



Marmota Energy Limited and Controlled Entities

Consolidated Half-Year Financial Report

31 December 2012

CORPORATE DIRECTORY

Marmota Energy Limited

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

Registered Office

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UNLEY SA 5061
Telephone: (08) 8373 6271 / (08) 8373 5588
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Share Registrar

Computershare Investor Services Pty Ltd
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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 2012 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 (*resigned 1 August 2012*)

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 completed exploration programs across the Company's key exploration assets. Significant focus was placed upon exploration programs at its Durkin copper-nickel project. High resolution ground gravity and airborne electromagnetic surveys were completed over the Pundinya tenement which host both Durkin and the Pundinya uranium prospects. Infill surface sampling programs were completed in conjunction with the detailed geophysics. The programs defining a number of large scale conductors coincident with gravity and geochemical anomalies to be drill tested in 2013.

Marmota successfully completed Traditional Owner clearances on its Gawler Craton gold projects and on its Western Spur hematite iron project. This paves the way for drill testing of targets in 2013. In particular drilling is also planned to be completed at the Indooroopilly gold project located to the north of Durkin. Marmota also continued to maintain the Company's interest in gold projects in joint venture with Ramelius Resources. Drilling was completed at the Angel Wing gold project (Nevada, USA) where grades of up to 14.15 g/t Au were intercepted during the 2012 drilling program.

The net loss after income tax for the half-year was \$525,462 (Dec 2011\$ 213,474).

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.

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.

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-

Marmota Energy Limited and Controlled Entities

Directors' Report (continued)

year financial report. The Independence Declaration is set out on the following page and forms part of this Directors' Report.

Dated atAdelaide..... this13th..... day ofMarch..... 2013.

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

A handwritten signature in blue ink, consisting of a stylized 'R' and 'K' connected by a horizontal line, with a loop at the end of the 'K'.

Robert Michael Kennedy
Director

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Marmota Energy Limited and Controlled Entities for the half-year ended 31 December 2012, 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



S J Gray
Partner

Adelaide, 13 March 2013

Marmota Energy Limited and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year-ended 31 December 2012

	Note	Consolidated	
		Dec 2012	Dec 2011
		\$	\$
Other revenues from ordinary activities	3	76,536	260,991
Total other revenue		76,536	260,991
Administrative expenses		181,522	175,359
Consultancy expenses		143,163	52,210
Depreciation		4,152	4,171
Employment expenses		135,424	174,464
Service fees		88,707	78,080
Exchange (gain)/loss		-	(9,819)
Loss before income tax expense		(476,432)	(213,474)
Income tax benefit/(expense)		(49,030)	-
Loss for the period		(525,462)	(213,474)
Loss attributed to members of the parent entity		(525,462)	(213,474)
Items that may be reclassified to profit or loss:			
Changes in fair value of available for sale financial assets		2,500	-
Income tax relating to these items		-	-
		2,500	-
Other comprehensive income		-	-
Total comprehensive income for the period		(522,962)	(213,474)
Basic earnings per share (cents)		(0.27)	(0.142)
Diluted earnings per share (cents)		(0.27)	(0.142)

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2012

	Note	Consolidated	
		Dec 2012	June 2012
		\$	\$
Current assets			
Cash and cash equivalents	6	2,948,397	2,218,934
Trade and other receivables		369,172	273,803
Financial assets	7	20,000	20,000
Other current assets		54,843	25,317
Total current assets		3,392,412	2,538,054
Non-current assets			
Plant and equipment		240,285	266,603
Investments in associates	9	1	1
Available for sale financial assets		30,000	-
Exploration and evaluation expenditure	10	17,432,457	16,190,408
Total non-current assets		17,702,743	16,457,012
Total assets		21,095,155	18,995,066
Current liabilities			
Trade and other payables		211,234	567,716
Short term provisions		45,916	36,755
Total current liabilities		257,150	604,471
Non-current liabilities			
Long term provisions		75,753	45,392
Total non-current liabilities		75,753	45,392
Total liabilities		332,903	649,863
Net assets		20,762,252	18,345,203
Equity			
Issued capital	12	29,031,628	26,112,440
Reserves		2,707,244	2,683,921
Retained losses		(10,976,620)	(10,451,158)
Total equity		20,762,252	18,345,203

