out during 2012.

Geophysical surveys over the West Melton project on the Yorke Peninsula will be completed in the first quarter of 2012. The data will be modelled for target assessment and drill testing. Further testing of the high grade copper intercept zones from drilling completed at the Miranda target at Melton is currently being planned with Marmota's joint venture partner.

Assessment and development of a stage exploration target for the Western Spur iron ore project. Downhole logging of the 1981 drilled holes was completed in December 2011, further confirming iron potential at depth. This data will be used in planning for the next phase of exploration to be completed during 2012.

Timing	Project	Project
November 2011	Junction Dam COMPLETED	• IP survey Ground TEM survey over Yolanda target area.
December 2011	Angel Wing – Nevada Gold COMPLETED	• Assay results due from drilling
December 2011	Western Spur iron COMPLETED	• Down hole logging of WMC drill holes
Jan – Feb 2012	West Melton UNDERWAY	• Ground magnetic and gravity surveys over West Melton copper target areas.
March - April 2012	Junction Dam	• Resource expansion drilling • Renetion lease hydrology study
	Western spur iron	• Geophysical surveys • Heritage clearances

Mr Dom Calandro
MANAGING DIRECTOR

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 the 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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Marmota Energy Limited

ABN	Quarter ended ("current quarter")
38 119 270 816	31 December 2011

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	(852)	(1,812)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(361)	(562)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	198	280
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	GST	25	60
	Other	11	11
	Net Operating Cash Flows	(986)	(2,030)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(1)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	3	2
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	2	1
1.13	Total operating and investing cash flows (carried forward)	(984)	(2,029)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(984)	(2,029)
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(984)	(2,029)
1.20	Cash at beginning of quarter/year to date	4,734	5,779
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	3,750	3,750

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	(493)
1.24	Aggregate amount of loans to the parties included in item 1.10	3

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), legal fees paid to a legal firm in which a director is a partner, exploration costs reimbursed to a director related entity and payments to a related party for shared facilities and staff.

The amount at 1.24 above represents costs to be recovered in relation to shared facilities, from a related entity.

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

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 contributed by Monax Mining Limited for exploration under joint venture agreement, for all minerals on EL 4000 and EL 3911. USD 203,991 Contributed by Ramelius Nevada LLC for exploration on Big Blue and Angel Wing projects in Nevada.

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	250
	Total	**450**

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	300	414
5.2	Deposits at call	3,450	4,320
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	3,750	4,734

+ See chapter 19 for defined terms.

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				
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	151,649,490	151,649,490		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	500,000	500,000		
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	28,000,000 250,000 325,000 125,000 325,000	- - - - -	*Exercise price* $0.40 $0.04 $0.1016 $0.083 $0.086	*Expiry date* 11/07/12 23/12/13 05/03/15 21/12/15 29/07/16
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	75,000			
7.11	**Debentures** *(totals only)*				

+ See chapter 19 for defined terms.

7.12	**Unsecured notes** *(totals only)*		

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

Sign here: ..... Date: 25/1/2012
(~~Director~~/Company secretary)

Print name: Virginia Suttell.....

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.