ASX ANNOUNCEMENT 24 October 2018

QUARTERLY ACTIVITY REPORT SEPTEMBER QUARTER 2018

HIGHLIGHTS

MEU Reconnaissance Drilling intersects widespread gold mineralisation at CAR prospect [ASX:MEU 13 Sept 2018]

- 23 reconnaissance aircore holes were drilled at CAR, averaging 44 metres each
- 20 of the 23 reconnaissance holes returned anomalous gold mineralisation
- Anomalous gold over an area 1 km across (open in all directions)

Aurora Tank Gold Project

Phase 2 Metallurgy Testwork: Fast Leaching + High Gold Recoveries

- **Overall gold recoveries of 96% and 93%** on supergene and transitional samples respectively [1] [ASX:MEU 20 Aug 2018]
- **Fast recoveries** even on coarse crushed samples (complete within 24-hours) [2]
- Suggests **low-cost low-capex heap leaching** may be viable option

New RC drilling program [end of September]

- 31 RC holes drilled for 3,187m (depths 50m to 180m)
- Assay **results expected within 2 to 3 weeks** (before mid-November)

Corporate

AGM The AGM will be held at **3pm** on **Wednesday 14 November** 2018 at: Level 29, Westpac House, 91 King William Street, Adelaide

1 Combined gravity recoverable gold and cyanide leaching tests

2 Intermittent bottle roll tests

Exploration Activities during Quarter

GOLD Gawler Craton

Tenement	Name	MEU Holding
EL5589	Aurora Tank	100%
EL5830	Ambrosia	100%
EL5684	Pundinya	100%
EL6166	Muckanippie	100%
EL5799	Indooroopilly	100%
EL6123	Mt Christie	100%
EL6082	Lake Anthony	100%
EL5377	Cudyea	100%
EL5759	Mulgathing	100%
EL6083	Woorong Downs	100%
EL6084	Comet	100%
EL5527	Bradman	100%
EL5861	Carnding	100%
EL5930	Irria	100%
EL5914	Pegler	100%
EL6040	Commonwealth Hill	100%

