

**QUARTERLY ACTIVITY REPORT****DECEMBER QUARTER 2018**

HIGHLIGHTS**Aurora Tank Gold 100% owned****September drilling yields outstanding gold intersection over 88 g/t**

- The new outstanding gold intersection (just 38m from surface) (Hole 18ATRC104) snaps on the heels of our best 1m intersection of **93 g/t** gold located approximately 200m to the east (and 32m from surface).
- Importantly, the 88 g/t result is not just a 1m highlight, but is followed downhole by high-grade gold ... averaging **24 g/t gold over 5m** (commencing 38m from surface).
- It is accompanied by elevated arsenic, which is considered to be a pathfinder for primary gold.
- The new intersections have further increased the lateral footprint of gold mineralisation that is close to surface and potentially amenable to low-cost open-pit mining.

Innovative Biogeochem Program (Tree Sampling)

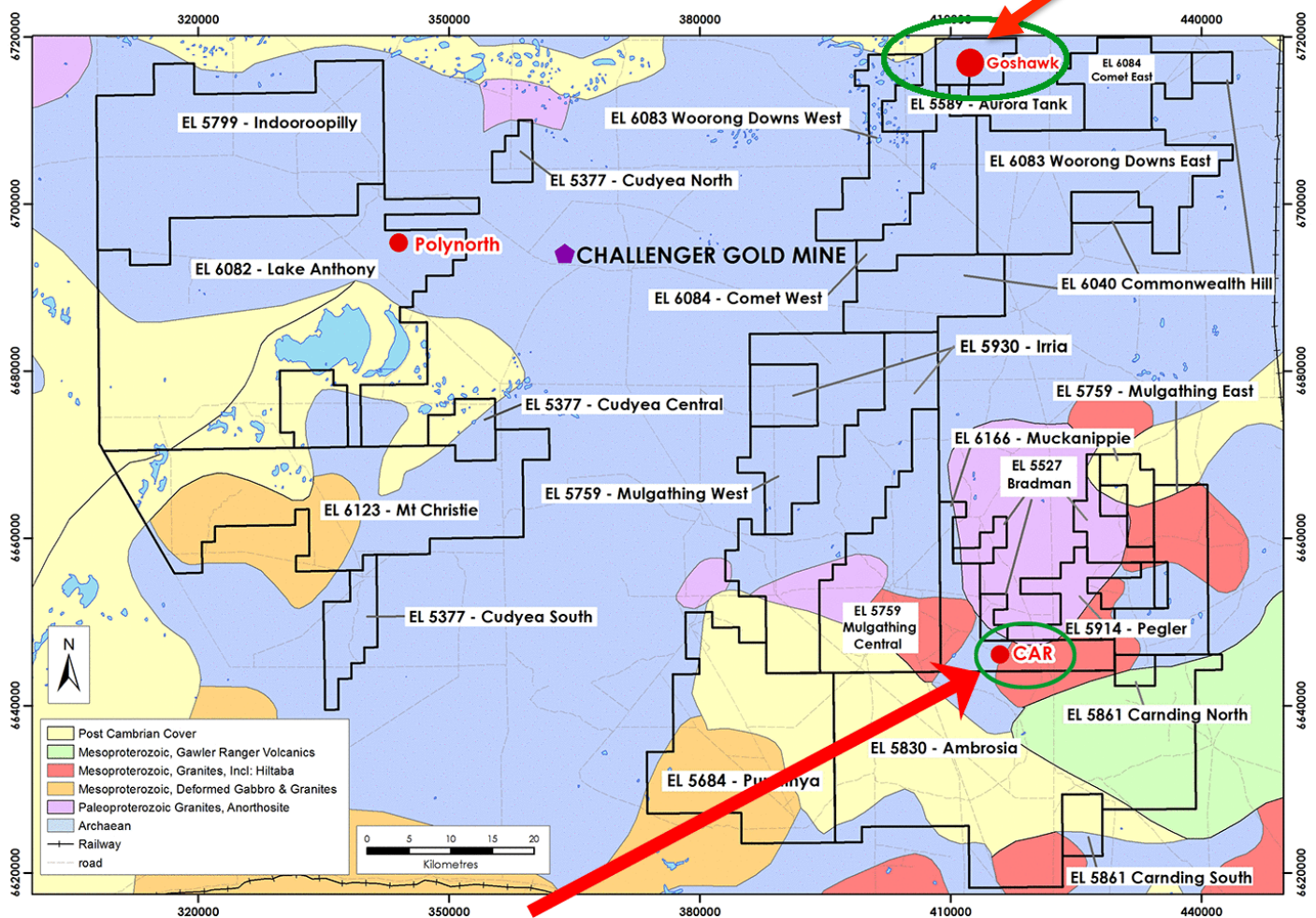
- The Company was partly guided to this location by a new innovative biogeochem (tree sampling) program.
- Marmota's tree sampling program has received considerable interest, including in the mainstream press, with articles featured in the *ABC News* (7 Aug 2018), *The Australian* (20 Nov 2018), *Adelaide Advertiser* (15 Nov 2018), *Australian Mining Review* (Dec 2018) etc.
- Most recently, in **December 2018**, Marmota carried out a new biogeochemical (tree sampling) program at Aurora Tank, collecting new biogeochemical samples extensional to the Goshawk area.
- Marmota is waiting on the assay results from that December sampling program to arrive. As soon as received and collated, it is anticipated that the results of the December biogeochemical sampling program will be used to help guide the next stage of drilling.

