



ASX ANNOUNCEMENT

10 November 2014

ENTITLEMENT ISSUE – LETTER TO SHAREHOLDERS

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

Dear Shareholder

On 7 November 2014, Marmota Energy Ltd (**Marmota** or the **Company**) announced a non-renounceable rights issue to shareholders of 1 new share for every 4 existing shares held at an issue price of \$0.01 per new share together with 1 free new option for every 2 new shares subscribed for, exercisable at \$0.02 on or before 9 December 2015 (**Rights Issue** or **Offer**).

The Rights Issue seeks to raise up to \$659,398 (approximately) before costs through the issue of up to 65,939,809 (approximately) new fully paid ordinary shares in the Company.

Use of Funds

The net proceeds from the Rights Issue will be used for general working capital purposes and, subject to other opportunities arising or circumstances changing, to fund exploration activity, including:

Durkin Nickel Project

- Conducting geophysics review
- Redrilling nominated prior holes
- Conducting downhole EM targeting nickel prospectivity

Melton Project

- Conducting airborne EM over the Champion and Central prospects
- Conducting a geophysics review to determine drilling locations
- Conducting a targeted drilling program at the Champion and Central prospects

Junction Dam

- Drilling water wells
- Drilling a production well
- Obtaining and analysing data regarding groundwater
- Conducting pump tests to ascertain permeability

Details of the Rights Issue

Marmota shareholders with registered addresses in Australia or New Zealand on 13 November 2014 (**Record Date**) will be eligible to participate in the Rights Issue (**Eligible Shareholders**).

Marmota has decided that it is unreasonable to make the offer to shareholders who have a registered address in a country outside of Australia or New Zealand, having regard to the number of shareholders in such places, the number and value of the new shares and new options they would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions.

Each Eligible Shareholder will be entitled to subscribe for 1 new share in the capital of the Company for every 4 shares registered in their name on the Record Date. The new shares will be issued at a cost of \$0.01 per share.

The Rights Issue price reflects a 16.7% discount to the closing price of the Company's shares on the ASX on Thursday, 6 November 2014, the most recent trading day prior to the announcement of the Rights Issue.

The Directors reserve the right to place any shortfall after the close of the Offer. Full details of the Rights Issue will be contained in the prospectus lodged with the Australian Securities and Investments Commission and ASX (**Prospectus**). The Prospectus together with the Entitlement and Acceptance Form will be mailed to all Eligible Shareholders on 18 November 2014. A copy of the Prospectus is available on the Company website at www.marmotaenergy.com.au.

Key Dates

Key dates which shareholders should note are as follows:

EVENT	DATE
Prospectus lodged with ASIC and ASX	7 November 2014
"Ex" date	11 November 2014
Record Date to identify Shareholders entitled to participate in the Offer	13 November 2014
Prospectus and Entitlement and Acceptance Forms dispatched to Shareholders	18 November 2014
Opening date	18 November 2014
Closing date for acceptances	3 December 2014 (5:00pm Adelaide time)
Shares quoted on a deferred settlement basis	4 December 2014
Notification to ASX of under subscriptions	8 December 2014
Issue date for New Securities issued under the Offer Deferred settlement trading ends	10 December 2014
Trading of New Securities on ASX commences	11 December 2014

This timetable is indicative only and subject to change. The Company reserves the right to vary the dates of the Offer subject to the Corporations Act, ASX Listing Rules and other applicable laws.

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. Before making a decision 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 loop at the end.

Robert Kennedy
Chairman