



MARMOTA
ENERGY LIMITED

2008 ANNUAL REPORT



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Marmota Energy Limited

ACN 119 270 816
ABN 38 119 270 816

Annual General Meeting

The 2008 Annual General Meeting will be held at Business SA, 136 Greenhill Road Unley, South Australia, on 14th November 2008 commencing at 9.15am. A formal notice is mailed to shareholders with the distribution of this report.

Stock Exchange

The Company is listed on the Australian Stock Exchange Limited. The Home Exchange is Adelaide. ASX Share Code: MEU



MARMOTA
ENERGY LIMITED

CHAIRMAN'S REPORT



The Company's exploration and business development activities have been taking place against the backdrop of a global renaissance in nuclear energy.

Dear Fellow Shareholders,

I am pleased to present this first annual report of Marmota Energy Limited ('Marmota' or 'the Company'). Marmota listed on the Australian Stock Exchange on 21 November 2007, and has been strongly supported.

The Company's exploration and business development activities have been taking place against the backdrop of a global renaissance in nuclear energy. This has been driven by the increased requirement of developed nations – and the long-term requirement of developing nations – to provide consistent base load power while reducing carbon emissions, particularly in nations with emerging economies such as India, China and Russia.

The fundamentals of the growing demand for uranium remain, and prices are expected to reflect this. We consider the recent fluctuations in the steep climb of the spot uranium price to be short-term variations, and are confident that uranium will be a strong performer in the mineral resources industry in the longer term.

Since listing, we have been concentrating on advancing exploration on Marmota's South Australian tenements under joint venture with Monax Mining Limited. South Australia and the Northern Territory have been the focus of intense uranium exploration as, until the recent Western Australia election, these were the only two states that allow both uranium exploration and mining. As with most mining companies, the boom has made resources such as skilled personnel and services difficult to obtain. Despite this, work commenced on Marmota's Gawler Craton tenements on the day of the Company's listing, utilising techniques unavailable to the previous era of uranium explorers that ended in the early 1980s.

With rich geological variation and geopolitical certainty in the Company's portfolio of 8,500 km² of projects, an aggressive exploration and business development program underway, and an experienced and

motivated team of geoscientists and managers, Marmota's first year has laid an extremely strong foundation for future growth.

Current activities include the acquisition of high resolution gravity and airborne electromagnetic surveys in preparation for drilling sedimentary uranium and iron oxide-copper-gold-uranium (IOCGU) targets across Marmota's tenements in South Australia. Drilling is underway on our Ambrosia and Mulgathing projects with encouraging results, which warrant further follow-up holes. Marmota has sought to increase its portfolio of prospective tenements with the acceptance of five further exploration licence applications in the highly prospective Lake Frome region, which also hosts the Beverly uranium mine and the world-class 4 Mile uranium deposit.

The first mover advantage gained by the considered pre-boom acquisition of Marmota's tenements, combined with the Company's proven exploration expertise and the application of leading edge geophysical technologies, has significantly reduced exploration risks across Marmota's projects – and optimised the likelihood of discovery.

I thank my fellow Directors, staff and consultants for their efforts in making Marmota's first year of operation a successful one, as we look forward to a successful year ahead.



Robert Kennedy
Chairman
Marmota Energy Limited





MANAGING DIRECTOR'S REPORT

With the objective of applying our expertise to diverse uranium belts and target styles, Marmota Energy is continuing to secure access to ground in uranium prospective areas.

Marmota Energy is building on strong foundations as a uranium resources company:

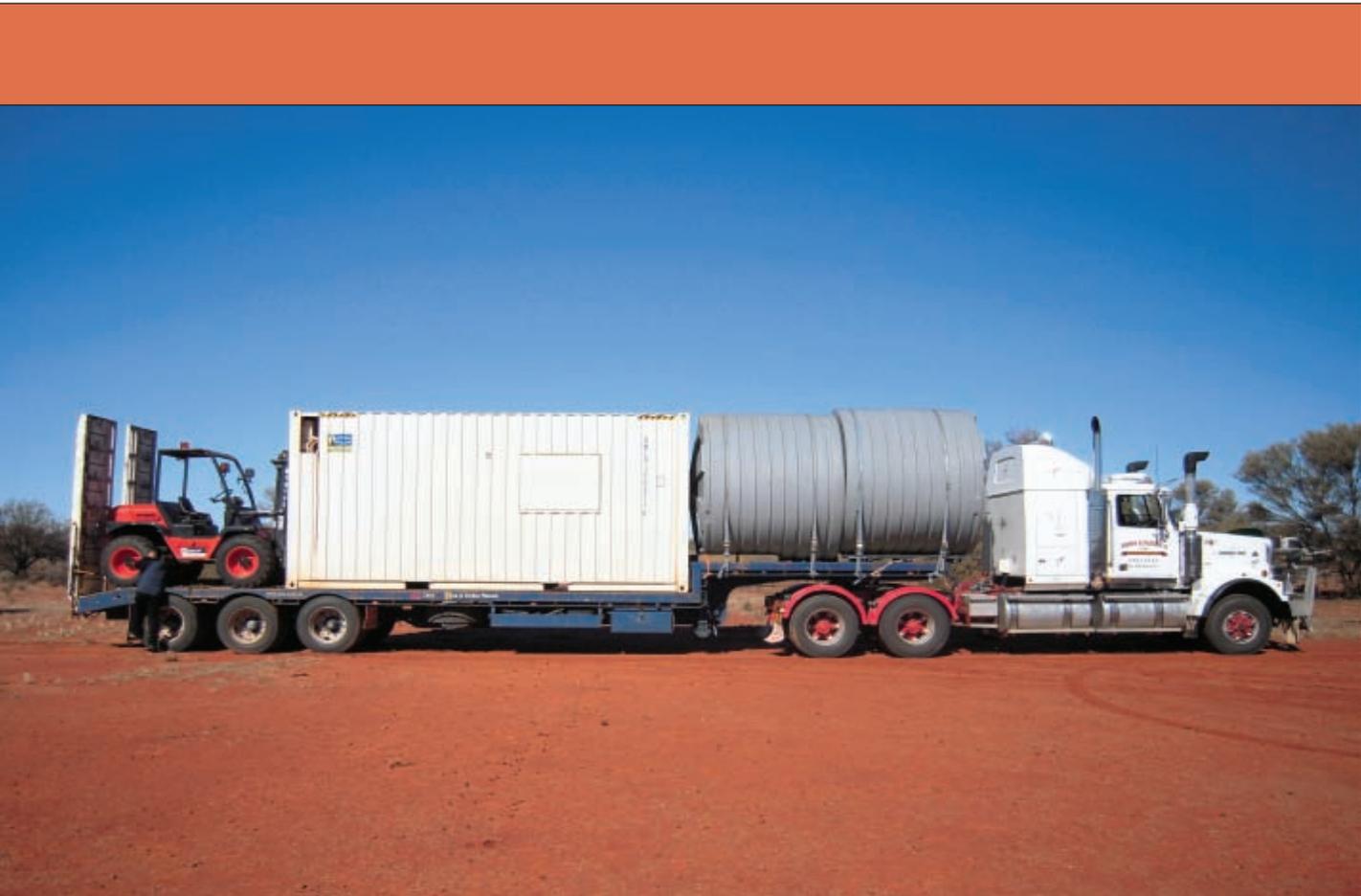
- Highly prospective tenements and aggressive exploration in the uranium-rich Gawler and Curnamona Cratons
- Acquisition of new tenements over uranium-prospective ground elsewhere in South Australia
- A highly competent, motivated and expanding exploration team
- Application of state-of-the-art exploration techniques to maximise the potential of all Marmota's projects

Since listing on the Australian Stock Exchange (ASX) in November 2007, Marmota Energy has pursued an aggressive and focused exploration program to realise the value of its strong portfolio of exploration assets. The Company moved to quickly establish its headquarters in Adelaide and, through an established network of industry service providers, was able to commence exploration from the very first day of listing. Against a backdrop of skills and service shortages, Marmota has continued to expand its highly competent exploration team. It has also been successful in securing geophysical and drilling contractors to implement a focused exploration program across highly-prospective ground in the Gawler and Curnamona Cratons, which is currently underway.

With the objective of applying our expertise to diverse uranium belts and target styles, Marmota Energy is continuing to secure access to ground in uranium prospective areas. Applications were made for five exploration tenements over the prospective Lake Frome region which hosts the Beverley uranium mine and 4 Mile deposit.

The Company has employed two full-time exploration geologists to manage exploration on its South Australian tenement package. Marmota's foundation portfolio of 8,500 sq km of tenements in the uranium-rich and under-explored Gawler and Curnamona Cratons offers excellent exploration potential. The main target opportunities are iron oxide-copper-gold-uranium (IOCGU) deposits, exemplified by the giant Olympic Dam deposit and sandstone-hosted uranium in palaeochannels analogous to those hosting the other South Australian uranium mine at Beverley.

Marmota is continuing to maximise its discovery opportunities through the application of leading edge exploration techniques not previously utilised by historic uranium explorers in its project areas. High resolution gravity data and airborne electromagnetic (AEM) surveys have successfully mapped prospective geology along palaeochannels and defined potential IOCGU targets. Marmota's tenements are well-placed and amenable to first pass exploration with these leading edge technologies.



The Company has also benefited from a 'first mover' advantage through its joint venture partner Monax Mining Limited, as most tenements were secured prior to the Carrapateena IOCGU discovery and the upturn in uranium demand that reinvigorated exploration in the region. The positioning of our tenements in high potential areas offers a target rich environment for new IOCGU and palaeochannel discoveries and a strong competitive advantage over other explorers.

During the period following Marmota's listing on the ASX, cash and assets in a form readily convertible to cash were used in a manner consistent with the Company's business objectives. As such, Marmota is well advanced in meeting its farm-in and joint venture earn-in requirements with Monax Mining through the exploration expenditure completed across its portfolio of tenements over the last twelve months.

With further drilling planned on Ambrosia, Marmota is poised to meet its earn-in requirements within the next year, on schedule for that project. With a busy schedule of exploration and drilling planned across its projects over the next year, Marmota is confident of meeting its other joint venture obligations on schedule. I would like to take this opportunity to thank the staff and Board of Marmota Energy Limited for making this a successful year for the Company.

Dom Calandro
Managing Director
Marmota Energy Limited



REVIEW OF OPERATIONS



Marmota is continuing to maximise its discovery opportunities through the application of leading edge exploration techniques not previously utilised by historic uranium explorers.

Operational Highlights

In the period since Marmota Energy listed on the Australian Stock Exchange in November 2007, the company has achieved a number of significant milestones, including:

- The completion of high resolution ground geophysics and airborne electromagnetic (AEM) surveys across Marmota's exploration licences to improve the quality of prospect scale data across the project areas. This new data was successful in defining these new areas.
- Successful acquisition of 15,000 line km of AEM, one of the largest private surveys of this type carried out in South Australia; 28,000 line km of airborne magnetic and radiometric survey data, and 8,500 gravity stations across its project areas.
- The definition of a number of basement targets across the Ambrosia project area, which the Company believes to have iron oxide-copper-gold-uranium (IOCGU) potential.
- Completion of a 5,000 m drilling program at the Ambrosia–Mulgathing project confirming the presence of potential uranium bearing systems in the project area.
- Planning for a 3,000 m drilling program early in the first quarter of calendar 2009 for the Mulyungarie project, which lies on the Yarramba palaeochannel that also hosts the Honeymoon uranium deposit.
- Planning for high resolution biogeochemical sampling and radon surveys on the Waddikee project on South Australia's Eyre Peninsula. The surveys are designed to target multiple styles of uranium, including unconformity style and palaeochannel sedimentary hosted uranium, in the project area.

Marmota has the advantage of the expertise of one of South Australia's most eminent scientists in the principles of sedimentary basin and palaeochannel geology in southern Australia.



Company Profile

Marmota Energy Limited is a highly motivated and competent mineral exploration company focused on the discovery and development of world-class, large tonnage, low operating cost uranium systems. Its major exploration focus has been the prospective Gawler Craton in South Australia, with tenement positions also in the Curnamona Craton focusing on tertiary palaeochannel roll-front uranium. The Curnamona Craton is host to the Beverley uranium mine, and the Honeymoon and world-class 4 Mile deposits. Marmota has been successful in increasing its land holding in this region with five more exploration license applications being granted to the Company in this highly prospective area.

Marmota has the advantage of the expertise of one of South Australia's most eminent scientists in the principles of sedimentary basin and palaeochannel geology in southern Australia. The Company plans to continue drill testing targets now highlighted by the exceptional high quality geophysical data acquired across Marmota's tenements this year.