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 2012

	Issued capital \$	Reserves \$	Retained losses \$	Total \$
Balance at 1 July 2011	26,107,908	2,609,092	(1,240,433)	27,476,567
Transactions with owners in their capacity as owners:				
Shares issued during the period	30,000	-	-	30,000
Options issued during the period	-	42,865	-	42,865
	26,137,908	2,651,957	(1,240,433)	27,549,432
Total comprehensive income	-	-	(213,474)	(213,474)
Balance as at 31 December 2011	26,137,908	2,651,957	(1,453,907)	27,335,958
Balance at 1 July 2012	26,112,440	2,683,921	(10,451,158)	18,345,203
Transactions with owners in their capacity as owners:				
Shares issued during the period	3,035,690	-	-	3,035,690
Cost associated with shares issued during period	(116,502)	-	-	(116,502)
Options issued during the period	-	20,823	-	20,823
	29,031,628	2,704,744	(10,451,158)	21,285,214
Total comprehensive income	-	2,500	(525,462)	(522,962)
Balance as at 31 December 2012	29,031,628	2,707,244	(10,976,620)	20,762,252

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 2012

	Consolidated	
	Dec 2012	Dec 2011
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(475,641)	(410,396)
Cash receipts in the course of operations	7,718	5,125
Interest received	41,866	280,135
Finance costs	(7,244)	(7,639)
Net cash (used in) operating activities	<u>(433,301)</u>	<u>(132,775)</u>
Cash flows from investing activities		
Payments for plant and equipment	(9,610)	(886)
Loans to related parties	(26,206)	(52,122)
Payments for mining tenements and exploration	(1,671,578)	(1,843,661)
Net cash (used in) investing activities	<u>(1,707,394)</u>	<u>(1,896,669)</u>
Cash flows from financing activities		
Proceeds from issue of shares	3,036,500	-
Payments associated with capital raising	(166,342)	-
Net cash provided by financing activities	<u>2,870,158</u>	<u>-</u>
Net increase/(decrease) in cash held	729,463	(2,029,444)
Cash at the beginning of the half-year	<u>2,238,934</u>	<u>5,779,057</u>
Cash at the end of the half-year	<u><u>2,968,397</u></u>	<u><u>3,749,613</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 2012

1 *Basis of preparation of interim report*

Marmota Energy Limited (Marmota or the Company) is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the consolidated entity).

The consolidated annual financial report of the consolidated entity for the year ended 30 June 2012 is available upon request from the Company's registered office at 140 Greenhill Road, Unley SA or at www.marmotaenergy.com.au.

The interim consolidated financial statements are a general purpose report prepared in accordance with AASB 134 Interim Financial Reporting, and the Corporations Act 2001. This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, this interim financial report does not include full disclosures of the type normally included in the annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Marmota during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

2 *Significant accounting policies*

The interim financial statements have been prepared in accordance with the accounting policies adopted in the consolidated entity's last annual financial statements for the year ended 30 June 2012, and have been consistently applied by the entities in the consolidated entity.

New and revised accounting standards applicable for the first time to the current half-year reporting period

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group, including:

- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income which requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its half-year financial statements.

These financial statements were authorised for issue by the board of directors on 13 March 2013.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

		Consolidated	
		Dec 2012	Dec 2011
		\$	\$
3	<i>Other revenues from ordinary activities</i>		
	Included in other revenues from ordinary activities:		
	Interest: other parties	68,819	142,964
	Other revenue	7,717	118,027
		<u>76,536</u>	<u>260,991</u>

4 ***Contingent liabilities***

There have been no material changes to the aggregate of contingent liabilities since 30 June 2012.

5 ***Commitments***

There have been no material changes to commitments disclosed in the 30 June 2012 annual report.

6 ***Cash on hand***

		Consolidated	
		Dec 2012	June 2012
		\$	\$
	Cash and cash equivalents	418,397	188,934
	Deposits at call	2,530,000	2,030,000
		<u>2,948,397</u>	<u>2,218,934</u>

Cash on hand represents cash at bank and cash invested in term deposits. Bank Guarantees are in place to the value of \$10,000.

