

31 May 2012

ASX ANNOUNCEMENT

CONFIRMATION OF DISPATCH OF PROSPECTUS

Marmota Energy Limited (ASX:MEU) confirms the prospectus for the 1 for 2 non-renounceable rights issue was dispatched to shareholders on 31 May 2012.

A copy of the prospectus is enclosed.

MARMOTA ENERGY LIMITED

ABN 38 119 270 816

Prospectus

For a 1 for 2 non-renounceable rights issue at 4 cents per New Share to raise approximately \$3 million (before costs).

This document is important and requires your immediate attention. You should read all of it. Ask your stockbroker or other professional adviser for advice if you are not sure what to do.

About this prospectus

This prospectus is issued by Marmota Energy Limited (“we”, “our”, “us”).

This prospectus is dated 17 May 2012. A copy of this prospectus was lodged with ASIC and ASX on that date. ASIC and ASX take no responsibility for the contents of this prospectus. The expiry date of this prospectus is 17 June 2013. No securities will be issued under this prospectus after that date.

Risks

Some of the risks involved with investing in our securities are summarised in Part 4. The key risks follow.

- General market conditions
- Future capital requirements
- Exploration and development
- Loss of key personnel
- Native title and Aboriginal heritage
- Title
- Environment
- Agreements with third parties

Quotation of securities

We have applied for official quotation of the Shares on ASX.

Only an offer in Australia and New Zealand

We are only making an offer of Shares to people with an address on our register of members in Australia or New Zealand. We are relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand) to make this offer in New Zealand. This prospectus is not an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.

Information about the Rights Issue

The only information about the Rights Issue that has been authorised by us, is the information contained in this prospectus. You must not rely on any other information about the Rights Issue.

Special meanings

Some of the words in this prospectus have special meanings. Those meanings are in Part 5. All financial amounts shown in this prospectus are in Australian dollars, unless stated otherwise.

Contents

Part 1 – General Information	1
Part 2 – How to Apply	3
Part 3 – Information about Us	4
Part 4 – Summary of Risks	7
Part 5 – Additional Information	10

Summary of important dates

Lodgement of this prospectus with ASIC	17 May 2012
Record Date to determine entitlement to New Shares	25 May 2012
Opening Date	31 May 2012
Closing Date	18 June 2012
Expected date of allotment of New Shares	26 June 2012

These dates are indicative only. We reserve the right to vary the dates without prior notice, subject to the *Corporations Act 2001* (Cth) and the Listing Rules.

Part 1 – General Information

What is the Rights Issue?

This is an offer of approximately 76 million New Shares to our Eligible Shareholders who are registered on the Record Date. The New Shares are being offered on the basis of one New Share for every two Shares then held.

Fractional entitlements will be rounded up to the nearest whole New Share. The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

What is the issue price?

The issue price is 4 cents per New Share and is payable in full on application.

What is the purpose of the Rights Issue?

Under the Rights Issue, we are seeking to raise approximately \$3 million (before expenses).

The net proceeds from the Rights Issue will be used for working capital purposes and to fund exploration and development, including:

- exploration drilling of iron targets at the Western Spur iron project;
- drill testing of copper targets at the Melton and West Melton copper projects on the Yorke Peninsula, South Australia;
- drill testing of copper-gold targets at the Indooroopilly project which has attracted collaborative PACE funding from the South Australian government; and
- retention lease process works to facilitate field leach trials at the Saffron uranium deposit located on the Junction Dam uranium project near the Honeymoon uranium mine.

Opening and Closing Dates

The Rights Issue will open for receipt of acceptances on the Opening Date and closes on the Closing Date. Our directors reserve the right to close the Rights Issue early or extend the Closing Date. You should lodge your Entitlement and Acceptance Form as soon as possible.

Can you transfer your right to New Shares?

The rights to New Shares are non-renounceable, which means that rights may not be traded.

What are the rights attached to New Shares?

New Shares will be issued on the same terms as our Shares that are already on issue. Full details of the rights attached to Shares are set out in our constitution. You can inspect a copy of our constitution at our registered office.

A summary of the rights attached to Shares follows.

