

Marmota Energy Limited and Controlled Entities

Consolidated Half Year Financial Report

31 December 2007

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
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Email: info@marmotaenergy.com.au

Share Registrar

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
Telephone: (08) 8236 2300
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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 for the period ended 31 December 2007 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*)

Alternate Directors:

Blake A Williams (*alternate for Reginald G Nelson on 19 July 2007 and alternate for Glenn S Davis on 18 September 2007*)

Nicholas J Smart (*alternate for Glenn S Davis on 19 July 2007*)

Principal activities

The consolidated entity's principal activity is uranium exploration.

Review and results of operations

The Marmota Energy Limited Initial Public Offering ("IPO") was successfully completed with the company listing on the Australian Stock Exchange on the 21 November 2007. The Directors of the company were very pleased with the significant support for the IPO not only from the shareholders of Monax Mining Limited but from across the wider investment community. The IPO raised a total of \$15 million.

Initial exploration began on the Company's Ambrosia tenement with the completion of a 2,251 station high resolution gravity survey designed to map potential uranium-bearing palaeochannels and further improve the resolution of data over potential Olympic Dam style iron oxide copper gold uranium ("IOCGU") targets. Preliminary results have further delineated palaeochannels on the Ambrosia tenement along with identifying new channels on the Mulgathing tenement. Further computer processing and modelling is due to be completed during February 2008.

The Company will complete a high resolution Airborne Electromagnetic (AEM) survey in the first quarter of 2008. This combined with the results from the gravity data, will allow the Company to identify drill targets for a planned drill program in the second quarter of 2008.

The net loss after extraordinary items and income tax for the half-year was \$628,074.

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

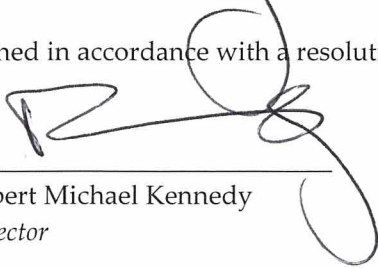
Directors' report (continued)

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 following this Report.

Dated at Windy this 17 day of March 2008.

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



Robert Michael Kennedy
Director

Grant Thornton South Australian Partnership
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67 Greenhill Rd
Wayville SA 5034
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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MARMOTA ENERGY LIMITED & 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 for the period ended 31 December 2007, 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
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed in Adelaide on this 12 day of March 2008

Marmota Energy Limited and Controlled Entities
Consolidated Income Statement
For the half-year-ended 31 December 2007

	Note	Dec 2007 \$	Dec 2006 \$
Other revenues from ordinary activities	4	137,439	-
Total revenue		<u>137,439</u>	-
Administrative expenses		163,403	(1,333)
Consultancy expenses		124,014	-
Depreciation		1,159	-
Employment expenses		44,315	-
Occupancy expenses		5,435	-
Other expenses from ordinary activities		49,832	-
(Loss)/profit from ordinary activities before related income tax expense		<u>(250,719)</u>	1,333
Income tax (expense)/benefit relating to ordinary activities		<u>(377,355)</u>	-
(Loss)/profit from ordinary activities after related income tax expense		<u><u>(628,074)</u></u>	1,333
Basic earnings per share (cents)		(1.307)	-

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities

Consolidated Balance Sheet

As at 31 December 2007

	Note	Dec 2007	June 2007
		\$	\$
Current assets			
Cash assets		14,177,290	3,907
Receivables		198,164	2,552
Other		34,424	36,033
Total current assets		<u>14,409,878</u>	<u>42,492</u>
Non-current assets			
Property, plant and equipment		105,506	-
Exploration, evaluation & development expenditure		9,856,327	-
Total non-current assets		<u>9,961,833</u>	<u>-</u>
Total assets		<u>24,371,711</u>	<u>42,492</u>
Current liabilities			
Payables		373,334	41,078
Provisions		10,490	-
Total current liabilities		<u>383,824</u>	<u>41,078</u>
Non-current liabilities			
Provisions		-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>383,824</u>	<u>41,078</u>
Net assets		<u>23,987,887</u>	<u>1,414</u>
Equity			
Contributed equity		22,183,952	18,005
Share options reserves		2,448,600	-
Retained profits/(losses)		(644,665)	(16,591)
Total equity		<u>23,987,887</u>	<u>1,414</u>

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 2007

	\$	\$	\$	\$	
	Share capital ordinary	Share based payments reserve	Retained profits / (losses)	Total	
	Note				
Balance at 1 July 2006		5	-	(5,336)	(5,331)
Shares issued during the period		-	-	-	-
Options issued during the period		-	-	-	-
Transaction costs associated with the issue of shares (net of tax)		-	-	-	-
Profit/(loss) attributable to shareholders		-	-	1,333	1,333
Balance as at 31 December 2006		5		(4,003)	(3,998)
Balance at 1 July 2007		18,005	-	(16,591)	1,414
Shares issued during the period		23,046,442	-	-	23,046,442
Options issued during the period		-	2,448,600	-	2,448,600
Transaction costs associated with the issue of shares (net of tax)		(880,495)	-	-	(880,495)
(Loss)/profit attributable to shareholders		-	-	(628,074)	(628,074)
Balance as at 31 December 2007		22,183,952	2,448,600	(644,665)	23,987,887

