

# QUARTERLY REPORT

Ending 30 June 2014



## HIGHLIGHTS

### Melton copper-gold project (SA):

- High grade copper intersections up to 2.92% Cu discovered from drilling on 100% owned West Melton
- Mineralisation intercepted from shallow depth over large intervals

- Independent geophysical review conducted on entire Melton project
- New geophysical targets identified at Melton Central
- Planning for follow up exploration is well advanced

### Central Gawler Craton projects (SA):

- Aboriginal heritage clearance surveys conducted over high priority areas
- Targets cleared for drill testing and low impact ground based surveys

# OVERVIEW

Marmota aims to be an internationally respected explorer with projects focused on base, precious metals and uranium. Marmota's exploration activities are in line with the Company's strategy to hold a multi commodity exploration portfolio comprising the best opportunities available.

Marmota is actively exploring in South Australia, for copper, gold, iron ore, nickel and uranium (figure 1). Marmota has established joint ventures with Teck Australia and Apollo Minerals Limited (ASX : AON) for projects in South Australia and is actively pursuing partnering opportunities to accelerate the development of its other exploration assets.

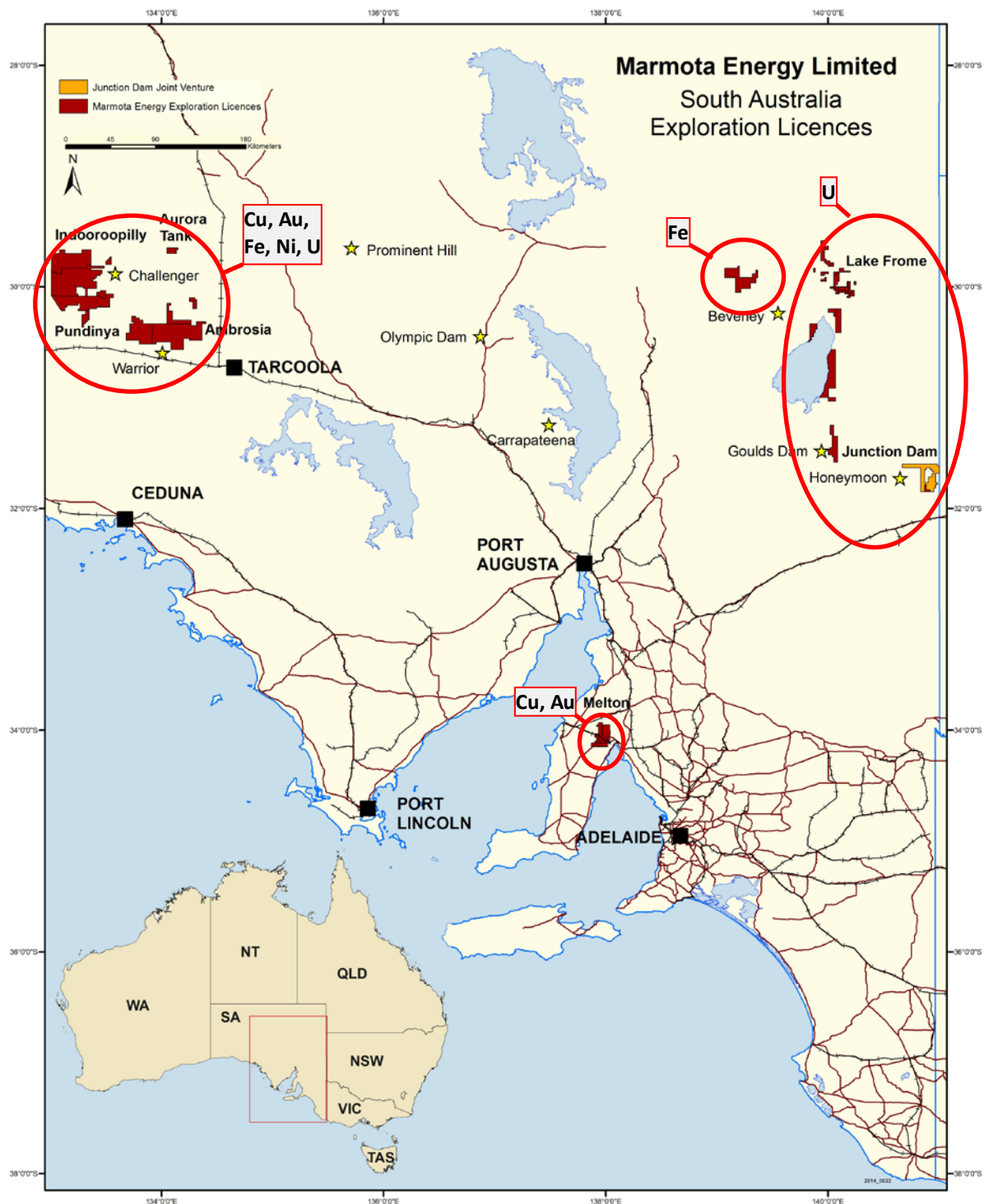


Figure 1: Marmota Energy tenement locations within South Australia.

# EXPLORATION ACTIVITIES

## West Melton copper–gold project

(Marmota Energy Limited 100%)