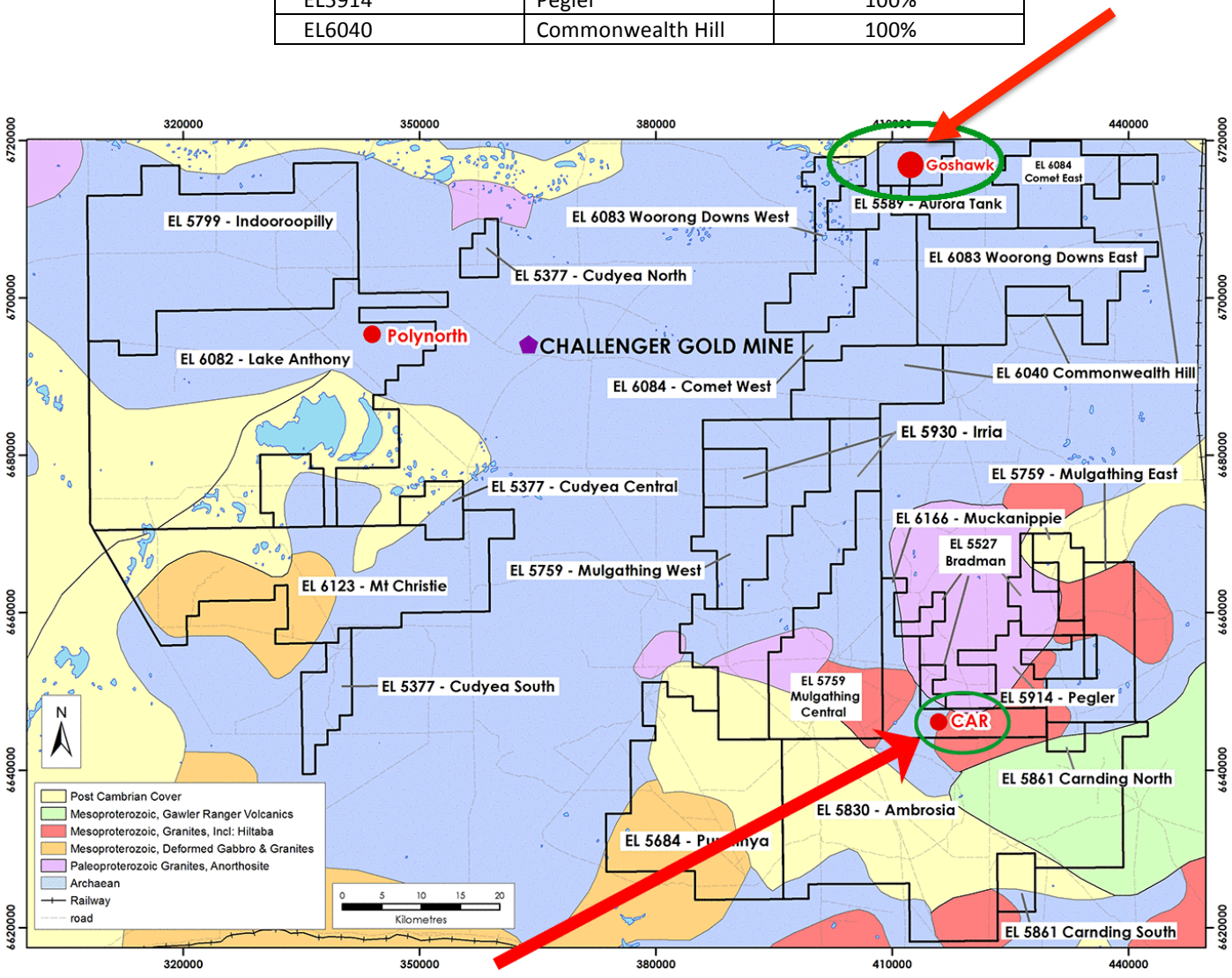


Figure 1: **Marmota's Gawler Craton Gold Project, around the Challenger Gold mine Aurora Tank Gold discovery and CAR Prospect encircled in GREEN**

CAR Prospect: first reconnaissance drilling

As stated in ASX:MEU 30 July 2018:

> " The **objective of the program** is to detect gold mineralisation or secondary gold dispersion underneath the gold-in-calcrete anomalies discovered by Marmota. If gold mineralisation or secondary gold dispersion is detected below any of the gold-in-calcrete anomalies, a more intensive follow-up drill program will be implemented – this would have the potential to lead to a new gold discovery. "

The CAR Prospect features a coherent gold-in-calcrete anomaly [ASX:MEU 30 July 2018] which was tested by shallow air-core drilling. This is essentially the same method that led to the discovery of both the Challenger Gold Mine and the Aurora Tank Gold discovery.

