DURKIN COPPER/NICKEL PROJECT EXPLORATION UPDATE

- **Further copper and nickel mineralisation identified in surface samples from outcrops outside of previously sampled areas at Durkin.**

- **Airborne electromagnetic survey and high resolution ground gravity survey planned to commence within coming weeks.**

Durkin copper/nickel prospect – Pundinya project

(Marmota Energy Limited (ASX: MEU) 100%)

Surface sampling

Marmota Energy (ASX:MEU) has previously announced that a large zone of strong coincident copper and nickel in calcrete anomaly has been defined on the project which the Company will continue to focus on under its current exploration program.

High resolution multi component infill surface sampling is continuing and is focused on the large zone of outcrop as can be seen in the figure below (Figure 1b). Reported previously, the Durkin copper-nickel prospect has confirmed large scale outcrop (Figure 1a) with a number of sites containing sample with visible copper and nickel mineralisation.

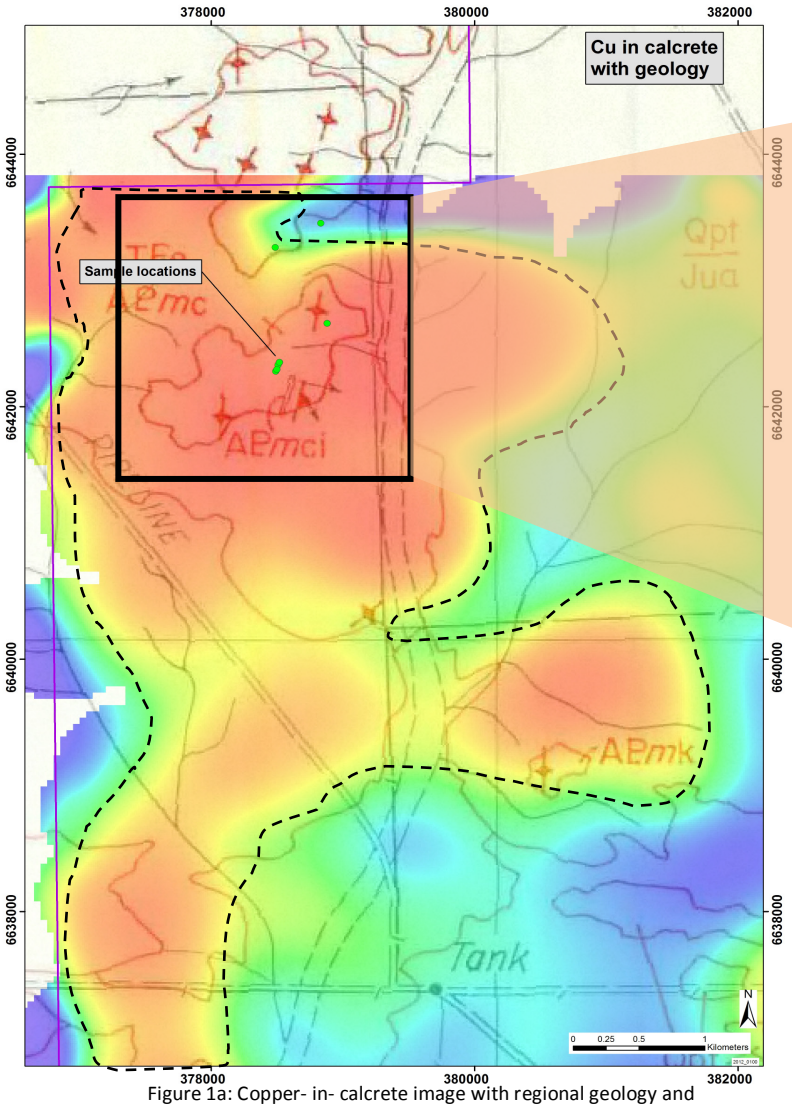
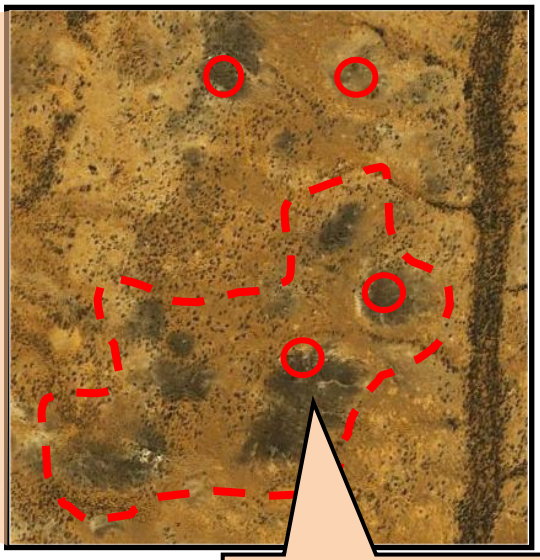