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**

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](#)]

RC drilling Program

In September 2018, Marmota commenced and completed an RC program targeting extensions at Marmota's 100% owned Aurora Tank gold discovery. The program consisted of 24 holes (predominantly extensional around the Goshawk zone), and 7 reconnaissance holes outside the Goshawk area, with total RC drilling of 3,187m and hole depths from 50m to 180m [[ASX:MEU 14 Nov 2018](#)]



Figure 2: September drilling at Aurora Tank Gold discovery

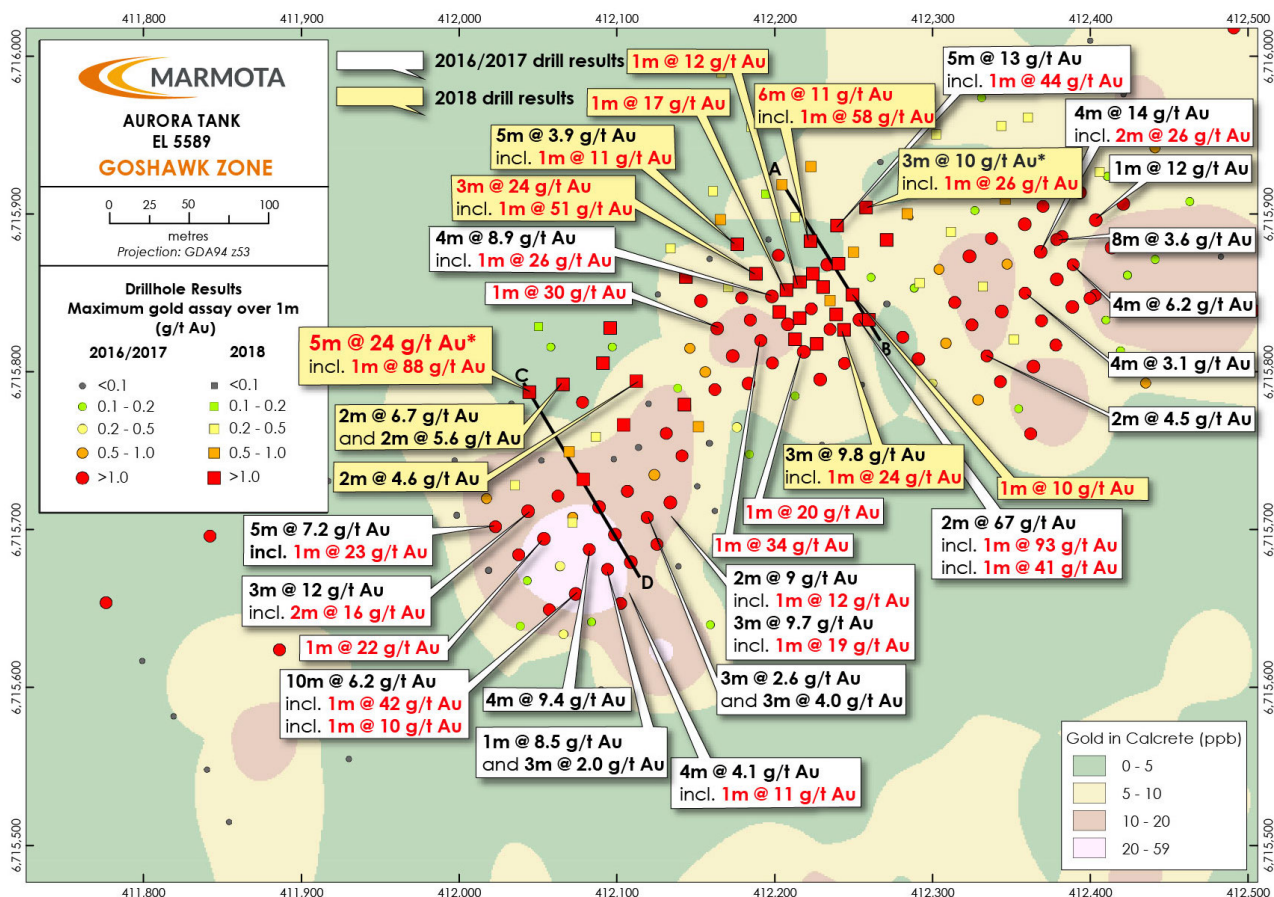


Figure 3: Aurora Tank – Best downhole gold results [* denotes significant result in September drilling]