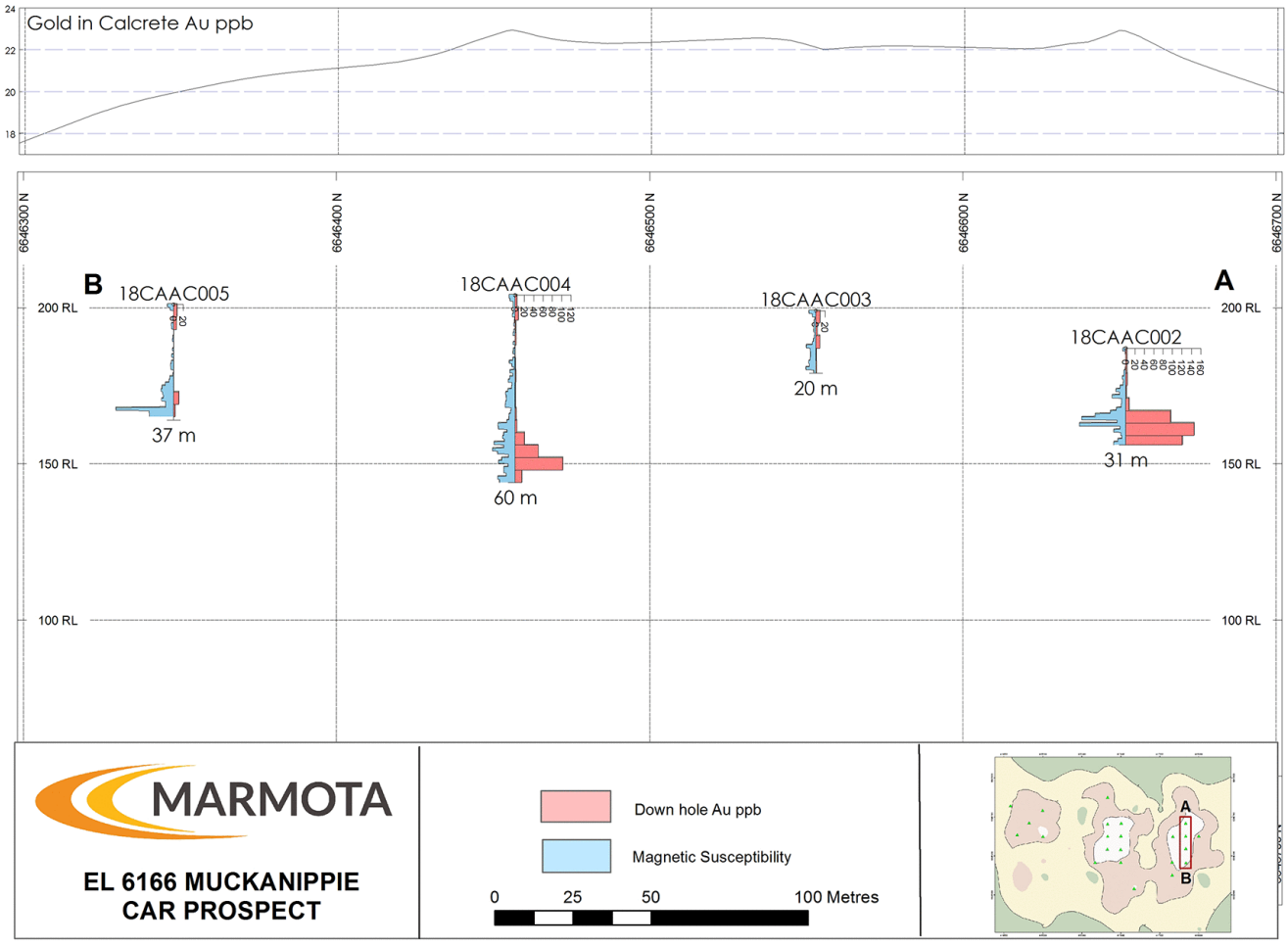


Figure 2: Sample Cross section from first reconnaissance drilling at CAR prospect

- Sedimentary cover was found to be very thin. Relatively fresh granite and altered Granite were the predominant rock types in all holes drilled. Mineralisation is associated with microdolerite (or microdiorite) intrusives which grade into the granite and are associated with hydrothermal alteration.

- The most interesting aspect of the gold mineralisation intersected was that its presence continued to the end of most of the holes drilled. Further continuation of the mineralised zones below the depths drilled to date is therefore likely.

- All holes contained signs of oxidation with pyrite recognised in one hole at 50 metres depth. This suggests that the mineralisation intersected to date includes secondary dispersion.

- Many of the most anomalous zones are associated with alteration minerals such as sericite, quartz, alkali feldspar, biotite and amphibole. **This indicates widespread moderate-temperature hydrothermal alteration over a large area**.

- Several of the holes such as 18CAAC03, 5, 8 and 16 were not able to be drilled to the target depth of 50 metres due to the rock becoming too hard to drill with an aircore rig. They are interpreted to have stopped either in, or short of, mineralisation (see Figure 2).

Marmota Chairman, Dr Colin Rose, said:

"These are early days, but the more our team looks at CAR, the more interesting it becomes …. "

Aurora Tank Gold **100% owned**

Marmota's Aurora Tank gold discovery is located 50km NE of the Challenger Gold Mine in the Woomera Prohibited Defence Area of South Australia. [see Fig. 1]

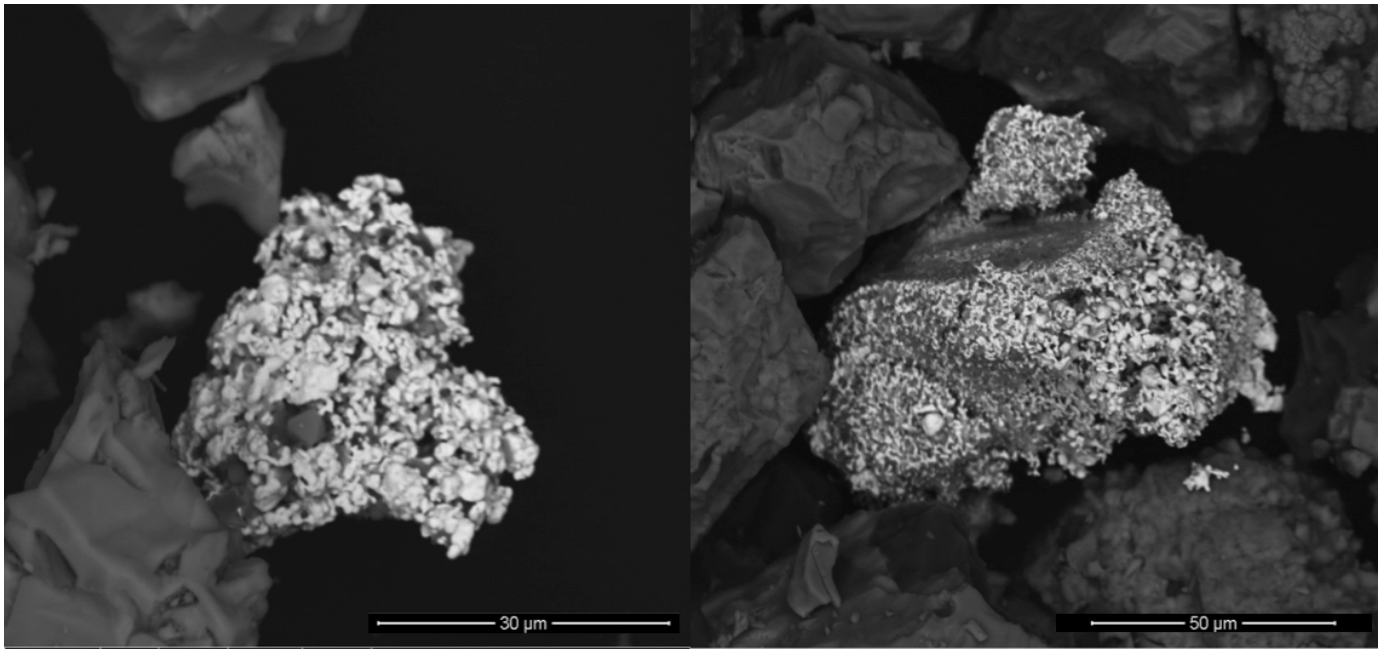
Phase 2 Metallurgy: High Gold Recoveries + Fast Leaching

