



ASX ANNOUNCEMENT

18 November 2014

ENTITLEMENT ISSUE – DISPATCH OF PROSPECTUS

Marmota Energy Limited (ASX:MEU) confirms the prospectus for the 1 for 4 non-renounceable rights issue was dispatched to shareholders today.

A copy of the prospectus is enclosed.



Marmota Energy Limited

ACN 119 270 816

Entitlement Issue Prospectus

This Prospectus relates to a non-renounceable rights offer to Shareholders of one (1) Share (**New Share**) for every four (4) existing Shares held together with 1 free option for every two (2) New Shares subscribed for, exercisable at \$0.02 on or before 9 December 2015 (**New Options**).

The New Shares are offered at a price of \$0.01 each to raise approximately \$659,398 (before expenses).

This document is important and requires your immediate attention. It should be read in its entirety. If after reading this document you are in doubt as to the course you should follow, you should consult your stockbroker, accountant or other independent professional adviser.

CORPORATE DIRECTORY

Directors

Robert Kennedy (Chairman)

David Williams (Managing Director)

Neville Alley (Executive Technical Director)

Glenn Davis (Non-Executive Director)

Company Secretary

Virginia Suttell

Registered Office

140 Greenhill Road
UNLEY SA 5061

Principal Place of Business

15 Adam Street
HINDMARSH SA 5007

Phone: 08 8245 4000

Fax: 08 8245 4099

Website

www.marmotaenergy.com.au

Share Registry

Computershare Investor Services
Level 5, 115 Grenfell Street
Adelaide SA 5000

Phone: 1300 136 309 (within Australia)

+ 61 3 9415 4295 (outside Australia)

Fax: 1300 534 987 (within Australia)

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Stock Exchange Listing

Australian Securities Exchange

ASX Code: MEU

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Chairman's Letter

Dear Fellow Shareholders

On behalf of the board of directors of Marmota Energy Limited (**Marmota** or the **Company**) I am pleased to enclose your Prospectus and accompanying Entitlement and Acceptance Form for participation in the one for four non-renounceable Entitlement Issue announced by the Company on 7 November 2014.

I recommend the Entitlement Issue to you as the funds raised will enable Marmota to fund ongoing target generation and drilling activity at the Durkin Nickel, Melton and Junction Dam Projects and for general working capital purposes.

I encourage you to read the Prospectus in full in order to obtain a complete understanding of the offering being made.

The Entitlement Issue will raise gross proceeds of approximately \$659,398 through the issue of up to approximately 65,939,809 new fully paid ordinary shares at \$0.01 per share. In addition, participating shareholders will be issued free, one new option for every two new shares subscribed for with an exercise price of \$0.02 per option and an expiry date of 9 December 2015.

As an eligible shareholder you may participate in the offer by completing the personalised Entitlement and Acceptance Form accompanying the Prospectus. The Entitlement Issue closes at 5:00pm (Adelaide time) on 3 December 2014. As an eligible shareholder, 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 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.

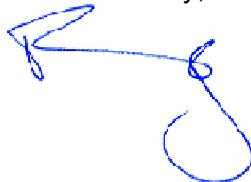
I intend to take up a portion of my entitlements as do my fellow directors.

I invite you to take up your Entitlement after reading the risk section of this Prospectus and seeking the advice of your financial advisor.

On behalf of the Company, I thank you for your continued support of Marmota.

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

Yours faithfully,



Robert Kennedy
Chairman

Important Notices

Key Risks

An investment in the Offer made under this Prospectus should be considered speculative. The attention of investors is drawn to the Risks section of this Prospectus. The principal or key risks relating to an investment in the Offer, which are identified in section 4.1 of the Prospectus entitled "Key risks", are as follows:

- Going concern
- Future capital requirements
- Exploration and development

Investors should note that detail relating to these risk factors has not been repeated in the Important Notices.

Lodgement

This Prospectus is dated 7 November 2014 (**Prospectus Date**). A copy of this Prospectus was lodged with ASIC on that date. ASIC takes no responsibility as to the contents of this Prospectus.

