

Marmota Energy Limited and Controlled Entities

Consolidated Half-Year Financial Report

31 December 2010

CORPORATE DIRECTORY

Marmota Energy Limited

ACN 119 270 816
ABN 38 119 270 816
Incorporated in SA

Registered Office

140 Greenhill Road
UNLEY SA 5061
Telephone: (08) 8373 6271 / (08) 8373 5588
Facsimile: (08) 8373 5917

Email: info@marmotaenergy.com.au

Share Registrar

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161 (within Australia)
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Facsimile: +61 8 8236 2305

Email: info@computershare.com.au

Auditor

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

Marmota Energy Limited and Controlled Entities

Directors' Report

The directors present their report together with the half-year financial report of Marmota Energy Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2010 and the auditor's independent review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Robert M Kennedy (*Chairman*)
Reginald G Nelson
Glenn S Davis
Dr Neville F Alley
Domenic J Calandro (*Managing Director*)

Principal activities

The consolidated entity's principal activity is mineral exploration.

Review and results of operations

During the period, Marmota Energy Limited continued to develop its uranium project – Junction Dam whilst conducting exploration on other high potential projects in its portfolio.

Phase 2 drilling was completed on the Company's Junction Dam uranium project and drill testing of the Saffron prospect continued to return high grades over a 2km strike length open to the north and south. Other prospective target areas within a 20km extent of the same paleochannel system that hosts the nearby Honeymoon ISR uranium mine have been identified. The project is in Joint Venture with Teck Australia Pty Ltd (Teck), and its partners where Marmota has a 74.5% equity interest in the uranium rights, and is set to further increase its interest through planned exploration in 2011.

During 2010 Marmota Energy announced a significant expansion of its gold project interests with partner Ramelius Resources Limited (ASX: RMS) in Nevada (United States of America).

Drilling commenced in late December 2010 ahead of schedule at the Angel Wing project located in north-eastern Nevada. The initial results were encouraging indicating the location and continuity of the main vein being predictable. Additional "blind" veins were encountered that suggest a robust system. The program was interrupted by inclement weather conditions, and is expected to resume in early 2011.

In January 2011, Marmota announced the discovery of iron mineralisation at its Western Spur project located in the north-east of South Australia. Grades of up to 55.8% Fe were returned from assay. Phase 2 sampling was completed on a large 3km long outcrop which contains visible manganese and iron mineralisation. Samples are currently be assayed with results due shortly.

The Company has increased its tenement holding in the uranium rich Lake Frome region in South Australia. New licences granted are 100% owned by Marmota Energy Limited and are in close proximity to the Beverley uranium mine and Beverley Four Mile deposit.

The net loss after income tax for the half-year was \$61,898.

Likely developments

Further information about likely developments in the operations of the Company and the expected results of those operations in future years have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Marmota Energy Limited and Controlled Entities

Directors' Report (continued)

Competent person statement

The information in the Half-Year Financial Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets is based on information compiled by Mr D J Calandro, who is a Member of the Australian Institute of Geoscientists. Mr Calandro is employed full time by the Company as Managing Director and, has a minimum of five years relevant experience in the style of mineralisation and type of deposit under consideration and qualifies as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Calandro consents to the inclusion of the information in this report in the form and context in which it appears.

Marmota Energy Limited and Controlled Entities

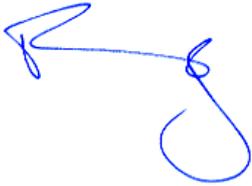
Directors' Report (continued)

Auditors independence declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton, to provide the directors of Marmota Energy Limited with an Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out on the following page and forms part of this Directors' Report.

Dated atAdelaide..... this16th..... day ofMarch..... 2011.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a horizontal line and a loop.

Robert Michael Kennedy
Director

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MARMOTA ENERGY LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Marmota Energy Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 16 March 2011

Marmota Energy Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
For the half-year-ended 31 December 2010

	Note	Consolidated	
		Dec 2010	Dec 2009
		\$	\$
Other revenues from ordinary activities	3	304,694	207,877
Total other revenue		304,694	207,877
Administrative expenses		142,472	213,306
Consultancy expenses		46,339	55,957
Depreciation		13,256	13,208
Employment expenses		105,077	133,069
Occupancy expenses		-	-
Service fees		99,617	60,658
Exchange loss		19,173	-
Loss before income tax expense		(121,240)	(268,321)
Income tax benefit/(expense)		59,342	(47,504)
Loss for the period		(61,898)	(315,825)
Loss attributed to members of the parent entity		(61,898)	(315,825)
Other comprehensive income		-	-
Total comprehensive income for the period		(61,898)	(315,825)
Basic earnings per share (cents)		(0.041)	(0.243)
Diluted earnings per share (cents)		(0.041)	(0.243)