Marmota's Phase 2 metallurgical testwork program was carried out at the Adelaide Mineral Processing Laboratory of Bureau Veritas Minerals. The aim of the testwork was to aid Marmota in its scoping and feasibility studies, as the Company investigates the best pathways to production. For more detail: see **ASX:MEU** 20 Aug 2018 .

The Phase 2 work was focused on two main subjects:

(1) Gold particle size distribution and the efficiency of gravity concentration, and

(2) Effects on gold recovery of variable grind sizes



***Supergene* gold:** 10 – 30m depth (left) ***Transitional* gold:** 30 to 50m depth (right)

Figure 3: **Images of Aurora Tank gold** (from diamond core)
Phase 2 Metallurgy Testwork: Scanning Electron Microscope

RESULTS

Gravity Concentration

- For the *supergene* sample, **overall recovery was 95.9%** of which 1.5% was attributable to gravity recoverable gold and 94.4% from cyanide leaching of the gold tailings.

- For the *transitional* sample, **overall recovery was 92.7%,** of which 16% was attributable to gravity recoverable gold and 76.7% from cyanide leaching off gravity tailings.

As the total gold recoveries with just cyanide leaching are high, and as gravity recoveries were not particularly high, the results suggest that **gravity gold recovery may not be necessary** (which would simplify the production process) and that **low-cost low-capex heap leaching** may be a viable pathway to production.

Variable Grind Gold Recovery

Gold recoveries were relatively insensitive to grind size as shown in Fig. 4.
Leaching was predominantly complete by the 6 to 24-hour mark, indicating **very fast leach kinetics**.