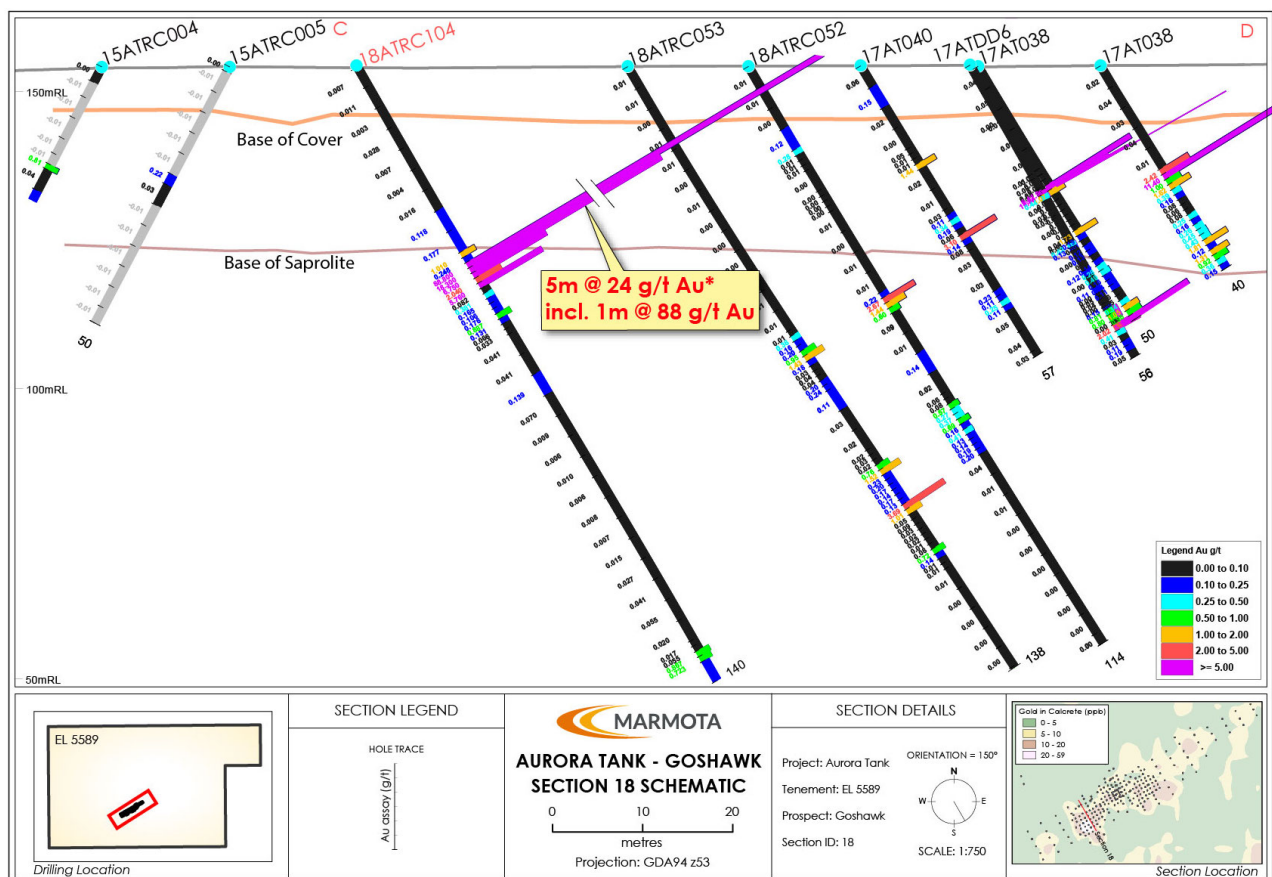


Figure 4: Cross-section 18 (marked C-D on Figure 3)

Tree Sampling guides drill program

The September drill program was partly guided and assisted, for the first time, by an innovative program of biogeochemical sampling (tree sampling) over the Aurora Tank (Goshawk) area. Tree leaves provide (via the tree root system that extends underground) a measure of possible gold anomalism, and provide an additional perspective to calcrete sampling. Under the tree sampling program, tree leaves were collected from suitable species over the area of interest. The new result of 5m at 24 g/t was located adjacent to a highly anomalous gold anomaly from sampling leaves from a *senna* tree, denoted by a purple square in Fig. 5 below. This does not, of course, suggest that all anomalous tree samples will lead to significant results – but that biogeochem is a valuable tool to aid our exploration program.