Broad spaced calcrete sampling completed during 2013 identified key target zones on the West Melton and Melton EL's that warranted low cost follow up exploration. The West Melton copper-gold project is located on the northern Yorke Peninsula in South Australia nearby to recent copper-gold discoveries. The project is situated at the southern end of the world class, Olympic Copper Gold Province (figure 2).

During the Quarter, a 2000 metre shallow Aircore drilling program was completed. Drilling was designed to test the significant copper and gold geochemical anomaly defined on the project earlier this year (see ASX announcement dated March 4). The target is also strongly coincident with shallow modelled geophysical anomalies.

Outstanding assay results were received, with 19 of the 29 holes drilled intercepting shallow copper mineralisation greater than 0.1% (ASX announcement dated May 7). The copper results from the newly discovered 'Champion' prospect are significant.

**High grade copper results from recent drilling on the Champion prospect include:** (Table 1, ASX announcement 7 May 2014)

### WMAC003

15m at **1.29% copper** from 29m and **0.19 g/t gold** from 42m.

### WMAC007

30m at **1.12% copper** from just below surface, inc 12m at **1.5% copper** from 9m, and 3m at **2.1% copper** and **0.11 g/t gold** from 24m

### WMAC024

19m at **1.16% copper** from 48m to end of hole

### WMAC025

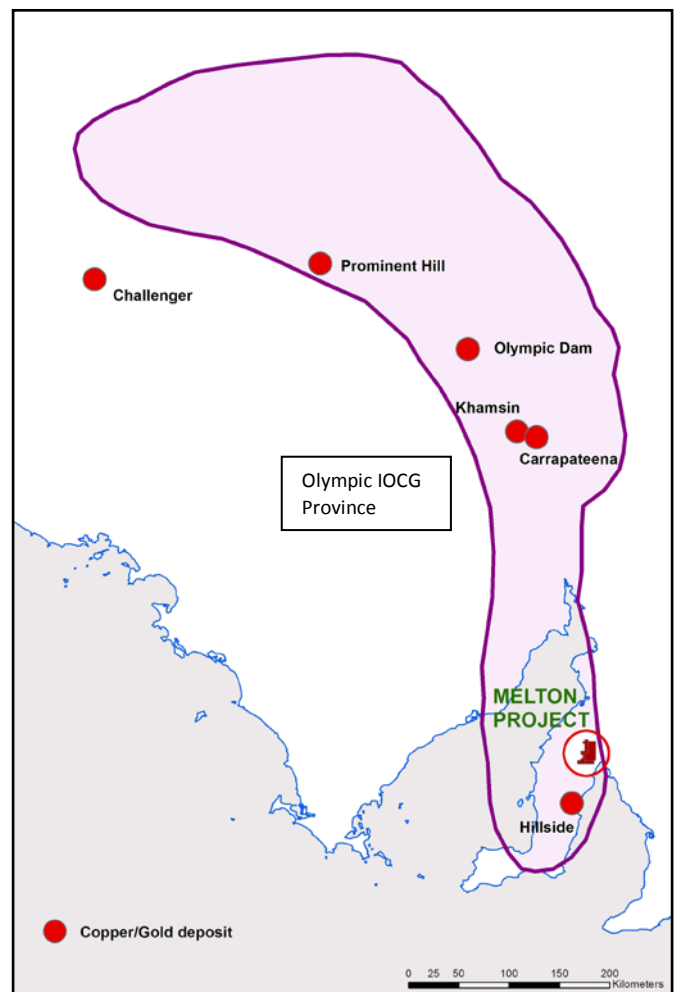
36m at **1.29% copper** from 21m, inc 18m at **1.76% copper** from 24m and 6m at **2.56% copper** from 27m, ranging up to **2.92% copper**