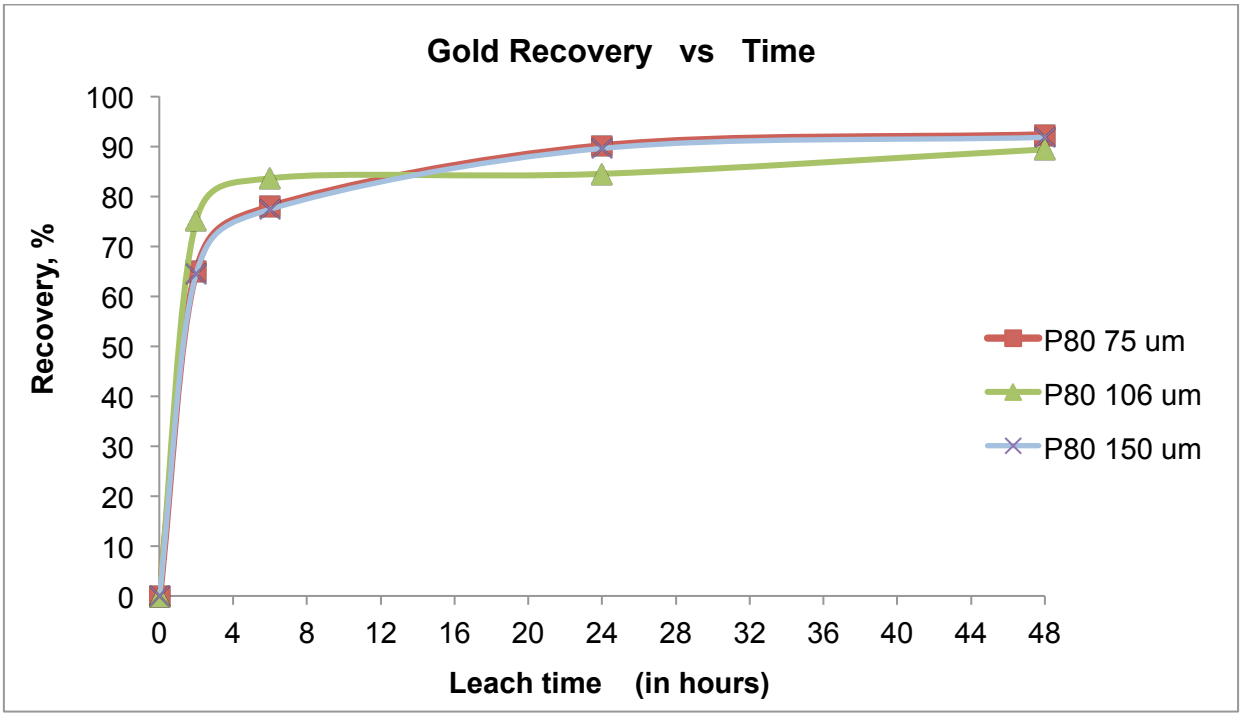


Figure 4: Gold recoveries versus time (at 3 different grind sizes)

New RC drilling Program [late September]

In September 2018, Marmota commenced and completed a new RC program targeting extensions at Marmota's 100% owned Aurora Tank gold discovery.

PROGRAM

- **31 RC holes** drilled (per ASX:MEU 24 Sept 2018 + 5 additional)
- **Total RC drilling**: 3,187m
- **Hole depths**: from 50m to 180m

The RC drilling rig achieved excellent sample recovery, and excellent productivity with typical daily rates of between 300m and 500m.