- Voting rights

Subject to any rights or restrictions attached to any class of Shares, at a meeting of our members: on a show of hands each member has one vote; and on a poll each member has one vote for each fully paid Share they hold, and a fraction of a vote for each partly paid Share they hold.

- Dividends

Subject to the terms on which Shares are on issue, the directors may pay dividends as they see fit.

- Future issues of Shares

Subject to the *Corporations Act 2001* (Cth), the Listing Rules and our constitution, the Company may issue Shares and grant options over unissued Shares, under the control of our directors. We may issue preference shares on terms approved by special resolution. We may reduce our share capital, buy-back Shares and convert Shares into a larger or smaller number.

- Share transfers

Subject to our constitution and the Listing Rules, a shareholder may transfer a Share by an instrument of transfer in any common form or other form approved by the directors.

- Variation of rights

The rights and privileges attaching to Shares can be altered by special resolution of the shareholders. A special resolution is a resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution.

- Rights on Winding Up

If on a winding up there are enough assets to repay all capital to shareholders, all capital must be repaid to the shareholders and any surplus must be distributed among the shareholders in proportion to the amounts paid on their respective shares before the winding up began.

Subject to any special rights or restrictions attached to Shares, on a winding up, the liquidator may, with the sanction of a special resolution of shareholders, distribute among the shareholders the whole or any part of our property (in its actual state) and decide how to distribute the property as between the shareholders or different classes of shareholders.

Is there a minimum capital raising?

There is no minimum limit to the amount of capital to be raised under this Rights Issue.

Shortfall in subscription

Our directors reserve the right to issue any shortfall in subscription for New Shares at their discretion within 3 months after the close of the Rights Issue.

Part 2 – How to Apply

What you may do

The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. You may:

- take up all of your entitlement to New Shares;
- take up all of your entitlement to New Shares and apply for any entitlement not taken up by other Eligible Shareholders;
- take up part of your entitlement and allow the balance to lapse; or
- not take up any of your entitlement and allow it to lapse.

Complete and return the Entitlement and Acceptance Form

Refer to the Entitlement and Acceptance Form for instructions on its completion. Please send your completed Entitlement and Acceptance Form together with payment for the total amount payable to reach the Company's share registry by 5:00 pm (Adelaide time) on the Closing Date.

Receipts will not be issued.

Taking up any shortfall

If an Eligible Shareholder wishes to take up any New Shares offered on the basis of this Prospectus which are not taken up by other Eligible Shareholders, Eligible Shareholders must, in addition to completing the portion of their Entitlement and Acceptance Form which relates to their entitlement, complete the portion of the Form relating to the additional shares they wish to take up.

Investors in Australia other than Eligible Shareholders that wish to take up any New Shares offered on the basis of this Prospectus not taken up by Eligible Shareholders must complete a Shortfall Application Form.

Shortfall Application Forms will be provided to investors on request. Refer to the Shortfall Application Form for instructions on its completion. Shortfall Application Forms together with payment for the New Shares must also be returned before the date specified on the Shortfall Application Form for that purpose.

Receipts will not be issued.

Entitlements not taken up

If you decide to take up only part of your entitlement or not to accept any of your entitlement, your entitlement will lapse to that extent and may be placed by the Directors within 3 months after the close of the Rights Issue.

Part 3 – Information about Us

Disclosing entity information

This prospectus is issued under section 713 of the *Corporations Act 2001* (Cth) as a prospectus for the offer of continuously quoted securities.

We are a "disclosing entity" for the purposes of the *Corporations Act 2001* (Cth) and as such are subject to regular reporting and disclosure obligations. Specifically, as a listed company, we are subject to the Listing Rules which require continuous disclosure to the market of any information we have which a reasonable person would expect to have a material effect on the price or value of our Shares.

ASX maintains files containing publicly disclosed information about all listed companies. Our file is available for inspection at ASX in Sydney during normal working hours. In addition, copies of documents lodged with ASIC in relation to us may be obtained from, or inspected at, any ASIC regional office.

What information will we make available?

We will provide a copy of each of the following documents to you free of charge, if you request it during the application period under this prospectus.

