



## QUARTERLY ACTIVITY REPORT

## DECEMBER QUARTER 2017

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### HIGHLIGHTS

#### Aurora Tank Gold 100% ownership

- In September 2017 (just prior to the start of the quarter), Marmota reported **outstanding 1m intersections** including **101 g/t gold** (with duplicate samples at 85 g/t and 93 g/t, averaging 93 g/t) and multiple high-grade intersections [ASX:MEU 4 Sept 2017]
- In October 2017, Marmota reported the first metallurgical testwork at Aurora Tank **returned 94% to 97% gold recoveries** [ASX:MEU 30 Oct 2017 ]
- In November, Marmota carried out the first diamond drilling program at Aurora Tank.
  - Six diamond core holes were drilled, each to depths of approximately 50m from surface.
  - Excellent grades were received after the end of the quarter, including: **5m @ 9 g/t gold** from 43m (including **1m @ 17g/t**) in Hole 2 and **2m @ 9 g/t gold** from 31m in Hole 4. All holes intersected significant mineralisation greater than 1g/t gold, demonstrating geological continuity of mineralisation and frequent high-grade intersections. [ see ASX:MEU 12 Jan 2018 ]
  - Due to the soft and friable nature of weathered rock at Goshawk, some core was not able to be recovered during drilling, including over some anticipated high grade zones.
  - The soft and friable nature of the weathered rock also points to the opportunity for low-cost open-pit mining of the Goshawk deposit.

#### Corporate

- **Strategic Alliance with WPG**

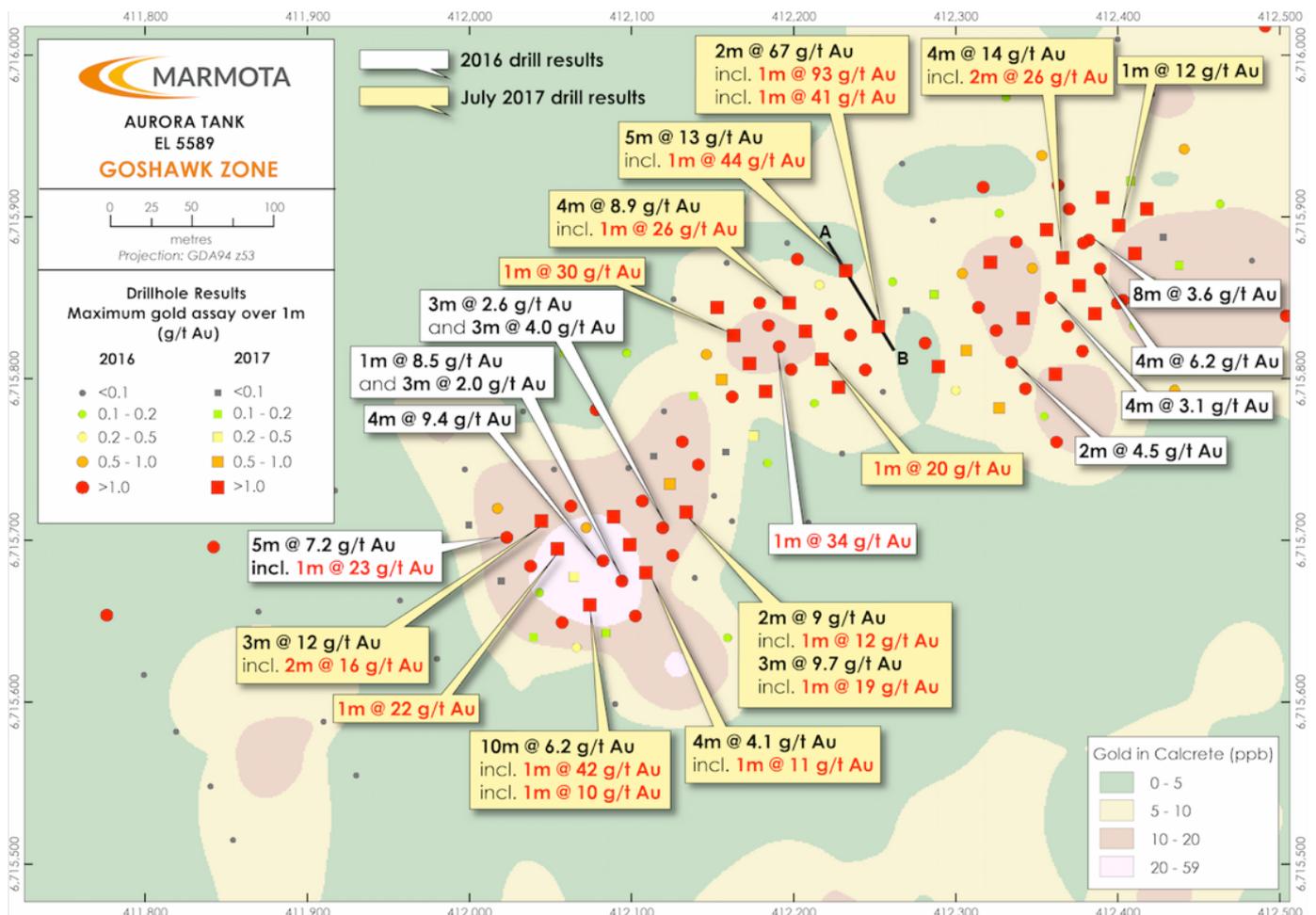
In November 2017, Marmota and WPG Resources (ASX:WPG) (owner of the nearby Challenger Gold processing plant) executed a Memorandum of Understanding (MoU) to investigate cooperating for the development of Marmota's Aurora Tank gold project and the treatment of Aurora Tank gold ore through the Challenger plant [ASX:MEU 24 Nov 2017 ]
- **New capital**