Assay results from drilling samples are **anticipated within 3 weeks.**

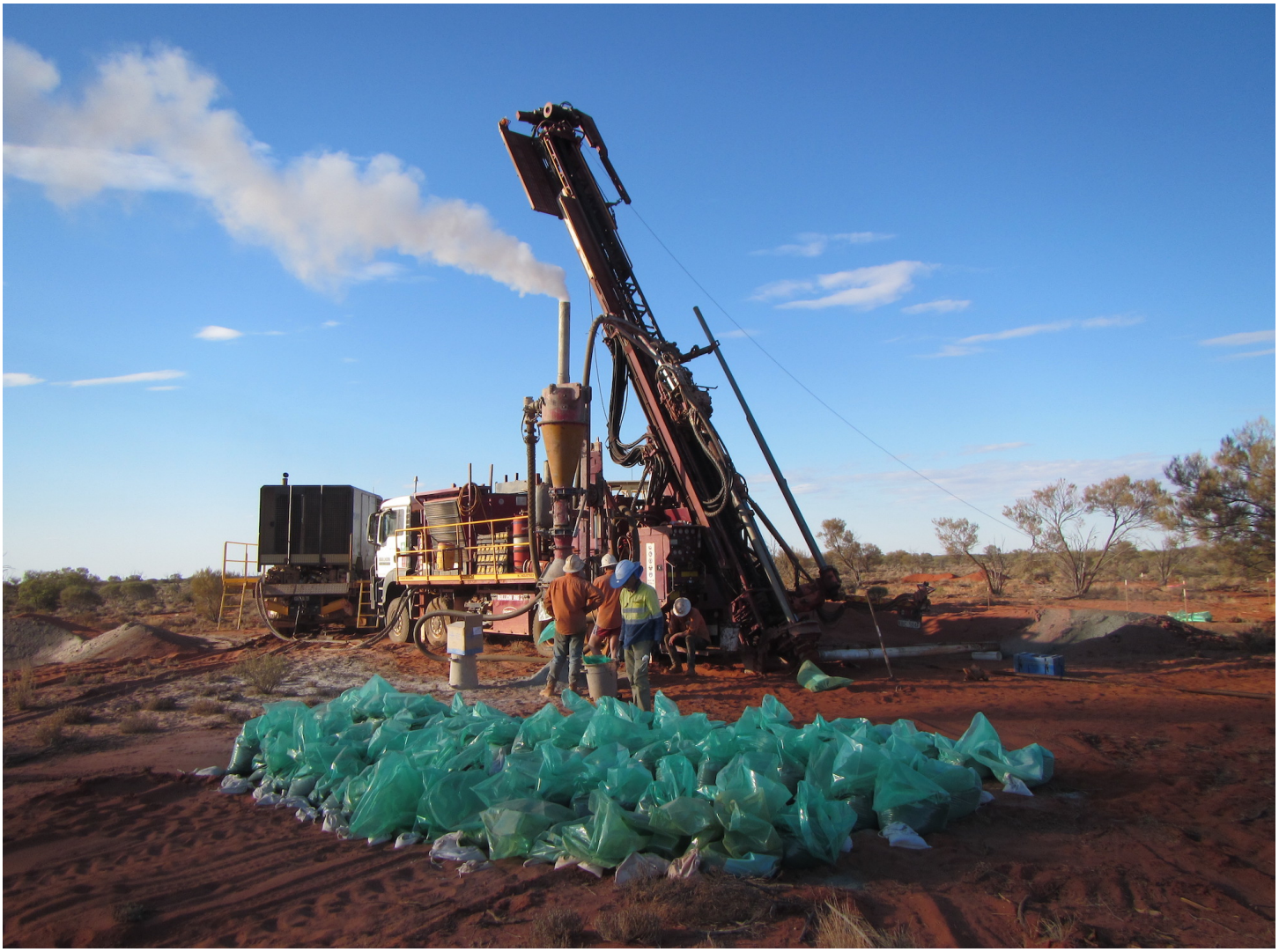


Figure 5: September drilling at Aurora Tank Gold discovery

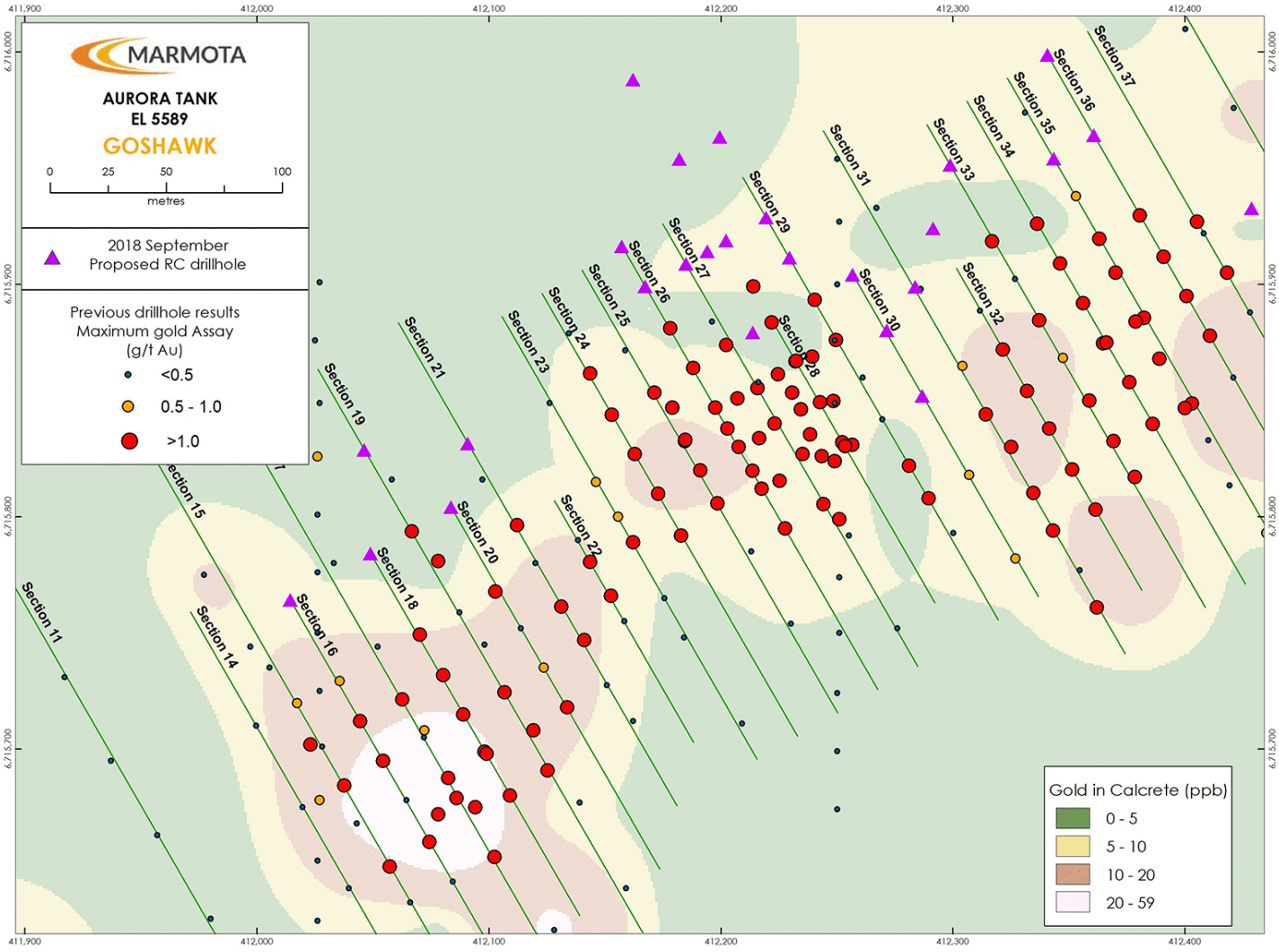


Figure 6: Aurora Tank (Goshawk): September 2018 RC program ▲

COPPER Copper Coast – Yorke Peninsula

Tenement	Name	MEU Holding
EL 5832	West Melton	100%
EL 6125	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 copper price, and both the potential for a higher-grade primary source at depth and the unexplored potential of the tenements.