- Our 2011 Annual Report.
- Our December 2011 Half-year Financial Report.
- The following announcements lodged with ASX since the release of our 2011 Annual Report:

Date	Announcement
16/05/2012	Appendix 3B – Rights Issue
16/05/2012	Announcement of Rights Issue
16/05/2012	Exploration Update – Western Spur Iron Project
08/05/2012	Marmota awarded PACE funding to drill Indooroopilly
30/04/2012	March 2012 Quarterly Activities and Cash Flows Report
24/04/2012	Additional Information – NSW tenement
23/04/2012	Drilling begins at Big Blue Gold Project – Nevada, USA
20/04/2012	Marmota extends project footprint into NSW
17/04/2012	2012 Drilling Program Commences at Junction Dam
02/04/2012	MOX: Exploration Update
15/03/2012	December 2011 Financial Report
20/02/2012	Assay results received for Junction Dam
25/01/2012	December 2011 Quarterly Activities and Cash Flows Report
24/01/2012	Investor Presentation
13/01/2012	Bonanza zones to be targeted at Angel Wing

Date	Announcement
05/12/2011	Change of Director`s Interest Notice
02/12/2011	Managing Director`s Presentation
25/11/2011	Appendix 3B
23/11/2011	Appendix 3B
18/11/2011	2011 AGM Results
18/11/2011	AGM 2011 Managing Director`s Presentation
18/11/2011	AGM 2011 Chairman`s Address
18/11/2011	Maiden Inferred Resource - Saffron Prospect, Junction Dam
16/11/2011	Hematite Iron Target for Western Spur
14/11/2011	Marmota expands into WA uranium with Teck
31/10/2011	September 2011 Quarterly Activities and Cash Flows
27/10/2011	Mining 2011 Managing Director`s Presentation

Market prices of Shares

The lowest and highest market sale prices of Shares on ASX during the 3 months immediately before the date of this prospectus, and the respective dates of those sales were:

- \$0.048 on 16 May 2012; and
- \$0.073 on 22 February 2012.

The last sale price for Shares on ASX before the date of this prospectus was \$0.048 on 16 May 2012.

Effect of the Rights Issue on us

The principal effects of the Rights Issue on the Company will be, if it is fully subscribed, to:

- increase cash reserves by approximately \$3 million (before expenses of the Rights Issue are taken into account) to enable the Company to pursue its objectives;
- increase the number of issued Shares by approximately 76 million to approximately 227 million Shares.

These amounts do not take into account the effect of the exercise of any options over unissued Shares that may occur prior to the Record Date.

Statement of Financial Position

Set out on the next page is a Pro Forma Consolidated Statement of Financial Position taking into account the Rights Issue. It is based on financial statements for the half year ended 31 December 2011. The Pro Forma Consolidated Statement of Financial Position illustrates the effect of the Rights Issue as if the Rights Issue had occurred on 31 December 2011, fully subscribed.

	31 December 2011 \$	Changes \$	Pro Forma 31 December 2011 \$
Current assets			
Cash and cash equivalents	729,613	3,032,990	2,303,377
Trade and other receivables	243,173	-	243,173
Other current assets	80,444	-	80,444
Financial assets	3,020,000	-	3,020,000
Total current assets	4,073,230	3,032,990	7,106,220
Non-current assets			
Plant and equipment	321,588	-	321,588
Investments in associates	1	-	1
Exploration and evaluation expenditure	23,194,586	-	23,194,586
Total non-current assets	23,516,175	-	23,516,175
Total assets	27,589,405	3,032,990	30,622,395
Current liabilities			
Trade and other payables	185,687	-	185,687
Short term provisions	32,862	-	32,862
Total current liabilities	218,549	-	218,549
Non-current liabilities			
Long term provisions	34,898	-	34,898
Total non-current liabilities	34,898	-	34,898
Total liabilities	253,447	-	253,447
Net assets	27,335,958	3,032,990	30,368,948
Equity			
Issued capital	26,137,908	3,032,990	29,170,898
Reserves	2,651,957	-	2,651,957
Retained profits/(losses)	(1,453,907)	-	(1,453,907)
Total equity	27,335,958	3,032,990	30,368,948

Part 4 – Summary of Risks

Like all investments, the market price of our Shares may fall as well as rise.