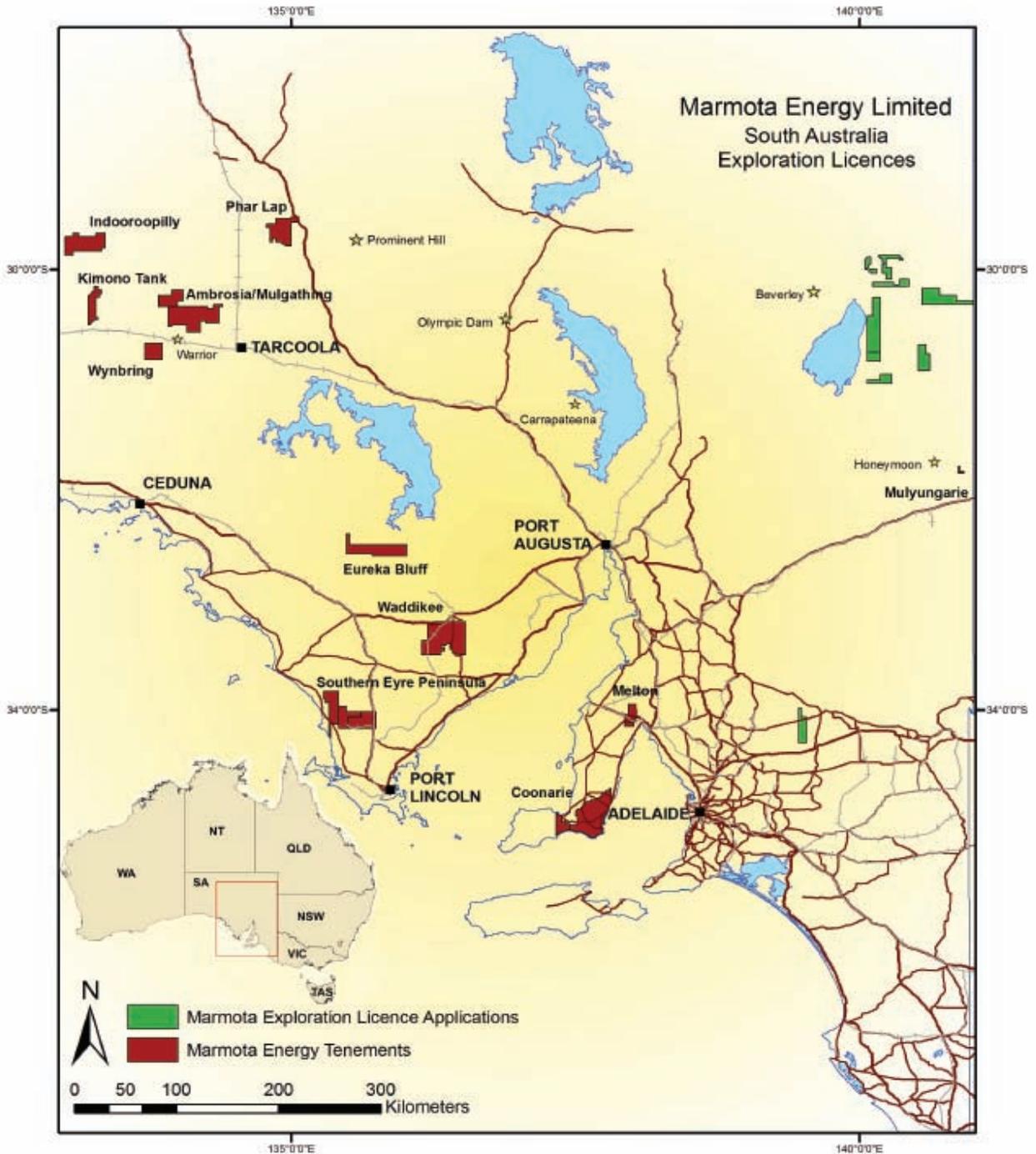
Phase 2 drilling is planned for Ambrosia, which will include testing of basement targets we believe prospective for Olympic Dam style IOCGU mineralisation. Drilling will commence on our Mulyungarie project in early 2009, along with further drilling planned on our high priority Waddikee project.



**MARMOTA
ENERGY LIMITED**

REVIEW OF OPERATIONS

Marmota Energy Limited is a highly motivated and competent mineral exploration company focused on the discovery and development of world-class, large tonnage, low operating cost uranium systems.



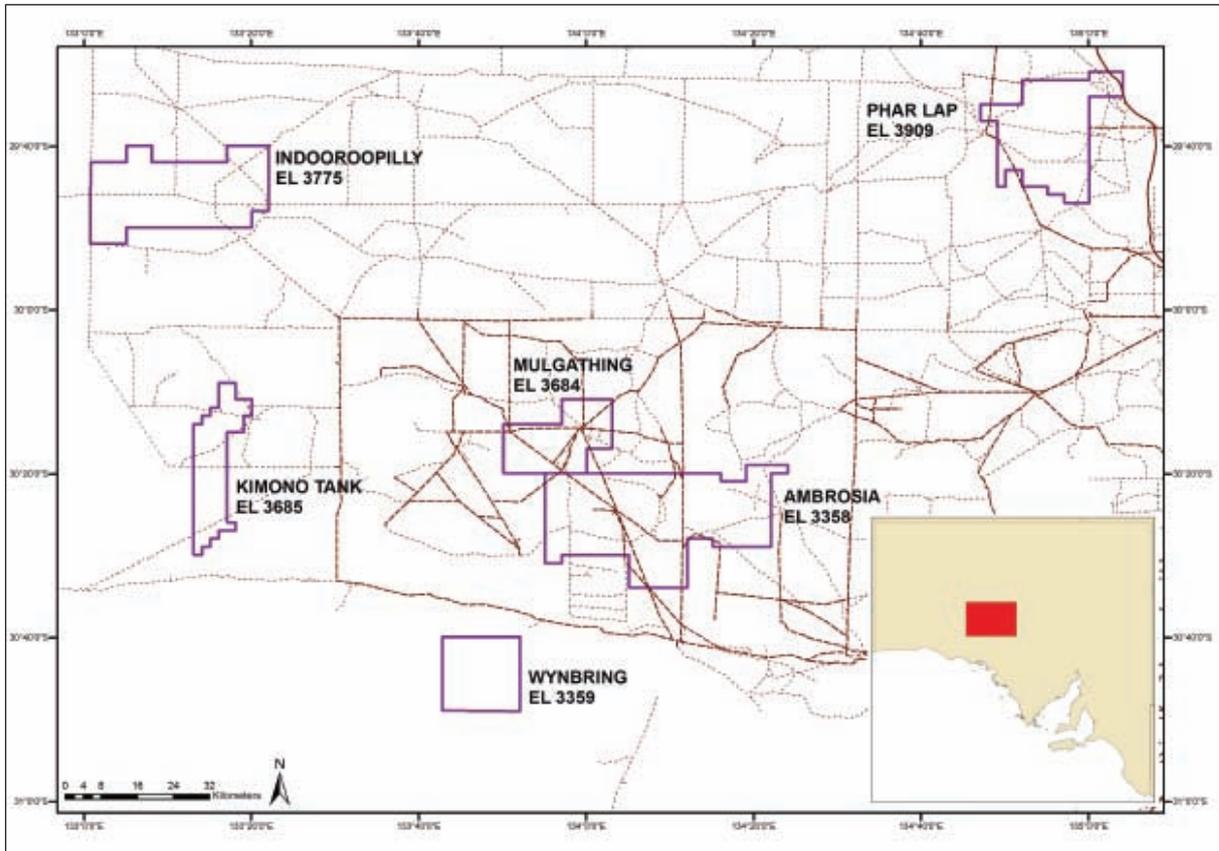


Marmota Energy Tenement Status

as at 28 August 2008

Project	Tenement	Status	Area (km ²)	Details
Mt Hope	EL 3355	Granted	320	JV with Monax Mining
Moorlands	EL 3356	Granted	324	JV with Monax Mining
Waddikee	EL 3357	Granted	1,004	JV with Monax Mining
Ambrosia	EL 3358	Granted	854	JV with Monax Mining
Wynbring	EL 3359	Granted	247	JV with Monax Mining
Eureka Bluff	EL 3458	Granted	549	JV with Monax Mining
Brimpton Lake	EL 3561	Granted	222	JV with Monax Mining
Mulgathing	EL 3684	Granted	258	JV with Monax Mining
Kimono Tank	EL 3685	Granted	234	JV with Monax Mining
Indooroopilly	EL 3775	Granted	570	JV with Monax Mining
Coonarie	EL 3907	Granted	848	JV with Monax Mining
Coonarie	EL 3908	Granted	133	JV with Monax Mining
Phar Lap	EL 3909	Granted	459	JV with Monax Mining
Mulyungarie	EL 3910	Granted	17	JV with Monax Mining
Melton	EL 3911	Granted	28	JV with Monax Mining
Lake Coonee	ELA 339/08	Application	644	
Mudguard Swamp	ELA 343/08	Application	232	
Lake Callabonna North	ELA 344/08	Application	217	
Tiger Plain	ELA 345/08	Application	173	
Lake Callabonna South	ELA 345/08	Application	21	

REVIEW OF OPERATIONS



Location of Marmota's northern tenements

Ambrosia–Mulgathing

(Marmota earning 50% under Ambrosia Farm-in and JV Agreement with Monax Mining Limited)

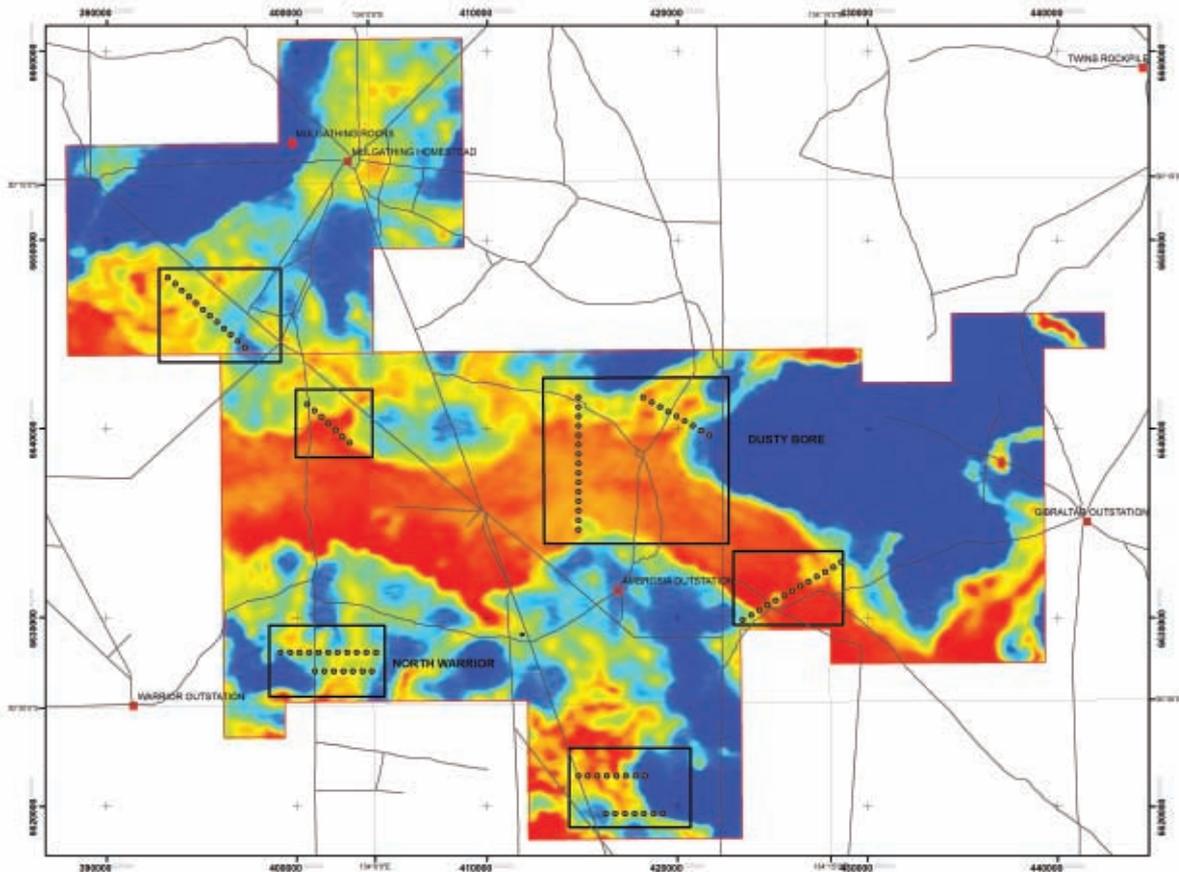
(Marmota earning 70% under Farm-in and JV Agreement with Monax Mining Limited)

The Ambrosia–Mulgathing tenements total 1,112 km² of pastoral lease land and is located approximately 100 km northwest of the township of Tarcoola in the north of South Australia.

On the Ambrosia project (EL 3358), Marmota is earning 50% equity across all commodities from Monax Mining Limited, and 70% equity for uranium

only on Mulgathing (EL 3684) through a joint venture with Monax Mining Limited. Supported by advanced geophysical and geological data acquired over our flagship project, Marmota believes the geological setting is prospective for palaeochannel hosted roll-front uranium, Olympic Dam style IOCGU deposits, and tabular style sandstone-hosted uranium in Mesozoic and Permian sediments.

High resolution geophysical surveys including AEM have been completed over the project area, from which the Company has determined palaeodrainage systems and discrete conductive basement priority targets.



Ambrosia–Mulgathing AEM with Marmota target zones outlined, and planned drillholes.

Phase 2 of the drilling on Ambrosia will utilise results from Phase 1 to better vector drillhole targets and reduce exploration risk. Testing of basement targets utilising RC drilling processes to test for IOCGU potential is planned at the conclusion of the Phase 1 rotary mud palaeochannel drill testing program. Drilling on this project is planned to continue into late 2008.

Drilling Program

The initial phase of drill testing of the Ambrosia palaeodrainages comprised 76 rotary mud holes. Drillholes were sited on the basis of the recent geophysical data and previous company drillhole data. The program was designed to provide an understanding of the channel forms and the detail of the channel sediments as well as directly testing for the presence of uranium mineralisation. All holes were down-hole logged using gamma probes and samples collected for analytical testing.

Two adjoining holes drilled 500 m apart (DBRM0205 and DBRM0206) in the Dusty Bore target region have intersected lignite layers. This is positive for potential uranium mineralisation, as lignite is conducive to an

interaction with uranium-rich oxidising fluids that give rise to uranium mineralisation. Down-hole logging responses recorded within these holes have indicated zones with gamma radiation levels higher than background, with samples collected for laboratory analysis. The Company believes that results achieved during the early stage of the program confirm the presence of a potential uranium bearing system in the project area.



REVIEW OF OPERATIONS



Samples from drillhole DBRM0206 in the Dusty Bore target area in the centre of the Ambrosia project.

Organic rich lignite samples (visible at 32-36 m), which have been taken for analysis.

Reducing lignites important to effect concentration of uranium in the system.

Kimono Tank

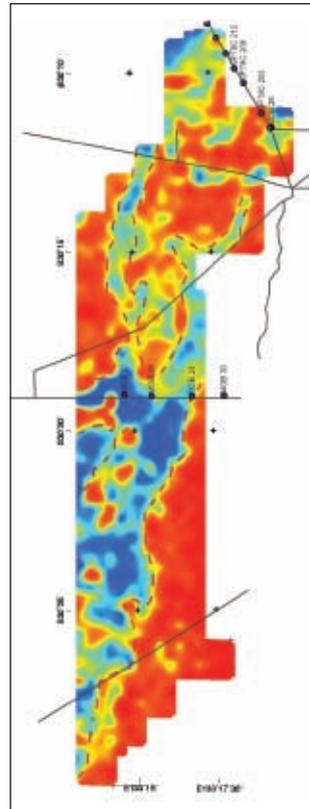
(Marmota earning 70% under Farm-in and JV Agreement with Monax Mining Limited)

This project area is located west of the Ambrosia project and covers 234 km² of mainly Archaean to Palaeoproterozoic Mulgathing Complex metasediments, granites and gneisses. The northern and southern parts of the project area are comprised of Ifould Complex intrusive rocks.