### WMAC026

18m at **1.31% copper** from 15m

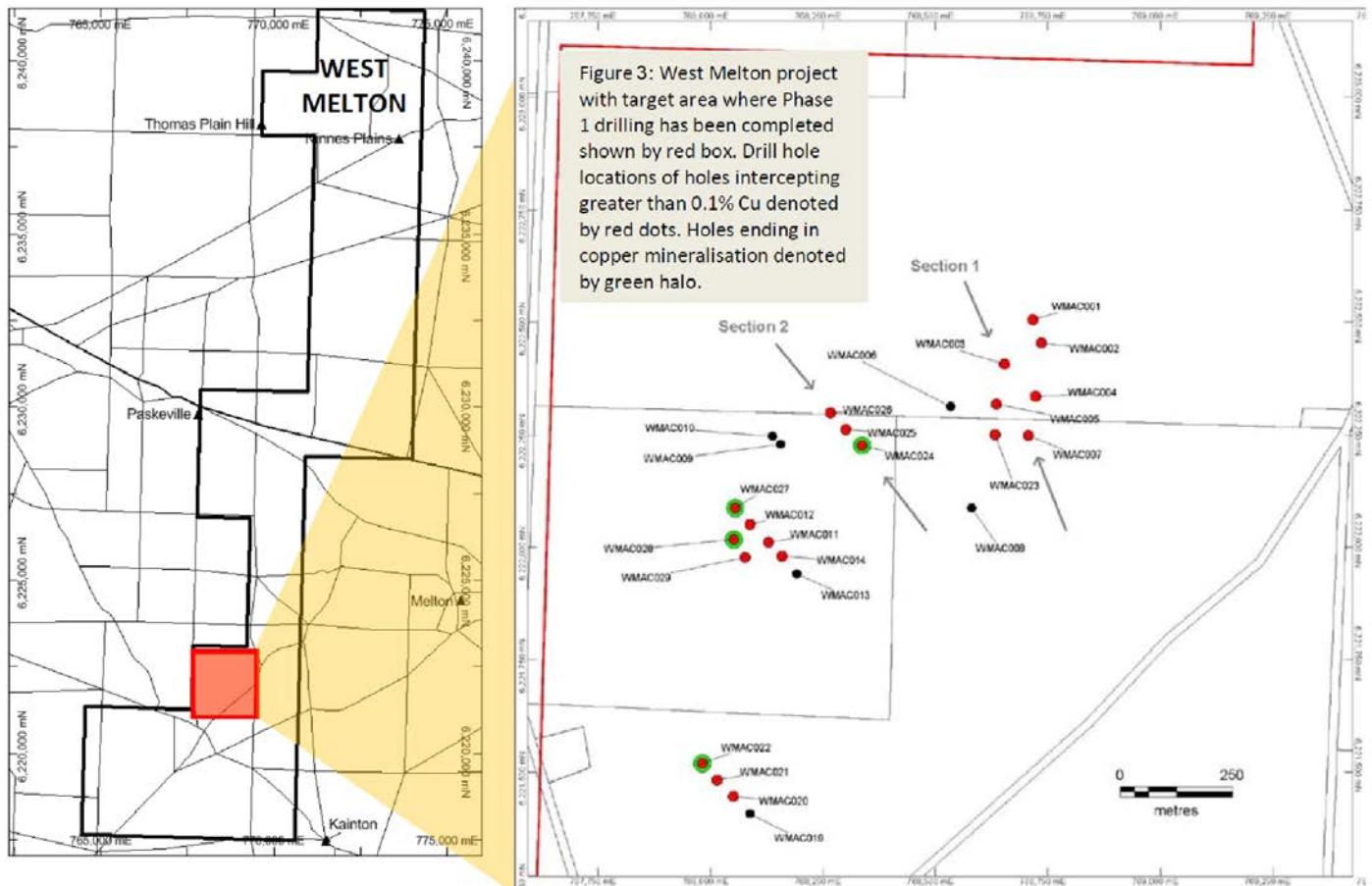
The Company considers the discovery of high grade copper on the West Melton project a new copper discovery in the region with the nearest previous drilling located 4 km away.

