

QUARTERLY ACTIVITY REPORT

MARCH QUARTER 2016

HIGHLIGHTS

The March 2016 Quarter saw assay results for work conducted on the Gawler Craton gold project in the December 2015 Quarter; the company expanded its strategic position in the Gawler Craton around the Challenger gold mine; and preparation for a new drilling program at the 100% owned West Melton copper project.

Gold exploration program assay results

- Assay results from drilling at Widgety [ASX:MEU 1 Feb 2016] and infill calcrete sampling at Westpoint Hill target [ASX:MEU 17 & 24 Feb 2016] – see discussion below.

New Head of Exploration Team

[ASX:MEU 22 March 2016]

- Dr Kevin Wills *BSc, Ph.D., ARSM, FAusIMM* appointed as Chief Consulting Geologist
- Dr Wills pioneered a method of rapid reconnaissance calcrete sampling that generated many new gold discoveries, including Challenger.

Gawler Craton Tenement Expansion

- Marmota negotiated to acquire from a private party a 100% interest in 3 additional tenements around the Challenger gold mine – EL 5087, 5088 and 5527 – completed in April [ASX:MEU 14 April 2016]
- The new holdings further expand Marmota's dominant position around the Challenger Gold mine.

Corporate

- **Benefits of corporate re-structure already evident**
 - ✓ Reduced Board and admin costs: expenditure on administration has been cut **by over 50%** compared to the March 2015 quarter
 - ✓ Capital position continues to improve: every consecutive quarter since restructure, Marmota's 'Cash at end of quarter' has increased
- **New capital brought in**
 - ✓ \$258,750 placement (before costs) to Southern Cross Capital Pty Ltd – new cornerstone investor

Exploration Activities during Quarter

GOLD

Gawler Craton

Tenement	Name	MEU Holding
EL4510	Ambrosia	100%
EL5684	Pundinya	100%
EL5195	Muckanippie	100%
EL4702	Indooroopilly	100%
EL4995	Mt Christie	100%
EL5060	Lake Anthony	100%
EL5377	Cudyea	100%
EL5759	Mulgathing	100%

Multi-commodity potential (gold, copper, nickel, zinc, uranium)