7 ***Financial assets***

Fixed interest short term deposits	20,000	20,000
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Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

8 *Controlled entities*

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

	Country of incorporation	Percentage owned (%)	
		Dec 2012	June 2012
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 2012	June 2012	Dec 2012	June 2012
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

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

	Consolidated	
	Dec 2012	June 2012
	\$	\$
Current assets	330,033	371,221
Non-current assets	76,655	108,166
Total assets	406,688	479,387
Current liabilities	(319,475)	(425,920)
Non-current liabilities	(87,211)	(53,465)
Total liabilities	(406,686)	(479,385)
Net assets	2	2
	Dec 2012	Dec 2011
	\$	\$
Share of associate's profit after tax	-	-

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

10 *Exploration and evaluation expenditure*

	Consolidated	
	Dec 2012	June 2012
	\$	\$
Movement:		
Carrying amount at beginning of year	16,190,408	21,287,215
Additional costs capitalised during the year	1,242,049	3,672,784
Impairment	-	(8,769,591)
Carrying amount at end of year	<u>17,432,457</u>	<u>16,190,408</u>
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	2,991,315	2,153,280
Exploration and evaluation phase		
- Joint Venture	<u>14,441,142</u>	<u>14,037,128</u>
	<u>17,432,457</u>	<u>16,190,408</u>

The ultimate recoupment of costs carried forward for exploration phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

11 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 different 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 2012 and 31 December 2011 are set out below:

	North America	Gawler Craton	Curnamona	Western Australia	Total
December 2012	\$	\$	\$	\$	\$
Segment revenue	-	-	7,717	-	7,717
Segment results					
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	7,717
Depreciation and amortisation	-	-	-	-	-
	-	-	7,717	-	7,717
Interest income					68,819
Other revenue					-
Net financing costs					-
Other expenses					(552,968)
Profit/(loss) before tax					(476,432)
Income tax benefit/(expense)					(49,030)
Net profit/(loss) after tax					(525,462)

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

11 Operating segments (continued)

	North America	Gawler Craton	Curnamona	Western Australia	Total
December 2011	\$	\$	\$	\$	\$
Segment revenue	-	-	112,902	-	112,902
Segment results					
Gross segment result before depreciation, amortisation and impairment	-	-	112,902	-	112,902
Depreciation and amortisation	-	-	-	-	-
	-	-	112,902	-	112,902
Interest income					142,964
Other revenue					5,125
Net financing costs					-
Other expenses					(474,465)
Profit/(loss) before tax					(213,474)
Income tax benefit/(expense)					-
Net profit/(loss) after tax					(213,474)

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

11 Operating segments (continued)

	North America	Gawler Craton	Curnamona	Western Australia	Total
December 2012	\$	\$	\$	\$	\$
Segment assets	1,233,635	9,312,273	6,846,981	39,568	17,432,457
Segment asset increases for the period:					
Capital expenditure	212,383	662,082	362,826	4,758	1,242,049
Impairment	-	-	-	-	-
	<u>212,383</u>	<u>662,082</u>	<u>362,826</u>	<u>4,758</u>	<u>1,242,049</u>
Reconciliation of segment assets to group assets					
Cash and cash equivalents					2,948,397
Trade and other receivables					369,172
Other current assets					54,843
Financial assets					20,000
Plant and equipment					240,285
Available for sale financial asset					30,000
Investment in associate					1
Total consolidated assets	<u>1,233,635</u>	<u>9,312,273</u>	<u>6,846,981</u>	<u>39,568</u>	<u>21,095,155</u>
	\$	\$	\$	\$	\$
June 2012					
Segment assets	1,021,252	8,650,191	6,484,155	34,810	16,190,408
Segment asset increases for the period:					
Capital expenditure	528,711	560,353	2,548,910	34,810	3,672,784
Impairment	-	(8,769,591)	-	-	(8,769,591)
	<u>528,711</u>	<u>(8,209,238)</u>	<u>2,548,910</u>	<u>34,810</u>	<u>(5,096,807)</u>
Reconciliation of segment assets to group assets					
Cash and cash equivalents					2,218,934
Trade and other receivables					273,803
Other current assets					25,317
Financial assets					20,000
Plant and equipment					266,603
Investment in associate					1
Total consolidated assets	<u>1,021,252</u>	<u>8,650,191</u>	<u>6,484,155</u>	<u>34,810</u>	<u>18,995,066</u>