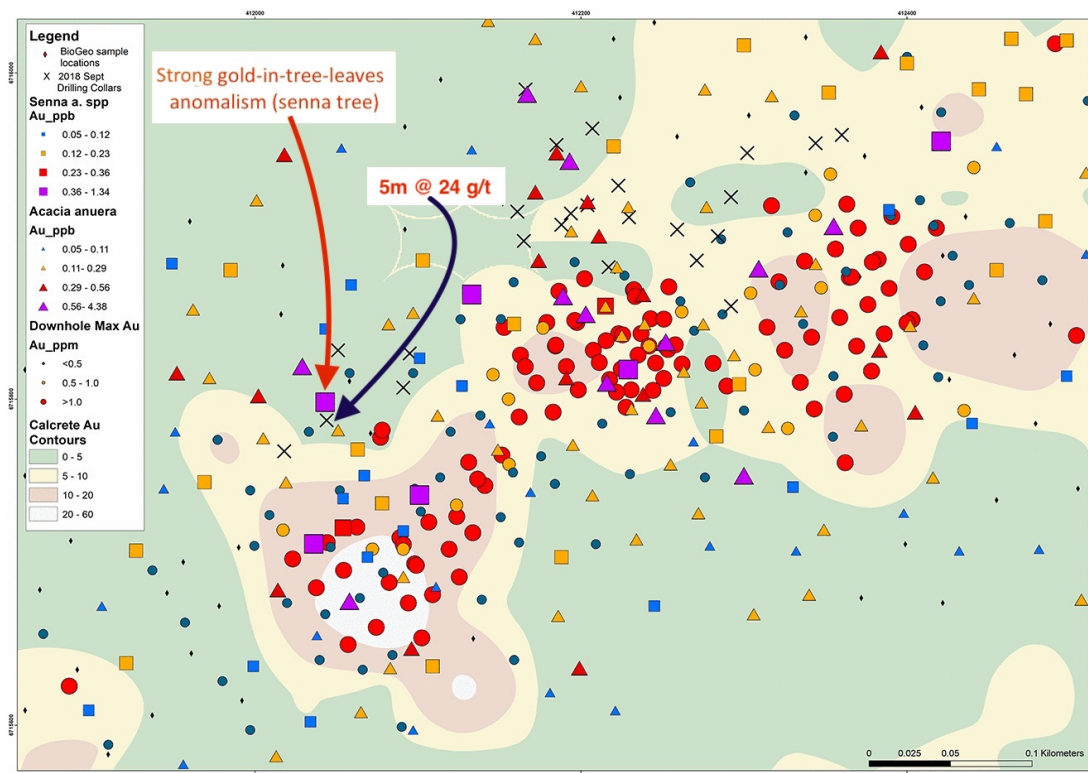


Figure 5: Tree sampling over the Goshawk area aids discovery of best intersection

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 