On Kimono Tank (EL 3685) a major southward - trending palaeochannel is clearly defined by the AEM data over a large part of the project area. Smaller tributaries in the northern part of the tenement may cover half of the project area that was previously unidentified. This is now known to be a significant channel which flowed westwards into the Anthony channel. Marmota is delighted with this discovery and the potential that exists for roll-front style uranium mineralisation.

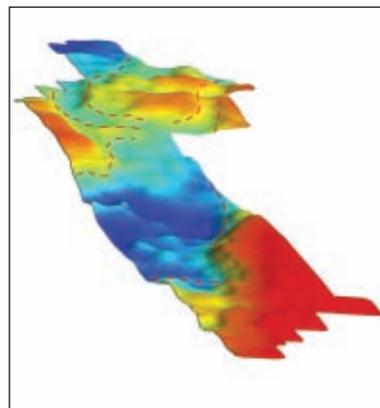
Previous company drilling has identified sediments in the upper part of the major channel and in a small channel in the NE part of the project area. These sediments have been interpreted to be either Mesozoic or Permian in age. Marmota's exploration indicates that these sediments may actually be Tertiary palaeochannel sediments with potential for sandstone-hosted uranium.

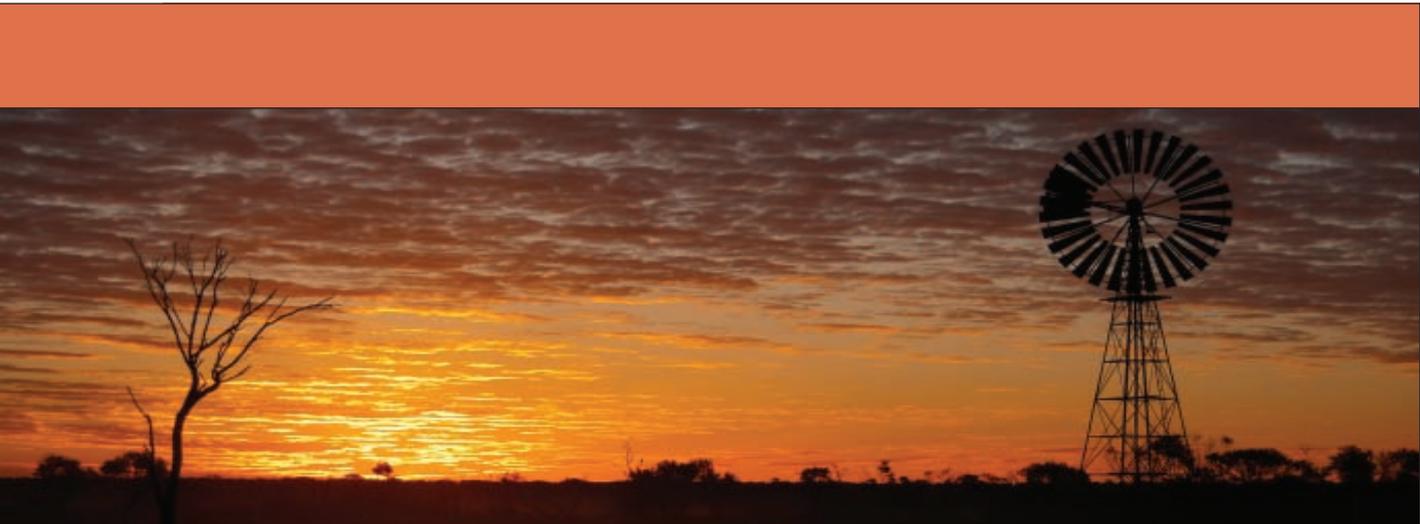
Drilling of targets is planned to commence in early 2009.



Left: Kimono Tank gravity image with interpreted palaeochannels marked as dashed red lines. Boreholes show intersected sediments which Marmota interprets to be Tertiary palaeochannel fills.

Below: Kimono Tank oblique gravity image, showing interpreted channels outlined by dashed red lines.





Indooroopilly

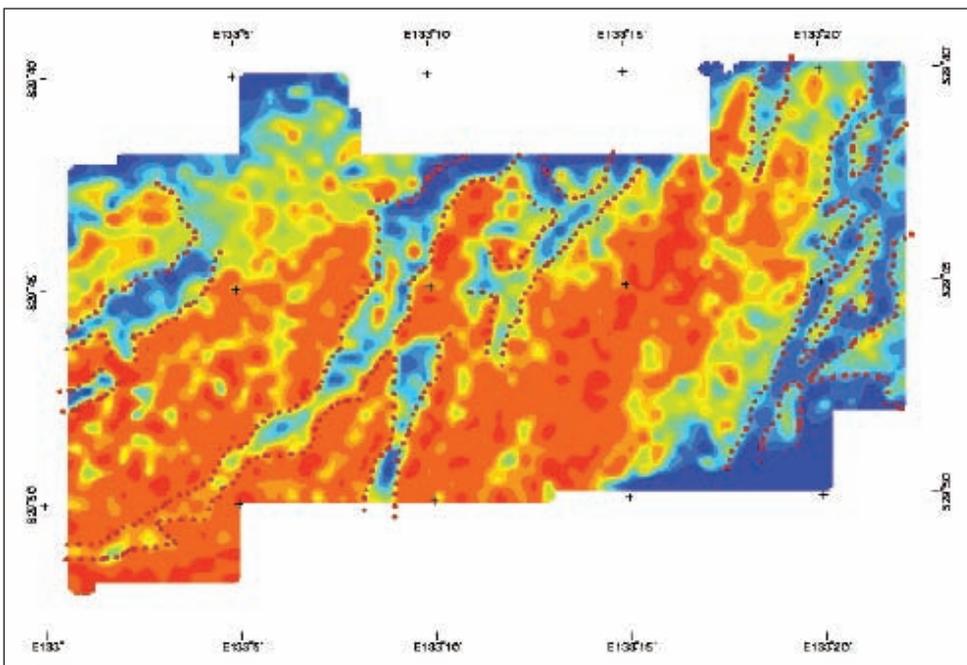
(Marmota earning 70% under Farm-in and JV Agreement with Monax Mining Limited)

Indooroopilly (EL 3775) is located approximately 180 km northwest of Tarcoola in western South Australia. It is the fourth tenement on which Marmota has successfully discovered new palaeochannels interpreted from its gravity surveys.

The western and central palaeochannels on Indooroopilly appear to be northward flowing tributaries of the Garford Palaeochannel, which lies along the northern boundary of the project area.

The Company believes the large interpreted channel along the eastern part of the tenement to be a tributary of the Anthony Palaeochannel, lying along the southern part of the project area.

The gravity surveys have successfully located new palaeodrainages containing Tertiary lignitic sands. The presence of the Tertiary sediments is known from previous drillholes in the central and western parts of the project area, but it was not known until now whether the sediments were actual palaeochannel fills. The Company believes these sediments have potential for hosting large tonnage, low operating cost sandstone roll-front uranium. Drilling of targets is planned to commence in mid 2009.



Indooroopilly gravity image with interpreted palaeochannels marked with dashed red lines.

REVIEW OF OPERATIONS

Mulyungarie

(Marmota earning 70% Uranium under Farm-in and JV agreement with Monax Mining Limited)

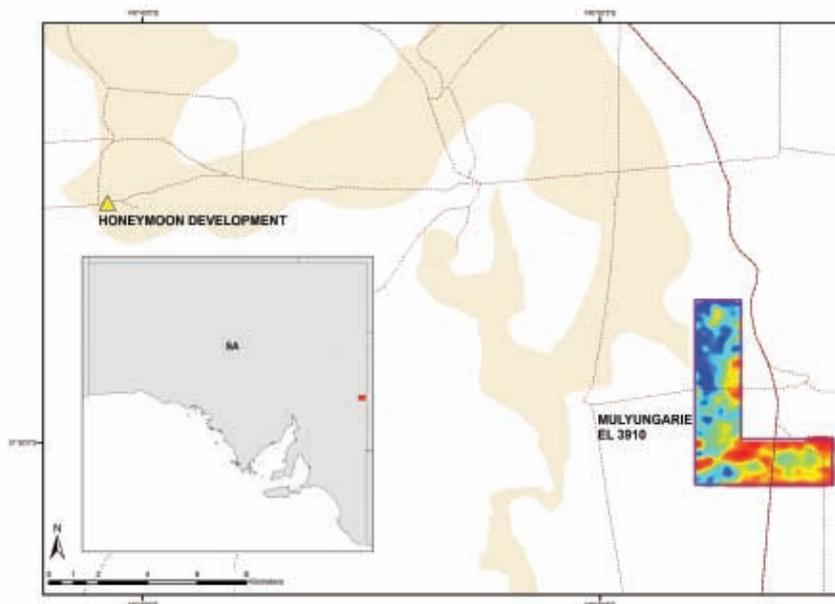
Marmota's review of the sparse previous exploration borehole data from the project area indicates that the palaeochannel contains at least 107 m of Cainozoic sediments. At least 29 m of fluvial, carbonaceous, pyritic sand, fine-grained beds, including clay, and lignite of the Late Paleocene to Eocene Eyre Formation are present in the lower part of the channel. Overlying this Formation is at least 47 m of the middle Tertiary Namba Formation, which in this area consists of carbonaceous silt, clay and minor sands. Both formations appear to contain reduced horizons, and host uranium deposits nearby in the region.

During the 1970s and 1980s, exploration was conducted for sedimentary uranium in the region of the project area by Sedimentary Uranium NL, Mines Administration Pty Ltd (Minad), Teton Exploration Drilling Co Ltd (Teton), and Carpentaria Exploration

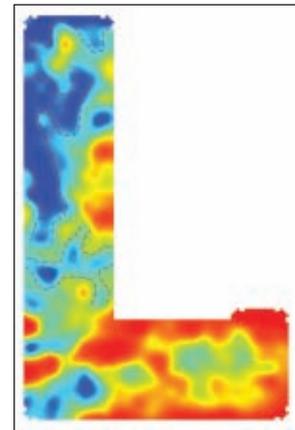
Co Pty Ltd (Carpentaria). Economic grades of uranium were discovered by Minad-Teton-Carpentaria in 1972 at the Honeymoon site. Little exploration, however, was undertaken in Marmota's Mulyungarie (EL 3910) project area.

Marmota believes that the Eyre Formation in the project area is prospective for large tonnage, low operating cost sandstone-hosted, roll-front style uranium. In view of the carbonaceous nature of the Namba Formation on Mulyungarie, Marmota believes that this formation is also prospective for uranium. A drilling program is being planned on the Mulyungarie project following the recent completion of the Ambrosia-Mulgathing drilling program.

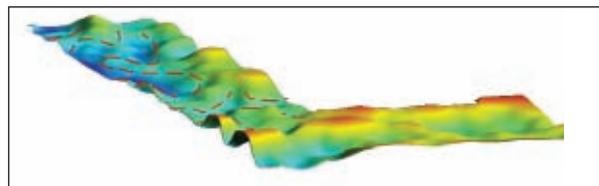
The Eyre Formation is the host for the nearby Honeymoon uranium deposit and the Namba Formation hosts the uranium mined by in-situ leach at Beverley. A number of other uranium prospects, namely the Brooks Dam, Yarramba and East Kalkaroo prospects, have also been discovered within the Yarramba Palaeochannel system.



Below:
Mulyungarie gravity surface image with interpreted palaeochannels marked with dashed red lines.



Left:
Mulyungarie gravity image with interpreted palaeochannels marked with dashed red lines.



Waddikee Project

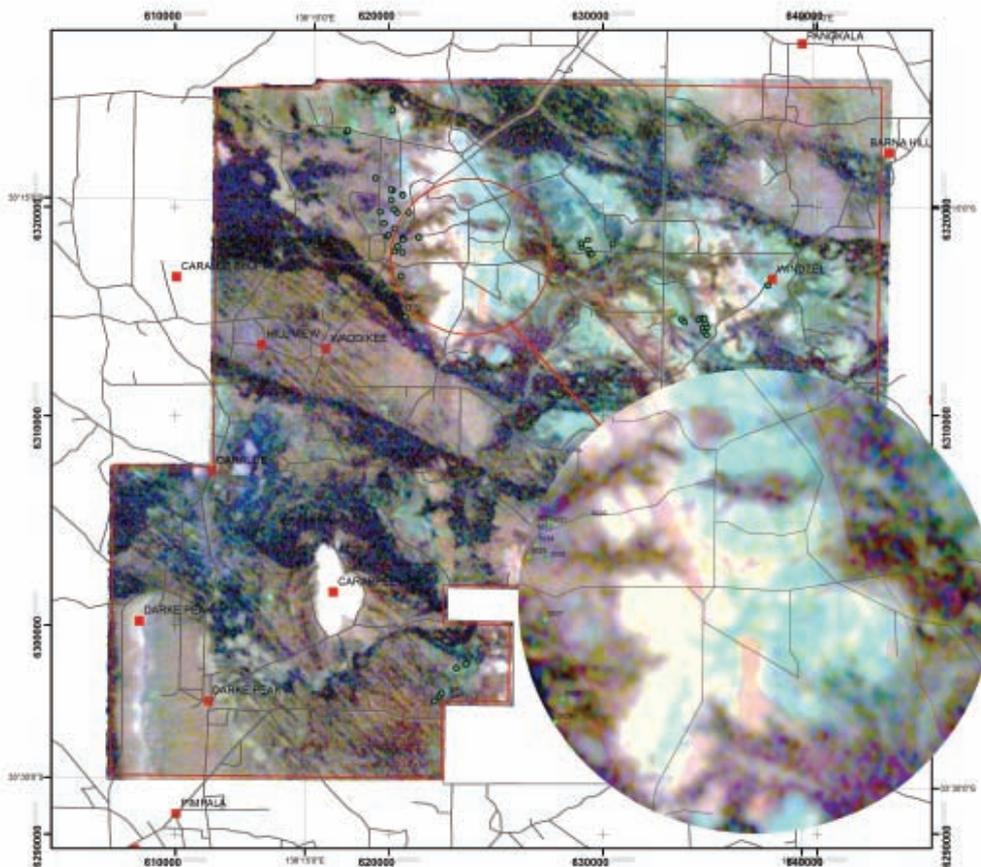
(Marmota earning 70% Uranium under Farm-in and JV agreement with Monax Mining Limited)

The Waddikee project (EL 3357) covers 1,004 km² south of Kimba on South Australia's Eyre Peninsula. Previous company exploration found vein type, primary uranium in fault breccias. Radiometric data show significant areas of anomalous uranium on Waddikee. They are located in the areas shown as the white response on the radiometric map.