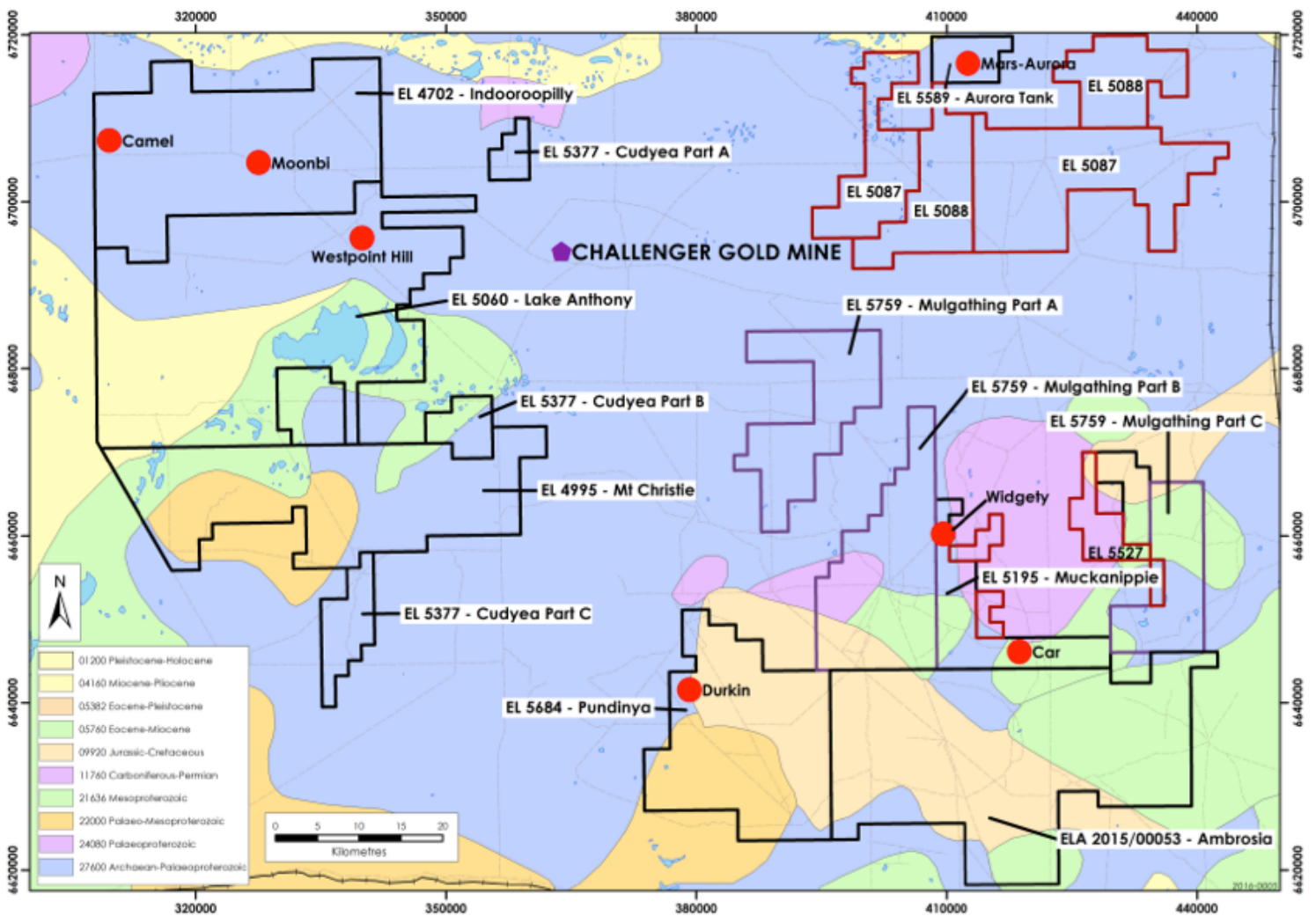


Figure 1: Marmota's Gawler Craton Gold Project showing the location of the new tenements

Work undertaken during reporting period

Background

- Marmota is searching for Challenger-style gold systems. The Challenger mine has already produced 1 million ounces of gold (over A\$1.5 billion of gold, at current prices).
- Marmota has a dominant tenement holding around Challenger. Marmota tenements cover approximately 4,500 km² of highly prospective area around the Challenger gold mine, in the Woomera Prohibited Defence Area in the Gawler Craton.
- Marmota is adopting the same calcrete sampling methodology that was used to find Challenger — to highlight areas of gold anomalism with the potential for Challenger-style gold mineralisation.

The gold program is ongoing and expanding.

Widgety Prospect

[see ASX:MEU 1 February 2016]

- In December 2015, Marmota completed a RC drilling program with 1,652 metres drilled, testing 3 areas of interest identified at the Widgety Prospect [see Fig. 2 & 3].
- The Widgety drilling program consisted of 29 angled RC holes with lengths varying from 50 to 102 metres [see ASX:MEU 1 February 2016 for details].
- 29 angled RC holes were drilled to test 3 separate areas
 - Magnetic anomaly North (5 holes), and magnetic anomaly South (2 holes): The program to both the North and South areas did not have the benefit of refinement via gold-in-calcrete testing, as infill calcrete sampling program did not extend to either of these areas.
 - Central zone: This area was the subject of calcrete sampling programs; those programs yielded a number of clusters of gold-in-calcrete anomalies exceeding 20ppb, but no sharply defined 'hot zone'.

Results: In each drillhole, 3 metre composite samples were assayed for 49 elements including gold, with the focus being on the gold occurrences. The highest gold occurrence was 70ppb Au in hole WRC0009 from 30-33 metres downhole. No further follow-up work is warranted.