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

12 Issued capital

	Dec 2012	June 2012
	\$	\$
Issued and paid-up share capital 228,249,235 (June 2012: 151,649,490) ordinary shares, fully paid	29,031,628	26,112,440
Ordinary shares		
Balance at the beginning of the period	26,112,440	26,107,908
Shares issued during the period		
- 700,000 shares issued to rightsholders as part of a Employee Incentive Scheme	-	-
- 75,000 (June 2012: nil) shares issued to option holders on exercise of options to \$0.036	2,700	-
- nil (June 2012: 500,000 shares issued for the acquisition of a tenement	-	30,000
- 6,017,960 (June 2012: nil) shares issued as part of a 1:2 rights issue	240,718	-
- 69,806,785 (June 2012: nil) shares issued as part of the placement of shortfall from 1:2 rights issue	2,792,272	-
Less transaction costs arising from issue of shares net of tax	(116,502)	(25,468)
Balance at end of period	29,031,628	26,112,440

As at 31 December 2012, there were 1,825,000 (June 2012: 30,350,000) unissued shares for which the following options and rights were outstanding.

- o 250,000 unlisted options exercisable at \$0.04 by 23 December 2013
- o 325,000 unlisted options exercisable at \$0.1016 by 5 March 2015
- o 125,000 unlisted options exercisable at \$0.083 by 21 December 2015
- o 250,000 unlisted options exercisable at \$0.073 by 29 July 2016
- o 175,000 unlisted options exercisable at \$0.036 by 24 July 2017
- o 700,000 retention rights vesting 1 July 2013.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

13 *Share based payments*

On 24 July 2012 a grant of share options was made to employees. The terms and conditions of the grant made during the six months ended 31 December 2012 are as follows:

2012

Grant date	Number of instruments	Vesting conditions	Contractual life of options
24 July	250,000	On issue	1,826 days

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

Fair value at grant date	\$0.035 per option
Share price	\$0.039
Exercise price	\$0.036
Expected volatility	136%
Option life	1,826 days
Risk-free interest rate	2.31%

14 *Events subsequent to balance date*

There has not arisen in the interval between 31 December 2012 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.

15 *Going Concern*

The financial report has been prepared on the basis of going concern.

The Consolidated Entity incurred a net loss before tax of \$525,462 during the period ending 31 December 2012, had a net cash outflow of \$2,140,695 from operations and investing activities, and its planned expenditure exceeds its current cash held. The directors have identified a current shortfall in available funds to meet the ongoing requirements of the Group. The Group continues to be reliant on the completion of a capital raising for continued operations and the provision of working capital.

If the additional capital is not obtained, the going concern basis may not be appropriate with the result that the company and consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business in amounts different from those stated in the financial report.

Marmota Energy Limited and Controlled Entities

Directors' Declaration

For the half-year ended 31 December 2012

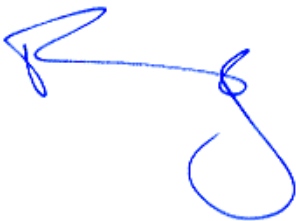
Directors' Declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 5 to 16, 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 2012 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..... this13th..... day of ...March..... 2013.

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

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

Robert Michael Kennedy
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MARMOTA ENERGY LIMITED AND CONTROLLED
ENTITIES AND CONTROLLED ENTITIES**

We have reviewed the accompanying half-year financial report of Marmota Energy Limited and Controlled Entities ("Group"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated Group, comprising both the Group 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 Marmota Energy Limited and Controlled Entities are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Group, 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Marmota Energy Limited and Controlled Entities consolidated Group's financial position as at 31 December 2012 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 and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 and Controlled Entities is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated Group's financial position as at 31 December 2012 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.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion expressed above, we draw attention to Note 15 – Going Concern Basis to the half-year financial statements which indicate that the consolidation entity incurred a net loss of \$525,462 and net cash outflow from operating and investing activities of \$2,140,695 during the half-year ended 31 December 2012. These conditions, as set out in Note 15, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the half-year financial report.

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Chartered Accountants



S J Gray
Partner

Adelaide, 13 March 2013