



Marmota Energy Limited and Controlled Entities

Consolidated Half Year Financial Report

31 December 2009

CORPORATE DIRECTORY

Marmota Energy Limited

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

Registered Office

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

Email: info@marmotaenergy.com.au

Share Registrar

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)

Facsimile: +61 8 8236 2305

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Auditor

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

Marmota Energy Limited and Controlled Entities

Directors' Report

The directors present their report together with the half-year financial report of Marmota Energy Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2009 and the auditor's independent review report thereon.

Directors

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

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

Alternate Directors

Roseanne C Healy
Andrew J Andrejewskis

Principal activities

The consolidated entity's principal activity is mineral exploration.

Review and results of operations

The six months to December 2009 saw Marmota Energy Limited undertaking capital raisings in the form of a Share Purchase Plan and placement to successfully raise \$3.9 million net of costs.

During the period, Marmota Energy Limited completed a drilling program on its Mulyungarie tenement which intersected multiple occurrences of uranium. In addition, Marmota Energy Limited signed a farm in and joint venture agreement with Teck Australia Pty Ltd and its partners to explore for uranium on the Junction Dam tenement earning up to 51% of the uranium rights. An initial drilling program was completed on this project during the period with positive results received. Geophysical work commenced on the Melton Project on Yorke Peninsula under a joint venture between Marmota and Monax Mining Limited with initial processing of data highlighting a number of high priority IOCG targets.

The net loss after income tax for the half-year was \$315,825.

Likely developments

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

Competent Person Statement

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

Marmota Energy Limited and Controlled Entities

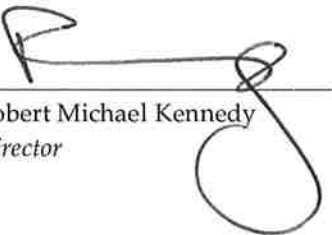
Directors' Report (continued)

Auditors independence declaration

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

Dated at Adelaide this 10 day of March 2010.

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



Robert Michael Kennedy
Director



Grant Thornton

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Marmota Energy Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

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

GRANT THORNTON
South Australian Partnership
Chartered Accountants

P S Paterson
Partner

Signed at Adelaide on this 10 day of March 2010

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Marmota Energy Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
For the half-year-ended 31 December 2009

	Note	Consolidated	
		Dec 2009	Dec 2008
		\$	\$
Other revenues from ordinary activities	3	207,877	352,103
Total other revenue		207,877	352,103
Administrative expenses		213,306	143,095
Consultancy expenses		55,957	37,036
Depreciation		13,208	10,958
Employment expenses		133,069	162,170
Occupancy expenses		-	2,776
Service fees		60,658	70,628
Loss before income tax expense		(268,321)	(74,560)
Income tax expense		(47,504)	-
Loss for the period		(315,825)	(74,560)
Loss attributed to members of the parent entity		(315,825)	(74,560)
Other comprehensive income		-	-
Total comprehensive income for the period		(315,825)	(74,560)
Basic earnings per share (cents)		(0.243)	(0.062)
Diluted earnings per share (cents)		(0.243)	(0.062)

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities

Consolidated Statement of Financial Position

As at 31 December 2009

	Note	Consolidated	
		Dec 2009	June 2009
		\$	\$
Current assets			
Cash and cash equivalents	6	867,892	985,588
Trade and other receivables		322,216	407,312
Financial assets	6	10,400,000	7,460,890
Other current assets		63,504	18,921
Total current assets		11,653,612	8,872,711
Non-current assets			
Plant and equipment		360,470	279,024
Investments in associates	8	1	1
Exploration and evaluation expenditure		15,782,509	14,881,192
Total non-current assets		16,142,980	15,160,217
Total assets		27,796,592	24,032,928
Current liabilities			
Trade and other payables		254,271	113,921
Short Term provisions		45,804	30,235
Total current liabilities		300,075	144,156
Non-current liabilities			
Long term provisions		24,044	19,271
Total non-current liabilities		24,044	19,271
Total liabilities		324,119	163,427
Net assets		27,472,473	23,869,501
Equity			
Issued capital		26,106,308	22,187,511
Reserves		2,472,350	2,472,350
Retained earnings		(1,106,185)	(790,360)
Total equity		27,472,473	23,869,501

