



QUARTERLY ACTIVITY REPORT

MARCH QUARTER 2017

HIGHLIGHTS

Aurora Tank Gold 100% ownership

- In February 2017, Marmota was delighted to announce multiple significant gold intersections from its December 2016 drilling program at Aurora Tank – Goshawk Gold Prospect (approximately 50km NE of the Challenger Gold mine) [see ASX:MEU [1 February 2017](#)]
- Assays received yielded the best 4m composite gold results to date with 14 new intersections greater than 1 g/t gold, all close to surface, including:
 - 4m at **9.4 g/t** gold from 40m – Hole 16AT126
 - 4m at **5.0 g/t** gold from 32m – Hole 16AT100 (**8m @ 3.6 g/t** gold from 32m)
 - 4m at **3.1 g/t** gold from 16m – Hole 16AT107
 - 4m at **3.2 g/t** gold from 12m – Hole 16AT115
 - 4m at **2.8 g/t** gold from 16m – Hole 16AT118
 - 4m at **3.2 g/t** gold from 44m – Hole 16AT124
 - 4m at **2.7 g/t** gold from 28m – Hole 16AT128 (**12m @ 1.6 g/t** gold from 20m)
- Drilling stopped a few days prior to Christmas; it will recommence shortly with an expanded program.

Copper **Champion Prospect (Copper Coast)** 100% ownership

- In February 2017, Marmota commenced a copper exploration drilling program at its 100% owned Champion prospect on the Yorke Peninsula. The program included:
 - » IP survey
 - » Two Phase drilling program for 89 RC holes for 6,410m, and a diamond drilling component (2 holes for 245m).
- The IP survey and RC drilling were completed by 31 March, and the diamond drilling component completed by mid-April, after the end of the quarter.
- Subsequent to the end of the quarter, assay results for all the RC holes were received and reported [see ASX: MEU [13 April 2017](#)].

- The drilling program returned multiple Cu intersections greater than 0.3% Cu, extending Cu mineralisation over 1km along strike and up to 300m wide [Fig. 4].
- Cu mineralisation appears to be dominantly in malachite between surface and 55m depth, underlain by chalcopyrite dominated primary mineralisation that remains open at depth.

Corporate

- **New MD**
On 30 January 2017, highly-experienced geologist, Ian Warland, commenced as Managing Director.
 - **New capital**
In February 2017, Marmota raised \$1.3 million through placement of shares at 2c per share to sophisticated investors [ASX:MEU 17 February 2017]
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Background

- Marmota is searching for Challenger-style gold systems. The Challenger mine has already produced over 1 million ounces of gold (over A\$1.6 billion of gold, at current prices).
- Marmota has a dominant tenement holding around Challenger. Marmota tenements cover over 5,700 km² of highly prospective area around the Challenger gold mine, in the Woomera Prohibited Defence Area in the Gawler Craton.
- Marmota is adopting an updated version of the calcrete sampling methodology that was used to find Challenger — to highlight areas of gold anomalism for drill testing.

Gold Exploration Activities

- Under the direction of Dr Wills, Marmota has updated and improved its gold exploration program over the northwest Gawler Craton around the Challenger gold mine.
- During the quarter, planning and preparation for Marmota’s calcrete sampling program was carried out with focus on:
 - Lake Anthony (EL 5060),
 - Muckanippie (EL 5195) and,
 - Mt Christie (EL 4995) tenements

Aurora Tank – Gold

- Aurora Tank is located approximately 50km NE of the Challenger gold mine [see Fig. 1]
- In September 2016, Marmota commenced its first drilling program at Aurora Tank.
- On 30 November 2016, Marmota commenced Phase 2 RC drilling at Aurora Tank. The first 31 holes (2,604 metres) of Phase 2 were completed in late December [ASX:MEU 19 Dec 2016], prior to work stopping pre-Christmas season.
- In February 2017, Marmota was delighted to report that the December drilling program at Goshawk Prospect at Aurora Tank returned the best gold intersections to date, all close to the surface (from 4m composite samples) [see ASX:MEU 1 February 2017]

Summary: Highlights to Date (September and December drilling)