Marmota believes that Waddikee is strongly prospective for bedrock-hosted uranium (including unconformity style) and sandstone-hosted uranium that was eroded from the uranium-bearing rocks and deposited in palaeochannels known to occur in the project area.

Joint venture partner Monax Mining Limited recently completed a sampling program focusing on the manganese potential in the project area. Marmota

believes that the location of some of the Monax sample sites are also significant to the Company's uranium concepts for the project area. Marmota commissioned analysis of samples the Company considered may have potential for anomalous uranium. Surface samples collected at two adjacent locations yielded anomalous results. Sample 5025 and 5026 returned anomalous results of 79.01 and 117.22 ppm uranium respectively. These samples were taken from surface outcrops at the margin of a significant radiometric anomaly which extends for approximately 10 km. A detailed uranium focused sampling program is planned for late 2008 concentrating on selected regions within the project area in line with the Company's mineralisation concepts. This will be followed up with planned drill testing in early 2009. Waddikee's proximity to good infrastructure, coupled with a strong exploration history and potential for multiple styles of uranium mineralisation makes this a high priority project for Marmota Energy.



Left:
New Waddikee radiometric ternary image with the Monax sample point locations marked with green circles.

Inset:
Magnification of sample region, with dashed red line bounding interpreted radiometric anomaly.

Red – Potassium
Green – Thorium
Blue – Uranium
(White – High in all three above elements)

CORPORATE GOVERNANCE STATEMENT



The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year and how those practices relate to the revised Corporate Governance Principles and Recommendations issued by the Australian Stock Exchange corporate governance Council ('ASX Recommendations'). The Company has elected to undergo an early transition to the revised Principles and Recommendations and as such has reported against these for the financial year ending June 2008.

These recommendations are not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an effective, quality and integrity outcome. The Corporate Governance Council has recognised that a 'one size fits all' approach to corporate governance is not required. Instead, it states aspirations of best practice for optimising corporate performance and accountability in the interests of shareholders and the broader economy. A company

may consider that a recommendation is inappropriate to its particular circumstances and has flexibility not to adopt it and explain why.

In ensuring the highest standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate corporate governance practices are in place for the proper direction and management of the Company. This statement outlines the main corporate governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2008.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1 – Recommendation followed

The Board is governed by the Corporations Act 2001, ASX Listing Rules and a formal constitution adopted by the company in 2004.

The role of the Board is to provide leadership and direction to management and to agree with management the aims, strategies and policies of the Company for the protection and enhancement of long-term shareholder value.

The Board takes responsibility for the overall corporate governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting.

The Board has an established framework for the management of the Company including a system of internal control, a business risk management process and appropriate ethical standards. In fulfilling its responsibilities, the Board is supported by an Audit and Corporate Governance Committee established prior to listing on the ASX, to deal with internal control, ethical standards and financial reporting and a Remuneration and Nomination Committee to monitor the composition of the Board and review the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance.

The Board appoints a Managing Director responsible for the day to day management of the Company including management of financial, physical and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending strategic direction and planning for the operations of the business and the provision of relevant information to the Board.

Recommendation 1.2 and 1.3 – Recommendations followed

The Remuneration and Nomination Committee meets at least annually and the recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team. The Remuneration and Nomination Committee met once during the financial year to review the performance of, and recommend appropriate remuneration for, Executive Directors and senior management including any equity participation by such Executive Directors and senior management.

The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development.

Principle 2 – Structure the board to add value

Recommendation 2.1 – Recommendation not followed

The composition of the Board consists of five directors of whom three, including the Chairman, are non-executives. Messrs Kennedy and Nelson are not Independent Directors as a result of their role as Directors of Monax Mining Limited, a substantial shareholder. Mr Davis is not classified as independent as a result of his role as principal of one of the Company's professional advisors.

The Board is of the opinion that the size and nature of the Company is such that it precludes the majority composition of the Board being Independent Directors as prescribed by the ASX Recommendations. The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Board's expertise and experience adds considerable value to the Company.



CORPORATE GOVERNANCE STATEMENT

Recommendation 2.2 – Recommendation not followed

The Chairman, Mr Kennedy is not an Independent Director.

The Board is of the opinion that the size and nature of the Company is such that it precludes the appointment of an Independent Chairman as prescribed by the ASX Recommendations. The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Board's expertise and experience adds considerable value to the Company.

Recommendation 2.3 – Recommendation followed

Mr Kennedy's role as Chairman of the Board is separate from that of the Managing Director, Mr Calandro, who is responsible for the day to day management of the Company, and is in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

Recommendation 2.4 – Recommendation followed

During the year, the Company has established a Remuneration and Nomination Committee which currently consists of two Non-executive Directors, Messrs Nelson and Kennedy. Mr Nelson acts as Chairman of this committee (refer also to Principle 8 below).

Recommendation 2.5 – Recommendation not followed

The Board recognises that as a result of the Company's size and the stage of its life as a publicly listed junior exploration company, the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, for the financial year ended June 2008, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.

Recommendation 2.6 – Recommendation followed

The names of the Directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of this report.

The Company's constitution specifies the number of directors must be at least three and at most ten. The Board may at any time appoint a Director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter Directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for Executive Directors is linked to their holding of executive office.

Formal deeds were entered into by the Company with Directors whereby all Directors, with the consent of the Chairman, are entitled to take such legal advice as they require at any time and from time to time on any matter concerning or in relation to their rights, duties and obligations as Directors in relation to the affairs of the Company.

An assessment of the Board's overall performance and its own succession plan is conducted on an informal basis and has not been done since listing of the entity in November 2007.

Principle 3 – Promote ethical and responsible decision making

Recommendation 3.1 – Recommendation followed

The Company requires all its Directors and employees to abide by the standards of behaviour and business ethics in accordance with the law. In discharging their duties, Directors of the Company are required to:

- act in good faith and in the best interests of the Company;
- exercise the care and diligence that a reasonable person in that role would exercise;
- exercise their powers in good faith for a proper purpose and in the best interests of the Company;
- not improperly use their position or information obtained through their position to gain a personal advantage or for the advantage of another person to the detriment of the Company;
- disclose material personal interests and avoid actual or potential conflicts of interests;
- keep themselves informed of relevant Company matters;
- keep confidential the business of all Directors meetings; and
- observe and support the Board's corporate governance practices and procedures.

All Directors have signed deeds with the Company which require them to comply with all the obligations of a Director under the Corporations Act 2001. Directors also are required to provide the Company with details of all securities registered in the Director's name or an entity in which the Director has a relevant interest within the meaning of section 9 of the Corporations Act 2001 and details of all contracts, other than contracts to which the Company is a party, to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company and the nature of the Director's interest under the contract.

Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with section 195 of the Corporations Act 2001, a Director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter, subject to the discretion of the Board.

Recommendation 3.2 – Recommendation followed

Directors, officers and employees are not permitted to trade in securities of the Company, and have an obligation not to inform, at any time whilst in possession of price sensitive information not readily available to the market. Section 1043A of the Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available. A securities trading policy has been established and all employees and Directors are obliged to comply.

Recommendation 3.3 – Recommendation followed

A summary of the Company's Code of Conduct and Share Trading Policy can be found at www.marmotaenergy.com.au

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1 – Recommendation followed

Marmota was not a company required by ASX Listing Rule 12.7 to have an Audit Committee during the year although it is an ASX Recommendation. Notwithstanding the Listing Rule requirement, an Audit & Corporate Governance Committee was set up prior

to the Company's ASX listing in 2007 to oversee corporate governance, internal controls, ethical standards, financial reporting, and external accounting and compliance procedures. The main responsibilities of the Audit & Corporate Governance Committee include:

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports and all other financial information published or released to the market by the Company;
- overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal control and ensuring efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable Accounting Standards and ASX Listing Rules;
- liaising with and reviewing reports of the external auditor; and
- reviewing the performance and independence of the external auditor and where necessary making recommendations for appointment and removal of the Company's auditor.

Recommendation 4.2 – Recommendation not followed

The Audit & Corporate Governance Committee currently consists of the two non-executive Board Directors, Messrs Davis & Kennedy, and is chaired by Mr Davis. Mr Kennedy is a qualified Chartered Accountant.

The Board believes that given the size of the Company and the stage of its life as a publicly listed junior exploration company that the cost of establishing an audit committee in line with ASX Recommendation 4.2 cannot be justified by the perceived benefits of doing so. The existing composition of the Audit and Corporate Governance Committee is such that review and authorisation of the integrity of the Company's financial reporting and the independence of the external auditor is via the exercise of independent and informed judgement.



CORPORATE GOVERNANCE STATEMENT

Recommendation 4.3 – Recommendation not followed

The Board believes that given the size of the Company and the stage of its life as a publicly listed junior exploration company that the cost of establishing a formal audit committee charter as recommended by ASX Recommendation 4.3 cannot be justified by the perceived benefits of doing so.

Recommendation 4.4 – Recommendation followed

Mr Kennedy is a qualified Chartered Accountant. Details of the Directors' qualifications and attendance at meetings are set out in the Directors' Report section of this report.

The Committee meets at least two times per annum and reports to the Board. The Managing Director, Company Secretary and external auditor may by invitation attend meetings at the discretion of the Committee.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 and 5.2 – Recommendations not followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

Due to the size of the Company and the stage of its life as a publicly listed junior exploration company, the Board does not believe a formal policy for continuous disclosure is required. However, a summary describing how the Company will ensure its compliance with continuous disclosure requirements is posted on the Company's website www.marmotaenergy.com.au.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1 and 6.2 – Recommendations not followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders via the following means:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the Australian Stock Exchange and Australian Securities and Investments Commission and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website at www.marmotaenergy.com.au; and
- disclosure of the Company's corporate governance practices and communications strategy on the entity's website.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Due to the size of the Company and the stage of its life as a publicly listed junior exploration company, the Board does not believe a formal policy for shareholder communication is required. However, a summary describing how the Company will communicate with its shareholders is posted on the Company's website www.marmotaenergy.com.au.

Principle 7 – Recognise and manage risks

Recommendation 7.1, 7.2 & 7.4 – Recommendations not followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, heritage and native title, legal and other operational risks.

The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risk is presented to the Board.

Due to the size of the Company and the stage of its life as a publicly listed junior exploration company, and the inherent risks associated with the industry it operates in, the Board does not believe formal policies for oversight and management of risk is required nor should a mechanism for formal review be established. A summary describing how the Company manages risk by procedures established at Board and executive level can be found posted on the Company's website www.marmotaenergy.com.au.

Recommendation 7.3 – Recommendations followed

In accordance with ASX Recommendation 7.3 the Chief Executive Officer and Chief Financial Officer are required to provide assurances that the written declarations under section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Both the Chief Executive Officer and Chief Financial Officer provide said assurances at the time the section 295A declarations are provided to the Board.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 – Recommendation followed

The Company established a Remuneration and Nomination Committee to monitor the composition of the Board and review the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance. The Committee makes recommendations to the Board who is ultimately responsible for the Company's remuneration policy.

The Remuneration and Nomination Committee currently consists of two Non-executive Directors, Messrs Nelson and Kennedy. Mr Nelson acts as Chairman of this committee. Details of the number of and attendance at the Committee meetings can be found in the Directors' Report.

The Board believes that given the size of the Company and the stage of its life as a publicly listed junior exploration company that the cost of establishing a formal remuneration and nomination committee charter cannot be justified by the perceived benefits of doing so.

Recommendation 8.2 & 8.3 – Recommendations followed

In accordance with ASX Recommendation 8.2 the Company's remuneration practices are set out as follows.

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of Non-executive Directors has been set at \$400,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors.



CORPORATE GOVERNANCE STATEMENT

Non-executive Director remuneration is by way of fees and statutory superannuation contributions. Non-executive Directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments, and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The remuneration of the Managing Director is determined by the Remuneration & Nomination Committee as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of employees is determined by the Managing Director subject to the approval of the Board.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Remuneration and Nomination Committee is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes, or other incentive payments based on key performance indicators of Marmota, given the nature of the Company's business as a recently listed mineral exploration entity and the current status of its activities. However, the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Share Option Plan approved by Directors and subject to shareholder approval that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan.

The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The Non-executive Directors are not eligible to participate in the Plan. Details of options issued to employees during the 2008 financial year together with details of the terms of the Plan are disclosed in the Remuneration Report section of the Directors' Report.

Details of options issued to employees during or since the end of the financial year, including to the Managing Director, are set out in the Remuneration Report section of the Directors' Report.

The employment conditions of the Managing Director, Mr Calandro, and Executive Director, Dr Alley, are formalised in contracts of employment and may be terminated at any time by mutual agreement or without notice in instances of serious misconduct.

Dr Alley joined the Board as an Executive Director contracted for a term of one year expiring in December 2008. The details of Directors' and Executives'/ officers' remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

Details of options issued to employees during or since the end of the financial year, including to the Managing Director, are set out in the Remuneration Report section of the Directors' Report.

GLOSSARY OF TERMS



Aeolian

Sediments and erosional features resulting from wind action eg. a dune.

Air mag survey

Airborne survey measuring the strength of the Earth's magnetic field along equally spaced lines.

Anomaly

A departure from the norm usually determined by systematic measurement across an area. In mineral exploration it is generally applied to geochemical or geophysical values above or below the norm.

Aquiclude

Impermeable rock forming the upper and lower boundaries of an aquifer.

Aquifer

A permeable rock that will conduct economically significant volumes of water.

Archaean

An interval of geological time before about 2.5 billion years ago.

ASTER

Landsurface data available through the joint US and Japanese satellite, Advanced Spaceborne Thermal Emission and Reflection Radiometer.

AVHRR

Landsurface data available through NOAA's Advanced Very High Resolution Radiometer.

Basalt

A volcanic rock formed from lava and rich in calcium, magnesium and iron minerals, but relatively low silica.

Base level

The level to which erosion constantly progresses eg. the sea.

Basement

Much older rocks underlying younger rocks. In the Gawler Craton area, the basement is usually the cratonic rocks.

Basin

A depression often due to subsidence in which rock materials are laid down, eg. lava, sediments.

Bedrock

Solid or lithified rock.

Breccia

Coarse-grained rock composed of angular clasts. Brecciation is the shattering of rocks into such clasts.

Cainozoic (Cenozoic)

Era of geological time including the Tertiary and Quaternary, extending from 65 million years ago to the present.

Calcrete

A surficial calcareous layer formed in the soil or near surface sediments.

Cambrian

The earliest period of the Palaeozoic Era, spanning from approximately 545 million to 490 million years ago.