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2009

	Issued capital \$	Reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2008	22,187,511	2,448,600	(574,016)	24,062,095
Shares issued during the period	-	-	-	-
Options issued during the period	-	23,750	-	23,750
Transaction costs associated with the issue of shares (net of tax)	-	-	-	-
Total comprehensive income	-	-	(74,560)	(74,560)
Balance as at 31 December 2008	<u>22,187,511</u>	<u>2,472,350</u>	<u>(648,576)</u>	<u>24,011,285</u>
Balance at 1 July 2009	22,187,511	2,472,350	(790,360)	23,869,501
Shares issued during the period	4,052,887	-	-	4,052,887
Options issued during the period	-	-	-	-
Transaction costs associated with the issue of shares (net of tax)	(134,090)	-	-	(134,090)
Total comprehensive income	-	-	(315,825)	(315,825)
Balance as at 31 December 2009	<u>26,106,308</u>	<u>2,472,350</u>	<u>(1,106,185)</u>	<u>27,472,473</u>

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities
Consolidated Cash Flow Statement
For the half-year ended 31 December 2009

	Note	Consolidated	
		Dec 2009	Dec 2008
		\$	\$
Cash flows from operating activities			
Cash payments in the course of operations		(504,199)	(335,608)
Interest received		334,617	720,720
Income tax rebate		9,963	-
Finance costs		(5,616)	(959)
Net cash provided by/(used in) operating activities		<u>(165,235)</u>	<u>384,153</u>
Cash flows from investing activities			
Payments for plant and equipment		(6,404)	(135,446)
Loans repaid to related parties		(3,396)	(70,886)
Loans to related parties		(4,034)	(70,686)
Payments for mining tenements and exploration		(860,846)	(2,354,209)
Net cash provided by/(used in) investing activities		<u>(874,680)</u>	<u>(2,631,227)</u>
Cash flows from financing activities			
Proceeds from issue of shares		4,052,887	-
Payments associated with capital raising		(191,557)	-
Net cash provided by/(used in) financing activities		<u>3,861,330</u>	<u>-</u>
Net increase/(decrease) in cash held		<u>2,821,415</u>	<u>(2,247,074)</u>
Cash at the beginning of the half-year		<u>8,446,478</u>	<u>11,917,560</u>
Cash at the end of the half-year	6	<u>11,267,893</u>	<u>9,670,486</u>

The accompanying notes form part of these financial statements.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2009

1 Basis of preparation

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

It is recommended that the financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Marmota Energy Limited and its controlled entities during the half year in accordance with continuous disclosure requirements of the ASX Listing Rules.

The accounting policies described in this report have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2009 financial report except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Consolidated entity, is the Board of Directors.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2009

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Consolidated entity, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

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

2 Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated half-year financial report do not differ from those applied by the parent entity in its financial report as at and for the year ended 30 June 2008.

	Dec 2009	Dec 2008
	\$	\$
3 Other revenues from ordinary activities		
Included in other revenues from ordinary activities:		
Interest: other parties	207,877	352,103

4 Contingent liabilities

There has been no material changes to the aggregate of contingent liabilities since 30 June 2009 other than disclosed below:

In 2007, Marmosa Pty Ltd was acquired by Marmota Energy Limited from Monax Mining Limited. Revenue SA is currently considering whether stamp duty is payable on the basis that Marmosa Pty Ltd is a land rich company rather than payable on the shares transferred. The matter is being disputed and the maximum potential stamp duty liability is \$488,830.

5 Commitments

There has been no material changes to commitments disclosed in the 30 June 2009 annual report.

