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ASX RELEASE

For Immediate Release
19 October 2010

2010 Annual Report, Notice of Annual General Meeting and Proxy Form

Attached are electronic copies of the Marmota Energy Limited 2010 Annual Report, Notice of Annual General Meeting and Proxy Form which are being mailed to shareholders today.

Yours faithfully

Virginia Suttell
Company Secretary

MARMOTA ENERGY LIMITED

ANNUAL REPORT 2010

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ANNUAL GENERAL MEETING

The 2010 Annual General Meeting will be held at:

Business SA, 136 Greenhill Road, Unley, South Australia
on 19th November 2010 commencing at 11:00am

A formal notice is mailed to shareholders with the distribution of this report.

ABN 38 119 270 816

CHAIRMAN'S REPORT

Dear Fellow Shareholders

I am pleased to present this third annual report of Marmota Energy Limited ("Marmota" or the "Company"). Since listing in late 2007, Marmota Energy Limited has continued advancing its key projects while maintaining its strong cash position.

The year has seen an upward shift in the expansion expectations that the world holds for nuclear power and the nuclear fuel and uranium industries. The growth in the requirement of developed nations, and the long term requirement of developing nations, to provide consistent base load power while reducing carbon emissions, is strong. The continued urbanisation of China and India in particular, is set to drive demand into the future for a wide variety of commodities, with uranium expected to feature prominently in the mix.

The fundamentals for the continuing strength in demand for uranium remain, and prices are expected to reflect this. The uranium market has been in deficit for several years, relying on the stockpiles of the Cold War. This is set to end shortly, leaving a potential supply gap which will require a significant jump in exploration and discovery rates globally over the short to medium term, to ensure certainty of supply. Given the decrease in exploration globally due to the effects of the recent global financial crisis, it will be unlikely that this shortfall will be met, leaving significant opportunity for further spot price rises.

Through its high grade uranium discovery at Junction Dam, one of the most significant greenfields uranium discoveries of recent times in South Australia, Marmota is in a position of strength as commodity prices respond to increased demand.

Marmota has also moved to further develop itself as a multi commodity explorer by advancing copper-gold potential on the Melton project on the Yorke Peninsula in South Australia. Two drillholes testing the southern end of the 'Miranda' target intersected broad low grade zones of copper mineralisation. Further exploration work is planned to continue testing this 4.5 kilometre long target.

With the significant potential of the Company's portfolio of projects, an aggressive exploration and business development program is underway. Marmota's experienced and committed team of geoscientists and managers are continuing to advance key projects which it believes to have a high discovery and development potential.

Marmota has sought to increase its portfolio of prospective tenements with the acceptance of new exploration licence applications in the highly prospective Lake Frome region, which hosts the Beverley uranium mine, and world class Four Mile deposit in South Australia. Marmota has also completed negotiations for the acquisition of a second established high grade uranium project in the Gawler Craton. Marmota now owns the Wynbring uranium project, discovered by Fission Energy several years ago. Marmota believes this project has significant expansion potential, with some 9 kilometres of prospective palaeochannel yet to be tested. Marmota intends to utilise the same exploration techniques on Wynbring that were responsible for the discovery of the Saffron prospect on Junction Dam in the east of the State. This acquisition is set to further reinforce Marmota's significance within the uranium space in South Australia.

Marmota's prudently managed strong cash position has enabled the Company to maximise opportunities to effectively further develop its key projects, along with the ability to participate in other ventures with high discovery potential. Marmota Energy expects to continue to make significant progress in the next year, to build on the successes of the past year and to capitalise on the opportunities that have been created up to now.

I would like to thank my fellow directors, staff and consultants for their efforts in making Marmota's third year of operation a successful one, and look forward to another successful year ahead.

Robert Kennedy
CHAIRMAN
Marmota Energy Limited

MANAGING DIRECTOR'S REPORT

During the 2009-10 financial year, Marmota Energy Limited ('Marmota') continued to make significant advances in the copper–gold and uranium space in both South Australia and Nevada (United States of America).