URANIUM Junction Dam project

Tenement	Name	MEU Holding
EL5682	Junction Dam	100% of uranium

Junction Dam is strategically located 15 km east from the Honeymoon in-situ recovery (ISR) uranium mine (west of Broken Hill)

Marmota has:

- JORC Inferred Resource of **5.4 million pounds** U_3O_8 with average grade of 557ppm U_3O_8 [ASX:MEU 18 July 2013]
- Overall Exploration Target[3] of **22–33 million pounds** U_3O_8
- Grades of up to 8143ppm U_3O_8 at the Saffron deposit

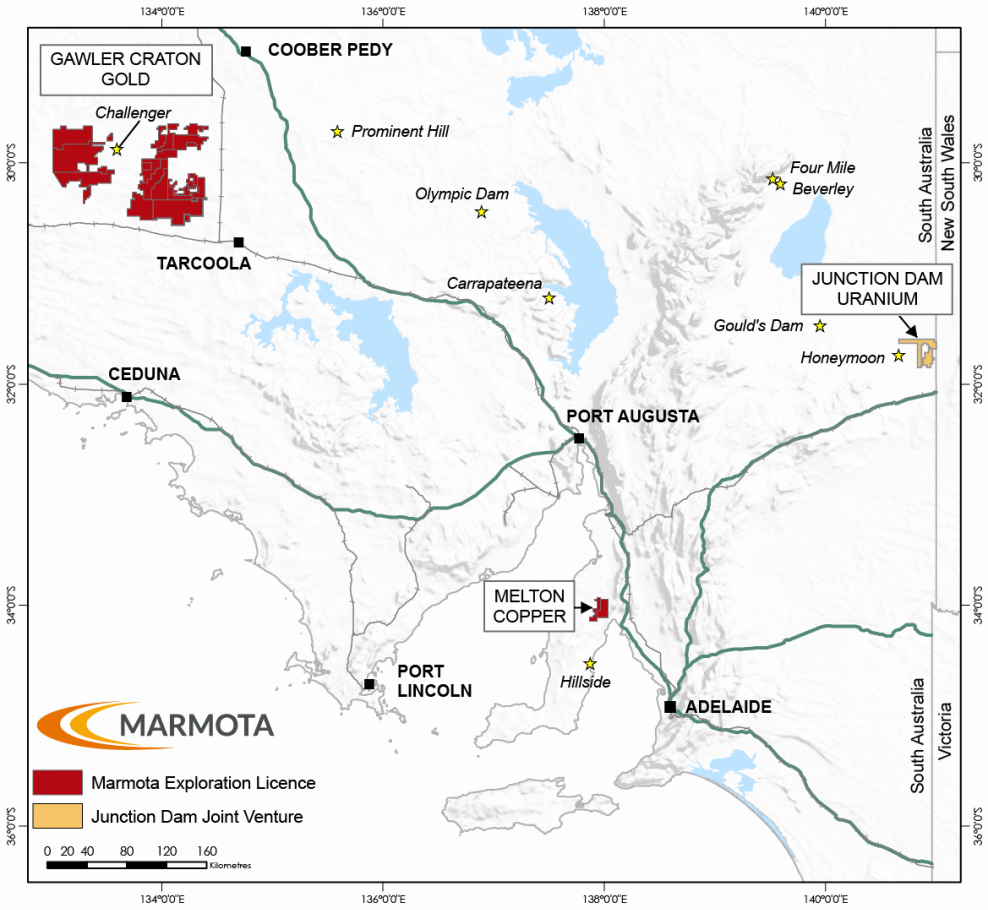
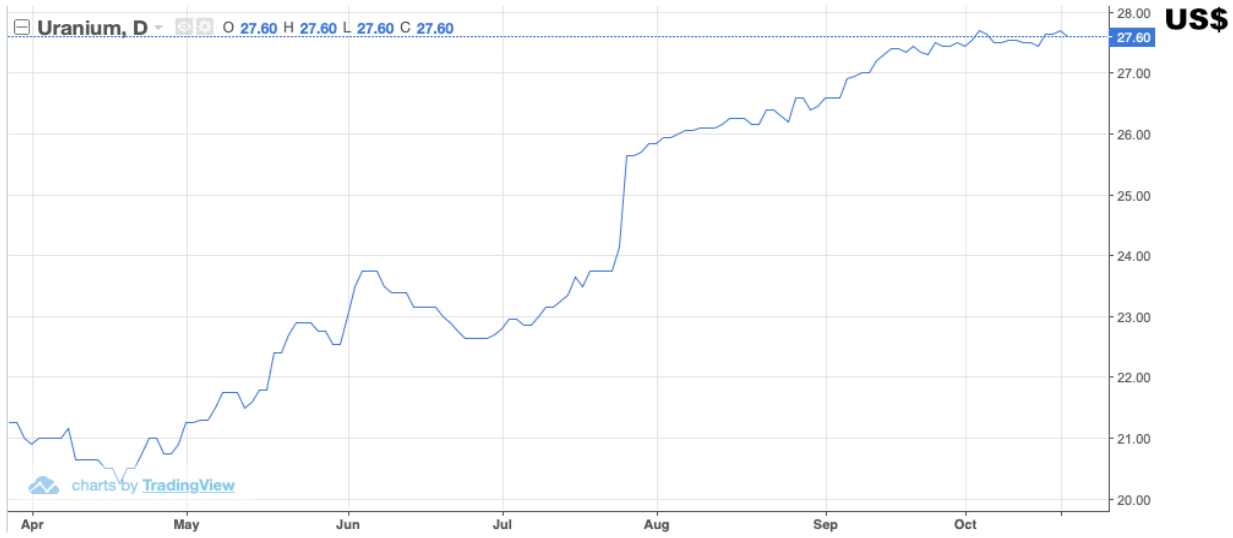