Carbonaceous

Usually applied to a sedimentary rock containing carbon (often as plant matter) as detrital material.

Carbonate

Rocks composed of carbonates of calcium, iron or magnesium eg. limestone, dolomite.

Chemical metasediment

A metamorphosed sediment that was originally formed by chemical precipitation.

Clean

In this context, a sediment with very little matrix.



GLOSSARY OF TERMS

Cover

Surficial sediments mantling older rocks and part of the regolith.

Craton

A large, tectonically stable part of the Earth's crust eg. Gawler Craton, Yilgarn Craton.

Cuttings

Waste rock particles produced when a well is drilled.

Diamictite

A non-sorted sedimentary rock containing rock fragments of all shapes and sizes, such as a glacial tillite.

Diorite

A group of plutonic rocks, intermediate in composition between acid and basic rocks, commonly composed of dark coloured amphibole, acid plagioclase, pyroxene and small amounts of quartz.

Dolomite

A carbonate mineral composed mainly of calcium and magnesium, often containing iron. The term is commonly applied to the carbonate rock dominated by these minerals.

EL

Exploration Licence granted by a Government Department (PIRSA) for mineral exploration.

ELA

Exploration Licence Application made by a company to a Government Department (PIRSA) for mineral exploration.

Electromagnetic Survey (EM)

An exploration technique, involving a survey carried out along equally spaced lines, that measures changes in the Earth's magnetic field at different times after the application of an electrical field. May identify anomalies where the rocks are conductive or palaeochannels containing conductive saline water.

Emanometry

A method of geophysical prospecting for radioactive minerals based on measurement of radon gas.

Eocene

Interval of geological time 57.8 to 36.5 million years ago and often referred to as the early Tertiary.

Facies

A body of rock with specified characteristics, that form under certain conditions of sedimentation, reflecting a particular process or environment eg. glacial facies.

Fault

A fracture in rocks in which rock on one side has moved relative to rock on the other.

Felsics

Light coloured igneous rocks rich in silica.

Ferricrete

Surficial layer cemented with iron oxide.

Fluvia

Pertaining to a river eg. a fluvial deposit is one deposited by a river.

Fluvioglacial

In this context, sediments laid down by meltwaters from glaciers.

Geophysical survey

An exploration technique involving a systematic survey of the variation in the physical properties of the rocks or regolith (eg. electrical resistivity/conductivity, magnetism, gravity) to help in understanding the geology or defining drill targets in an area.

Geoscience Australia (GA)

The Federal Government geological survey department.

Glacigene

Of glacial origin.

Gneiss

A banded metamorphic rock in which crystalline rock is interspersed with flaky micaceous minerals.

Granite

A plutonic felsic igneous rock composed of quartz, feldspar and mica.

Granodiorite

Coarse-grained plutonic rock containing quartz, plagioclase, potassium feldspar, biotite and hornblende.

Gravity survey

A geophysical survey technique in which the force of gravity is systematically measured over an area, often producing anomalies, which may present drill targets.

Greenstone

Low grade metamorphic rocks of basic composition, of Archaean age in the Yilgarn and Gawler Cratons, commonly bearing nickel and gold.

Haematite

A mineral composed mainly of ferric iron oxide and the main component of iron ore.

Hiltaba Granite

A group of granites formed ~1590 to 1580 million years ago that occur in the Gawler Craton.

Igneous

Rocks formed by crystallisation from molten materials.

Impermeable

A rock that does not allow water or a fluid to move through it eg. a clay or shale.

In situ leaching

In this case, circulating an acid-containing liquid through the sediment containing uranium, dissolving the uranium which is then extracted when the liquid is collected at the surface.

Interbedded

Beds of differing sediment alternating with others.

Intrusive rocks

An igneous rock that was intruded whilst molten into the Earth's crust eg. dyke, pluton, sill.

Iron formation

A sedimentary rock containing significant iron as oxide, carbonate or silicate.

Jurassic

Interval of geological time (part of the Mesozoic) 135 to 205 million years ago.

Komatiite

Magnesium-rich mafic to ultramafic extrusive rock, sometimes containing nickel.



Lignitic

Usually applied to a carbonaceous sedimentary rock containing abundant organic matter, approaching low grade coal often as lenses and thin beds. Typical of sediments laid down on floodplains and deltas.

Lineament

A major linear feature in the Earth's crust (eg. a major fault) and often associated with mineral deposits.

Marine

Pertaining to the sea eg. a marginal marine deposit is laid down close to the shoreline of the sea.

Marine transgression

Spread of the sea over land due to sea level rise.

Mesoproterozoic

An interval of geological time in the Proterozoic extending from 1.6 to 1.0 billion years ago.

Mesozoic

A period of geological time extending from 251 million to 65 million years ago and known as the age of the reptiles.

Metamorphism

Changes to rocks generally brought about by heat and pressure within the Earth's crust resulting in rocks such as schist and gneiss.

Metasediment

Metamorphosed sedimentary rock in which the original texture is well preserved.

Miocene

Interval of geological time (part of the Tertiary) 23.7 to 5.3 million years ago.

Neoproterozoic

Interval of geological time in the Proterozoic extending from 1.0 billion to 545 million years ago.

NOAA

Landsurface data available through the US National Oceanic and Atmospheric Administration.

Onlapping

In this context, the gradual pinching out towards basin margins of sediments.

Oxidising agent

Substances that have the ability to oxidise other substances eg. water which contains oxygen. The oxidant removes electrons from another substance and is reduced itself.

Orebody

A mineral mass of sufficient size as to be economic to extract.

Paleocene

Interval of geological time (part of the early Tertiary) 53.0 to 66.5 million years ago.

Palaeochannel

An ancient river channel now filled with sediment and preserved in the geological record; commonly of Tertiary age on the Gawler Craton.

Palaeoenvironment

An environment in the geological past.

Palaeoproterozoic

The older part of the Proterozoic extending from 2.5 billion to 1.6 billion years ago.



**MARMOTA
ENERGY LIMITED**

GLOSSARY OF TERMS

Pegmatitic

Exceptionally coarsely crystalline igneous rock with a composition similar to granite.

Permeable

A rock that allows water or liquid to move through it (as in an aquifer).

Permian

The last period of the Palaeozoic Era, 250 to 290 million years ago.

PIRSA

The Department of Primary Industries and Resources South Australia, the geological survey and regulatory authority in SA.

Pliocene

Interval of geological of time (part of the late Tertiary) 5.3 to 1.6 million years ago.

Plutonic

An igneous rock that has solidified slowly at depth in the Earth's crust, usually producing medium to coarse grained rocks eg. granite.

Precambrian

All of geological time preceding the Cambrian (>545 million years ago).

Proterozoic

The latest part of the Precambrian spanning approximately 2.5 billion to 550 million years ago.

Pyrite

The mineral iron sulphide, often associated with copper and gold. If a rock contains significant pyrite it is referred to as pyritic.

Quaternary

The second period of the Cainozoic that encompasses the last 1.8 million years and includes the Pleistocene and Holocene.

Radiometric survey

An (airborne) exploration survey technique in which measurements are made of the ambient radiation from the Earth's surface.

Regolith

Layer of weathered rock and surficial sediment overlying fresh rock.

Roll-front uranium

Uranium accumulated at the interface between uranium-bearing oxygen-rich groundwater and a reduced aquifer host.

SARIG

South Australian Resources Information Geoserver. PIRSA's online access to data.

Schist

A metamorphic rock characterised by partings along planes of medium-grained platy micaceous minerals.

Scintillometer

An instrument for measuring ionizing radiation and detecting uranium.

Seal

An impermeable rock that prevents passage of water or liquid from a permeable rock or aquifer.

Shear zone

A linear zone such as a fault in which rocks have been deformed.

Siltstone

A fine-grained sedimentary rock composed of silt.

SRTM

Digital terrain information through NASA's Shuttle Radar Topography Mission.

Strata

Layers of sedimentary rock.

Stratigraphy

The science of the description, classification, dating, correlation and interpretation of depositional environments of sedimentary rocks.

Subaerial

Usually applied to processes operating at or near the land surface.

Subcrop

Rocks underlying the surface cover.

Syntectonic

Forming at the same time as any tectonic activity such as faulting and folding.

Tectonism

Movements of the Earth's crust eg. faulting and folding.

TEM

An exploration technique that measures the changes in the local natural electro-magnetic field at depth in response to changes in the Earth's magnetic field, producing a map of conductance with depth. This aids in determining the local conductive zones in the rocks such as that due to mineralisation.

Tertiary

A geological period extending from 65 million years ago to about 1.8 million years ago.

U

Symbol for the element uranium.

U₃O₈

The chemical symbol for uranium oxide

Unconformity

A substantial break in the geological record represented by a marked change in the rocks, eg. sedimentary rocks overlying granite.

Unconformity style

An accumulation of uranium along the boundary between a uranium impermeable rock and a permeable rock (at an unconformity) containing uranium.

Vein

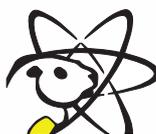
A thin intrusion (commonly as quartz) into a fissure in a rock.

Volcanism/volcanic

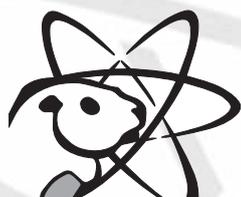
Volcanic activity/rock or feature formed by volcanic activity.

Weathering

The destruction of rocks by chemical and physical processes.



MARMOTA
ENERGY LIMITED



MARMOTA
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2008 FINANCIAL REPORT

DIRECTORS' REPORT

The Directors present their report together with the financial report of Marmota Energy Limited ('the Company') and controlled entities for the year ended 30 June 2008 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are as set out below. Details of Directors' qualifications, experience and special responsibilities are as follows.



Mr Robert Michael Kennedy *ASAIT, Grad. Dip (Systems Analysis), FCA, ACIS, Life member AIM, FAICD. Non-executive Chairman.*

A chartered accountant and consultant to Kennedy & Co, Chartered Accountants, a firm he founded.

He joined Marmota Energy Limited in April 2006 as Non-executive Chairman. Chairman of Beach Petroleum Limited (since 1995 and a Director since 1991), Flinders Mines Limited (since 2001), Ramelius Resources Limited (since 1995), Maximus Resources Limited (since 2004), Eromanga Uranium Limited (since 2007) and Monax Mining Limited (since 2004). His special responsibilities include membership of the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee. Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as Chairman and Non-executive Director of a range of listed public companies including in the resource sector.



Mr Reginald George Nelson *BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD. Non-executive Director.*

Board member since 28 April 2006. An exploration geophysicist with 38 years experience in the minerals and petroleum industries and formerly Chairman, now committee member, of the Australian Petroleum Production and Exploration Association Council. He has wide experience in technical, corporate and government affairs. Experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. Former Chairman of the Nevorla Gold Mine Joint Venture in Western Australia.

Special responsibilities include membership of the Remuneration and Nomination Committee.

Other listed company directorships are: Managing Director of Beach Petroleum Limited (since 1992) and Director of Anzon Australia Limited (between 2004 and December 2005), Ramelius Resources Limited (since 1995) and Monax Mining Limited (since 2004).



Mr Glenn Stuart Davis *LLB, BEc. Non-executive Director.*

Board member since 28 April 2006. A Partner in DMAW Lawyers. He has considerable expertise and experience in capital raisings, capital reductions, acquisitions and takeovers, managed investment schemes, Director's duties and the requirements of the Corporations Act and the ASX listing rules. He also has specialist skills and knowledge of the resources industry.

Special responsibilities include membership of the Audit and Corporate Governance Committee.

Other listed company directorships are: Beach Petroleum Limited (since July 2007) and Monax Mining Limited (since 2004).

DIRECTORS' REPORT



Dr Neville Foster Alley *Phd, PSM.*
Executive Technical Director.

Board member since 28 April 2006. An internationally known earth science researcher with wide experience in geological mapping and research in Australia and overseas. He formulated the recent research effort to unravel palaeochannel systems in southern Australia. In 2004 was awarded the Verco Medal for his contribution and leadership in the earth sciences. He has extensive experience at senior levels in Government in Canada and as the Director, Minerals, MESA and PIRSA, and has a high level understanding of Government policy, regulation and legislation. He was a Member of the Resources Taskforce and made a significant contribution in setting the SA Government's strategies for reinvigorating the minerals industry, and led the development of Government initiatives such as TEISA and PACE. He has worked closely with Aboriginal people and the community in developing a higher profile for the resources industry. He is also a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.

Other listed company directorships are: Internet Resources Limited (since 2004 until August 2008), Beach Petroleum Limited (since July 2007) and Monax Mining Limited (since 2005).



Mr Domenic Joseph Calandro *BSc, ASEG.*
Managing Director.

Board member since 9 July 2007. Experience of 13 years in the management, processing, and provision of geophysical data and information with a strong record of seamless project outcome delivery. He has significant geoscience expertise, with experience advising mineral explorers on appropriate geophysical methods and tools to use in exploration for a variety of commodities. He has most recently held the position of Chief Mineral Geophysicist for the South Australian Government where he was responsible for the design and management of a variety of large-scale Government geophysical acquisition programs, which were successfully completed as part of the SAEI and TEISA initiatives. As Manager of the geoscience data and information systems for the South Australian Government, he contributed to the reduction of exploration risk for mineral explorers in the state. Dom was also the Manager of the highly successful PACE initiative, which featured a collaborative drilling program, large-scale geophysical acquisition projects, and innovative data management and delivery improvement programs.

Alternate Directors

Mr Blake Alexander Williams *BCom, ACA, Grad Dip Forensic Accounting.*

Alternate Director for Reginald George Nelson (Appointed for meeting of Directors held on 19 July 2007 until 5pm on 19 July 2007) and Alternate Director for Glenn Stuart Davis (Appointed for meeting of Directors held on 18 September 2007 until 5pm on 18 September 2007).

Blake is a Chartered Accountant and Chief Financial Officer of GTL Energy Limited. He has experience in forensic accounting and corporate finance roles with an emphasis on financial modelling, valuation, due diligence, feasibility studies and structuring of transactions. Prior to his appointment as Chief Financial Officer of GTL Energy Limited, Blake worked as a senior manager in mid-tier professional chartered accounting firms and spent several years as a business analyst in London.

Mr Nicholas John Smart

Alternate Director for Glenn Stuart Davis (Appointed for meeting of Directors held on 19 July 2007 until 5pm on 19 July 2007).