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2010

	Note	Consolidated	
		Dec 2010	June 2010
		\$	\$
Current assets			
Cash and cash equivalents	6	5,744,312	1,947,192
Trade and other receivables		260,115	433,452
Financial assets	7	2,000,000	7,500,000
Other current assets		77,552	19,051
Total current assets		8,081,979	9,899,695
Non-current assets			
Plant and equipment		381,202	388,072
Investments in associates	9	1	1
Exploration and evaluation expenditure		19,192,283	17,563,655
Total non-current assets		19,573,486	17,951,728
Total assets		27,655,465	27,851,423
Current liabilities			
Trade and other payables		296,905	430,138
Short Term provisions		43,588	49,684
Total current liabilities		340,493	479,822
Non-current liabilities			
Long term provisions		27,724	31,455
Total non-current liabilities		27,724	31,455
Total liabilities		368,217	511,277
Net assets		27,287,248	27,340,146
Equity			
Issued capital		26,106,308	26,106,308
Reserves		2,506,550	2,497,550
Retained earnings		(1,325,610)	(1,263,712)
Total equity		27,287,248	27,340,146

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2010

	Issued capital \$	Reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2009	22,187,511	2,472,350	(790,360)	23,869,501
Shares issued during the period	4,052,887	-	-	4,052,887
Options issued during the period	-	-	-	-
Transaction costs associated with the issue of shares (net of tax)	(134,090)	-	-	(134,090)
Total comprehensive income	-	-	(315,825)	(315,825)
Balance as at 31 December 2009	<u>26,106,308</u>	<u>2,472,350</u>	<u>(1,106,185)</u>	<u>27,472,473</u>
Balance at 1 July 2010	26,106,308	2,497,550	(1,263,712)	27,340,146
Shares issued during the period	-	-	-	-
Options issued during the period	-	9,000	-	9,000
Transaction costs associated with the issue of shares (net of tax)	-	-	-	-
Total comprehensive income	-	-	(61,898)	(61,898)
Balance as at 31 December 2010	<u>26,106,308</u>	<u>2,506,550</u>	<u>(1,325,610)</u>	<u>27,287,248</u>

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2010

	Consolidated	
	Dec 2010	Dec 2009
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(391,751)	(504,199)
Cash receipts in the course of operations	1,919	-
Interest received	392,891	334,617
Income tax rebate	59,342	9,963
Exchange loss	(19,173)	-
Finance costs	(6,362)	(5,616)
Net cash provided by/(used in) operating activities	<u>36,866</u>	<u>(165,235)</u>
Cash flows from investing activities		
Payments for plant and equipment	(56,938)	(6,404)
Loans repaid to related parties	-	(3,396)
Loans to related parties	-	(4,034)
Payments for mining tenements and exploration	(1,682,808)	(860,846)
Net cash (used in)/provided by investing activities	<u>(1,739,746)</u>	<u>(874,680)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	4,052,887
Payments associated with capital raising	-	(191,557)
Net cash provided by/(used in) financing activities	<u>-</u>	<u>3,861,330</u>
Net (decrease)/increase in cash held	(1,702,880)	2,821,415
Cash at the beginning of the half-year	<u>9,447,192</u>	<u>8,446,478</u>
Cash at the end of the half-year	<u><u>7,744,312</u></u>	<u><u>11,267,893</u></u>

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2010

1 Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

It is recommended that the financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Marmota Energy Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements of the ASX Listing Rules.

The accounting policies described in this report have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2010 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

2 Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated half-year financial report do not differ from those applied by the parent entity in its financial report as at and for the year ended 30 June 2010.

	<u>Dec 2010</u>	<u>Dec 2009</u>
	\$	\$
3 Other revenues from ordinary activities		
Included in other revenues from ordinary activities:		
Interest: other parties	244,478	207,877
Other revenue	60,216	-
	<u>304,694</u>	<u>207,877</u>

4 Contingent liabilities

There has been no material changes to the aggregate of contingent liabilities since 30 June 2010.

5 Commitments

There has been no material changes to commitments disclosed in the 30 June 2010 annual report.

6 Cash on hand

	<u>Dec 2010</u>	<u>June 2010</u>
	\$	\$
Cash and cash equivalents	674,312	427,192
Deposits at call	5,070,000	1,520,000
	<u>5,744,312</u>	<u>1,947,192</u>

Cash on hand represents cash at bank and cash invested in term deposits.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2010

7 Financial assets

Fixed interest short term deposits	2,000,000	7,500,000
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8 Controlled entities

(a) Entities forming part of the Marmota Energy Limited consolidated group are as follows:

	Country of incorporation	Percentage owned (%)	
		Dec 2010	June 2010
Parent entity:			
Marmota Energy Limited	Australia	-	-
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	100

9 Investment in associates

Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				Dec 2010	June 2010	Dec 2010	June 2010
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1
Groundhog Services Partnership	Administration services	Australia	-	50%	-	-	-

(a) Summarised presentation of aggregate assets, liabilities and performance of associates

	Dec 2010	June 2010
	\$	\$
Current assets	218,747	217,585
Non-current assets	188,719	191,183
Total assets	407,466	408,768
Current liabilities	(352,271)	(333,165)
Non-current liabilities	(55,193)	(75,601)
Total liabilities	(407,464)	(408,766)
Net assets	2	2
	Dec 2010	Dec 2009
	\$	\$

Share of associate's profit after tax	-	-
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Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2010

10 Operating segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated entity has identified its operating segments to be Gawler Craton, North America and Curnamona based on the differed geological regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to the Board of Directors for assessing performance and determining the allocation of resources within the Consolidated entity.