Highlights for this year include:

- Maintenance of a strong cash position, enabling Marmota to weather the current market environment, whilst intensifying focused exploration across a growing portfolio of projects in South Australia.
- Exciting new greenfields discovery on the Company's Junction Dam uranium project, 12 kilometres east of the Honeymoon uranium mine, discovering a new zone of high grade uranium mineralisation not previously known.
- 51% earn-in achieved on the Junction Dam project with an additional 24.5% earn-in planned by the end of 2010.
- Broad zones of low grade copper mineralisation confirmed from first pass reconnaissance drilling completed over the 'Miranda' target on the Melton Project, Yorke Peninsula. Marmota earning its 50% right for all commodities.
- New exploration licences 100% owned by Marmota granted in the highly prospective Lake Frome region near the Beverley uranium mine.
- Negotiations completed for the acquisition of the Wynbring uranium project from Fission Energy.
- Marmota elects to participate in its first high grade gold project as part of its strategic alliance with premier gold producer Ramelius Resources, for gold project generation in North America.

The 2009-10 financial year has proved to be very significant for Marmota. The Company continued to advance its key projects by delivering focused exploration programs across its strong portfolio of exploration assets. Marmota achieved exploration success on its two key projects at Junction Dam and Melton. On Junction Dam, Marmota made an exciting greenfields discovery of high grade uranium. This is the best greenfields discovery for uranium in South Australia since 2006. Marmota was also successful in securing additional exploration licences in areas of high discovery potential. Of note, the further granting of exploration licences with listed uranium occurrences in the strategically significant Lake Frome area, nearby to the Beverley Four Mile deposit and uranium mine.

Marmota's discovery of high grade sedimentary uranium on its Junction Dam project near the Honeymoon uranium mine, along with achieving a 51% equity interest of the uranium rights on this project, establishes Marmota's strong position within the South Australian uranium sector. Marmota has also expanded its high grade uranium portfolio through the acquisition of the Wynbring uranium project, containing the established Pundinya uranium prospect.

With the objective of applying our expertise to diverse uranium belts and other target styles, the Company successfully completed a first pass reconnaissance drilling program at the Melton copper-gold project in the northern Yorke Peninsula. The program was designed to detect and confirm the presence of copper mineralisation on this greenfields project. The program was successful in confirming the presence of broad zones of low grade copper at the 'Miranda' target, which the Company intends to follow up further with planned exploration into next financial year. Marmota benefited from a 'first mover' advantage that enabled it to secure this highly prospective tenement prior to the adjoining Rex Minerals' (ASX:RXM), Hillside copper-gold discovery that has re-invigorated exploration in the region.