Expiry Date

No securities will be issued or allotted on the basis of this Prospectus later than 13 months after the Prospectus Date.

Advice

This is an important document. Before deciding to apply for New Shares you should consider whether they are a suitable investment for you. Persons wishing to subscribe for New Shares offered by this Prospectus should carefully read this Prospectus and consult their professional advisers for the purpose of making an informed assessment of the effect of investing in the Company and the rights and liabilities attaching to, and the nature of, the New Shares offered by this Prospectus.

Jurisdiction

This Offer is only being made to members of the public within Australia and New Zealand. The Company has determined that it would be unreasonable to make an offer under this Prospectus to persons that are not residents of Australia and New Zealand, having regard to the cost of complying with legal requirements in foreign countries. Neither this Prospectus nor the Entitlement and Acceptance Form constitute an offer of, or an invitation by or on behalf of the Company to subscribe for or purchase any of the New Shares in any jurisdiction or to any person to whom it is unlawful to make such an offer or invitation.

Entitlement and Acceptance Forms

Applications for New Shares may only be made using an Entitlement and Acceptance Form attached to or accompanying the Prospectus.

The Corporations Act prohibits any person from passing on to another person an Entitlement and Acceptance Form unless it is attached to or accompanies a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Representations

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Offer.

Summary of Key Dates

| 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 at 5:00pm |
| 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.

1. Investment Overview

1.1 The Offer

This is an offer of up to 65,939,809 New Shares to the Shareholders of the Company who are registered on the Record Date together with up to 32,969,905 free New Options on the basis of 1 New Option for every two (2) New Shares subscribed for. One (1) New Share is offered for every four (4) shares held at a price of \$0.01 each to raise up to \$659,398 (before costs). The New Options are exercisable from Quotation Date until the Expiry Date of 9 December 2015 at a price of \$0.02 per option to convert into up to 32,969,905 ordinary shares.

1.2 Issue Price

The issue price is \$0.01 per New Share payable in full on application. The issue price is nil per New Option.

1.3 Fractional Entitlements

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

1.4 Purpose of the Rights Issue

The purpose of the Offer is to raise up to \$659,398 for New Shares and \$659,400 on exercise of the New Options. There is no guarantee that all or any of the New Options will be exercised. Based on current information and budgets, the Company intends to apply the money raised from the Offer under this Prospectus as outlined in the table below.

Results of exploration will lead to an ongoing re-assessment of each project and work programs and budgets may be modified accordingly.

If less than \$659,398 is raised, the Company intends to apply the amount raised first to any additional costs of the Offer and second to those activities that would be most beneficial for the progression of the projects. Those activities, in order of priority, are items 1, 2 and 3 from the use of funds table below.

In the event that other opportunities arise or the Company's circumstances change, the Directors reserve the right to vary the intended use of funds to maximise the benefits to Shareholders.

| Item | Use of Funds | Amount |
|-------------|---|------------------|
| 1. | Durkin Nickel Project – geophysics review, redrill nominated prior holes and conduct downhole EM targeting nickel prospectivity | \$100,000 |
| 2. | Melton Project – conduct airborne EM over Champion and Central prospects, geophysics review to determine drilling locations and targeted drilling program of Champion and Central prospects | \$200,000 |
| 3. | Junction Dam Project – drill water wells and a production well, obtain and analyse data regarding groundwater and conduct pump tests to ascertain permeability | \$200,000 |
| 4. | General working capital | \$94,398 |
| 5. | Expenses of the Offer | \$65,000 |
| | TOTAL | \$659,398 |

1.5 Effect of the Offer on Capital Structure

The effect of the Offer on the capital structure of the Company is set out in the following table:

| | Pre-Offer | Post-Offer (Assuming 65,939,809 New Shares and 32,969,905 New Options are issued under the Offer) |
|------------------|----------------------|---|
| Ordinary shares | 263,759,235 | 329,699,044 ¹ |
| Existing Options | 700,000 ² | 700,000 ³ |
| New Options | Nil | 32,969,905 |

1.6 Effect of the Offer on Control

Based on publicly available information, there are no substantial shareholders in the Company as at 7 November 2014. It is not anticipated that the Offer will have any effect on control of the Company.