Figure 1a: Copper- in- calcrete image with regional geology and first pass sample locations shown at the Durkin prospect



New areas sampled with visible mineralisation at surface (red circles), infill sampling is currently continuing within this core zone.

Figure 1b: Outcrop visible from Google Earth image where sampling is currently underway.

Samples taken from other outcrops up to 1.8 kilometres from those previously sampled continue to display potential Cu/Ni mineralisation (Figure 2). Anomalous Cu and Ni Niton readings were observed at these outcrops, along with elevated Cr and Co (Table 1).

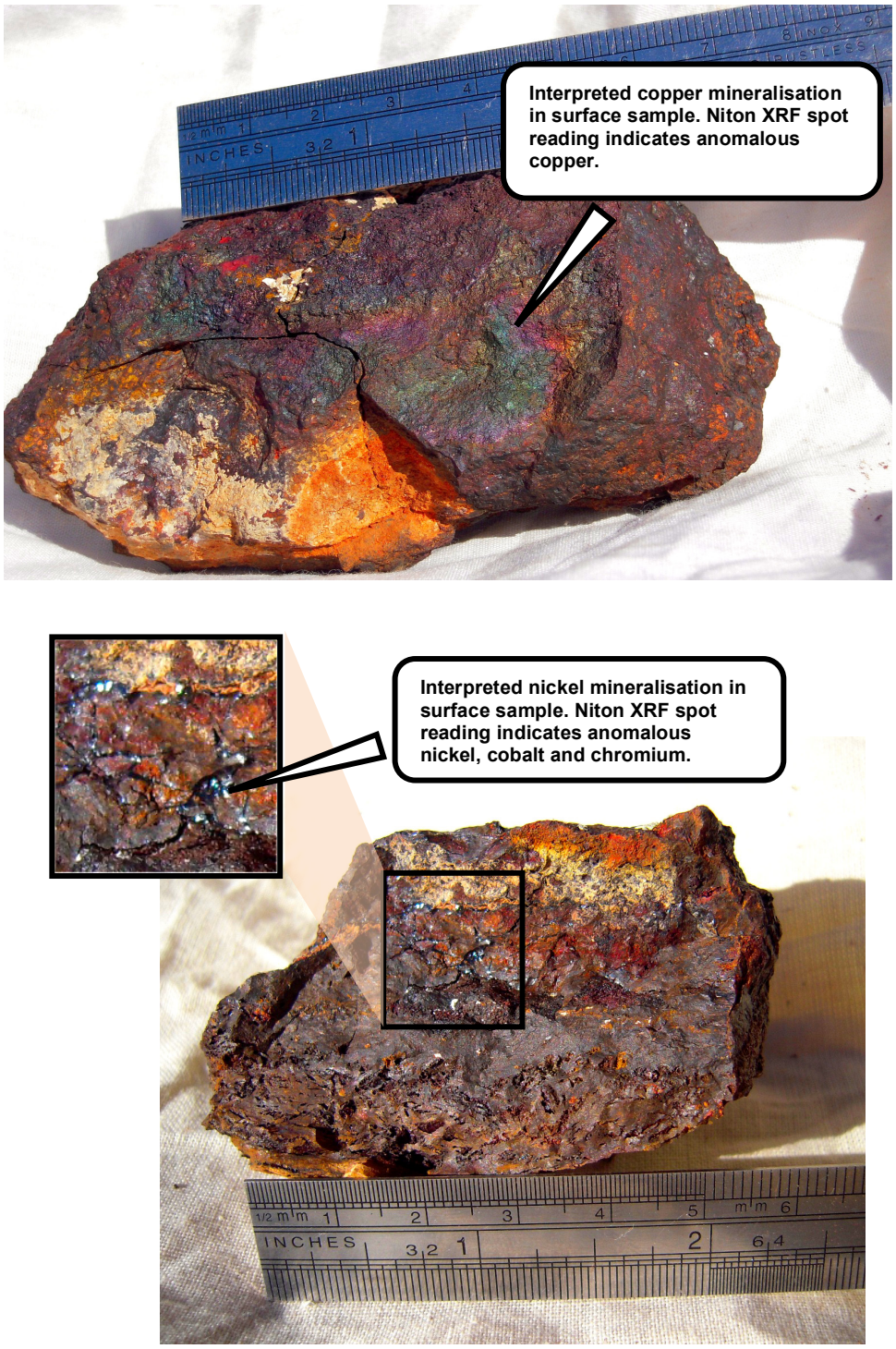


Figure 2: Examples of newly discovered copper and nickel samples in outcrops from the Durkin area.

Cautionary Statement: Early stage exploration at the Durkin prospect is underway, there has been insufficient exploration to define the extent of and exploration potential at the target area. Samples will be submitted to the laboratory for analysis.

NITON spot readings include copper grades of up to **704.97 ppm Cu* and 364.39 ppm Ni*** (Table 1), significantly higher than the previously reported maxima of 175 ppm Cu and 330 ppm Ni from historic sampling programs. High readings for cobalt and chromium have been encountered with grades from Niton spot readings of up to **2500 ppm Co* and 9600 ppm Cr*,** the importance of which is explained below.