Nicholas has held positions as a General Manager overseas and in Australia. Previously a full Associate Member of the Sydney Futures Exchange and client adviser with a national share broking firm with experience in the corporate area including capital raising. Other experiences include start up companies in technology development including commercialisation of the Synroc process for safe storage of high level nuclear waste and controlled temperature and atmosphere transport systems. He currently consults to various public and private companies. Listed company directorship is Alternate Director for Maximus Resources Limited (since May 2005).

DIRECTORS' REPORT

Directors' meetings

The Company held 25 meetings of Directors (including committees of Directors) during the financial year. The number of Directors' meetings and number of meetings attended by each of the Directors of the Company (including committees of Directors) during the financial year were as follows:

	Directors' meetings		Audit and Corporate Governance Committee Meetings		Remuneration and Nomination Committee Meetings		Due Diligence Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Director								
Robert Michael Kennedy	15	15	1	1	1	1	–	–
Reginald George Nelson	15	14	–	–	1	1	–	–
Glenn Stuart Davis	15	15	1	1	–	–	–	–
Neville Foster Alley	15	15	–	–	–	–	8	7
Domenic Joseph Calandro	15	15	–	–	–	–	8	8
Blake Alexander Williams	2	2	–	–	–	–	–	–
Nicholas John Smart	1	1	–	–	–	–	–	–

Messrs Davis and Kennedy are members of the Audit & Corporate Governance Committee and Messrs Nelson and Kennedy are members of the Remuneration and Nomination Committee.

Messrs Williams and Smart were present in meetings in the capacity of Alternate Directors.

Company Secretary

The following persons held the position of Company Secretary at the end of the financial year:

Virginia Katherine Suttell – (*B.Comm., ACA.*) Appointed Company Secretary and Chief Financial Officer on 21 November 2007. A Chartered Accountant with 15 years experience working in public practice and in commerce with a publicly listed entity in the media industry.

Principal activities

The Company's principal activity is minerals 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 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 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. Results have further delineated palaeochannels on the tenement along with identifying new channels on the Mulgathing tenement. The Company began first phase drill testing of targets on Ambrosia–Mulgathing in mid June 2008.

In addition to work conducted on the Ambrosia tenement, the Company obtained geophysical data across all tenements to assist with establishing the parameters of the exploration program for these tenements. This new data has been successful in defining new palaeochannels not previously mapped across these tenements.

DIRECTORS' REPORT

Review and results of operations (continued)

During the period, the Company has worked hard to lay the foundation for its exploration across its projects in South Australia through the successful consultation with landholders and communities. The Company entered into the Antakirinja Indigenous Land Use Agreement and secured heritage and native title clearances on the Ambrosia and Mulgathing exploration licences. In addition it began a Part 9B clearance for the Mulyungarie tenement.

Results

The consolidated loss of the consolidated group after providing for income tax amounted to \$557,425 (2007: \$11,255).

Dividends

No dividends have been paid or provided by the Company since the end of the previous financial year.

State of affairs

Significant changes in the state of affairs of the Company during the year were as follows:

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

During the period the following shares and options were issued:

Ordinary Shares	Number 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	79,004	19,751
At the reporting date	120,721,009	22,187,511

Options	Number on issue	\$
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	(79,004)	–
Options expired during the period	(19,920,720)	–
At the reporting date	28,000,000	2,448,600



MARMOTA
ENERGY LIMITED

DIRECTORS' REPORT

Events subsequent to balance date

Subsequent to year end, 2,909,000 fully paid ordinary shares were released from escrow on 28 August 2008.

Other than the matters discussed above, there has not arisen in the interval between 30 June 2008 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 Company, the results of those operations, or the state of affairs of the Company in future years.

Likely developments

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

Remuneration Report (*audited*)

Remuneration of Directors and key management personnel

This report details the nature and amount of remuneration for each key management person of the Company and for the executives receiving the highest remuneration.

(a) Directors and key management personnel

The names and positions held by Directors and key management personnel of the Company during the financial year are:

Directors	Position
Mr RM Kennedy	Chairman – Non-executive
Mr RG Nelson	Director – Non-executive
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Executive
Mr DJ Calandro	Managing Director – Executive
Mr BA Williams	Alternate Director
Mr NJ Smart	Alternate Director
Key Management Personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary
Mr DA Francese	Chief Financial Officer / Company Secretary
Mr DS Cosentino	Company Secretary

DIRECTORS' REPORT

(b) Directors' remuneration

2008 primary benefits	Directors' fees \$	Salary \$	Non cash items \$	Super contributions \$	Options \$	Total \$
Directors						
Mr RM Kennedy	37,462	-	-	3,372	-	40,834
Mr RG Nelson	18,731	-	-	1,686	-	20,417
Mr GS Davis*	20,417	-	-	-	-	20,417
Dr NF Alley	-	80,769	-	7,269	-	88,038
Mr DJ Calandro	-	180,000	17,200	16,200	-	213,400
Mr BA Williams	-	-	-	-	-	-
Mr NJ Smart	-	-	-	-	-	-
	76,610	260,769	17,200	28,527	-	383,106
2007 primary benefits	Directors' fees \$	Salary \$	Cash bonus \$	Super contributions \$	Options \$	Total \$
Directors						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr GS Davis*	-	-	-	-	-	-
Dr NF Alley	-	-	-	-	-	-
Mr DJ Calandro	-	-	-	-	-	-
	-	-	-	-	-	-

* Director's fees for Mr Davis are paid to a related entity of the Director.

The Directors conclude that there are no executives requiring disclosure other than those listed.

(c) Service agreements

During the financial year, the Company appointed Mr Calandro as Managing Director. Pursuant to his service agreement, Mr Calandro was paid a total package of \$213,400 per annum inclusive of superannuation guarantee contributions. There were neither post employment retirement benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

(d) Director related entities

During the year to 30 June 2008 the Company paid legal fees totalling \$104,140 to a Director related entity of Mr Davis.



DIRECTORS' REPORT

(e) Key management personnel remuneration

2008 primary benefits	Salary	Bonus	Super contributions	Non cash benefits	Total
	\$	\$	\$	\$	\$
Key management personnel excluding Directors					
Ms VK Suttell*	-	-	-	-	-
Mr DA Francese**	-	-	-	-	-
Mr DS Cosentino***	-	-	-	-	-
	-	-	-	-	-
2007 primary benefits					
	Salary	Bonus	Super contributions	Non cash benefits	Total
	\$	\$	\$	\$	\$
Key management personnel excluding Directors					
Mr DA Francese**	-	-	-	-	-
Mr DS Cosentino***	-	-	-	-	-
	-	-	-	-	-

* Ms Suttell was appointed as a Company Secretary and Chief Financial Officer on 21 November 2007. Ms Suttell was employed by Monax Mining Limited (Parent entity of Marmota Energy Limited) as its Company Secretary and Chief Financial Officer. Marmota reimbursed that entity 50% of her remuneration, on-costs and associated expenses relating to the secretarial and financial services provided to Marmota. Refer Note 25.

** Mr DA Francese ceased as Chief Financial Officer/ Company Secretary on 28 August 2007.

*** Mr DS Cosentino performed the function of Chief Financial Officer and Company Secretary between 28 August 2007 and 21 November 2007 and resigned as Company Secretary on 29 February 2008. He is a partner in an accounting firm which received fees during the year for the provision of accounting and secretarial services. Refer Note 3.

(f) Key management personnel post-employment/retirement benefits

There were no post-employment retirement benefits paid or payable to key management personnel.

DIRECTORS' REPORT

Remuneration practices

The Company's policy for determining the nature and amounts of emoluments of Board members and senior executive officers of the Company is as follows.

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of Non-executive Directors has been set at \$400,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director is determined by the Non-executive Directors on the Remuneration and Nomination Committee and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

Non-executive Director remuneration is by way of fees and statutory superannuation contributions. Non-executive Directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Remuneration and Nomination Committee is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Marmota given the nature of the Company's business as a recently listed mineral exploration entity and the current status of its activities. However the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Share Option Plan approved by Directors but subject to approval by the shareholders, that will enable the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost, unless otherwise determined by the Board, in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The plan will be tabled for approval at the Company's Annual General Meeting.

The employment conditions of the Managing Director, Mr Calandro, and Executive Director, Dr Alley, are formalised in contracts of employment. The base salaries as set out in the employment contracts are reviewed annually. The Managing Director's contract may be terminated at any time by mutual agreement. The Executive Director's contract is for a term of one year, expiring December 2008, which may be extended by the Board. The Company may terminate these contracts without notice in instances of serious misconduct.

Options granted as remuneration

Apart from the options granted to Directors as Promoters of the Company, no other options were granted to Directors or key management personnel of the Company during the financial year.

Shares issued on exercise of remuneration options

No shares were issued to Directors as a result of the exercise of remuneration options during the financial year.

Directors' interests in shares and options

Directors' relevant interests in shares and options of the Company are disclosed in Note 5 of the notes to the financial statements.

DIRECTORS' REPORT

Options

At the date of this report unissued ordinary shares of the Company under option are:

Grant date	Expiry date*	Exercise price	Number of options
27/08/2007	11/07/2012	\$0.40	28,000,000

* All options may be exercised at any time before expiry subject to escrow restrictions. Option holders will receive one ordinary share in the capital of the Company for each option exercised.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Since the end of the financial year, no ordinary shares were issued by the Company as a result of the exercise of options. There were no amounts unpaid on shares issued.

Environmental regulation and performance statement

The Company's operations are subject to significant environmental regulations under both Commonwealth and South Australian legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. To date the Company has only carried out exploration activities and there have been no known breaches of any environmental obligations.

Indemnification and insurance of officers

(a) Indemnification

The Company is required to indemnify the Directors and other officers of the Company against any liabilities incurred by the Directors and officers that may arise from their position as Directors and officers of the Company. No costs were incurred during the year pursuant to this indemnity.

The Company has entered into deeds of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each Director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

(b) Insurance premiums

Since the end of the previous year the Company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts.

The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Proceedings on behalf of the Company

No person has applied to the Court under 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought, or interventions on behalf of the Company with leave from the Court under 237 of the Corporations Act 2001.

DIRECTORS' REPORT

Non-audit services

The Board of Directors, in accordance with advice from the Audit & Corporate Governance Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to the auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethics Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2008:

Independent Accountant's report \$2,400.

Auditor of the Company

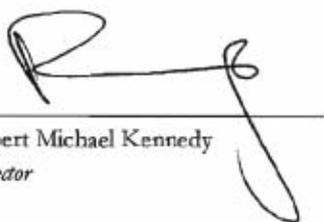
The auditor of the Company for the financial year was Grant Thornton.

Auditor's independence declaration

The auditor's independence declaration as required by 307C of the Corporations Act 2001 for the year ended 30 June 2008 is set out immediately following the end of the Directors' report.

Dated at Wollongong this 16 day of September 2008.

Signed in accordance with a resolution of the Directors:



Robert Michael Kennedy
Director

AUDITOR'S INDEPENDENCE DECLARATION



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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 audit of Marmota Energy Limited and Controlled Entities for the year ended 30 June 2008, 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 audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S.J. Gray
Partner

Signed at Wayville on this 16th day of September 2008

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Our Ref: HIAR/INDEPENDENCE DEC/2008/MARMOTA ENERGY LTD & CONTROLLED ENTITIES_JUN 08.DOC

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Other revenues from ordinary activities	2	614,551	–	614,551	–
Total revenue		614,551	–	614,551	–
Administration expenses	3	286,385	7,255	286,385	7,255
Consultants	3	214,183	4,000	214,183	4,000
Depreciation	3	9,107	–	9,107	–
Employment expenses	3	207,884	–	207,884	–
Occupancy expenses		25,712	–	25,712	–
Other expenses from ordinary activities		51,350	–	51,350	–
Profit/(loss) from ordinary activities before related income tax expense		(180,070)	(11,255)	(180,070)	(11,255)
Income tax (expense)/benefit relating to ordinary activities	4	(377,355)	–	(377,355)	–
Profit/(loss) from ordinary activities after related income tax expense		(557,425)	(11,255)	(557,425)	(11,255)
Total changes in equity other than those resulting from transactions with owners as owners		–	–	–	–
Basic earnings per share (cents)	7	(0.66)	(0.78)	(0.66)	(0.78)
Diluted earnings per share (cents)	7	(1.56)	(0.78)	(1.56)	(0.78)

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	Consolidated		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Current assets					
Cash and cash equivalents	8	3,917,560	3,907	3,917,559	3,907
Trade and other receivables	9	658,432	2,552	755,237	2,552
Other current assets	10	15,593	36,033	15,593	36,033
Financial assets	11	8,000,000	–	8,000,000	–
Total current assets		12,591,585	42,492	12,688,389	42,492
Non-current assets					
Property, plant and equipment	12	271,157	–	271,157	–
Investments in subsidiaries	15	–	–	9,489,601	–
Investments in associates	13	1	–	–	–
Exploration and evaluation expenditure	16	12,146,007	–	2,559,603	–
Total non-current assets		12,417,165	–	12,320,361	–
Total assets		25,008,750	42,492	25,008,750	42,492
Current liabilities					
Trade and other payables	17	912,245	41,078	912,245	41,078
Short term provisions	18	23,759	–	23,759	–
Total current liabilities		936,004	41,078	936,004	41,078
Non-current liabilities					
Long term provisions	18	10,651	–	10,651	–
Total non-current liabilities		10,651	–	10,651	–
Total liabilities		946,655	41,078	946,655	41,078
Net assets		24,062,095	1,414	24,062,095	1,414
Equity					
Issued capital	19	22,187,511	18,005	22,187,511	18,005
Share options reserves		2,448,600	–	2,448,600	–
Retained profits/(losses)	20	(574,016)	(16,591)	(574,016)	(16,591)
Total equity		24,062,095	1,414	24,062,095	1,414

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

Consolidated	Note	Share capital ordinary \$	Share based payments reserve* \$	Retained profits/ (losses) \$	Total \$
Balance at 1 July 2006		5	–	(5,336)	(5,331)
Shares issued during the period		18,000	–	–	18,000
Profit/(loss) attributable to shareholders		–	–	(11,255)	(11,255)
Balance as at 30 June 2007		18,005	–	(16,591)	1,414
Shares issued during the period		23,030,250	–	–	23,030,250
Options issued during the period	19(b)	–	2,448,600	–	2,448,600
Options exercised during the period at \$0.25		19,751	–	–	19,751
Transaction costs associated with the issue of shares net of tax		(880,495)	–	–	(880,495)
Options expired during the period		–	–	–	–
Profit/(loss) attributable to shareholders		–	–	(557,425)	(557,425)
Balance as at 30 June 2008		22,187,511	2,448,600	(574,016)	24,062,095
Parent	Note	Share capital ordinary \$	Share based payments reserve* \$	Retained profits/ (losses) \$	Total \$
Balance at 1 July 2006		5	–	(5,336)	(5,331)
Shares issued during the period		18,000	–	–	18,000
Profit/(loss) attributable to shareholders		–	–	(11,255)	(11,255)
Balance as at 30 June 2007		18,005	–	(16,591)	1,414
Shares issued during the period		23,030,250	–	–	23,030,250
Options issued during the period	19(b)	–	2,448,600	–	2,448,600
Options exercised during the period at \$0.25		19,751	–	–	19,751
Transaction costs associated with the issue of shares net of tax		(880,495)	–	–	(880,495)
Options expired during the period		–	–	–	–
Profit/(loss) attributable to shareholders		–	–	(557,425)	(557,425)
Balance as at 30 June 2008		22,187,511	2,448,600	(574,016)	24,062,095

* Further information on the nature of this reserve is disclosed at Note 19(b).