The Phase 1 shallow aircore program at West Melton was designed to give initial broad spaced drill coverage of this untested area. Drill holes were designed to test a variety of anomaly characteristics based on geophysical and calcrete geochemical results. These results confirm that with such significant mineralised zones intercepted near surface during phase 1, phase 2 drilling would test for the higher grade primary mineralisation source of copper.



**Figure 2:** Melton project location in the Southern Olympic IOCG Province.

## EXPLORATION ACTIVITIES cont.



Initial assessment of the lithologies encountered indicate that the host rocks are broadly metasediments of the Wandearah Formation, with minor occurrences of felsic and mafic intrusives. The Wandearah Formation hosts copper and gold mineralisation at the Wallaroo mines. Basement was encountered in all drillholes from depths as shallow as 2m.

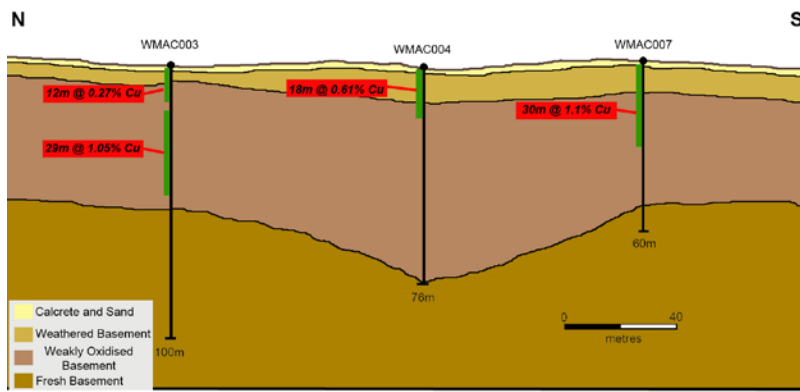


Figure 4: Champion prospect section 1 looking east (refer to Figure 3). High grade zones of copper intercepted highlighted by green zones.

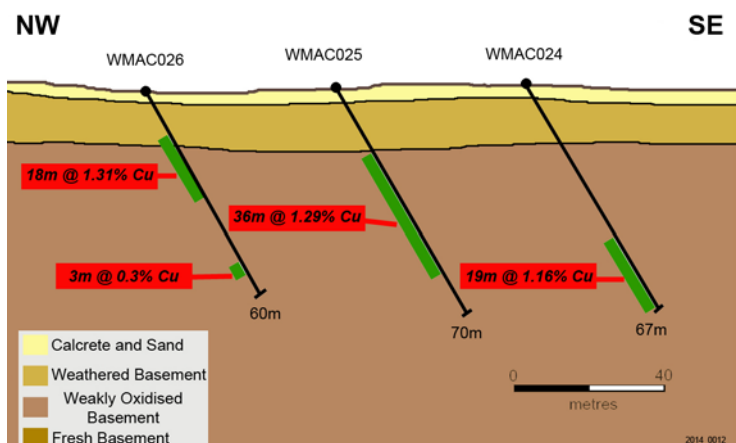


Figure 5: Champion prospect section 2 looking northeast (refer to Figure 3). High grade zones of copper intercepted highlighted by green zones.



A review of the drilling results and geochemical data from the Champion prospect was undertaken. As a result of this review, Marmota plans to undertake a focused ground based electrical survey to further define the target areas for the next phase of drilling at the Champion prospect. Electrical surveys such as electromagnetic (EM) and induced polarisation (IP) can aid in identifying chargeable bodies at depth, such as sulphides, which could be the source of the copper at Champion.