1.7 Opening and Closing Dates

The Rights Issue will open for receipt of acceptances on the Opening Date and closes on the Closing Date. The Directors reserve the right to vary the dates of the Offer, including extending the Closing Date subject to the Corporations Act, ASX Listing Rules or other applicable laws. Investors are therefore urged to lodge their Entitlement and Acceptance Forms as soon as possible.

1.8 Rights Trading

The Rights to the New Shares are non-renounceable, which means that Rights will not be traded.

1.9 Acceptances

Shareholders may accept all or part of their Entitlement.

Instructions for completion are set out on the accompanying Entitlement and Acceptance Form. Acceptance must not exceed your Entitlement as shown on that form.

¹ This assumes the maximum number of New Shares are issued under the Offer.

² Unquoted options. The conversion rights for these options are disclosed in section 1.13 on page 8.

³ This assumes that none of the Existing Options are exercised before the Record Date or otherwise.

1.10 **ASX Listing**

Application will be made within seven days after the date of the Prospectus for the New Shares and New Options offered under this Prospectus to be granted official quotation by the ASX. The granting by ASX for the official quotation of the New Shares and New Options is not guaranteed.

If the New Shares are not admitted to quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and allotted and all application monies will be refunded.

If the New Options are not admitted to quotation on the ASX within 3 months after the date of this Prospectus, the Company will withdraw the quotation application to ASX, and the New Options will not be quoted.

The ASX takes no responsibility for the contents of this Prospectus.

1.11 **Rights and liabilities attaching to Shares**

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which may be inspected at the Company's registered office. A summary of the rights and liabilities follows.

Voting rights

At a general meeting every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and every shareholder present in person or by proxy, attorney or representative has one vote for each Share on a poll.

Dividends

Dividends are declared by the Directors at their discretion and subject to any special rights (at present there are none) are payable on all Shares in proportion to the amount of capital for the time being paid up on those Shares.

Transfer of Shares

Generally, Shares are freely transferable. Where the Listing Rules or the law require the Company to do so, the Directors must decline to register a transfer. If Shares are subject to a restriction agreement entered into by the Company and Shareholder, except as permitted by the Listing Rules, a Shareholder may not dispose of the Shares and the Directors and the Company will not register a dealing in the Shares.

Future increases in capital

The allotment or issue of any Shares of the Company is under the control of the Directors who may, subject to the Corporations Act and the Listing Rules, allot or otherwise dispose of them on such conditions as they see fit.

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 a majority of not less than 75% of those present and voting.

Rights on winding up

In the event of a winding up of the Company:

- any surplus will be divided among the Shareholders in the proportion that the amount paid up on the Shares bears to the total amount paid up on all Shares of the Company on issue;
- surplus assets in kind may, with the sanction of a special resolution, be divided among Shareholders in such proportion as the liquidator may determine.

1.12 Rights and liabilities attaching to the New Options

The rights and liabilities attaching to the New Options are as follows:

- 1.12.1 Each New Option entitles the holder to subscribe for one Share.
- 1.12.2 The New Options will expire at 5:00pm on 9 December 2015 (**Expiry Date**). Any New Option which has not been exercised before that date automatically lapses.
- 1.12.3 Each New Option is exercisable at an exercise price of \$0.02 per Share at any time before the Expiry Date.
- 1.12.4 Some or all of the New Options may be exercised at any one time or times prior to the Expiry Date provided that if the number of New Options held is less than 100,000 then all the New Options must be exercised at one time and if more than 100,000 New Options are held they must be exercised in parcels of at least 100,000.
- 1.12.5 New Options will be fully transferable in accordance with the constitution of the Company and, for such time as the Company is listed, the Listing Rules.
- 1.12.6 No certificates will be issued for the New Options, but holding statements will be issued to holders for New Options issued.
- 1.12.7 Shares issued pursuant to the exercise of any New Option will rank in all respects on equal terms with the existing Shares.
- 1.12.8 Shares issued pursuant to the exercise of a New Option will be issued on a date which will not be more than 10 business days after the receipt of a properly executed notice of exercise of option and the application moneys in respect of the exercise of the New Option.
- 1.12.9 Application will be made by the Company to the ASX for permission for quotation to be granted in respect of Shares issued upon

exercise of any of the New Options in the manner required by the Listing Rules.