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2009

6 Cash on Hand

	Dec 2009	June 2009
	\$	\$
Cash and cash equivalents	867,892	985,588
Financial assets – term deposits	10,400,000	7,460,890
	<u>11,267,893</u>	<u>9,670,486</u>

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

7 Controlled entities

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

	Country of incorporation	Percentage owned (%)	
		Dec 2009	June 2009
Parent entity:			
Marmota Energy Limited	Australia	-	-
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	100

8 Investment in associates

Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				Dec 2009	June 2009	Dec 2009	June 2009
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

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

	Dec 2009	June 2009
	\$	\$
Current assets	203,531	190,181
Non-current assets	211,368	236,591
Total assets	<u>414,899</u>	<u>426,772</u>
Current liabilities	(330,737)	(334,922)
Non-current liabilities	(84,160)	(91,848)
Total liabilities	<u>(414,897)</u>	<u>(422,270)</u>
Net assets	<u>2</u>	<u>2</u>

	Dec 2009	Dec 2008
	\$	\$
Share of associate's profit after tax	-	-

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2009

9 Operating Segments

The Consolidated entity has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated entity has identified its operating segments to be Gawler Craton and Curnamona based on the differed geological regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to the Board of Directors for assessing performance and determining the allocation of resources within the Consolidated entity.

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

Details of the performance of each of these operating segments for the six month periods ended 31 December 2009 and 31 December 2008 are set out below:

	Gawler Craton		Curnamona		Total	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008	Dec 2009	Dec 2008
Segment Revenue	-	-	-	-	-	-
Segment Results						
Gross Segment result before depreciation, amortisation and impairment	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
	-	-	-	-	-	-
Interest Income					207,877	352,103
Other revenue					-	-
Net financing costs					-	-
Other expenses					(476,198)	(426,663)
Profit/(loss) before tax					<u>(268,321)</u>	<u>(74,560)</u>
Income tax expense					(47,504)	-
Net Profit after tax					<u>(315,825)</u>	<u>(74,560)</u>
	Gawler Craton		Curnamona		Total	
	Dec 2009	June 2009	Dec 2009	June 2009	Dec 2009	June 2009
Segment Assets	14,575,774	14,278,722	1,206,735	602,470	15,782,509	14,881,192
Total corporate and unallocated assets					<u>12,014,083</u>	<u>9,151,736</u>
Total consolidated assets					<u>27,796,592</u>	<u>24,032,928</u>

Marmota Energy Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2009

10 Issued capital

	Dec 2009	June 2009
	\$	\$
Issued and paid-up share capital 149,909,490 (June 2009: 120,721,009) ordinary shares, fully paid	26,106,308	22,187,511
Ordinary shares		
Balance at the beginning of the period	22,187,511	22,187,511
Shares issued during the period		
- 28,853,481 shares issued to shareholders as part of a Share Purchase Plan and Placement at \$0.14	4,039,487	-
- 335,000 shares issued to option holders on exercise of options to \$0.04	13,400	-
Less transaction costs arising from issue of shares net of tax	(134,090)	-
Balance at end of period	26,106,308	22,187,511

As at 31 December 2009, there were 28,290,000 (June 2009: 28,625,000) unissued shares for which the following options were outstanding.

- o 28,000,000 unlisted options exercisable at \$0.40 by 11 July 2012
- o 290,000 unlisted options exercisable at \$0.04 by 23 December 2013

11 Events subsequent to balance date

There has not arisen in the interval between 31 December 2009 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

Marmota Energy Limited and Controlled Entities

Directors' Declaration

For the half-year ended 31 December 2009

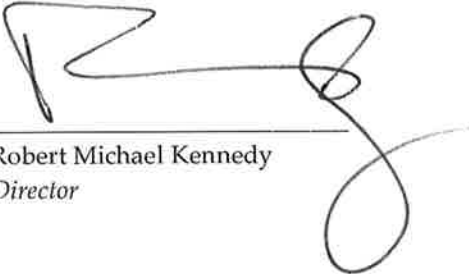
Directors' Declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 5 to 13, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this 10 day of March 2010.

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



Robert Michael Kennedy
Director



Grant Thornton

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

We have reviewed the accompanying half-year financial report of Marmota Energy Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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

Auditor's responsibility Cont

As the auditor of Marmota Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

P S Paterson
Partner

Signed at Adelaide on this 10 day of March 2010