The Company believes, that given the high grade of copper occurring at very shallow depths within the project, an EM or IP survey is cost effective and may greatly aid in drill targeting.

## Melton copper-gold project

(Marmota Energy Limited 75%, Monax Mining Limited 25%)

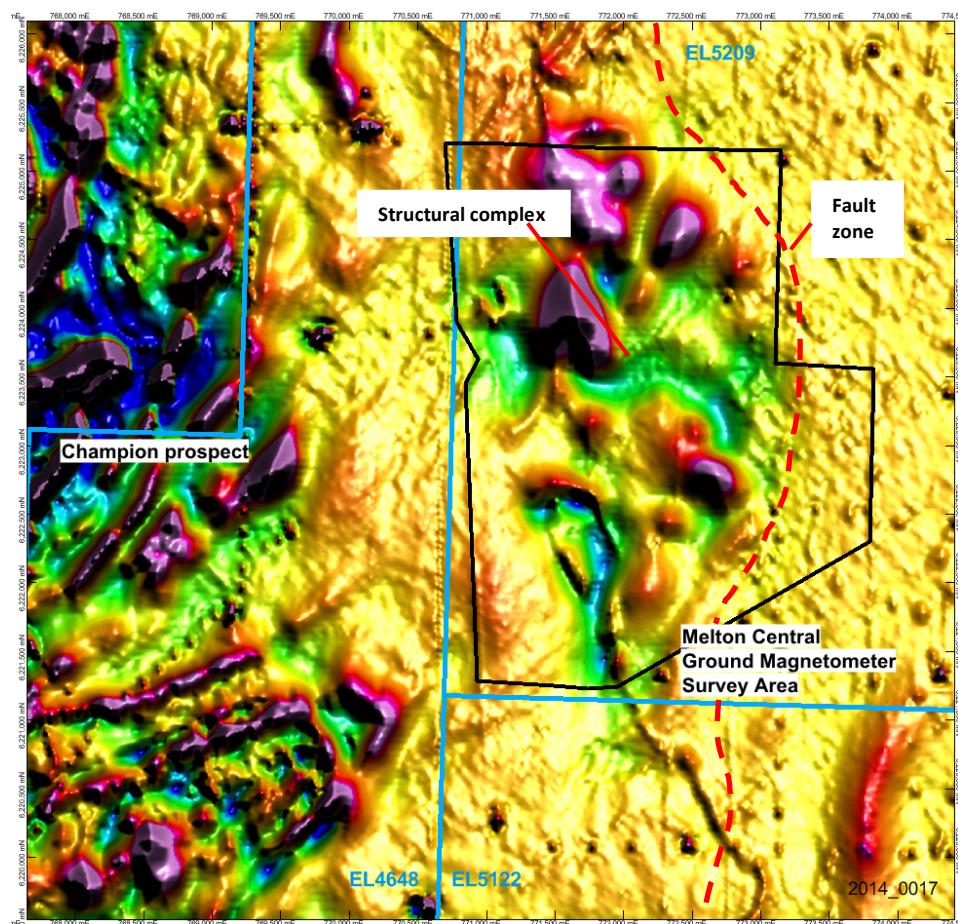
Following the high grade copper intersections at the Champion prospect, a complete independent geophysical review of the entire Melton project was undertaken. The review provides a clearer understanding of depth to basement, the structural and geological setting for the mineralisation and highlights new targets for further exploration.

An exciting new target area, Melton Central, has been identified by the geophysical review. This area contains several clusters of gravity anomalies with coincident discrete magnetic features, comparable to structurally controlled IOCG style mineralisation found at Rex Minerals' Hillside deposit south of the project area. Gravity and magnetic modelling indicate the likely presence of intrusives rocks within deformed and faulted Wallaroo Group metasediments, which is consistent with the geological setting of copper-gold mineralisation in the Moonta and Wallaroo Mines.

Melton Central geophysical data shows strongly folded and faulted strata considered prospective for IOCG style mineralisation. High grade copper mineralisation at the nearby Champion prospect confirms that this geological setting is a high priority exploration target for Marmota.

