

Dear Optionholder

Participation in Non-Renounceable Rights Issue

The purpose of this letter is to give you notice, as a holder of options over unissued shares (**Options**) in Marmota Energy Ltd (**Marmota** or the **Company**), of an upcoming non-renounceable rights issue announced on 7 November 2014 (**Rights Issue** or **Offer**).

The Company is undertaking a 1 for 4 non-renounceable Rights Issue at an issue price of \$0.01 per share to raise up to \$659,398 (approximately) before costs. In addition, subscribers will receive 1 free new option for every 2 new shares subscribed for, exercisable at \$0.02 on or before 9 December 2015. The Company will apply to the ASX for the new shares and new options under the Rights Issue to be granted official quotation.

Only shareholders of the Company with an address on the Company's register in Australia or New Zealand on 13 November 2014 (**Record Date**) will be eligible to participate in the Offer.

The Directors of the Company reserve the right to issue shortfall shares under the Offer at their discretion after the close of the Offer.

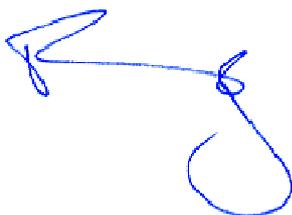
Full details of the Offer are set out in a prospectus released to ASX Market Announcements on 7 November 2014. The prospectus is available in electronic form on the ASX website at www.asx.com.au or the Company's website at www.marmotaenergy.com.au.

As an optionholder, you do not have any entitlement to participate in the Offer unless your options are exercised in time for shares to be allotted to you on or before the Record Date. To ensure that your shares are allotted and issued on or before the Record Date, your Exercise of Option Form and relevant payment, in cleared funds, must be received by the Company no later than 5:00pm Wednesday, 12 November 2014.

Before making a decision whether to exercise your options or to participate in the Offer, you should seek independent advice from your professional advisor.

If you have any questions regarding the offer please contact the Company on 08 8245 4000.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Robert Kennedy', with a large arrow pointing to the left.

Robert Kennedy
Chairman