In December 2017, Marmota raised \$1 million (before costs) through placement of shares at 2c per share to sophisticated investors. [ASX:MEU 4 Dec 2017 ]



# Aurora Tank Gold 100% owned

- Aurora Tank is located 50km NE of the Challenger Gold Mine (ASX:WPG) [ see Fig. 1 ]; the latter has produced over 1 million ounces of gold (more than \$1.7 billion at current prices)
- In September 2016, Marmota carried out its first drilling program at Aurora Tank.
- In September 2017, Marmota reported **outstanding 1m intersections** including **101 g/t gold** (with duplicate samples at 85 g/t and 93 g/t, averaging 93 g/t).
- Best intersections, all from within 50m of surface, include: 2m @ 67 g/t, 5m @ 13 g/t, 4m @ 14 g/t, 10m @ 6g/t, 4m @ 9 g/t, 3m @ 10g/t, 3m @ 12 g/t, 3m @ 11 g/t, 4m @ 9 g/t and 1m @ 30g/t.
- Significant gold mineralisation has now been delineated over 500m strike length
- More than 117 intersections greater than 1 g/t gold
- Mineralisation close to surface (consistently within 50m of surface)



**Figure 2: Aurora Tank – 2016 and new 2017 drill results at Goshawk Prospect**

- Marmota is now examining different avenues to bring Aurora Tank into production.
- On 30 October 2017, Marmota reported the first metallurgical testwork from Aurora Tank returned **94% to 97% gold recoveries**.
- On 24 November 2017, Marmota and WPG announced a strategic alliance to investigate the development of Marmota's Aurora Tank gold project and the treatment of Aurora Tank gold ore through WPG's Challenger plant.

### **Diamond drilling at Aurora Tank: December Quarter**

A short diamond drilling programme was completed at the Goshawk deposit during the Quarter, as reported on 12<sup>th</sup> Jan 2018. Six holes for a total of 313m were completed, with the following outcomes:

1. Diamond core drilling carried out during the quarter was designed primarily to obtain core from the first 50m from surface in the regolith zone (*i.e.* the softer accumulation zone above the deeper rock layer). The relatively soft regolith made recovery of diamond core difficult due to break-up of the softer material during drilling, and in some sections, substantial core loss occurred in the drilling process. In some holes, core loss occurred over zones of primary interest. Where core loss occurred, no assay results were possible. While the soft regolith conditions in the drilling zone made recovery of drill core difficult, on the upside — in particular as the Company's focus shifts to production — those same relatively soft conditions have the practical advantage of reducing the likely costs of open pit mining.
2. Excellent grades were returned (shortly after the end of the quarter), including: **5m @ 9 g/t gold** from 43m (including **1m @ 17g/t**) in Hole 2 (refer cross section, Fig. 3) and **2m @ 9 g/t gold** from 31m (including **1m @ 16.5 g/t gold**) in Hole 4. All holes intersected significant mineralisation greater than 1g/t gold, demonstrating geological continuity of mineralisation and frequent high-grade intersections.
3. The program has successfully provided sufficient material to achieve its primary objectives, namely:  
To provide high quality geological and mining information; to provide samples of fresh bedrock for detailed logging and petrological description of rock types and associated mineral system elements; to provide high-quality samples for density and geotechnical measurements and metallurgical testwork; to determine true orientation of geological structures and underlying geology; and to assist planning further holes targeting deeper primary mineralisation. This information will assist in the reporting of a maiden Resource Estimate for the Goshawk deposit, which is well advanced and expected to be completed during the current quarter.