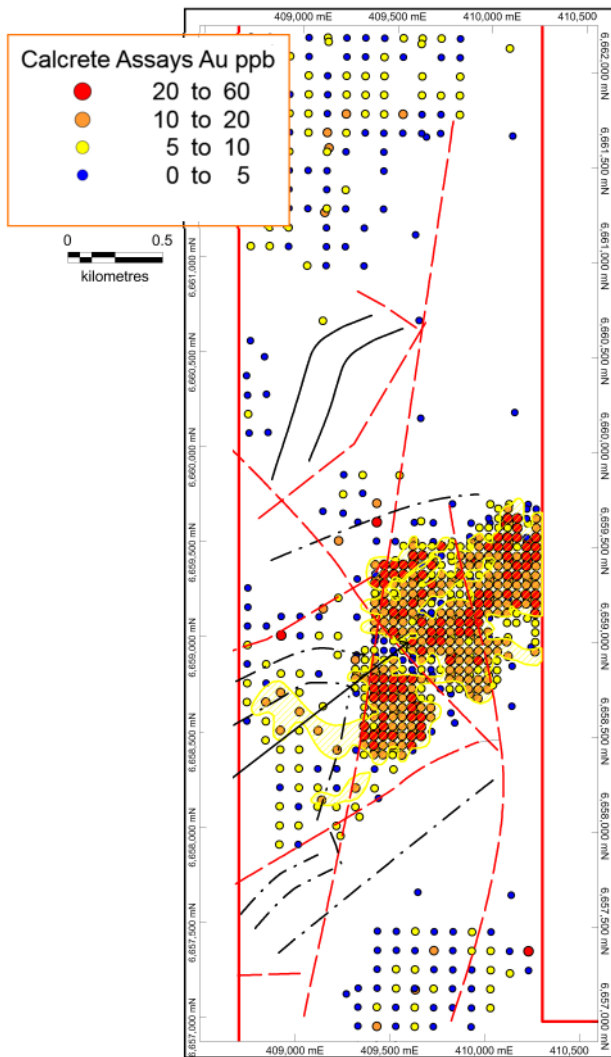


Figure 2: Marmota gold-in-calcrete sampling

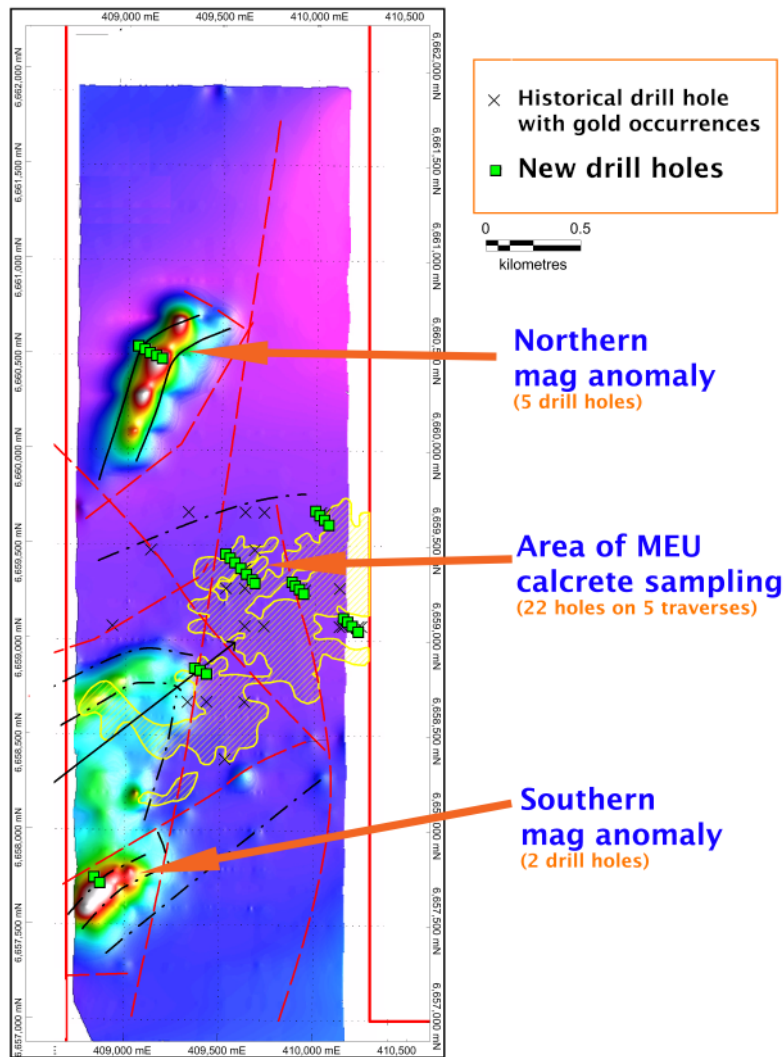


Figure 3: Higher-resolution magnetic survey highlighted additional targets, to both the North and South