- 3m at 11.3 g/t gold from 22m – Hole 16AT019
- 4m at 9.0 g/t gold from 25m – Hole 16AT043
- 4m at 3.7 g/t gold from 24m – Hole 16AT044
- 4m at 6.2 g/t gold from 35m – Hole 16AT061
- 4m at 3.9 g/t gold from 20m – Hole 16AT062
- 4m at 3.3 g/t gold from 36m – Hole 16AT028
- 4m at 9.4 g/t gold from 40m – Hole 16AT126
- 4m at 5.0 g/t gold from 32m – Hole 16AT100 (8m @ 3.6 g/t gold from 32m)
- 4m at 3.1 g/t gold from 16m – Hole 16AT107
- 4m at 3.2 g/t gold from 12m – Hole 16AT115
- 4m at 2.8 g/t gold from 16m – Hole 16AT118
- 4m at 3.2 g/t gold from 44m – Hole 16AT124
- 4m at 2.7 g/t gold from 28m – Hole 16AT128 (12m @ 1.6 g/t gold from 20m)

Features include:

- Significant gold mineralisation over 750m strike length [see Fig. 2]
- Mineralisation consistently within 50m of the surface

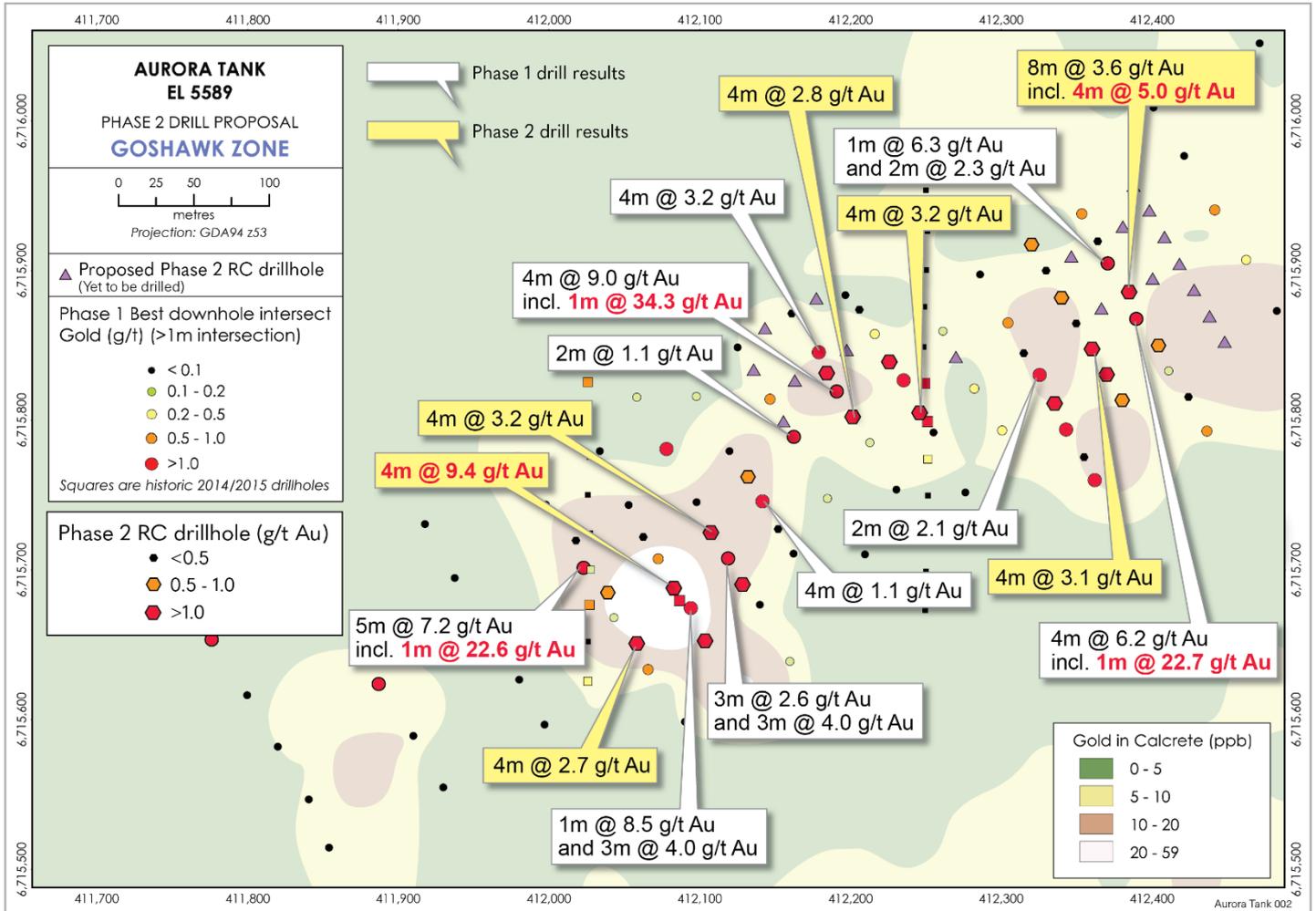


Figure 2: Best downhole results + Phase 2 RC drill grid ▲ (not drilled yet)

Next

Marmota is implementing an expanded program at Aurora Tank, consisting of the Phase 2 holes not yet completed, and additional holes, designed with the benefit of the new assays from the December drilling just completed, with the intention of estimating a JORC compliant Inferred Resource.

URANIUM Junction Dam project

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

Marmota has:

- Inferred Resource of ¹ **5.4 million pounds** U₃O₈ with average grade of 557ppm U₃O₈ [ASX:MEU 18 July 2013]
- Overall Exploration Target² of 15 to 25 m tonnes at 400-700 ppm U₃O₈ containing **22–33 million pounds** U₃O₈ [Saffron deposit with Bridget and Yolanda prospects: ASX:MEU 9 July 2012]



Figure 3: Location of Junction Dam and Honeymoon Mine

Future exploration focus

- Watching developments re prospective re-opening of adjacent Honeymoon Plant, approximately 10km away.

¹ Upward revision of the Saffron deposit Inferred Resource size as indicated above follows the application of an average positive

COPPER Copper Coast – Yorke Peninsula

| Tenement | Name | MEU Holding |