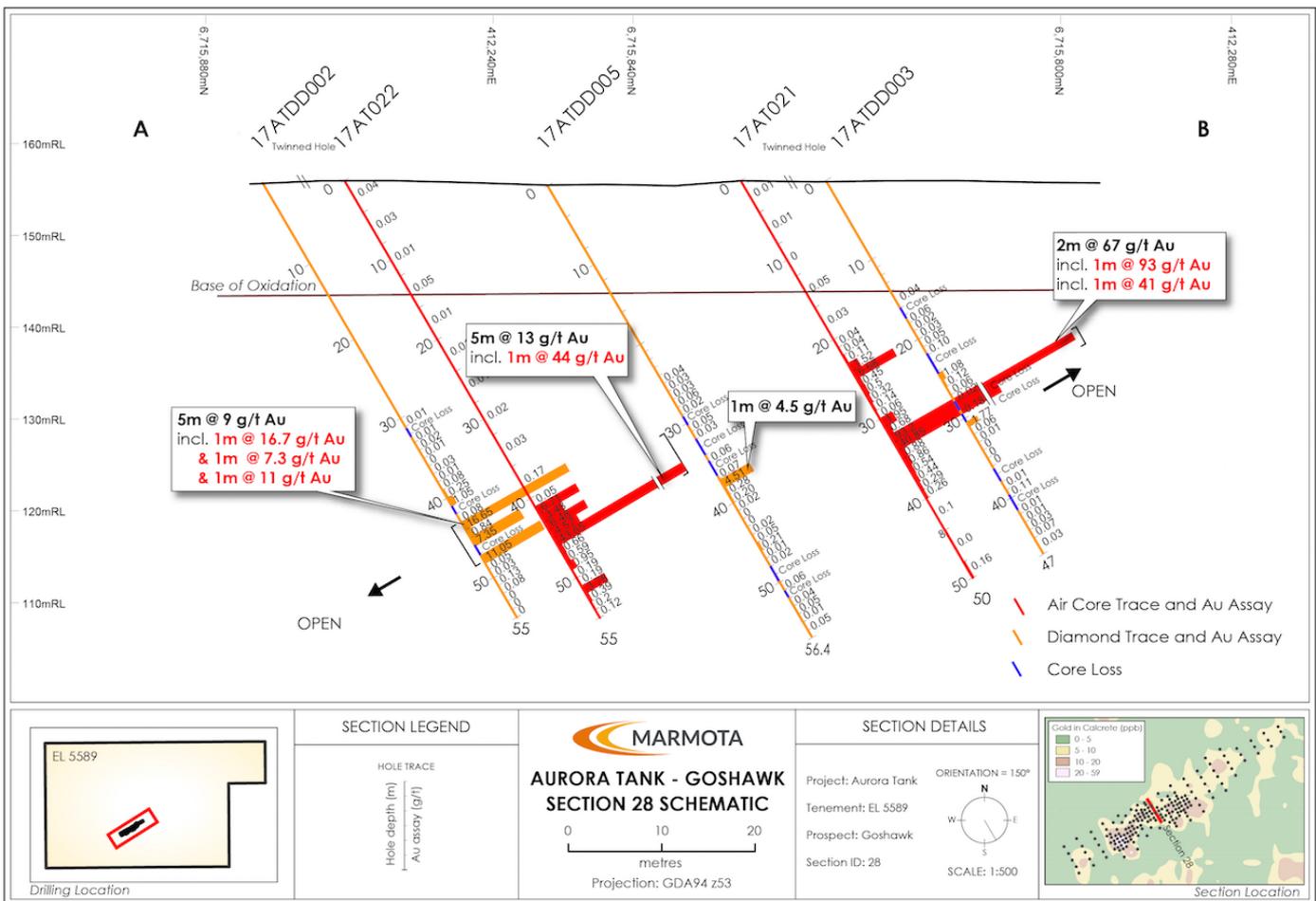


Figure 3: Cross section 28: marked A–B on Figure 2

**Summary**

Marmota is very pleased with the progress made at Aurora Tank during the quarter. In just over 1 year, the company has advanced from its maiden drill program at Aurora Tank (Sept 2016) to now commissioning a JORC compliant estimate of gold Resources within 50 metres from surface — which will provide a base from which to grow – as our focus of attention shifts towards production.