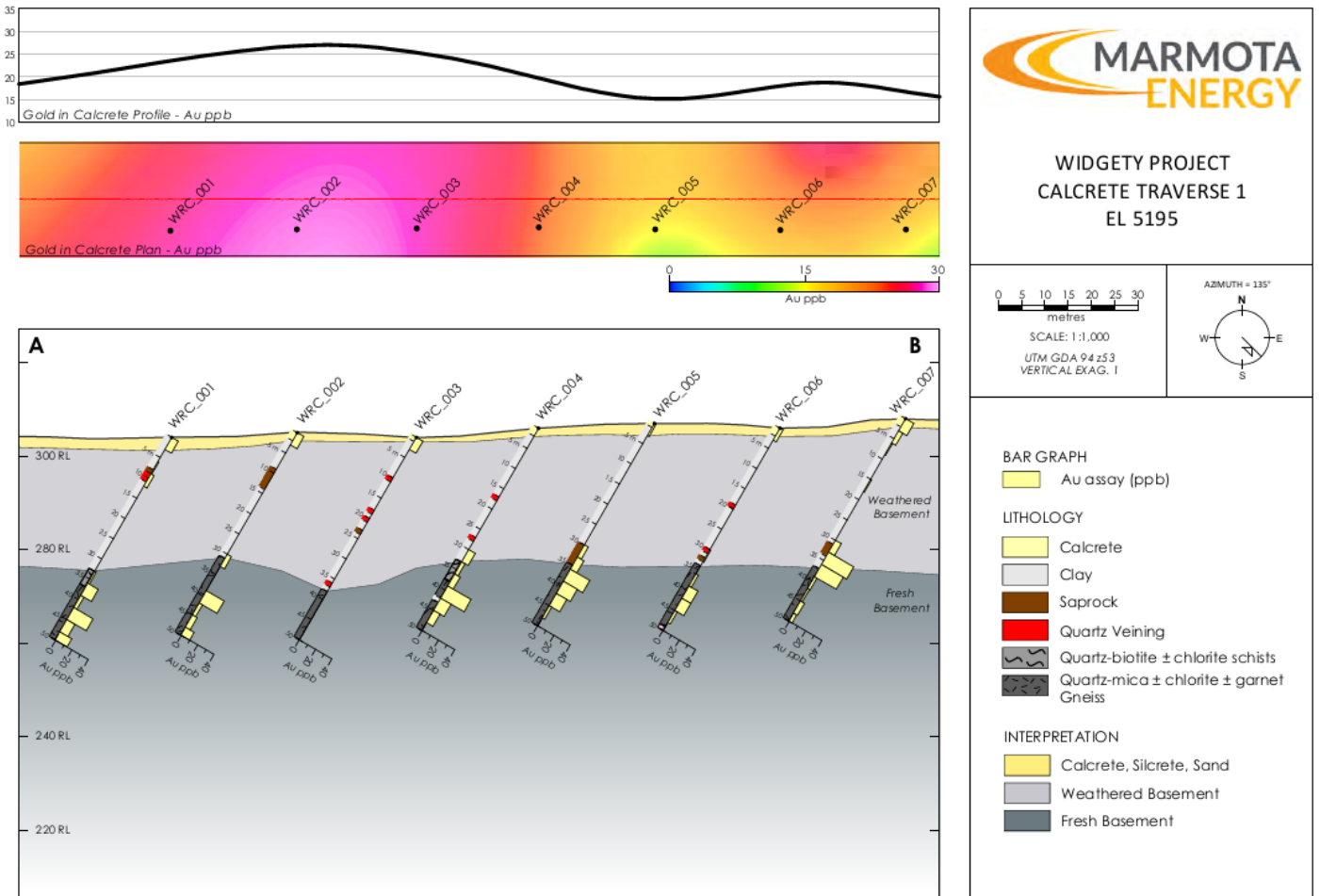


Figure 4: Cross section of Traverse 1 showing gold occurrences and lithology encountered by the drill holes, mapped against the gold in calcrete sampling results across the Traverse