|----------|--------------|---|
| EL5832 | 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% |

Champion Copper

Background

- Champion Copper (EL 5832) is situated on the Yorke Peninsula in South Australia approximately 50km north of Rex Minerals Ltd Hillside copper-gold deposit [see Fig. 4]
- Significant copper mineralisation was identified at Champion during air-core drilling in 2014 [ASX:MEU 1 April 2014 and 7 May 2014]

2017 Drilling

- In February 2017, Marmota commenced RC drilling at Champion with the intention of extending mineralisation first identified in 2014 air-core drilling program.
- The 2017 drilling program consisted of 89 RC holes for 6,410 m and 2 diamond holes for 245m.
- Subsequent to the end of the quarter, assays for all 2017 RC holes were received [see ASX:MEU 13 April 2017]
- Highlighted Intersections (downhole widths) greater than 0.3% Cu include:
 - 10m @ 0.66% Cu from 65m – Hole WMRC077; incl. 1m @ 1.17% Cu from 71m
 - 14m @ 0.44% Cu from 42m – Hole WMRC087
 - 14m @ 0.40% Cu from 31m – Hole WMRC008
 - 16m @ 0.35% Cu from 39m – Hole WMRC007
 - 13m @ 0.42% Cu from 43m – Hole WMRC060; incl. 1m @ 1.0% Cu from 55m
 - 11m @ 0.43% Cu from 20m – Hole WMRC015

Geology and Mineralisation

- At a 0.3% Cu cut off, the 2017 drilling results have defined an extensive low grade zone of secondary Cu mineralisation with elevated Au, approximately 1km along strike, trending in a north-easterly direction and 80 to 300m wide.
- The strongest secondary copper intersections from 2014 air-core drilling (greater than 0.5% Cu) have not been replicated in the current RC drilling programme.
- Infill drilling indicates moderate to steeply dipping Cu mineralisation often with a variably developed sub horizontal cap.
- Cu mineralisation appears to be dominantly in malachite between surface and 55m depth, transitioning to chalcopyrite at deeper levels.
- Cu mineralisation is hosted within partially weathered Paleoproterozoic metasediments.

