

17 May 2012

ASX ANNOUNCEMENT

RIGHTS ISSUE - LETTER TO SHAREHOLDERS

Please find attached for release to the market a letter sent to shareholders today relating to the one for two non-renounceable rights issue ("Rights Issue") by Marmota Energy Limited (ASX:MEU).

18 May 2012

Dear Shareholder,

Rights Issue

On 16 May 2012, Marmota Energy Limited (ASX:MEU) announced a one for two non-renounceable rights issue (**Rights Issue**).

The Rights Issue seeks to raise approximately \$3 million (before costs) through the issue of approximately 76 million new fully paid ordinary shares in MEU.

Use of Funds

The funds raised from the Rights Issue will be used to fund further exploration of:

- iron targets at the Western Spur iron project;
- copper-gold mineralisation intercepted from previous drilling at the Melton copper-gold project and testing of new targets at the West Melton project on the Yorke Peninsula;
- Indooroopilly copper-gold project which has successfully attracted collaborative PACE funding from the South Australian government for drill testing; and
- progressing rentention lease processes to facilitate field leach trials at the Saffron uranium deposit located at Junction Dam near the Honeymoon uranium mine.

Details of the Rights Issue

MEU shareholders with registered addresses in Australia or New Zealand at 7:00 pm (Adelaide time) on 25 May 2012 (**Record Date**) will be eligible to participate in the Rights Issue (**Eligible Shareholders**). All other overseas registered shareholders will not be eligible to participate.

Each Eligible Shareholder will be entitled to subscribe for one new ordinary share in the capital of MEU for every two ordinary shares registered in their name on the Record Date. The new ordinary shares will be issued at a cost of \$0.04 per share.

The directors reserve the right to place the remaining shortfall at their discretion within three months after the close of the offer. Eligible Shareholders' entitlements pursuant to this Rights Issue are non-renounceable and accordingly Eligible Shareholders may:

- Take up their rights in full or in part;
- Do nothing in which case their rights will lapse; or
- Take up their rights in full and apply for additional shortfall shares.

Full details of the Rights Issue are set out in the Prospectus dated 17 May 2012, which was lodged with the Australian Securities and Investment Commission and ASX on that date.

The Prospectus together with an Entitlement and Acceptance Form will be mailed to all Eligible Shareholders on 31 May 2012. A copy of the Prospectus is available through the ASX website.

Key dates

Key dates which shareholders should note are as follows:

Event	Date
Announcement of Rights Issue. Appendix 3B lodged	16 May 2012
Prospectus lodged with ASIC and ASX	17 May 2012
Notice sent to Shareholders	18 May 2012
'Ex' Date	21 May 2012
Record Date for determining Shareholders' entitlements	25 May 2012
Despatch of Prospectus and Entitlement & Acceptance Forms to Shareholders, Rights Issue opens	31 May 2012
Closing Date	18 June 2012
Notify ASX of under-subscriptions	21 June 2012
Allotment of securities	26 June 2012
New Shares commence trading on ASX	27 June 2012

There will be no deferred settlement trading.

These dates are indicative only and subject to the Corporations Act 2001 and the ASX Listing Rules, may be varied as the directors decide.

Applications for new ordinary shares under the Rights Issue may only be made by completing the Entitlement and Acceptance Form which accompanies the Prospectus. Eligible Shareholders should read the prospectus carefully. For further information on the Rights issue, you should contact your professional advisor.

Yours Faithfully



Dom Calandro

Managing Director