Westpoint Hill

[ASX:MEU 17 and 24 February 2016]

- In October 2015, Marmota's calcrete sampling (on 800m grid) at Westpoint Hill identified exceptional gold-in-calcrete anomalous assay results of 70ppb to 107ppb. These high gold-in-calcrete results (107ppb, 80ppb and 70ppb) were re-assayed and verified in October 2015.
- In December 2015, Marmota undertook and completed a detailed infill calcrete sampling program at Westpoint Hill [ASX:MEU 24 Nov 2015]
The infill assay results were received in February [see ASX:MEU 17 Feb 2016]. The infill assay results appear statistically inconsistent with the earlier assay results for the target area, received from the same laboratory, and reported to the ASX in October 2015. In particular, the new results did not return anomalous gold occurrences in or around the previously reported significant gold-in-calcrete anomalies.
- Marmota initiated a number of avenues of investigation:
 - The scope for contamination of samples in the field or at the Laboratory;
 - An audit of the laboratory procedures was undertaken
 - An urgent re-assay of a subset of the residue samples from both October 2015 and the December Infill program, by 2 different analytical methods;
 - Engaged an independent Geochemist to review data from both sampling programs and new data; and
 - Collection of duplicate field samples for selected samples for analysis at an independent laboratory.
- 8 samples from the October 2015 program (including the 3 high values) and 7 samples from the December infill calcrete sampling program were re-submitted for assaying from the residues of the original samples [ASX:MEU 24 Feb 2016] :
 - Re-assay of pulp residue samples from the original 800m October 2015 sampling repeated exceptional gold-in-calcrete assays. This confirmed that anomalous gold is present in the pulp residues from the original sampling.
 - Re-assay of pulp residue samples from the December infill sampling repeats low results
- Woomera clearances were then obtained for additional workers to attend the site. In April 2016, Marmota's new Chief Consulting Geologist, Dr Kevin Wills , visited the site of the exceptional gold-in-calcrete samples with Marmota's geologists and examined the site [ASX:MEU 12 April 2016], including taking new fresh samples by hand auger, as a final test, which are being assayed.

New Tenements

[see ASX:MEU 14 April 2016]

- **New exploration ground granted**
Marmota's application for a new exploration licence for the Mulgathing tenement was granted (EL 5759) [delineated in purple in Figure 1 above].
- **Agreement to acquire new licences**
In April 2016, Marmota entered into a binding agreement with a private party to acquire a 100% interest in 3 tenements around the Challenger gold mine in the central Gawler Craton — EL 5087, 5088 and 5527 [delineated in red in Figure 1 above].

GOLD **Aurora Tank [JV with Apollo Minerals Limited ASX:AON]**

Tenement	Name	MEU Holding
EL5589	Aurora Tank	Marmota: 75% Apollo: 25%

Gold and IOCG (Iron oxide copper gold)

Work undertaken during reporting period

- No work was undertaken during the March 2016 Quarter.

URANIUM **Junction Dam project**

Tenement	Name	MEU Holding
EL5682	Junction Dam	100% of uranium
EL5124	Mulyungarie	100%

Uranium

Future exploration focus

- Uranium is on back-burner pending uplift in market conditions
- Watching developments re prospective re-opening of adjacent Honeymoon Plant