Our potential returns are subject to risks specific to us and to general risks.

You should consider all risks before you make a decision about this Rights Issue. It is impossible to identify all risks, but we draw your attention to the following.

General market conditions

The price of Shares on ASX may rise or fall due to numerous factors including the following.

- General economic conditions, including changes in prices and interest rates.
- Variations in the local and global markets for listed shares in general, or for mining stocks in particular.
- Changes to government policy, legislation or regulation.
- Competition in the industry in which we operate.
- General operational and business risks.
- Demand for commodities.

Future capital requirements

We may require additional funds to carry out further exploration or development of our existing or new projects. Our ability to raise those funds within an acceptable time frame, and on terms acceptable to us, will vary according to a number of factors including: the prospectivity of new projects (if any); the results of exploration and subsequent feasibility studies; stock market and industry conditions; and the price of relevant commodities.

Exploration and development

Exploration by its nature contains elements of significant risk. Ultimate success depends on the discovery of economically recoverable resources, obtaining the necessary titles and governmental regulatory approvals and getting suitable finance for mining operations, if and when a decision to mine is made.

There can be no assurance that our existing projects, or any other projects or tenements that we may acquire in the future, will result in the discovery of significant resources. Even if significant resources are identified, there can be no guarantee they will be able to be economically exploited.

The factors that will impact on our future exploration and possible production activities include the following.

- Geological conditions.
- Limitations on activities due to seasonal weather patterns.

- Alterations to joint venture programmes and budgets.
- The availability of drilling rigs and other machinery necessary for the Company to undertake its activities.
- Unanticipated operational and technical difficulties encountered in survey, drilling and production activities.
- Mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other events outside our control.
- Unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.
- Prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to existing, and any future access agreements entered into with future registered Aboriginal Land Council and native title claimants).

Uranium Mining

The Company intends to continue to explore for uranium at its various projects in South Australia and Western Australia. Uranium mining in Australia is subject to extensive regulation by the Federal, State and Territory Governments in relation to exploration, development, production and export. Accordingly the approval processes for uranium mining are more rigorous than for the mining of other metals. Compliance with such laws and regulations will increase the costs of exploring for, developing and operating mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

Whilst the Company is not restricted from exploration and evaluation of its uranium prospects, the development of any uranium project will be subject to the strict conditions outlined above. Future changes in government regulations and policies may have an adverse impact on the Company.

Loss of key personnel

Our success depends on the competencies of our directors and senior management. The loss of one or more of our directors or senior management could have a materially adverse effect on our business, financial position and operations. The resulting impact from such an event would depend on the quality of any replacement.

Native title and Aboriginal heritage

Some of our tenements are located within areas that are the subject of claims or applications for native title determination. The *Native Title Act 1993* (Cth) and related State native title

legislation and Aboriginal heritage legislation may affect our ability to obtain access to certain of our exploration areas or to obtain mining production titles. Settling any claims will incur costs to us. The degree to which this may impact on our activities will depend on a number of factors, including the status of particular tenements and their locations. At this stage, we are not able to quantify the impact, if any, of such matters on our operations.

Title

All mining tenements that we may acquire are regulated by applicable state mining legislation. There is no guarantee the tenements we apply for will be granted. Also, grant of a tenement will be subject to conditions.

Environment

Our projects are subject to State and Federal laws and regulations regarding environmental matters. Our activities and operations cannot be carried out without prior approval by all relevant authorities. Resource activities can be environmentally sensitive and can give rise to substantial costs for environmental rehabilitation, damage control and losses. We intend conducting our activities in an environmentally responsible manner and in accordance with all applicable laws.

Agreements with third parties

We have signed various contracts with others. There is a risk of financial failure or default by the other party to these arrangements. Any breach or failure may lead to penalties or termination of the relevant contract. In addition, our interest in the relevant subject matter (tenement, for example) may be jeopardised.

Part 5 – Additional Information

Interests in securities

Our directors have relevant interests in the following securities in us.