Target¹ of **22–33 million pounds** U_3O_8
- Grades of up to 8143ppm U_3O_8 at the Saffron deposit

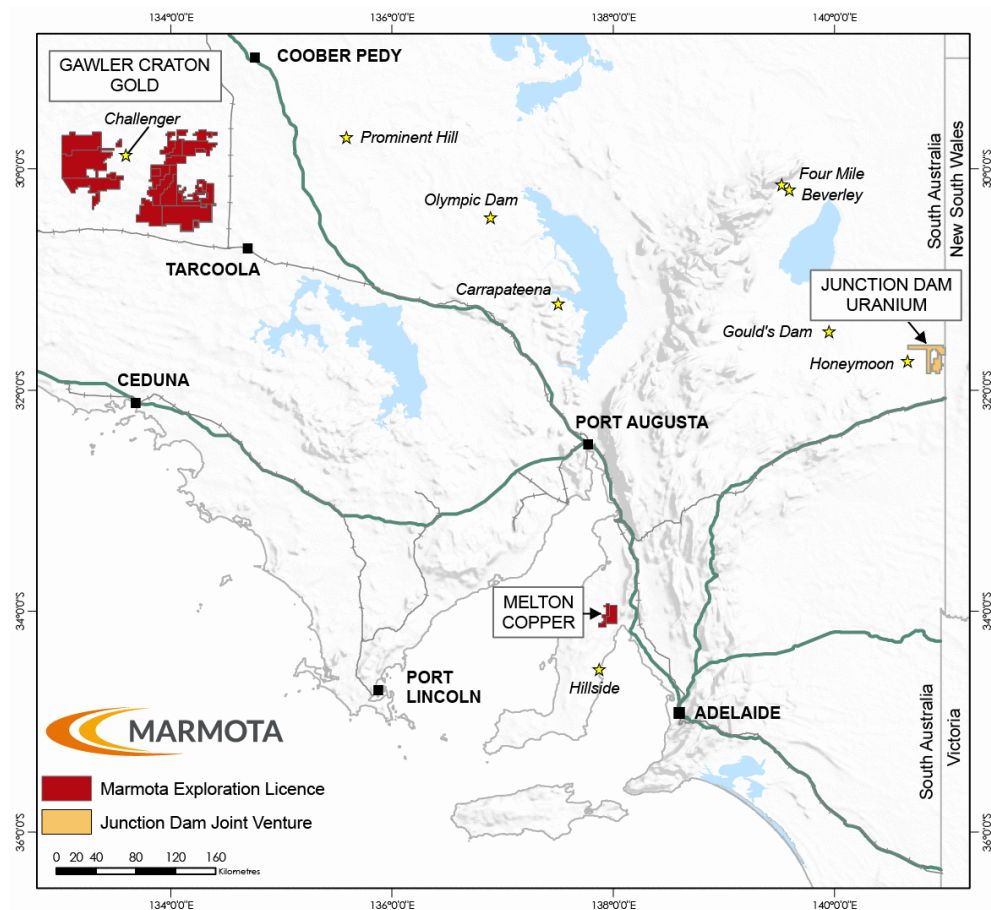
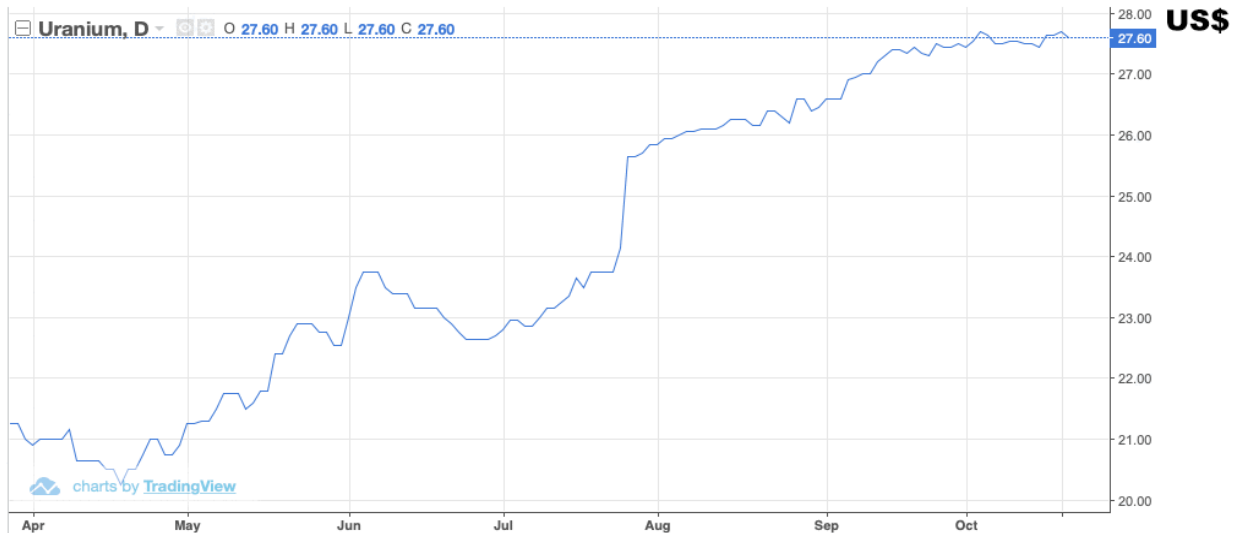