- 1.12.10 Holders can exercise New Options by completing and submitting a notice of exercise of options (which is set out on the holding statement for the New Options or, if none, such form as the Directors may accept) to the Company's share registry together with the required exercise price.
- 1.12.11 A New Option will not entitle the holder to participate in any new issue of Shares by the Company, unless the New Option has been duly exercised prior to the relevant record date.
- 1.12.12 If there is a reconstruction or reorganisation (including consolidation, sub-division, reduction or return) of the capital of the Company, the rights of the holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of the restructure or reorganisation. Any changes to the terms of the New Options will not result in any benefit being conferred on the holder which is not conferred on the Shareholders of the Company.
- 1.12.13 If there is a pro-rata issue (except a bonus issue) to the holders of Shares, the exercise price of each New Option will be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where

- O' = The new exercise price of the New Option
- O = The old exercise price of the New Option
- E = The number of Shares into which one New Option is exercisable
- P = The average market price per Share (weighted by volume) of Shares during the 5 trading days ending on the day before the ex-rights or ex-entitlements date
- S = The subscription price for a Share under the pro-rata issue
- D = The dividend due but not yet paid on Shares (except those to be issued under the pro-rata issue)
- N = The number of Shares with rights or entitlements that must be held to receive a right to one new Share

- 1.12.14 If there is a bonus issue to the holders of Shares, the number of Shares over which the New Option is exercisable will be increased by the number of Shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.

1.12.15 In the event of a winding up of the Company unexercised New Options will have no right to a distribution of surplus assets of the Company.

1.12.16 The Listing Rules prevail to the extent of any inconsistency with these terms.

1.12.17 These terms are governed by the laws of South Australia and the holder submits to the non-exclusive jurisdiction of South Australian courts and courts of appeal from them.

1.13 **Effect of the Rights Issue on Optionholders**

The Company currently has 700,000 unquoted options on issue with the following conversion rights:

| Number | Exercise Price | Expiry Date |
|---------|----------------|-------------|
| 250,000 | \$0.1016 | 05/03/15 |
| 125,000 | \$0.083 | 21/12/15 |
| 225,000 | \$0.073 | 29/07/16 |
| 100,000 | \$0.036 | 24/07/17 |

Optionholders may participate in the Rights Issue by exercising any or all of these Options before the Record Date. The exercise of any Options prior to the Record Date will increase the issued capital of the Company and may increase the number of New Securities issued under the Rights Issue and the total amount raised under the Rights Issue.

Optionholders cannot participate in the Rights Issue without exercising their Options.

1.14 **Minimum Capital Raising**

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

1.15 **Shortfall in subscription**

The Directors reserve the right to issue any shortfall in subscription for New Securities at their discretion after the close of the Offer (**Shortfall Offer**). Offers of shortfall are made as a separate offer under this Prospectus. Should the Directors decide to issue any shortfall; the Shortfall Offer will remain open after the Closing Date. The issue price for each New Share to be issued under any Shortfall Offer will not be less than \$0.01.

Pursuant to ASX Listing Rule 7.2 (exception 3), New Securities issued under the Shortfall Offer not later than 3 months after the close of the Offer do not detract from the Company's capacity to issue 15% of its issued capital without security holder approval in a 12 month period.

1.16 **Overseas Shareholders**

This Offer is only being extended to Shareholders with registered addresses in Australia and New Zealand. All other Shareholders (Non-Resident Shareholders) will not be offered Rights under this Prospectus. The Company has determined, in accordance with the Listing Rules, that it would be unreasonable to make an offer under this Prospectus to Non-Resident Shareholders having regard to:

- the number of Shareholders in the places where the offer would be made;
- the number and value of the Rights that would be offered; and
- the cost of complying with the legal requirements in those places.

No Entitlement and Acceptance Forms are being sent to Non-Resident Shareholders.