Director	Shares	Options	Rights
R M Kennedy	3,568,093	1,350,000	-
R G Nelson	1,154,285	450,000	-
G S Davis	3,057,143	1,350,000	-
N F Alley	2,700,001	1,350,000	-
D J Calandro	2,580,000	1,375,000	1,000,000

Holders of Shares in which our directors have relevant interests will receive an entitlement to New Shares under this prospectus.

Director fees

We have paid, or agreed to pay, our directors fees for their services as follows.

Director	2010/2011	2011/2012
R M Kennedy	80,000	80,000
R G Nelson	45,750	45,750
G S Davis	45,750	45,750
N F Alley	87,200	91,560
D J Calandro	342,244	318,538

Glenn Davis is a partner of DMAW Lawyers. DMAW Lawyers has provided legal services to us and will be paid approximately \$15,000 for those services. In the past two years, DMAW Lawyers has been paid approximately \$20,000 for legal services provided to us.

Expenses of the Rights Issue

The total expenses connected with this Rights Issue, including legal and other advisory fees, listing, printing and other miscellaneous expenses are estimated to be approximately \$200,000.

Taxation

The potential tax effects relating to the Rights Issue will vary between shareholders. You should satisfy yourself of possible tax consequences by consulting your own professional tax advisers.

Privacy

We collect, hold and use our shareholders' personal information in order to: service their needs as shareholders; provide facilities and services that they request or that are connected with their interests in securities in us; and to carry out appropriate administration.

We may also use or disclose the information to: people inspecting our register of members; bidders for our securities; regulatory bodies; authorised brokers; print service providers; and mail houses.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by us or on our behalf. You can request access to your personal information by telephoning or writing to us.

Glossary

In this prospectus, the following words have the meanings set out below, unless the context otherwise requires.

- ASIC means the Australian Securities and Investments Commission.
- ASX means ASX Limited ABN 98 008 624 691.
- Closing Date means the closing date of the Rights Issue listed in the "Summary of Important Dates" section of this prospectus.
- Eligible Shareholder means a holder of Shares at 5pm Adelaide time on the Record Date having an address on our register in Australia or New Zealand.
- Listing Rules means the Listing Rules of ASX.
- New Shares means Shares in the Company issued pursuant to the Rights Issue.
- Opening Date means the opening date of the Rights Issue listed in the "Summary of Important Dates" section of this prospectus.
- Record Date means the record date to determine the shareholders entitled to participate in the Rights Issue determined in accordance with the Listing Rules and listed in the "Summary of Important Dates" section of this prospectus.
- Rights Issue means the non-renounceable rights issue the subject of this prospectus.
- Shares means fully paid ordinary shares in our capital.

Words used in this prospectus that are defined in the *Corporations Act 2001* (Cth) have the meanings given in that Act.

Consent

Each of our directors has consented to the lodgment and issue of this prospectus.

DMAW Lawyers have given and not withdrawn prior to the lodgment with ASIC, their written consent to being named in this prospectus as having provided legal services to us in the form and context in which they are named.

Signed under section 351 of the *Corporations Act 2001* (Cth):

A handwritten signature in black ink, appearing to read 'Virginia Suttell', with a horizontal line extending to the right from the end of the signature.

Virginia Suttell
Company Secretary

Corporate directory

Marmota Energy Ltd

ABN 38 119 270 816

Registered office:

140 Greenhill Road

UNLEY SA 5061

Directors:

R M Kennedy (Chairman)

D Calandro (Managing Director)

R G Nelson (Non-executive director)

G S Davis (Non-executive director)

N F Alley (Executive director)

Secretary:

V K Suttell



ABN 38 119 270 816

For all enquiries:

Phone:



(within Australia) 1300 136 309
(outside Australia) 61 3 9415 4295

Web:



www.investorcentre.com/contact

Make your payment:



See over for details of the Offer and how to make your payment

Non-Renounceable Rights Issue — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (ACST) Monday 18 June 2012**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of new shares you wish to apply for and the amount of payment for those shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 17 May 2012.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the slip with BPAY payment.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque or bank draft payable in Australian dollars to Marmota Energy Limited NRRI A/C. The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