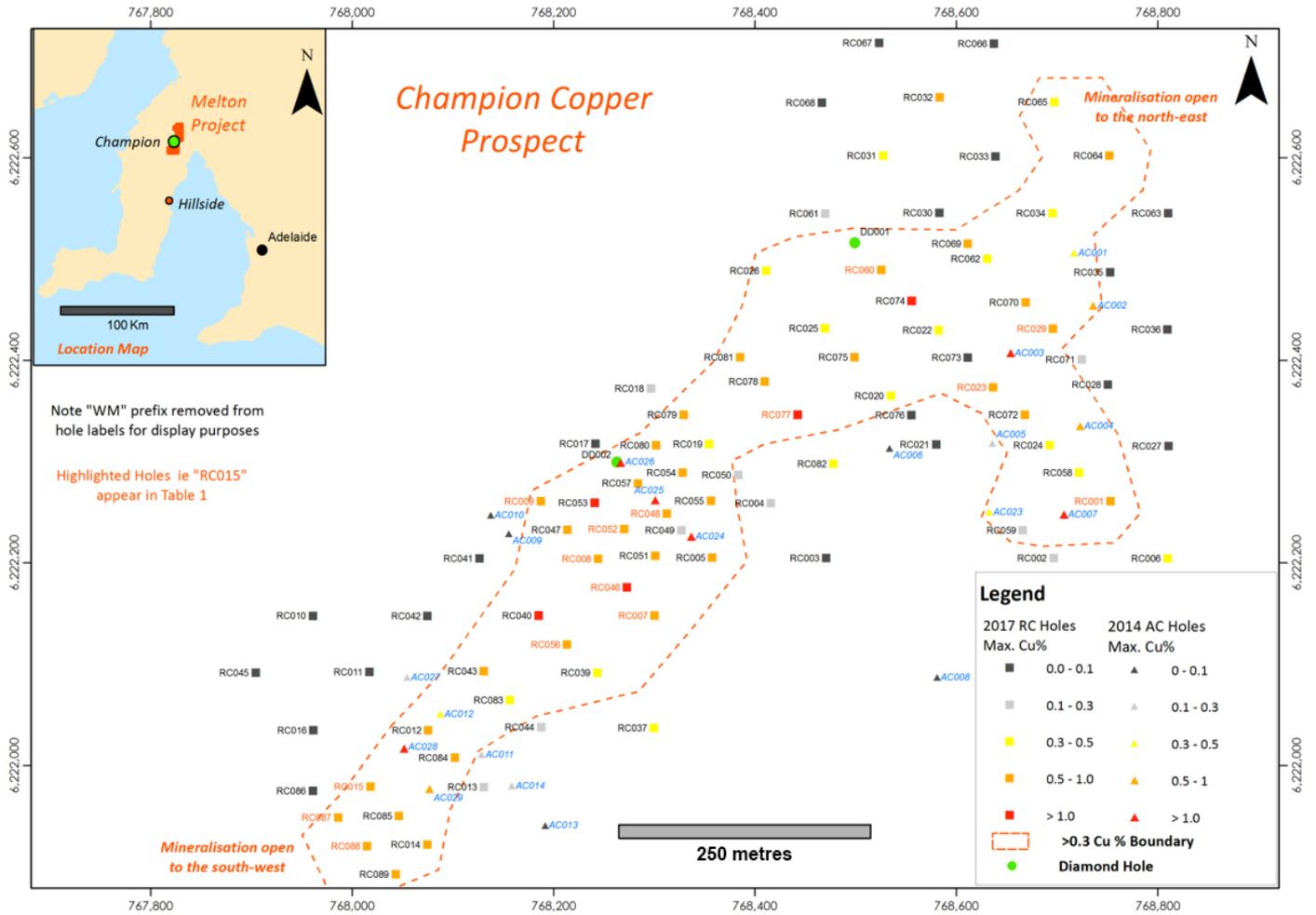


Figure 4: Champion: Maximum downhole Cu% intercepts for 2017 RC and 2014 AC Drilling

What is next?

GOLD

Aurora Tank

- Expanded Phase 2 drill program at **Goshawk**
- Intention of estimating a JORC compliant Inferred Resource

Gawler Craton Gold

- Extensive 2017 calcrete program to commence

COPPER

Champion Prospect

- Assaying of the two diamond holes is in progress and will be completed in May 2017.
- Results will be interpreted to determine the disposition and geometry of the mineralised zones in three dimensions.