Neither this Prospectus nor the Entitlement and Acceptance Form constitute an offer of, or an invitation by or on behalf of the Company to subscribe for or purchase any of the New Securities in any jurisdiction or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and Entitlement and Acceptance Form, and the offering of New Securities, in certain jurisdictions may be restricted by law. Persons into whose possession such documents come should inform themselves about and comply with those restrictions.

1.17 **Taxation**

Shareholders should be aware that there are taxation implications for subscribing for New Securities. These taxation implications will vary between different Shareholders and Shareholders should consult their own professional tax adviser in relation to the taxation implications.

2. **How to Apply**

2.1 **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 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.

2.2 **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 your cheque for the total amount payable to reach the Company's share registry by 5:00pm on the Closing Date.

For payment by BPAY, please follow the instructions on the Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY, you do not need to submit the Entitlement and Acceptance Form. Your BPAY payment must be received by 5:00pm on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with respect to electronic payment and you should take this into account when making payment.

2.3 **Applying for Additional New Shares**

If a Shareholder wishes to take up any New Shares offered on the basis of this Prospectus which are not taken up by other Shareholders (**Additional New Shares**), 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 New Shares they wish to take up.

The number of Additional New Shares available will depend on the level of acceptance of Entitlements by Eligible Shareholders and whether the Directors decide to issue the shortfall. Accordingly you may not receive the full amount or any of the Additional New Shares for which you have applied. Additional New Shares, if available, will be issued under the Shortfall Offer.

2.4 **Other Investors**

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

The number of New Shares available will depend on the level of acceptance of Entitlements by Eligible Shareholders, number of Additional New Shares they wish to take up and whether the Directors decide to issue the shortfall.

Shortfall Application Forms will be provided to investors on request. Refer to the Shortfall Application Form for instructions on its completion.

2.5 **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 under the Shortfall Offer.

3. Information about the Company

3.1 Disclosing Entity

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

The Company is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, the Company is subject to the Listing Rules of the ASX which require continuous disclosure to the market of any information the Company has which a reasonable person would expect to have a material effect on the price or value of the Company's Shares.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX during normal working hours or via the ASX website at www.asx.com.au. In addition, copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, any regional ASIC office.

3.2 Information Available to Shareholders and Prospective Investors

The Company will provide a copy of each of the following documents free of charge, to any Shareholder or prospective investor who so requests during the application period under this Prospectus:

- the 2014 Annual Report of the Company which contains the financial statements and consolidated financial statements for the 2014 financial year; and
- the following announcements lodged with the ASX since release of the 2014 annual financial report.

| DATE | ANNOUNCEMENT |
|------------|---|
| 31/10/2014 | September 2014 Quarterly Activities and Cash Flows Report |
| 24/10/2014 | 2014 Annual Report, Notice of Meeting and Proxy Form |
| 21/10/2014 | AON: Drilling at Mars Aurora Tank Intersects 4m @ 5g/t Gold |
| 7/10/2014 | Appendix 3B |

3.3 Market Prices of the Company's Shares on ASX

The highest and lowest market sale price of the Company's shares on the ASX during the 3 months immediately preceding the date of this Prospectus, and the respective dates of those sales, and the last sale on the ASX trading day immediately preceding the date of this Prospectus were as follows:

| | Price | Dates |
|---------|---------|---|
| Highest | \$0.024 | 11 September 2014 |
| Lowest | \$0.012 | 24 and 27 October 2014 4-6 November 2014 |
| Latest | \$0.012 | 6 November 2014 |

3.4 Effect of the Rights Issue on the Company

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

- increase cash reserves by up to \$659,398 (before expenses of the Rights Issue are taken into account) to enable the Company to pursue its objectives;
- result in the Company having on issue up to (approximately) an additional 65,939,809 Shares and up to (approximately) 32,969,905 options;
- increase cash reserves by up to \$659,400 on exercise of the New Options (there is no guarantee that all or any of the New Options will be exercised);
- result in the Company having on issue on exercise of the New Options, up to an additional 32,969,905 Shares (there is no guarantee that all or any of the New Options will be exercised).