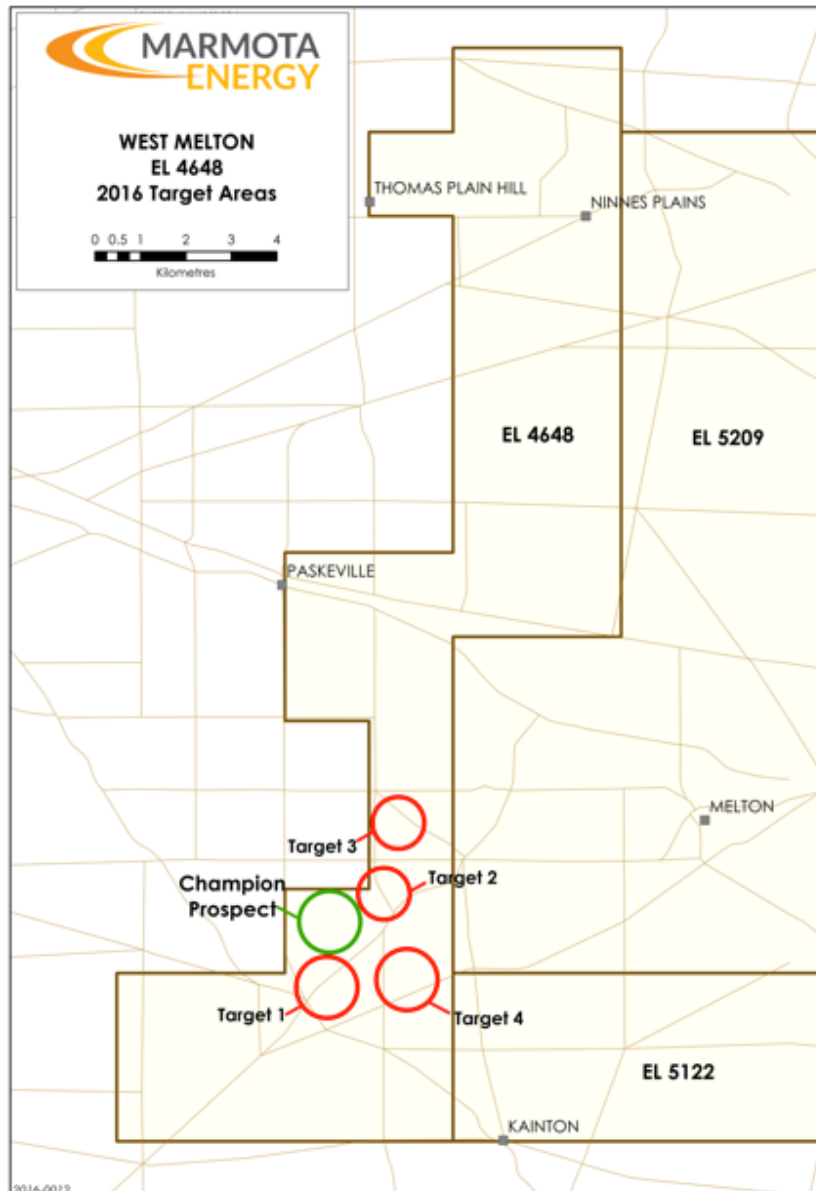
COPPER Yorke Peninsula – Melton project

Tenement	Name	MEU Holding
EL4648	West Melton	100%
EL5122	Melton	Marmota 75% Monax Mining Limited [ASX:MOX] 25%
EL 5209	North Melton	Marmota 75% Monax Mining Limited [ASX:MOX] 25%

Copper

Work undertaken during reporting period

- Land access requirements organised
- New drilling program designed at 100% owned West Melton project
- 4 new areas targeted in a 2,000 metre air-core drilling program
- **Drilling commenced** in April 2016 [see ASX:MEU 21 April 2016]



What is next?

EDI tax credit to shareholders

Marmota is to issue \$170,000 EDI tax credit to shareholders [see ASX:MEU 6 April 2016]. The *record date* for the determination of EDI Credits will be announced shortly.

GOLD

Marmota is searching for the next Challenger-style system. Marmota has a dominant position around the Challenger gold mine, and our tenements have the advantage of being significantly underexplored. The 2016 gold exploration program has now commenced with calcrete sampling across multiple targeted areas on the:

- Lake Anthony (EL 5060)
- Muckanippie (EL 5195) and
- Mt Christie tenements (EL 4995).

The company is adopting rapid reconnaissance calcrete sampling as we work through our tenement position, with up to 2 teams out in the field. Exploration will further expand into new tenements acquired once the necessary access agreements and approvals are in place.