At this early stage of exploration at the Durkin prospect, results achieved continue to support the potential for a layered mafic-ultramafic intrusive style of mineralisation similar to Sirius Resources' Nova discovery and other ultramafic hosted Ni deposits in Australia. From the suite of elements that are being observed from Niton readings at surface outcrop, the association of elements such as nickel, copper, chromium and cobalt are all very common in other Ni/Cu projects of this type in which Marmota is targeting at Durkin. The Company is extremely encouraged by these results as they occur in outcrops extending an additional 1.8 km (Figure 1), reinforcing the scale and shallow nature of the prospect and potential mineralisation to be drill tested.

Durkin airborne electromagnetic and gravity survey

Due to the large size of the coincident copper and nickel in calcrete anomaly displayed above (defined in the black dashed line) an airborne electromagnetic (AEM) survey has been commissioned to cover the entire anomaly. The survey is planned to be completed at a high resolution and is expected to define any conductive features which may be related to the potential copper and nickel mineralisation.

The survey is also expected to provide vital information relating to the potential depth extent and shape of any conductive features mapped. Fugro Airborne Surveys has been selected with the survey scheduled to commence before the end of October 2012.

The AEM survey will be complemented by a prospect scale resolution ground gravity survey to be conducted by Atlas Geophysics with timing of acquisition to parallel the acquisition of the AEM. This will be the most comprehensive data coverage ever completed over this region.