3.5 Statement of Financial Position

Set out in this section of the Prospectus is a Pro Forma Consolidated Statement of Financial Position of the Company taking into account the Rights Issue. It is based on consolidated financial statements for the year ended 30 June 2014. The Pro Forma Consolidated Statement of Financial Position illustrates the effect of the Rights Issue as if the Rights Issue had occurred on 30 June 2014, fully subscribed.

| | As at 30 June 2014 \$ | Offer fully subscribed less expenses of the Offer \$ | Pro Forma 30 June 2014 \$ |
|-----------------------------|-----------------------------|--|---------------------------------|
| Current assets | | | |
| Cash and cash equivalents | 1,614,782 | 594,398 | 2,209,180 |
| Trade and other receivables | 62,520 | - | 62,520 |
| Other Assets | 27,651 | - | 27,651 |
| Total current assets | 1,704,953 | 594,398 | 2, 299,351 |

| | As at 30 June 2014 \$ | Offer fully subscribed less expenses of the Offer \$ | Pro Forma 30 June 2014 \$ |
|--|-----------------------------|--|---------------------------------|
| Non-current assets | | | |
| Plant and equipment | 233,794 | - | 233,794 |
| Investments in associates | 1 | - | 1 |
| Available for sale financial assets | 8,000 | - | 8,000 |
| Exploration and evaluation assets | 2,369,086 | - | 2,369,086 |
| Total non-current assets | 2,610,881 | 0 | 2,610,881 |
| Total assets | 4,315,834 | 594,398 | 4,910,232 |
| Current liabilities | | | |
| Trade and other payables | 260,883 | - | 260,883 |
| Provisions | 27,746 | - | 27,746 |
| Total current liabilities | 288,629 | - | 288,629 |
| Non-current liabilities | | | |
| Provisions | 56,821 | - | 56,821 |
| Borrowings | - | - | 0 |
| Total non-current liabilities | 56,821 | 0 | 56,821 |
| Total liabilities | 345,450 | 0 | 345,450 |
| Net assets | 3,970,384 | 594,398 | 4,564,782 |
| Equity | | | |
| Issued capital | 31,239,006 | 594,398 | 31,833,404 |
| Reserves | 2,709,650 | - | 2,709,650 |
| Retained earnings | (29,978,272) | - | (29,978,272) |
| Total equity attributable to equity holders | 3,970,384 | 594,398 | 4,564,782 |

Note: At 30 June 2014 the Company had cash and cash equivalents of \$1,614,782. Since 30 June 2014, the Company has expended further cash on exploration and for general working capital. As at 31 October 2014, the Company had cash and cash equivalents of approximately \$976,000. The cash and cash equivalents as at 31 October 2014 has not been subject to audit.

Exercise of all New Options would further increase Current Cash assets by up to \$659,400. There is no guarantee that all or any of the New Options will be exercised.

4. **Risks**

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The risks include, but are not limited to, the following:

4.1 **Key risks**

Going concern

The Company's auditor, Grant Thornton Audit Pty Ltd noted in respect of the Annual financial report as at 30 June 2014 the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the annual financial report.

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 prospects 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 obtaining 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 labour, engaging contractors, consumables, spare parts, plant and equipment;
- prevention or restriction of access by reasons 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).

4.2 Risks specific to 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.

Access to Land

Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, public land, pastoral lease and native title land or claims under the *Native Title Act 1993* (Cth). The laws that govern mineral exploration tenements prescribe a mandatory process for gaining access to public or private land (freehold and pastoral leasehold), including the requirements to send notices to land owners, and to negotiate conduct and compensation agreements with landholders prior to entering the land to prospect, explore or mine for minerals. Although the Company has no reason to believe that it will not be granted access to relevant land in the future through this process, the inability to obtain land access on satisfactory terms

or within acceptable timeframes may impact on the Company's ability to undertake its proposed prospecting, exploration and mining activities.

Access to Woomera prohibited area

The Company has a number of tenements covering land located within the Woomera Prohibited Area (WPA). Access to these project areas for exploration is covered by a Deed of Access with the Commonwealth of Australia. There is a risk that the deed may be terminated by the Commonwealth at any time with written notice. The Company does not have any reason to believe that the Commonwealth will terminate the deed or will refuse an extension of its term. However, the Company cannot guarantee that this will not occur and both events would have a significant adverse effect on the Company's operation.