The geophysical anomalies coincide with a structurally complex zone on the western side of an interpreted regional fault. The magnetic anomalies have a gravity response of up to 1 mgal, indicative of the presence of an intrusive body, modelled at a depth of less than 200 metres. This newly defined structural location provides excellent potential for fault bounded mineralisation (figure 6).

(This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.)



**Figure 6:** Magnetic image highlighting the geophysical anomalies at Melton Central. Ground magnetic survey area outlined in black. Possible intrusive bodies can be interpreted from this image, highlighted by the magnetic highs (pink and red). Geophysical anomalies located within a structural complex on the western side of an interpreted fault zone shown by red dashed line.



## EXPLORATION ACTIVITIES cont.

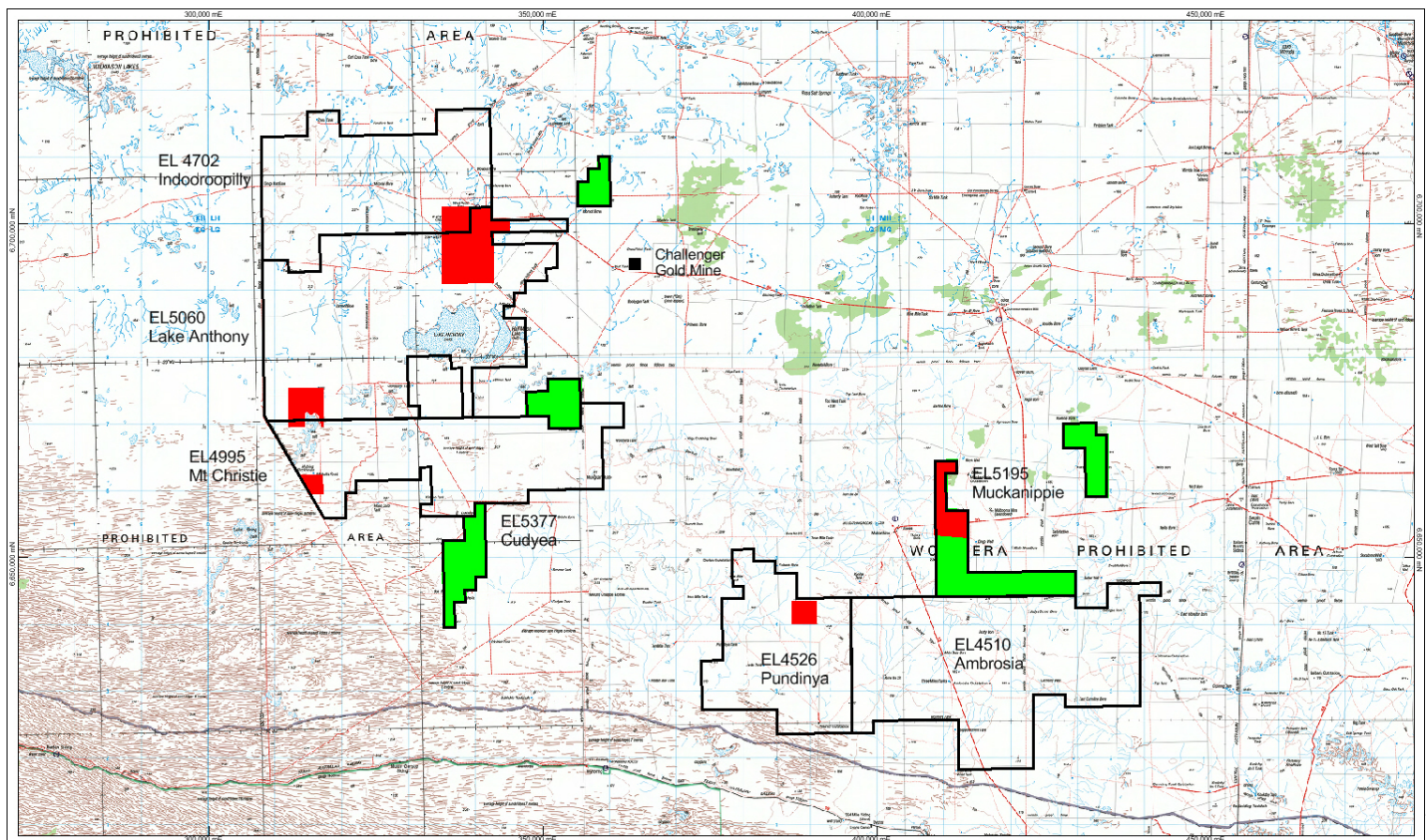
A ground based magnetic survey has been organised at Melton Central which will greatly enhance the identification of specific drill sites (figure 6). Ground based magnetics played a pivotal role in the discovery of the nearby Champion prospect. Once results have been received for the ground magnetic survey, it is anticipated that an electrical survey such as EM or IP will be conducted over the Melton Central prospect area in conjunction with the survey that is proposed over the Champion prospect.