Figure 7: Location of Junction Dam and Honeymoon Mine

3 Saffron deposit with Bridget and Yolanda prospects: see ASX:MEU 9 July 2012.

Future exploration focus

- The uranium price has been rising and sentiment appears to be returning to the sector.
- Uranium prices have increased by approximately 33% **in the last 6 months** to around US$27.50 per pound (A$38 per pound):



The following diagram compares recent price increases in 2018 with **longer-term historical uranium spot prices**:

- Marmota is particularly well-placed for any upturn in the uranium sector, with an existing uranium JORC Resource that the Company spent millions of dollars to develop in prior years, and which is located adjacent to one of only 4 permitted mines in Australia. The Board is watching this space with interest.

What is next?

MEU Gold program

Assays on the way

Marmota is awaiting assay results from the September drilling at Aurora Tank. These are expected is less than 3 weeks.

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:

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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

+Rule 5.5

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	**Quarter ended ("current quarter")**
38119270816	30 SEPTEMBER 2018

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(335)	(335)
	(b) development		
	(c) production		
	(d) staff costs	(20)	(20)
	(e) administration and corporate costs	(70)	(70)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	1
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)		
1.9	**Net cash from / (used in) operating activities**	**(424)**	**(424)**

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

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(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)		
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	73*	73*
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	(42)**	(42)**
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**	**31**	**31**

*Relates to clearing of funds from capital raising dated 29 June 2018

**Costs relating to capital raising on 29 June 2018

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,529	1,529
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(424)	(424)
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)	31	31

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,136**	**1,136**

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	1,099	1,099
5.2	Call deposits	37	37
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)**	**1,136**	**1,136**

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	44
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

Payment of non-executive and executive directors' fees, salaries and superannuation to the directors for the quarter.

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

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**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.

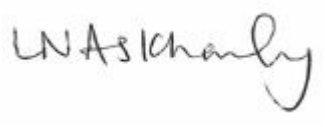
	9. Estimated cash outflows for next quarter	**$A'000**
9.1	Exploration and evaluation	345
9.2	Development	-
9.3	Production	-
9.4	Staff costs	35
9.5	Administration and corporate costs	65
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**445**

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	n/a	n/a	n/a	n/a

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: ..... Date: 23 October 2018
Company secretary

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 30 September 2018)

SOUTH AUSTRALIA

Project name	Tenement	Number	Area (km^2)	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 6125	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 6082	959		100%	Granted
	Mt Christie	EL 6123	564		100%	Granted
	Cudyea	EL 5377	145		100%	Granted
Gawler Craton NE Block	Aurora Tank	EL 5589	48		100%	Granted
	Woorong Downs	EL 6083	458		100%	Granted
	Comet	EL 6084	268		100%	Granted
	Commonwealth Hill	EL 6040	196		100%	Granted
Gawler Craton SE Block	Ambrosia	EL 5830	854		100%	Granted
	Muckanippie	EL 6166	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