Uranium Mining

The Company intends to continue to explore for and develop uranium prospects in 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.

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.

4.3 Risks specific to the Offer

Dilution risk

If you decide to take up only part of your Entitlement or not to accept any of your Entitlement, your Entitlement will lapse and your ownership of the Company will be diluted to that extent.

New Options expiring out of the money

There is no guarantee that the market price of the underlying Shares will trade above the exercise price of the New Options. Accordingly, there is a risk that the New Options could expire out of the money.

Quotation of New Options not guaranteed

For the New Options to be granted official quotation by ASX certain conditions must be met, including those set out in ASX Listing Rule 2.5 (Condition 6). The granting by ASX for the official quotation of the New Options is not guaranteed.

4.4 General risks

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 commodity 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.

5. Additional Information

5.1 Directors' Interests

Other than as set out below or elsewhere in this Prospectus:

5.1.1 no Director or proposed director has, or has had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer; and

5.1.2 no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to:

- any Director or proposed director to induce him or her to become, or to qualify as, a director of the Company; or
- any Director or proposed director for services which he or she has provided in connection with the formation or promotion of the Company or the Offer.

5.1.3 Robert Kennedy and Glenn Davis are directors and shareholders, either in their own name or via personally related entities, of Monax Mining Limited (**Monax**). As announced to ASX Market Announcements on 30 January 2014, Monax assigned to the Company 25% of its stake in the joint venture with the Company relating to the Melton tenement and the North Melton tenement which comprise part of the Melton Project. Funds raised under this Prospectus will in part be used in relation to the Melton Project.

5.2 Interests in securities

The securities of the Company in which Directors and their associates have relevant interests as well as their respective Entitlements are:

| Director | Shares | Options | Entitlement to New Shares under the Offer | Entitlement to New Options under the Offer |
|----------------|-----------|---------|---|--|
| Robert Kennedy | 5,661,764 | Nil | 1,415,441 | 707,721 |
| David Williams | Nil | Nil | Nil | Nil |
| Glenn Davis | 3,277,731 | Nil | 819,433 | 409,717 |
| Neville Alley | 2,977,858 | Nil | 744,465 | 372,233 |

5.3 Directors' fees

The following table shows the total remuneration paid and proposed to be paid per financial year to Directors (inclusive of superannuation).

| Director | Fee (inclusive of superannuation) (2013 Financial Year) | | Fee (inclusive of superannuation) (2014 Financial Year) | | Fee (inclusive of superannuation) (2015 Financial Year) | |
|--|--|--------|--|--------|--|--------|
| | Robert Kennedy Chairman | 84,000 | | 84,000 | | 84,000 |
| Domenic Calandro ⁴ | 296,398 | | 423,486 | | Nil | |
| David Williams ⁵ Managing Director | Nil | | Nil | | 187,500 | |
| Glenn Davis | 48,030 | | 48,038 | | 48,030 | |
| Neville Alley | 94,307 | | 94,470 | | 94,740 | |
| Reg Nelson | 4,004 | | Nil | | Nil | |

Glenn Davis is a partner of DMAW Lawyers Pty Ltd. DMAW Lawyers Pty Ltd has provided legal services to us in respect of the Prospectus and will be paid approximately \$13,500 for those services. In the past two years, DMAW Lawyers Pty Ltd has been paid approximately \$63,000 for legal services provided to us.

5.4 Interests of persons involved in the Offer

Other than as set out below or elsewhere in this Prospectus:

- 5.4.1 no promoter of the Company or person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has in the two years before the date of this Prospectus had, any interest in:
- 5.4.2 the formation or promotion of the Company;
- 5.4.3 property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- 5.4.4 the Offer; and

⁴ Mr Domenic Calandro resigned as Managing Director effective 30 May 2014.

⁵ Mr David Williams was appointed as Managing Director on 9 September 2014.