Figure 6: Location of Junction Dam and Honeymoon Mine

¹ 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\$28 per pound (A\$39 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

Marmota awaits assay results from the December biogeochem (tree sampling) program at Aurora Tank. These results are anticipated to help guide the next round of drilling.

Significant changes to underlying fundamentals

- The Board notes that in recent months, gold prices have been rising. The following diagram plots the spot price of gold (in AUD) over the last 6 months, which has risen from around A\$1650 per ounce to around A\$1800 per ounce.



- The multiplier effect: A standard feature of NPV (net present value) modelling of projected future net revenue streams, as used in most feasibility studies, is that a small increase in the underlying fundamental price of an asset, holding other variables/parameters constant (*e.g.* costs, discount rates *etc*) has a multiplier effect, such that a small change in the fundamental (*e.g.* 10%) can cause net present values to have much larger changes (*e.g.* to increase by 100%). Such benefits potentially apply not only to Marmota, but to the wider gold sector, and have already given rise to a noticeable increase in merger and acquisition activity in the sector.

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

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 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	(385)	(720)
(b) development		
(c) production		
(d) staff costs	(26)	(46)
(e) administration and corporate costs	(67)	(137)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	8
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	(471)	(895)

2. Cash flows from investing activities		
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

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	0	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	0	(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	0	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	1,136	1,529
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(471)	(895)
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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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	665	665

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	628	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)	665	1,136

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

41

-

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

- 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

**Current quarter
\$A'000**

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

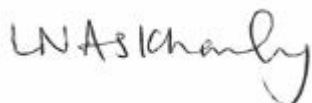
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	Nil	Nil
8.4 Include below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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	220
9.2 Development	-
9.3 Production	-
9.4 Staff costs	32
9.5 Administration and corporate costs	40
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	292

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:
Company secretary

Date: 25 January 2019

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 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