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Cash flows from operating activities					
Cash receipts in the course of operations		–	–	–	–
Cash payments in the course of operations		(679,155)	(14,098)	(679,156)	(14,098)
Interest received		210,130	–	210,130	–
Net cash provided by/(used in) operating activities	23	(469,025)	(14,098)	(469,026)	(14,098)
Cash flows from investing activities					
Payments for plant and equipment		(231,415)	–	(231,415)	–
Payments for exploration and evaluation assets		(1,902,158)	–	(1,902,158)	–
Loans to related entities		(97,018)	–	(193,822)	–
Loans repaid to related entities		(96,804)	–	–	–
Net cash provided by/(used in) investing activities		(2,327,395)	–	(2,327,395)	–
Cash flows from financing activities					
Proceeds from issue of shares through IPO applicants		15,000,000	–	15,000,000	–
Proceeds from issue of shares through seed capitalists		830,250	–	830,250	–
Proceeds from issue of shares		19,751	18,000	19,751	18,000
Payment of transaction costs associated with capital raising		(1,139,928)	–	(1,139,928)	–
Net cash provided by/(used in) financing activities		14,710,073	18,000	14,710,073	18,000
Net increase/(decrease) in cash held		11,913,653	3,902	11,913,652	3,902
Cash at the beginning of the financial year		3,907	5	3,907	5
Cash at the end of the financial year	8/11	11,917,560	3,907	11,917,559	3,907

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1 Statement of significant accounting policies

The financial report includes the consolidated financial statements and notes of Marmota Energy Limited and controlled entities ('consolidated group' or 'Group'), and the separate financial statements of Marmota Energy Limited as an individual parent entity ('parent entity').

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authority's pronouncements of the Australian Accounting Standard Board (AASB) and the Corporation Act 2001.

The following report covers the economic entity, Marmota Energy Limited, a listed public company, incorporated and domiciled in Australia.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Marmota Energy Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Marmota Energy Limited ('parent entity') as at 30 June 2008 and the result of all subsidiaries for the year then ended. Marmota Energy Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. All inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. A list of controlled entities is contained in Note 15 to the financial statements.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

(c) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the costs of the acquisition as part of the purchase consideration.

(d) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Current and deferred income tax (expense)/benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1 Statement of significant accounting policies (continued)

(d) Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

All fixed assets are depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	5% – 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Income Statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

1 Statement of significant accounting policies (continued)

(f) Exploration and evaluation expenditure (continued)

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits.

Superannuation contributions

Employees may nominate their own superannuation fund into which the Company pays superannuation contributions. The Company currently contributes 9% of employee's salary to each employee's nominated fund or where a fund is not nominated by an employee, to a superannuation fund chosen by the Company.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(l) Revenue

Revenue from sale of goods or rendering of a service is recognised upon delivery of the goods or service to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of goods and services tax (GST).

1 Statement of significant accounting policies (continued)

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the Balance Sheet inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Investments in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves and profits/(losses) of its associates.

(o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and parent entity's assessment of the impact of these new standards and interpretations is considered to be not material.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
2 Revenue from ordinary activities				
Other revenues:				
<i>From operating activities</i>				
Interest received from other parties	614,551	–	614,551	–
Other revenue	–	–	–	–
Total revenue from ordinary activities	614,551	–	614,551	–
3 Profit from ordinary activities before income tax expense has been determined after –				
Expenses:				
Administration expenses				
ASX fees	50,486	–	50,486	–
Share registry fees	31,983	–	31,983	–
Insurance	23,096	–	23,096	–
Audit	18,500	1,250	18,500	1,250
Service fees	69,886	–	69,886	–
Other	92,434	6,005	92,434	6,005
	286,385	7,255	286,385	7,255
Consulting expenses				
Legal fees	57,306	–	57,306	–
Corporate consulting	40,000	–	40,000	–
Accounting and secretarial services	113,504	–	113,504	–
Other	3,373	4,000	3,373	4,000
	214,183	4,000	214,183	4,000
Depreciation expenses				
Plant and equipment	9,107	–	9,107	–
Employment expenses				
Salaries and wages	61,687	–	61,687	–
Directors' fees	81,668	–	81,668	–
Superannuation	5,217	–	5,217	–
Provisions	34,410	–	34,410	–
Other	24,902	–	24,902	–
	207,884	–	207,884	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
4 Income tax expense				
The components of tax expense comprise:				
Current income tax (expense)/benefit	-	-	-	-
Deferred tax (expense)/benefit	-	-	-	-
Tax portion of capital raising costs	(377,355)	-	(377,355)	-
Income tax (expense)/benefit reported in the Income Statement	(377,355)	-	(377,355)	-
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie income tax (expense)/benefit calculated at 30% on loss from ordinary activities	54,021	3,377	54,021	3,377
Tax effect of:				
Deferred tax asset in respect of tax losses not brought to account	(54,021)	(3,377)	(54,021)	(3,377)
Tax portion of capital raising costs	(377,355)	-	(377,355)	-
Income tax (expense)/benefit attributable to loss from ordinary activities	(377,355)	-	(377,355)	-
Income tax losses				
Deferred tax asset arising from carried forward tax losses not recognised at reporting date as the asset is not regarded as meeting the probable criteria				
- tax losses at 30%	870,017	3,377	870,017	3,377

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

5 *Remuneration of Directors and key management personnel*

(a) *Directors and key management personnel*

The names and positions held by Directors and key management personnel of the Company during the financial year are:

Directors	Position
Mr RM Kennedy	Chairman – Non-executive
Mr RG Nelson	Director – Non-executive
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Executive
Mr DJ Calandro	Managing Director – Executive
Mr BA Williams	Alternate Director
Mr NJ Smart	Alternate Director
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary
Mr DA Francese	Chief Financial Officer / Company Secretary
Mr DS Cosentino	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

5 Remuneration of Directors and key management personnel (continued) (b) Directors and key management personnel equity remuneration, holdings and transactions

Shares in Marmota Energy Limited	Balance 1/07/07	Received as remuneration	Options exercised	Net change other ¹	Balance 30/06/08	Total held in escrow 30/06/08
Held by Directors in own name						
Mr RM Kennedy	1	-	-	-	1	-
Mr RG Nelson	1	-	-	-	1	-
Mr GS Davis	1	-	-	-	1	-
Dr NF Alley	1	-	-	-	1	-
Mr DJ Calandro	-	-	-	-	-	-
	4	-	-	-	4	-
Held by Directors' personally related entities						
Mr RM Kennedy	5,700,000	-	-	(2,553,334)	3,146,666	2,740,000
Mr RG Nelson	3,300,000	-	-	(2,360,000)	940,000	900,000
Mr GS Davis	3,000,000	-	-	(50,000)	2,950,000	2,825,000
Dr NF Alley	3,000,000	-	-	(300,000)	2,700,000	2,700,000
Mr DJ Calandro	-	-	-	2,080,000	2,080,000	2,040,000
Total held by Directors	15,000,004	-	-	(3,183,334)	11,816,670	11,205,000
Key management personnel excluding Directors						
Ms VK Suttell	-	-	-	30,000	30,000	-
Mr DA Francese	-	-	-	720,000	720,000	720,000
Mr DS Cosentino	-	-	-	8,000	8,000	4,000
Total	15,000,004	-	-	(2,425,334)	12,574,670	11,929,000

¹ Net change other refers to shares purchased and/or sold during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

5 Remuneration of Directors and key management personnel (continued)

(b) Directors and key management personnel equity remuneration, holdings and transactions (continued)

Options in Marmota Energy Limited	Option class	Balance 1/07/07	Received as remuneration	Options exercised	Net change other	Balance 30/06/08	Total vested 30/06/08	Total exercisable 30/06/08
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr DJ Calandro		-	-	-	-	-	-	-
Directors' personally related entities								
Mr RM Kennedy	(a)	-	-	-	1,350,000	1,350,000	1,350,000	-
Mr RG Nelson	(a)	-	-	-	450,000	450,000	450,000	-
Mr GS Davis	(a)	-	-	-	1,350,000	1,350,000	1,350,000	-
Dr NF Alley	(a)	-	-	-	1,350,000	1,350,000	1,350,000	-
Mr DJ Calandro	(a)	-	-	-	1,000,000	1,000,000	1,000,000	-
Total held by Directors		-	-	-	5,500,000	5,500,000	5,500,000	-
Key management personnel excluding Directors								
Ms VK Suttell		-	-	-	-	-	-	-
Mr DA Francese	(a)	-	-	-	360,000	360,000	360,000	-
Mr DS Cosentino		-	-	-	-	-	-	-
Total		-	-	-	5,860,000	5,860,000	5,860,000	-

(a) Unlisted Options exercisable at \$0.40 by 11/07/2012, escrowed until 12/11/2009.

No options previously granted to Directors or Director related entities were exercised during the year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
9 Trade and other receivables				
Current				
Other debtors	561,414	2,552	561,414	2,552
Loan to subsidiary	–	–	96,805	–
Loan to associate	97,018	–	97,018	–
	658,432	2,552	755,237	2,552
10 Other current assets				
Prepayments	15,593	36,033	15,593	36,033
11 Financial assets – current				
Held to maturity investments				
Fixed interest short term deposit	8,000,000	–	8,000,000	–
12 Plant and equipment				
Plant and equipment				
At cost	289,125	–	289,125	–
Accumulated depreciation	(17,968)	–	(17,968)	–
Net book value	271,157	–	271,157	–
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
Plant and equipment				
Carrying amount at beginning of year	–	–	–	–
Additions	289,125	–	289,125	–
Disposals	–	–	–	–
Accumulated depreciation	(17,968)	–	(17,968)	–
Carrying amount at end of year	271,157	–	271,157	–



**MARMOTA
ENERGY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

13 Investments in associates

Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2008	2007	2008 \$	2007 \$
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	–	1	–

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

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
Current assets	126,812	–	–	–
Non-current assets	30,183	–	–	–
Total assets	156,995	–	–	–
Current liabilities	(156,993)	–	–	–
Non-current liabilities	–	–	–	–
Total liabilities	(156,993)	–	–	–
Net assets	2	–	–	–
Share of associate's profit after tax	–	–	–	–

14 Joint ventures

The Group has the following interests in joint ventures:

Number	State	Agreement name	Parties	Summary
1	SA	Farm-in & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MOX gives MSA exclusive right to conduct exploration for uranium on areas covered by Exploration Licences EL 3355, EL 3356, EL 3357, EL 3359, EL 3458, EL 3561, EL 3684, EL 3685, EL 3775. Once MSA has spent \$4 million on exploration it will have earned 25% interest with a further spend of \$4 million required for an additional 25%.
2	SA	Ambrosia Farm-in & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MOX gives MSA the right to explore for all minerals in the area covered by Exploration Licence EL 3358. Once MSA has spent \$1 million on exploration it will have earned a 25% interest with a further 25% able to be earned.
3	SA	Mineral Rights Transfer & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MSA transfers to MOX 100% of its interests in minerals other than uranium and 30% of its interests in uranium for areas covered by the following Exploration Licences: EL 3907, EL 3908, EL 3909, EL 3910, and EL 3911. MSA and MOX enter into a joint venture to explore for uranium.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

15 Controlled entities

(a) Controlled entities consolidated

	Country of incorporation	Percentage owned (%)	
		2008	2007
Parent entity:			
Marmota Energy Limited*	Australia	-	-
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	-

* Marmota Energy Limited is a subsidiary of Monax Mining Limited which is incorporated and domiciled in Australia.

(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 holds interest in joint ventures in uranium exploration tenements.

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

	Recognised value on acquisition \$		
Cash			1
Exploration assets			9,586,403
Liabilities			(96,804)
Net identifiable assets and liabilities			9,489,600
Consideration paid:			
Ordinary shares at fair value			7,200,000
Options at fair value			2,289,600
Transaction costs on acquisition			-
Goodwill on acquisition			-
Purchase consideration	Number of shares	Fair value	\$
Ordinary shares	36,000,000	\$0.20	7,200,000
Options	18,000,000	\$0.127	2,289,600

(c) The investment in Groundhog Services Pty Ltd has been classified as a financial asset at cost of \$1 in the Balance Sheet.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
16 Exploration and evaluation expenditure				
Costs carried forward in respect of areas of interest in:				
Exploration and evaluation phase (a)	12,146,007	–	2,559,603	–
Total exploration and evaluation expenditure	12,146,007	–	2,559,603	–
<p>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.</p> <p>(a) Reconciliation A reconciliation of the carrying amount of exploration and/or evaluation phase expenditure is set out below.</p>				
	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
Carrying amount at beginning of year	–	–	–	–
Additional costs capitalised during the year	2,559,603	–	2,559,603	–
Fair value of acquired exploration rights	9,586,404	–	–	–
Carrying amount at end of year	12,146,007	–	2,559,603	–
17 Trade and other payables				
Trade creditors	608,612	–	608,612	–
Other creditors and accruals	232,747	41,078	232,747	41,078
Amounts payable to Director related entities*	70,886	–	70,886	–
	912,245	41,078	912,245	41,078
* Details of amounts payable to Director related entities are detailed in Note 25.				
18 Provisions				
Current				
Employee entitlements	23,759	–	23,759	–
Non-current				
Employee entitlements	10,651	–	10,651	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
19 Issued capital				
Issued and paid-up share capital				
120,721,009 (2007: 18,000,005) ordinary shares, fully paid	22,187,511	18,005	22,187,511	18,005
(a) Ordinary shares				
Balance at the beginning of year	18,005	5	18,005	5
Shares issued during the year				
Nil (2007: 18,000,000) shares issued \$0.001 per share	–	18,000	–	18,000
6,642,000 (2007: nil) shares issued at \$0.125 per share as seed capital	830,250	–	830,250	–
60,000,000 (2007: nil) shares issued to shareholders as part of the IPO at \$0.25	15,000,000	–	15,000,000	–
36,000,000 (2007: nil) shares issued for the acquisition of Marmosa Pty Ltd	7,200,000	–	7,200,000	–
79,004 (2007: nil) shares issued to option holders on exercise of options at \$0.25	19,751	–	19,751	–
Less transaction costs arising from issue of shares net of tax	(880,495)	–	(880,495)	–
Balance at end of year	22,187,511	18,005	22,187,511	18,005

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(b) Options

At 30 June 2008, there were 28,000,000 (2007: nil) unissued shares for which the following options were outstanding:

- 28,000,000 unlisted options exercisable at \$0.40 by 11/07/2012, escrowed until 12/11/2009.
- (i) For information relating to share options issued to Executive Directors during the financial year, refer to Note 5.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
20 Retained profits/(losses)				
Retained profits/(losses) at beginning of year	(16,591)	(5,336)	(16,591)	(5,336)
Net (loss) attributable to members of the Company	(557,425)	(11,255)	(557,425)	(11,255)
Retained profits/(losses) at the end of the year	(574,016)	(16,591)	(574,016)	(16,591)

21 Financial risk management policies

The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable and loans to and from subsidiaries and related entities. The main risks the Group are exposed to through its financial instruments are interest rate risk and credit risk.