### Central Gawler Craton projects (SA)

(Marmota Energy Limited 100%)

Traditional Owner heritage clearances were completed over high priority target areas located across the Company's wholly-owned Central Gawler Craton project area (figure 7). The clearances focused on high priority targets highlighted by geophysics, calcrete surveys and outcrop sampling programs. The Lake Anthony prospect in which outcropping iron mineralisation has previously been identified by Marmota, was one of the high priority drilling targets cleared by the traditional owners. Further low impact ground based surveys are proposed over this region with follow up drilling anticipated.

EL5195, Muckanippie, has also had a portion of the project area cleared for drilling. Historical drill results have highlighted anomalous copper and zinc results with intercepts of 4 metres at 0.2% Cu and 0.13% Zn from 50m depth.



**Figure 7:** Central Gawler Craton tenement package. Areas shown that were part of the heritage clearance surveys with green indicating high priority target areas that have been cleared by Traditional Owners for low impact exploration and red indicating high priority drill target areas.

# INDICATIVE EXPLORATION PROGRAM

Follow up exploration is being planned at the Champion prospect along with other priority copper-gold targets located on West Melton and the Melton project on the Yorke Peninsula.

Completed heritage clearances now allow further exploration on the Lake Anthony iron prospect and other high priority targets within the Central Gawler Craton tenements. Further ground based surveys (infill geophysics, surface geochemistry) are planned which will assist greatly with drill targeting.

Discussions also continue with a number of parties relating to partnering opportunities for its key projects across the nickel, copper, iron ore and uranium projects.



Virginia Suttell  
ACTING CEO

## COMPETENT PERSON'S STATEMENT

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dan Gray as Senior Project Geologist of Marmota Energy Limited who is a member of the Australasian Institute of Geoscientists. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

### For Further Information Contact:

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# 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

38 119 270 816

Quarter ended ("current quarter")

30 June 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(318)	(1,224)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(210)	(897)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	18	102
1.5	Interest and other costs of finance paid	-	(7)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	GST	(10)	59
	Other	-	-
<b>Net Operating Cash Flows</b>		<b>(520)</b>	<b>(1,967)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments		-
	(c) other fixed assets		(69)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	132
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>63</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(520)</b>	<b>(1,904)</b>

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(520)	(1,904)
	<b>Cash flows related to financing activities</b>		
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)	-	-
	- Costs associated with issues of shares	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(520)	(1,904)
1.20	Cash at beginning of quarter/year to date	2,093	3,477
1.21	Exchange rate adjustments to item 1.20		-
1.22	<b>Cash at end of quarter</b>	1,573	1,573

**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	178
1.24 Aggregate amount of loans to the parties included in item 1.10	-

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.

**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

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+ See chapter 19 for defined terms.

- 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

\$134,550 contributed by Apollo Minerals Limited for exploration under joint venture agreement, for all minerals on EL 4433.