**Gawler Craton tenements: Other**

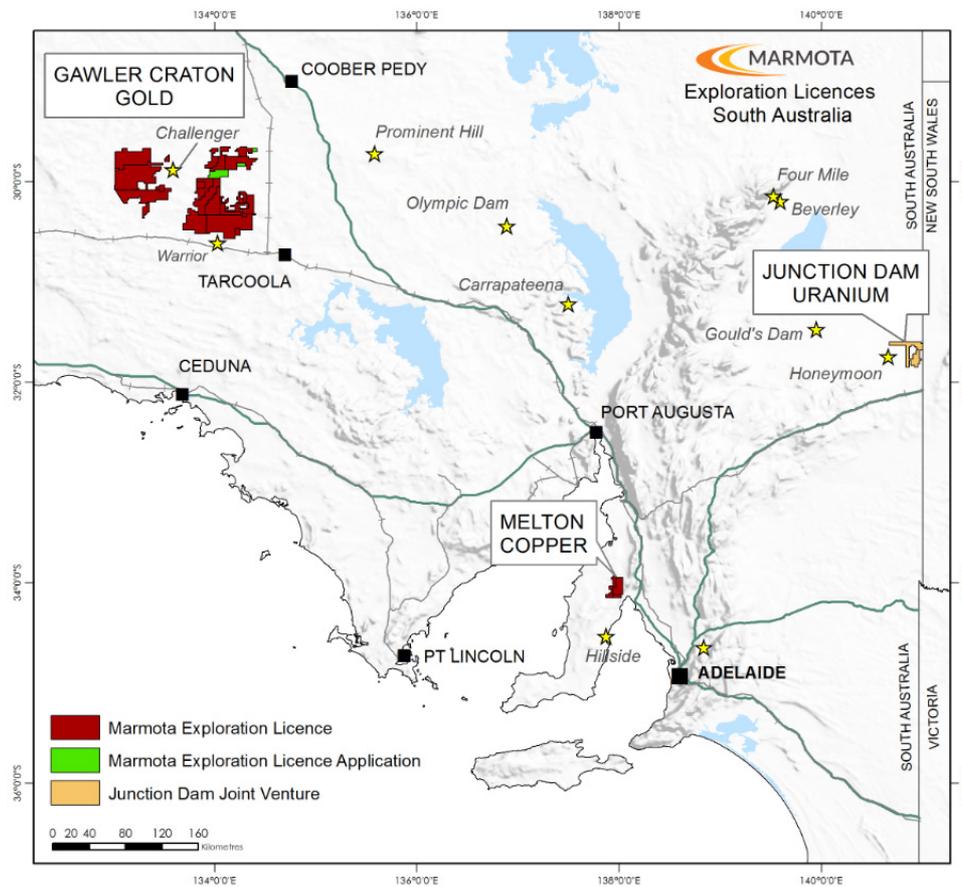
- During the quarter, Marmota was granted new tenements EL 6040 during the quarter [ see Fig. 1 ]; the new tenements further expand Marmota’s dominant position around the Challenger Gold mine.
- Marmota commissioned a Native Title clearance survey during the quarter (in late November) to clear further ground [ASX:MEU 23 Nov 2017]. Approximately 1/3 of the survey area has been covered by the survey team to date.

# URANIUM Junction Dam project

Tenement	Name	MEU Holding
EL5682	Junction Dam	100% of uranium

Marmota has:

- Inferred Resource of <sup>1</sup> **5.4 million pounds** U<sub>3</sub>O<sub>8</sub> with average grade of 557ppm U<sub>3</sub>O<sub>8</sub>
- Overall Exploration Target<sup>2</sup> of 15 to 25 m tonnes at 400-700 ppm U<sub>3</sub>O<sub>8</sub> containing **22–33 million pounds** U<sub>3</sub>O<sub>8</sub>



**Figure 4: Location of Junction Dam and Honeymoon Mine**

**Future exploration focus**

- Watching developments re prospective re-opening of adjacent Boss Resources Honeymoon Plant (ASX:BOE), approximately 10km away.