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities
Consolidated Cash Flow Statement
For the half-year ended 31 December 2007

	Note	Dec 2007 \$	Dec 2006 \$
Cash flows from operating activities			
Cash payments in the course of operations		(382,244)	-
Cash receipts in the course of operations		-	-
Interest received		47,399	-
Net cash provided by/(used in) operating activities		(334,845)	-
Cash flows from investing activities			
Payments for property, plant and equipment		(105,411)	-
Payments for mining tenements & exploration		(230,953)	-
Net cash provided by/(used in) investing activities		(336,364)	-
Cash flows from financing activities			
Proceeds from issue of shares		15,830,250	-
Payments associated with capital raising		(985,658)	-
Net cash provided by/(used in) financing activities		14,844,592	-
Net increase/(decrease) in cash held		14,173,383	-
Cash at the beginning of the half-year		3,907	5
Cash at the end of the half-year		14,177,290	5

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 2007

1 Reporting entity

Marmota Energy Limited (the "Company") is a company domiciled in Australia. The Consolidated half-year financial report of the Company as at and for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

2 Statement of compliance

The consolidated half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated half-year financial report does not include all of the information required for a full annual financial report.

3 Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated half-year financial report and do not differ from those applied by the parent entity in its financial report as at and for the year ended 30 June 2007.

	Note	Dec 2007 \$	Dec 2006 \$
4 Other revenues from ordinary activities			
Included in other revenues from ordinary activities:			
Interest: other parties		137,439	-
Sundry income		-	-

5 Significant events

On 21 November 2007, the Company listed on the Australian Stock Exchange.

During the period the following shares and options were issued:

Ordinary Shares	No. on issue	\$
At the beginning of the period	18,000,005	18,005
Shares issued during the period		
Seed capital	6,642,000	830,250
Public offer	60,000,000	15,000,000
Acquisition of subsidiary	36,000,000	7,200,000
Transaction costs (net of tax)	-	(880,495)
Options exercised during the period	64,771	16,193
At the reporting date	<u>120,706,776</u>	<u>22,183,953</u>

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2007

5 Significant events (continued)

	No. on issue	\$
Options		
At the beginning of the period	-	-
Options issued during the period		
Promoters	10,000,000	159,000
Public offer	19,999,724	-
Acquisition of subsidiary	18,000,000	2,289,600
Options exercised during the period	(64,771)	-
At the reporting date	<u>47,934,953</u>	<u>2,448,600</u>

6 Contingent liabilities

There have been no changes to contingent liabilities since 30 June 2007.

7 Controlled entities

(a) Controlled entities consolidated

	Country of incorporation	Percentage owned (%)	
		Dec 2007	June 2007
Parent entity:			
Marmota Energy Limited	Australia	-	-
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	-

(b) Acquisition of controlled entities

Pursuant to the contract between the Company and Monax Mining Limited, effective 21 November 2007 the Company acquired 100% of the issued capital of Marmosa Pty Ltd from Monax Mining Limited. Marmosa Pty Ltd hold interests in joint ventures in uranium exploration tenements.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2007

(b) Acquisition of controlled entities (continued)

The acquisition had the following effect on the consolidated entity's assets and liabilities:

			Recognised value on acquisition
			\$
Cash			1
Exploration assets			9,586,403
Liabilities			(96,804)
Net identifiable assets and liabilities			<u>9,489,600</u>
Consideration paid:			
Ordinary shares at fair value			7,200,000
Options at fair value			2,289,600
Transaction costs on acquisition			-
Goodwill on acquisition			<u>-</u>
Purchase consideration	No. of shares	Fair value	\$
Ordinary shares	36,000,000	\$0.20	7,200,000
Options	18,000,000	\$0.127	2,289,600

8 *Events subsequent to balance date*

There has not arisen in the interval between 31 December 2007 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 2007

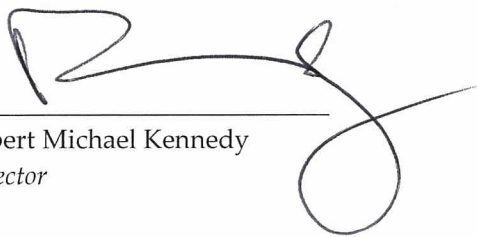
Directors' Declaration

In the opinion of the directors of Marmota Energy Limited ("the Company"):

- (a) the half-year financial statements and notes, set out on pages 5 to 10, 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 2007 and of its performance, as represented by the results of its operations and its cash flows, for the six months ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) 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 Witley this 12 day of March 2008.

Signed in accordance with a resolution of the directors:



Robert Michael Kennedy
Director

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Marmota Energy Limited (the Company) and the entities it controlled (the consolidated entity), which comprises the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a description of accounting policies, and other selected explanatory notes. The consolidated entity comprises both the Marmota Energy Limited (the Company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Marmota Energy Limited 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 control 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim 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 Marmota Energy Limited's financial position as at 31 December 2007 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.

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

Auditor's responsibility (cont)

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. a

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 Marmota Energy Limited's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- b complying with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S.J. Gray
Partner

Signed in Adelaide on this 12 day of March 2008