The Consolidated entity operates primarily in one business, namely the exploration of minerals.

Details of the performance of each of these operating segments for the six month periods ended 31 December 2010 and 31 December 2009 are set out below:

	North America		Gawler Craton		Curnamona		Total	
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-	-	-
Segment results								
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Interest income							244,479	207,877
Other revenue							60,215	-
Net financing costs							-	-
Other expenses							(425,934)	(476,198)
Profit/(loss) before tax							(121,240)	(268,321)
Income tax benefit/(expense)							59,342	(47,504)
Net profit/(loss) after tax							(61,898)	(315,825)

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2010

10 Operating segments (continued)

	North America		Gawler Craton		Curnamona		Total	
	Dec 2010 \$	June 2010 \$	Dec 2010 \$	June 2010 \$	Dec 2010 \$	June 2010 \$	Dec 2010 \$	June 2010 \$
Segment assets	387,691	128,007	16,122,114	15,520,596	2,682,478	1,915,052	19,192,283	17,563,655
<i>Segment asset increases for the period:</i>								
Capital expenditure	259,684	128,007	601,518	1,241,874	767,426	1,312,582	1,628,628	2,682,463
	<u>259,684</u>	<u>128,007</u>	<u>601,518</u>	<u>1,241,874</u>	<u>767,426</u>	<u>1,312,582</u>	<u>1,628,628</u>	<u>2,682,463</u>
<i>Reconciliation of segment assets to group assets</i>								
Cash and cash equivalents							5,744,312	1,947,192
Trade and other receivables							260,115	433,452
Other current assets							77,552	19,051
Financial assets							2,000,000	7,500,000
Plant and equipment							381,202	388,072
Investment in associate							1	1
Total consolidated assets							<u>27,655,465</u>	<u>27,851,423</u>
Segment liabilities	125,135	65,901	19,058	13,689	48,018	254,118	192,211	333,708
<i>Reconciliation of segment liabilities to group liabilities</i>								
Trade and other payables							104,694	96,430
Short term provisions							43,588	49,684
Long term provisions							<u>27,724</u>	<u>31,455</u>
Total consolidated liabilities							<u>368,217</u>	<u>511,277</u>

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2010

11 Issued capital

	Dec 2010	June 2010
	\$	\$
Issued and paid-up share capital 150,409,490 (June 2010: 150,409,009) ordinary shares, fully paid	26,106,308	26,106,308
Ordinary shares	26,106,308	26,106,308
Balance at the beginning of the period	26,106,308	22,187,511
Shares issued during the period		
- 28,853,481 shares issued to shareholders as part of a Share Purchase Plan and Placement at \$0.14	-	4,039,487
- 335,000 shares issued to option holders on exercise of options to \$0.04	-	13,400
- 500,000 shares issued for the acquisition of a tenement	-	-
Less transaction costs arising from issue of shares net of tax	-	(134,090)
Balance at end of period	26,106,308	26,106,308

As at 31 December 2010, there were 28,815,000 (June 2010: 28,690,000) unissued shares for which the following options were outstanding.

- o 28,000,000 unlisted options exercisable at \$0.40 by 11 July 2012
- o 290,000 unlisted options exercisable at \$0.04 by 23 December 2013
- o 400,000 unlisted options exercisable at \$0.1016 by 5 March 2015
- o 125,000 unlisted options exercisable at \$0.083 by 21 December 2015

12 Share based payments

On 21 December 2010 a grant of share options was made to an employee. The terms and conditions of the grant made during the six months ended 31 December 2010 are as follows:

2010

Grant date	Number of instruments	Vesting conditions	Contractual life of options
21 December	125,000	On issue	1,826 days

Fair value of share options and assumptions used in determining fair value:

Fair value at grant date	\$0.072 per option
Share price	\$0.09
Exercise price	\$0.083
Expected volatility	105%
Option life	1,826 days
Risk-free interest rate	4.75%

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2010

13 *Events subsequent to balance date*

There has not arisen in the interval between 31 December 2010 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

Marmota Energy Limited and Controlled Entities

Directors' Declaration

For the half-year ended 31 December 2010

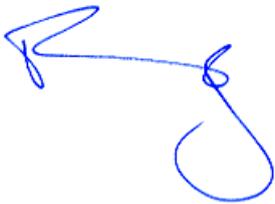
Directors' Declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 6 to 15, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2010 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting;
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at ...Adelaide..... this16th..... day of ...March..... 2011.

This declaration is made in accordance with a resolution of the directors:



Robert Michael Kennedy
Director

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MARMOTA ENERGY LIMITED

We have reviewed the accompanying half-year financial report of Marmota Energy Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Marmota Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Marmota Energy Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 16 March 2011