<sup>1</sup> See ASX:MEU 18 July 2013. Upward revision of the Saffron deposit Inferred Resource size as indicated above follows the application of an average positive disequilibrium factor of 1.63. This is an indicative result and further assessment is underway. It is uncertain if further exploration work or feasibility studies will result in the determination of an Ore Reserve.

<sup>2</sup> Saffron deposit with Bridget and Yolanda prospects: see ASX:MEU 9 July 2012.

## 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 (EL 5832) is situated on the Yorke Peninsula in South Australia approximately 50km north of Rex Minerals Ltd Hillside copper-gold deposit.

Marmota is monitoring the rising copper price, and both the potential for a higher-grade primary source at depth and the unexplored potential of the tenements.

## What is next?

### GOLD

#### Aurora Tank

- Density, petrology, geotechnical and further metallurgical studies are underway on the new diamond drill core.
- A JORC compliant estimate of gold Resources within 50 metres from surface over the 500m long mineralised zone is underway.
- Next stage of RC drilling is being planned, including to follow high-grade intersections for significant primary mineralisation, at moderate open-pit depth.

#### 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.*

*Where results from previous announcements are quoted, Marmota confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

For further information, please contact:

#### Marmota Limited

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#### 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 copper project is based at the Melton project on the Yorke Peninsula. The Company's uranium project is at Junction Dam adjacent to the Honeymoon mine.

For more information, please visit: [www.marmota.com.au](http://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 DECEMBER 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(377)	(581)
(b) development		
(c) production		
(d) staff costs	(23)	(50)
(e) administration and corporate costs	(7)	(91)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	3
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)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(405)</b>	<b>(719)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		

Appendix 5B  
Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(d) other non-current assets		
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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,000	1,500
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	(55)	(79)
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)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>945</b>	<b>1,421</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	693	531
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(405)	(719)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	945	1,421

Appendix 5B  
Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,233</b>	<b>1,233</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,196	656
5.2	Call deposits	37	37
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,233</b>	<b>693</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	49
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.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

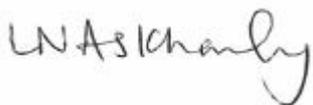
8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	Nil	Nil
8.4 Include 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.		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	250
9.2 Development	-
9.3 Production	-
9.4 Staff costs	28
9.5 Administration and corporate costs	40
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>318</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	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	EL 6040	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: 24 January 2018

Print name: Lisa Askham-Levy

**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 December 2017)

## SOUTH AUSTRALIA

Project name	Tenement	Number	Area (km <sup>2</sup> )	Details	Marmota's interest %	Status
Junction Dam	Junction Dam	EL 5682	341	JV with Teck Australia, Variscan Mines & Eaglehawk Geological Consulting	100% of the uranium mineral rights	Granted
Melton	Melton	EL 5122	28	JV with Monax Mining	75% of all minerals	Granted
	North Melton	EL 5209	137	JV with Monax Mining	75% of all minerals	Granted
	West Melton	EL 5832	88		100%	Granted
Gawler Craton West Block	Indooroopilly	EL 5799	584		100%	Granted
	Lake Anthony	EL 5060	959		100%	Granted
	Mt Christie	EL 4995	564		100%	Granted
	Cudyea	EL 5377	145		100%	Granted
Gawler Craton NE Block	Aurora Tank	EL 5589	48		100%	Granted
	Woorong Downs	EL 5087	458		100%	Granted
	Comet	EL 5088	268		100%	Granted
	New EL	EL 6040	196		100%	Granted
Gawler Craton SE Block	Ambrosia	EL 5830	854		100%	Granted
	Muckanippie	EL 5195	181		100%	Granted
	Mulgathing	EL 5759	652		100%	Granted
	Pundinya	EL 5684	435		100%	Granted
	Bradman	EL 5527	92		100%	Granted
	Carnding	EL 5861	53		100%	Granted
	Irria	EL 5930	406		100%	Granted
Pegler	EL 5914	77		100%	Granted	