COPPER

- Drilling program **now underway** at West Melton
- Testing 4 new copper targets

Competent Persons Statement

Information in this Release relating to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Peter Thompson, who is a Member of the Australasian Institute of Mining and Metallurgy. 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 of Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Thompson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For further information, please contact:

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About Marmota Energy Limited

Marmota Energy Limited (ASX: MEU) is a South Australian mining exploration company, focused on gold, copper and uranium. Gold exploration is centred on the Company's dominant tenement holding in the highly prospective and significantly underexplored Gawler Craton, near the Challenger gold mine, in the Woomera Prohibited Defence Area. The Company's cornerstone copper project is based at the Melton project on the Yorke Peninsula. The Company's largest uranium project is at Junction Dam adjacent to the Honeymoon mine.

For more information, please visit: www.marmotaenergy.com.au

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Marmota Energy Limited

ABN

38 119 270 816

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(128)	(470)*
(b) development	-	-
(c) production	-	-
(d) administration	(114)	(340)*
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Government funding	16	33
	(223)	(770)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(6)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	13	18
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	11	12
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(212)	(758)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(212)	(758)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	259	1,196*
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)	-	(32)
	Net financing cash flows	259	1164
	Net increase (decrease) in cash held	47	406
1.20	Cash at beginning of quarter/year to date	600	241
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	647	647

*includes year to date adjustment

Payments to directors of the entity, associates of the directors, 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	48.7
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 represents current non-executive Director's fees and executive Director's salary (including SGC superannuation)

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

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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	75
Total	325

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	631	561
5.2 Deposits at call	16	39
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	647	600

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EL 5759 (formerly ELA 2015/00065)	100%	100%
		ELA 2015/00202	100%	100%
		Application (Subsequent licence application for EL4648)		

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	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	379,305,157	379,305,157	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities <i>(description)</i>			

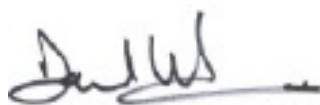
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	(a) 2,300,000	-	Exercise Price \$0.05	Expiry Date 12 January 2021
7.7	Options <i>(description and conversion factor)</i>	870,000	-	Exercise price \$0.018	Expiry date 16/12/19
		225,000	-	\$0.073	29/07/16
		100,000	-	\$0.036	24/07/17
		2,300,000	-	\$0.05	12/01/21
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2016
(Director/Company secretary)

Print name: DAVID WILLIAMS

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.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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TENEMENT STATUS

(as at 31 March 2016)

South Australia

Project name	Tenement	Number	Area (km ²)	Tenure holder / applicant	Details	MEU's interest %	Status
Junction Dam	Junction Dam	EL 5682	341	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	Granted
Melton	Melton	EL 5122	28	Marmosa P/L	JV with Monax Mining	75% of all minerals	Granted
	North Melton	EL 5209	137	Marmota Energy	JV with Monax Mining	75% of all minerals	Granted
	West Melton	ELA 2015/00202 (subsequent licence application)	88	Marmota Energy		100%	Subsequent licence application
	West Melton	EL 4648	88	Marmota Energy		100%	Granted
Ambrosia	Ambrosia	EL 4510	854	Marmosa P/L		100%	Granted
	Ambrosia	ELA 2015/00053 (subsequent licence application)	854	Marmosa P/L		100%	Subsequent licence application
	Muckanippie	EL 5195	181	Marmota Energy		100%	Granted
	Mulgathing	EL 5759	652	Marmota Energy		100%	Granted
Pundinya	Pundinya	EL 5684	435	Marmota Energy		100%	Granted
Aurora Tank	Aurora Tank	EL5589	48	Marmota Energy 75%; Southern Exploration 25%	JV with Southern Exploration	75% of all minerals	Granted
Indooroopilly - Lake Anthony	Indooroopilly	EL 4702	570	Marmota Energy		100%	Granted
	Indooroopilly	ELA 2015/00249 (subsequent licence application)	570	Marmota Energy		100%	Subsequent licence application
	Mt Christie	EL 4995	620	Marmota Energy		100%	Granted
	Lake Anthony	EL 5060	981	Marmota Energy		100%	Granted
	Cudyea	EL5377	145	Marmota Energy		100%	Granted
Mulyungarie	Mulyungarie	EL 5124	17	Marmosa P/L		100%	Granted

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