### 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	250
4.2 Development	-
4.3 Production	-
4.4 Administration	175
<b>Total</b>	<b>425</b>

### 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	153	43
5.2 Deposits at call	1,420	2,050
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,573</b>	<b>2,093</b>

+ 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			
	EL 5377 (formerly ELA 2013/00174)	Granted	100%	100%
	EL 5415 (formerly ELA 2013/00209)	Granted	100%	100%
	EL 5416 (formerly ELA 2013/00210)	Granted	100%	100%
	ELA 2014/00038	Application (subsequent licence application for EL 4276)	100%	100%
	ELA 2014/00107	Application (subsequent licence application for EL 4319)	100%	100%
	ELA 2014/00108	Application (subsequent licence application for EL 4320)	100%	100%

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+ 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	<b>Preference securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	263,759,235	263,759,235		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	325,000 125,000 250,000 125,000	- - - -	<i>Exercise price</i> \$0.1016 \$0.083 \$0.073 \$0.036	<i>Expiry date</i> 05/03/15 21/12/15 29/07/16 24/07/17
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

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7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## 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: .....  
(~~Director~~/Company secretary)

Date: 31/07/2014

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.

## Schedule of Tenement holdings

as at 30 June 2014

### South Australia

Project name	Tenement	No	Tenure holder / applicant	Details	Nature of Company's interest %
Junction Dam	Junction Dam	EL 4509	Teck Australia Pty Ltd 51%, Variscan Mines 39.2%, Eaglehawk Geological Consulting Pty Ltd 9.8%	JV with Teck Australia, Variscan Mines & Eaglehawk Geological Consulting	100% of the uranium mineral rights
Melton	Melton	EL 5122	Marmosa P/L	JV with Monax Mining	75% of all minerals
	North Melton	EL 5209	Marmota Energy	JV with Monax Mining	75% of all minerals
	West Melton	EL 4648	Marmota Energy		100%
Ambrosia	Ambrosia	EL 4510	Marmosa P/L		100%
	Muckanippie	EL 5195	Marmota Energy		100%
Pundinya	Pundinya	EL 4526	Marmota Energy		100%
Western Spur	Western Spur	EL 4528	Marmota Energy		100%
Aurora Tank	Aurora Tank	EL 4433	Marmota Energy	JV with Southern Exploration	100%
Indooroopilly - Lake Anthony	Indooroopilly	EL 4702	Marmota Energy		100%
	Mt Christie	EL 4995	Marmota Energy		100%
	Lake Anthony	EL 5060	Marmota Energy		100%
	Cudyea	EL5377	Marmota Energy		100%
Lake Frome	Lake Callabonna North	EL5416	Marmota Energy		100%
	Lake Callabonna South	EL5415	Marmota Energy		100%
	Poontana	EL 4276	Marmota Energy		100%
	Poontana	ELA 2014/00038 (subsequent licence application)	Marmota Energy		100%
	Mudguard Swamp West	EL 4319	Marmota Energy		100%
	Mudguard Swamp West	ELA 2014/00107 (subsequent licence application)	Marmota Energy		100%
	Lake Frome	EL 4320	Marmota Energy		100%
	Lake Frome	ELA 2014/00108 (subsequent licence application)	Marmota Energy		100%
	Billeroo	EL 4383	Marmota Energy		100%
	Moolawatana	EL 4412	Marmota Energy		100%
	Yandama Creek	EL 4521	Marmota Energy		100%
	Mulligan Hill	EL 4572	Marmota Energy		100%
	Christmas Bore	EL 4625	Marmota Energy		100%
	Woolatchi	EL 5275	Marmota Energy		100%
	Old Moolawatana	EL 5318	Marmota Energy		100%
Mulyungarie	Mulyungarie	EL 5124	Marmosa P/L		100%

Marmosa Pty Ltd is a wholly owned subsidiary of Marmota Energy Limited

### Western Australia

Project	Tenement	No.	Tenure holder	Details	Nature of Company's interest %
Rudall East	Rudall East	E45 / 3088	Teck Australia Pty Ltd	JV with Teck Australia	Option to acquire an initial 51% interest in the uranium rights
		E45 / 3090	Teck Australia Pty Ltd	JV with Teck Australia	
		E45 / 3170	Teck Australia Pty Ltd	JV with Teck Australia	
		E45 / 3294	Teck Australia Pty Ltd	JV with Teck Australia	
		E45 / 3520	Teck Australia Pty Ltd	JV with Teck Australia	
		E45 / 3521	Teck Australia Pty Ltd	JV with Teck Australia	
		E45 / 3602	Teck Australia Pty Ltd	JV with Teck Australia	