Competent Persons Statement

Information in this Release relating to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Dr Kevin Wills, 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." Dr Wills 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:

Marmota Limited

Ian Warland Managing Director
Email: iwarland@marmota.com.au

Unit 6
79–81 Brighton Road
Glenelg SA 5045
ABN: 38 119 270 816
T: (08) 8294 0899
F: (08) 8376 8633
www.marmota.com.au

About Marmota Limited

Marmota 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.marmota.com.au

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

MARMOTA LTD

ABN

38119270816

Quarter ended ("current quarter")

31 MARCH 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (325) | (812) |
| (b) development | | |
| (c) production | | |
| (d) staff costs | (33) | (148) |
| (e) administration and corporate costs | (41) | (126) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 3 | 6 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Research and development refunds | | |
| 1.8 Other (government funding received) | 8 | 23 |
| 1.9 Net cash from / (used in) operating activities | (388) | (1,057) |

| | | |
|--|---|-----|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | (1) |
| (b) tenements (see item 10) | | |
| (c) investments | | |
| (d) other non-current assets | | |

Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | | |
| | (b) tenements (see item 10) | | |
| | (c) investments | | |
| | (d) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| 2.6 | Net cash from / (used in) investing activities | - | (1) |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 1,300 | 1,829 |
| 3.2 | Proceeds from issue of convertible notes | | |
| 3.3 | Proceeds from exercise of share options | | |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (60) | (77) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | | |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | | |
| 3.10 | Net cash from / (used in) financing activities | 1,240 | 1,752 |

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 476 | 634 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (388) | (1,057) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (1) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,240 | 1,752 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,328 | 1,328 |

Mining exploration entity and oil and gas exploration entity quarterly report

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 1,291 | 460 |
| 5.2 Call deposits | 37 | 16 |
| 5.3 Bank overdrafts | | |
| 5.4 Other (provide details) | | |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,328 | 476 |

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 35 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

The amount at 6.1 represents payments of non executive director's fees and salary (including superannuation) paid to executive director.

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | Nil | Nil |
| 8.2 Credit standby arrangements | Nil | Nil |
| 8.3 Other (please specify) | Nil | Nil |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

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| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 403,000 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 40,000 |
| 9.5 Administration and corporate costs | 42,000 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 485,000 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | n/a | n/a | n/a | n/a |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | EL5930, EL5914 | Granted | 0% | 100% |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company secretary

Date: 27 April 2017

Print name: Victoria Allinson

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

TENEMENT STATUS

(as at 31 March 2017)

| 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 | JV with Monax Mining | 75% of all minerals | Granted |
| | West Melton | EL 5832 | 88 | Marmota | | 100% | Granted |
| Ambrosia | Ambrosia | EL 5830 | 854 | Marmosa P/L | | 100% | Granted |
| | Muckanippie | EL 5195 | 181 | Marmota | | 100% | Granted |
| | Mulgathing | EL 5759 | 652 | Marmota | | 100% | Granted |
| | Carnding | EL 5861 | 53 | Marmota | | 100% | Granted |
| | Pegler | EL 5914 | 77 | Marmota | | 100% | Granted |
| | Irria | EL 5930 | 406 | Marmota | | 100% | Granted |
| | Bradman | EL 5527 | 92 | Marmota | | 100% | Granted |
| Pundinya | Pundinya | EL 5684 | 435 | Marmota | | 100% | Granted |
| Aurora Tank | Aurora Tank | EL 5589 | 48 | Marmota | | 100% | Granted |
| | Woorong Downs | EL 5087 | 458 | Marmota | | 100% | Granted |
| | Comet | EL 5088 | 268 | Marmota | | 100% | Granted |
| Indooroopilly - Lake Anthony | Indooroopilly | EL 5799 | 584 | Marmota | | 100% | Granted |
| | Mt Christie | EL 4995 | 564 | Marmota | | 100% | Granted |
| | Lake Anthony | EL 5060 | 959 | Marmota | | 100% | Granted |
| | Cudyea | EL 5377 | 145 | Marmota | | 100% | Granted |
| Mulyungarie | Mulyungarie | EL 5124 | 17 | Marmosa P/L | | 100% | Granted |

Marmosa Pty Ltd is a wholly owned subsidiary of Marmota Limited