(a) Treasury risk management

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising the effects on financial performance.

(b) Interest rate risk

The Company has no long term financial assets or liabilities upon which it earns or pays interest. Cash is held in an interest yielding cheque account and on short term call deposit where the interest rate can vary from day to day.

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2008 approximately 97% of group deposits are fixed. It is the policy of the Group to keep between 90% and 100% of surplus cash in high yielding deposits.

	Weighted average average effective interest rate		Interest bearing		Non interest bearing		Total	
	2008 %	2007 %	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
Financial assets								
Cash at bank	4.40	–	347,560	3,907	–	–	347,560	3,907
Deposits	7.34	–	11,570,000	–	–	–	11,570,000	–
Receivables	–	–	–	–	658,432	2,552	658,432	2,552
Total financial assets	–	–	11,917,560	3,907	658,432	2,552	12,575,992	6,459
Financial liabilities								
Payables	–	–	–	–	(912,245)	(41,078)	(912,245)	(41,078)
Total financial liabilities	–	–	–	–	(912,245)	(41,078)	(912,245)	(41,078)
Total net financial assets	–	–	11,917,560	3,907	(253,813)	(38,526)	11,663,747	(34,619)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

21 Financial risk management policies (continued)

(c) Sensitivity analysis

Interest rate and price risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. It should be noted that the Company does not have borrowings and any impacts would be in relation to deposit yields on cash investments.

Interest rate sensitivity analysis

At 30 June 2008, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
Change in loss				
Increase in interest rates by 2%	238,351	78	238,351	78
Decrease in interest rates by 2%	(238,351)	(78)	(238,351)	(78)
Change in equity				
Increase in interest rates by 2%	238,351	78	238,351	78
Decrease in interest rates by 2%	(238,351)	(78)	(238,351)	(78)

(d) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Group which have been recognised in the Balance Sheet, is the carrying amount, net of any provision for doubtful debts.

In respect to the parent entity, credit risk also incorporates the exposure of Marmota to the liabilities of all members of the Group.

(e) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows.

(f) Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the Group on the following bases:

Recognised financial instruments

Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value and where relevant adjusted for any changes in exchange rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

22 Commitments and contingent liabilities

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company will be required to outlay in the year ending 30 June 2009 amounts of approximately \$1,138,000 to meet minimum expenditure requirements pursuant to various joint venture requirements, and those specified by the State Government of South Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

The Company has signed a letter of support for its 50% owned associate Groundhog Services Pty Ltd ('Groundhog'). Effective 1 July 2008, Groundhog will provide company secretarial and financial services, tenement management, office administration, logistical support and office accommodation. Groundhog has entered into a non-cancellable operating lease commencing in August 2008 for a five year period for office and warehouse accommodation. Current office accommodation is leased by Monax Mining Limited and Marmota reimbursed Monax for the proportion of occupancy expenses attributable to it.

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
23 Notes to the Statements of Cash Flows				
Reconciliation of profit/(loss) from ordinary activities after income tax to net cash provided by/(used in) operating activities				
Profit/(loss) from ordinary activities after income tax	(557,425)	(11,255)	(557,425)	(11,255)
Add/(less) non cash items				
Depreciation	17,968	–	17,968	–
Share based remuneration	–	–	–	–
Income tax expense	377,355	–	377,355	–
Changes in operating assets and liabilities				
(Increase)/decrease in prepayments	20,440	(37,427)	20,440	(37,427)
(Increase)/decrease in receivables	(558,862)	(1,158)	(558,862)	(1,158)
(Decrease)/increase in accounts payable	197,089	35,742	197,088	35,742
(Decrease)/increase in provisions	34,410	–	34,410	–
Net cash provided by/(used in) operating activities	(469,025)	(14,098)	(469,026)	(14,098)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated		Parent Entity	
	Note	2008 \$	2007 \$	2008 \$	2007 \$
24 Employee entitlements					
Aggregate liability for employee entitlements, including on-costs					
Current	18	23,759	–	23,759	–
Non-current	18	10,651	–	10,651	–
		34,410	–	34,410	–
Number of employees					
Number of employees at year end		4	–	4	–
25 Related parties					
Directors' transactions with the Company					
A number of Directors of the Company, or their Director related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.					
The terms and conditions of the transactions with Directors and their Director related entities were no more favourable to the Directors and their Director related entities than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.					
The aggregate amounts recognised during the year (excluding reimbursement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities were as follows:					
		Consolidated		Parent Entity	
Director	Transaction	2008 \$	2007 \$	2008 \$	2007 \$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees.	104,140	3,264	104,140	3,264
Parent entity	Payments to a Director related entity for Company Secretarial services, tenement management, office administration and associated costs.	(i) 124,795	–	124,795	–
Associated entity	Payments to a Director related entity for office administration and logistical support.	6,870	–	6,870	–
(i) This amount relates to the provision of Company Secretarial, financial, tenement management and office administration services by Monax Mining Limited. Marmota reimbursed that entity 50% of the remuneration, on-costs and associated expenses relating to the services provided to Marmota.					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
25 Related parties (continued)				
Amounts receivable from and payable to Directors and their Director related entities at balance date arising from these transactions were as follows:				
Current receivables				
Trade debtors	-	-	-	-
Loan to subsidiary	-	-	96,805	-
Loan to associate	97,018	-	97,018	-
	97,018	-	193,823	-
Current payables				
Other creditors and accruals	7,558	27,809	70,886	27,809
	7,558	27,809	70,886	27,809

26 Segment reporting

The Company operates in the exploration and mining business segment located in Australia.

27 Events subsequent to balance date

Subsequent to year end, 2,909,000 fully paid ordinary shares were released from escrow on 28 August 2008.

Other than the matters discussed above, there has not arisen in the interval between 30 June 2008 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 Company, the results of those operations, or the state of affairs of the Company, in future years.

28 Company details

The registered office of the Company is:

140 Greenhill Road
UNLEY SA 5061

The principal place of business is:

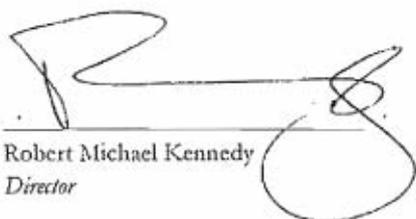
11A Croydon Road
KESWICK SA 5035

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2008

- 1 In the opinion of the Directors of Marmota Energy Limited:
 - (a) the financial statements and notes, as set out on pages 37 to 60, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2008 and of its performance, as represented by the results of its operations and its cash flows, for the twelve months ended on that date; and
 - (ii) complying with Accounting Standards 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.
- 2 The Managing Director and Chief Financial Officer have given the Directors the declarations required by section 295A of the Corporations Act 2001.

Dated at Adelaide this 16 day of September 2008.

Signed in accordance with a resolution of the Directors:


Robert Michael Kennedy
Director



Grant Thornton South Australian
Partnership
ABN 27 244 906 724

Level 1,
67 Greenhill Rd
Wayville SA 5034
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Adelaide SA 5001
DX 275 Adelaide

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W www.grantthornton.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Marmota Energy Ltd and Controlled Entities (the company) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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Our Ref: H1AR/2008/MARMOTA ENERGY LTD & CONTROLLED ENTITIES_JUN 08.DOC



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

Auditor's Responsibility *Cont*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- a the financial report of Marmota Energy Ltd is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



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

Report on the Remuneration Report

We have audited the Remuneration Report (marked audited) included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Marmota Energy Ltd's for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

A handwritten signature in black ink, appearing to read 'S.J. Gray'.

S.J. Gray
Partner

Signed at Wayville on this 16th day of September 2008

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The information is current at 23 September 2008.

Distribution of Equity Securities

Ordinary Share Capital

Fully paid ordinary shares are held by 2,013 individual shareholders.

Restricted securities

There are 54,412,000 shares and 28,000,000 options held in escrow until 12 November 2009.

Options

Options are held by 12 individual option holders.

Substantial shareholders

The number of shares held by substantial shareholders and their associates as disclosed in substantial holding notices given to the Company are set out below:

Substantial shareholder	Number of fully paid ordinary shares held	
Monax Mining Limited	36,000,000	Escrowed until 12 November 2009

Voting rights

Fully paid ordinary shares

Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

Distribution of equity security holders

Category	Holders of ordinary shares	Holders of ordinary shares escrowed until 12/11/09	Holders of 11/7/2012 \$0.40 options escrowed until 12/11/09
1 – 1,000	8	–	–
1,001 – 5,000	43	1	–
5,001 – 10,000	603	2	–
10,001 – 100,000	1,273	4	–
100,001 and over	86	14	12
Total Number of security holders	2,013	21	12

The number of shareholders holding less than a marketable parcel of ordinary shares is 96.

On market buy-back

There is no current on-market buy-back.



SHAREHOLDER INFORMATION

Twenty largest shareholders

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Stock Exchange Limited including the number and percentage held by those holders at 23 September 2008 are as follows:

Name	Number of fully paid ordinary shares held	Percentage held %
Mr William Edward Holmes <W & H Holmes Super Fund A/C>	2,000,000	3.02
Florin Mining Investment Company Limited <Trading A/C>	850,000	1.28
Dr Colin Rose	657,700	0.99
Dr Graham Robert Taylor <Superannuation Fund A/C>	500,000	0.75
Mr Zarko Nikoloski	432,640	0.65
Mambat Pty Ltd	408,859	0.62
Mr Ralph Maurice Henger & Mr Mark James Henger <MST S/Fund A/C>	400,000	0.60
Bhagwaan Enterprises Pty Ltd	350,000	0.53
Mr Nicholas Charles Richards	350,000	0.53
Mr Lidong Zheng	350,000	0.53
Weldbank Pty Ltd	307,000	0.46
Aisha Investments Pty Ltd	300,000	0.45
Mr Craig Peter Ball & Mrs Suzanne Katherine Ball <CPB Super Fund A/C>	300,000	0.45
Mr Dale Thomas Senti	300,000	0.45
Mr Alan Brien & Mrs Melinda Brien <A & M Brien A/C>	282,646	0.43
Ocean Nominees Pty Ltd <Ocean Super Fund A/C>	281,700	0.42
Zero Nominees Pty Ltd	274,438	0.41
Unique Asset Pty Ltd	270,000	0.41
Dr Pi Ang Seet	268,750	0.41
RMK Super Pty Ltd <RMK Personal S/F A/C>	266,666	0.40

9,150,399

13.79

Unquoted equity securities

Shareholders

The names of the holders of fully paid ordinary shares constituting a class of unquoted equity securities that are subject to the Australian Stock Exchange Limited escrow provisions holding greater than 20%, including the number and percentage held by those holders at 23 September 2008 are as follows:

Name	Number of fully paid ordinary shares held	Percentage held %
Monax Mining Limited	36,000,000	66.16

Option holders

The names of the holders of options constituting a class of unquoted equity securities subject to the Australian Stock Exchange Limited escrow provisions holding greater than 20%, including the number and percentage held by those holders as at 23 September 2008 are as follows:

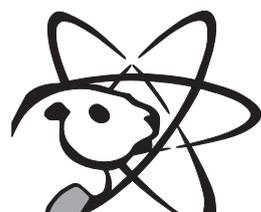
Name	Number of options held	Percentage held %
Monax Mining Limited	18,000,000	64.29

Options

Details of options on issue which are unquoted are as follows:

Expiry date	Exercise price	Number of options	Number unquoted	Number of holders
11/7/2012	\$0.40	28,000,000	28,000,000	12





**MARMOTA
ENERGY LIMITED**



CORPORATE DIRECTORY

Principal Registered Office

Marmota Energy Limited
140 Greenhill Road UNLEY SA 5061
GPO Box 1373 ADELAIDE SA 5001
Telephone: (08) 8373 5588
Facsimile: (08) 8373 5917
Email: info@marmotaenergy.com.au
Website: www.marmotaenergy.com.au

Keswick Exploration Office

11a Croydon Road
KESWICK SA 5035
Telephone: (08) 8375 4300
Facsimile: (08) 8375 3999

Directors & Senior Management

Robert Michael Kennedy
ASIT, Grad. Dip. (Systems Analysis)
FCA, ACIS, FAIM, FAICD
Non-executive Chairman

Domenic Joseph Calandro
BSc, ASEG
Managing Director

Neville Foster Alley
Phd
Executive Technical Director

Reginald George Nelson
BSc (MATHS), FAusIMM, FAICD
Non-executive Director

Glenn Stuart Davis
LLB, BEc
Non-executive Director

Virginia Katherine Suttell
BComm, ACA
Company Secretary

Stock Exchange Code

MEU: Shares
Listed on Australian Stock Exchange Limited
Home Exchange: Adelaide
Level 25, 91 King William Street
Adelaide SA 5000

Share Registrar

Location of Share Register
Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)
Facsimile: +61 8 8236 2305
Email: info@computershare.com.au

Auditors

Grant Thornton
Chartered Accountants
67 Greenhill Road
WAYVILLE SA 5034

Lawyers

DMAW Lawyers
Level 3, 80 King William Street
ADELAIDE SA 5000