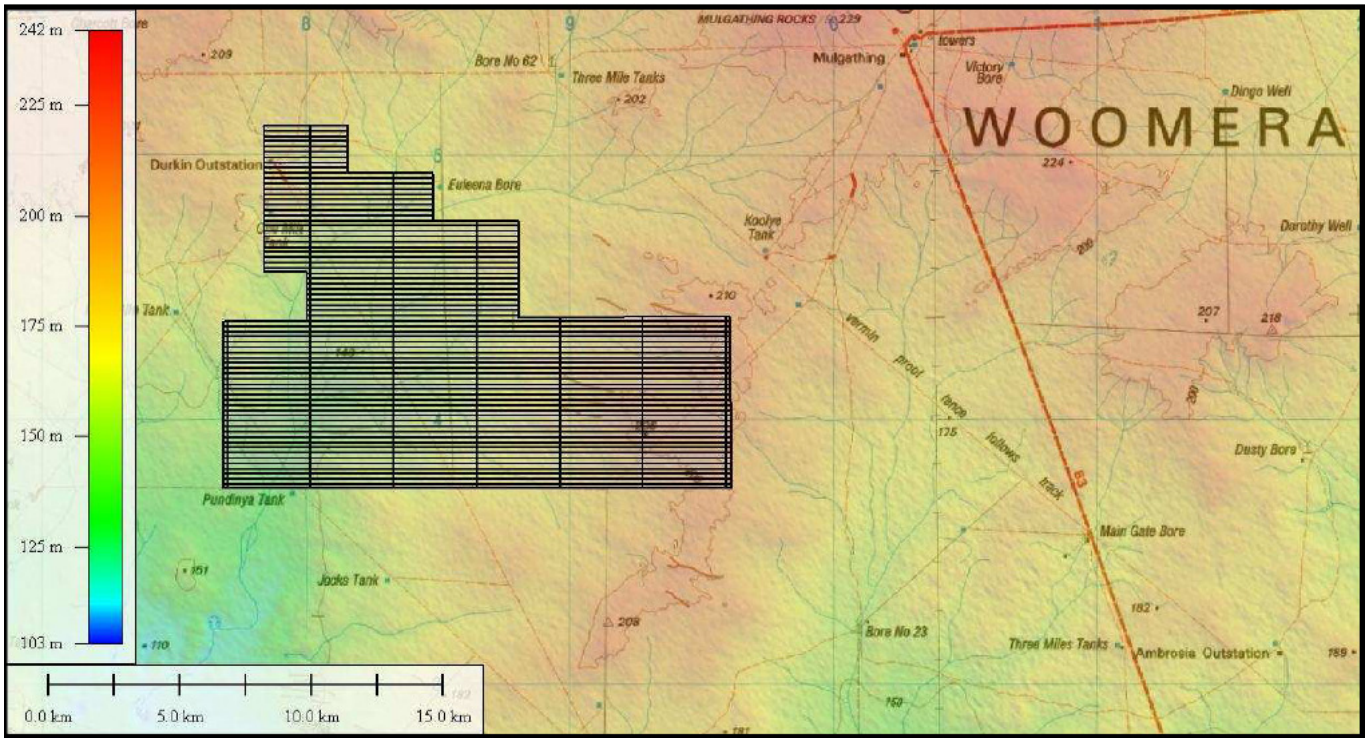


Figure 3: Airborne electromagnetic survey design over digital terrain image - Durkin prospect area.

* CAUTIONARY STATEMENT: NITON XRF spot readings are an indicative result only, and is not a substitute for chemical assay. Niton spot readings carried out using an XL3t 700 XRF unit.

Table 1: Results from Niton spot readings for Cu, Ni, C0 and Cr completed in recent days:

Easting	Northing	Zone	Co (ppm)	Cr (ppm)	Cu (ppm)	Fe (%)	Ni (ppm)
378880	6642662	53	415.19	**9100**	244.01	50.29	**364.39**
378880	6642662	53	**2500**	**9600**	87.43	42.6	NR
378490	6642282	53	NR	332.1	69.97	52.95	**305.58**
378833	6643454	53	NR	915.73	63.92	39.35	46.6
378157	6643783	53	NR	814.25	195.95	37.08	12.85
378518	6642352	53	**749.66**	593.61	**623.49**	54.85	NR
378518	6642352	53	**741.69**	310.1	**704.97**	50.74	NR
378508	6642331	53	250.88	220.95	276.7	51.77	NR
378498	6642295	53	NR	46.35	103.21	53.98	130.63
378486	6643263	53	282.7	7.01	45.11	57.41	106.65
378518	6642352	53	487.25	0	123.54	47.5	**182.00**

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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

12 October 2012