5.4.5 no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any promoter of the Company, underwriter to the Offer or a financial services licensee involved in the Offer or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or provided in connection with the formation or promotion of the Company, or the Offer.

5.5 Underwriting

The Offer is not underwritten.

5.6 Expenses of the Rights Issue

On the assumption that the Rights Issue is fully subscribed, the total expenses connected with the Rights Issue, including legal and corporate advisory fees, ASX listing, ASIC lodgement, printing and other miscellaneous expenses are estimated to be approximately \$65,000.

5.7 Consents

Computershare Investor Services Pty Limited has consented to being named in this Prospectus as share registry for the Company in the form and context in which it is named and at the time of lodgement of this Prospectus, has not withdrawn consent. Computershare Investor Services Pty Limited takes no responsibility for any part of this Prospectus other than references to its name. Computershare Investor Services Pty Limited does not make any statement in this Prospectus nor is any statement based upon a statement by Computershare Investor Services Pty Limited.

DMAW Lawyers Pty Ltd have given and not withdrawn prior to the lodgement 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.

Each Director has consented to the issue and lodgment of this Prospectus.

6. Glossary and Interpretation

In this Prospectus, unless the contrary intention appears:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited;

Closing Date means the closing date of the Rights Issue listed in the "Summary of Key Dates" section of this Prospectus;

Company means Marmota Energy Ltd ACN 119 270 816;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the Directors of the Company;

Eligible Shareholders means on the Record Date, Shareholders recorded on the register of members of the Company as holders of ordinary shares, that have registered addresses in Australia or New Zealand;

Entitlement means the entitlement of an Eligible Shareholder to apply for a number of New Securities under the Offer;

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Prospectus;

Listing Rules means the listing rules of ASX;

New Options means options offered pursuant to this Prospectus;

New Securities means the New Shares and New Options offered pursuant to this Prospectus;

New Shares means shares offered pursuant to this Prospectus;

Offer means the offer of New Securities made on the basis of this Prospectus;

Opening Date means the opening date of the Rights Issue listed in the “Summary of Key Dates” section of this Prospectus;

Prospectus means this document;

Quotation Date means the date of quotation as that term is used in the Listing Rules;

Record Date means the record date to determine the Shareholders entitled to participate in the Rights Issue determined in accordance with the ASX Listing Rules, listed in the “Summary of Key Dates” section of this Prospectus;

Rights means the rights to subscribe for New Securities under this Prospectus;

Rights Issue means the non-renounceable rights issue the subject of this Prospectus;

Shareholders means a holder of Shares;

Shares means fully paid ordinary shares in the Company;

Shortfall Application Form means the shortfall form to be used by an applicant who is not a Shareholder to subscribe for New Securities pursuant to the Prospectus; and

Shortfall Offer has the meaning in section 1.15;

Tenements means those mining tenements in which, as of the date of this Prospectus, the Company has rights to or a contractual or other interest in;

In this Prospectus, unless the contrary intention appears:

6.1 words importing the singular include the plural and the plural includes the singular and any gender include the other genders;

- 6.2 if a word or phrase is defined in the Corporations Act or the ASX Listing Rules, it bears the same meaning;
- 6.3 if a word or phrase is defined other parts of speech or grammatical forms of that word have corresponding definitions;
- 6.4 a reference in this Prospectus to a clause, paragraph or section is to a clause, paragraph or section of this Prospectus;
- 6.5 a reference to an annexure is to an annexure to this Prospectus and this Prospectus includes any annexure;
- 6.6 a reference to:
 - 6.6.1 a person includes a natural person, partnership, firm, unincorporated association, corporation and a government or statutory body or authority or other entity;
 - 6.6.2 a person includes the legal personal representatives, successors and assigns of that person;
 - 6.6.3 a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 6.7 time is the time in Adelaide, South Australia unless stated otherwise;
- 6.8 a right includes a benefit, remedy, direction or power;
- 6.9 A\$, \$A, \$, dollars (\$) and cents (c) are references to the lawful currency of Australia;
- 6.10 annexures to this Prospectus form part of this Prospectus; and
- 6.11 headings are for reference and do not affect interpretation.