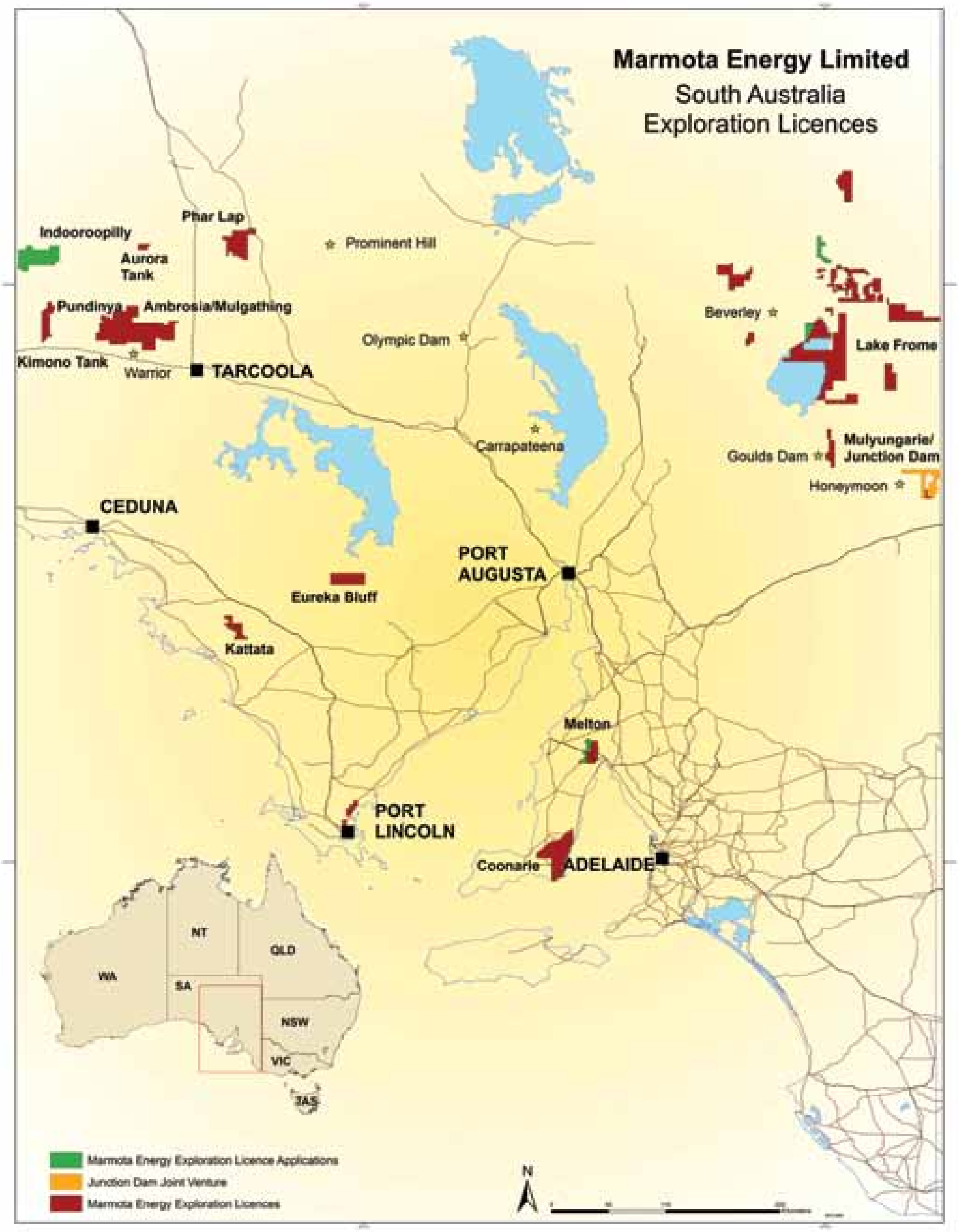
The Company is continuing to maximise its discovery opportunities by the application of leading edge exploration techniques not previously utilised by historic explorers in Marmota project areas. High resolution gravity data and ground radon surveys have successfully mapped prospective geology along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

The positioning of the Company's tenements in high potential regions, offering a target rich environment for new copper, gold and palaeochannel uranium discoveries, is an advantage over the exploration competition. As such, Marmota has quickly achieved Farm-In and Joint Venture earn in requirements on the key projects of Melton and Junction Dam through the exploration expenditure completed over the last twelve months.

As Managing Director, I would like to thank the staff of Marmota for their commitment and outstanding contributions which have led to the exciting discoveries made over the past year. I look forward to the year ahead as the Company continues to develop and advance the discoveries made during the 2009-10 year, reinforcing Marmota's aspirations of becoming a significant mineral exploration and development company.

Dom Calandro
MANAGING DIRECTOR
Marmota Energy Limited

TENEMENT LOCATIONS



TENEMENT STATUS

AS AT 24 AUGUST 2010

Project	Tenement	Area (km²)	Status	Details	Tenure holder
Junction Dam	EL 4509	341	Granted	JV with Teck, PlatSearch NL, Eaglehawk Geological Consulting P/L	TPE JV
Ambrosia	EL 4510	854	Granted	JV with Monax Mining	Monax 75%; Marmosa P/L 25%
Eureka Bluff	EL 3458	312	Granted	JV with Monax Mining	Monax
Mulgathing	EL 3684	258	Granted	JV with Monax Mining	Monax
Kimono Tank	EL 3685	234	Granted	JV with Monax Mining	Monax
Coonarie	EL 3907	300	Granted	JV with Monax Mining	Marmosa P/L
Phar Lap	EL 3909	250	Granted	JV with Monax Mining	Marmosa P/L
Mulyungarie	EL 3910	17	Granted	JV with Monax Mining	Marmosa P/L
Melton	EL 3911	28	Granted	JV with Monax Mining	Marmosa P/L
North Melton	EL 4000	137	Granted	JV with Monax Mining	Marmota
Lake Coonee	EL 4252	644	Granted	100% Marmota	Marmota
Mudguard Swamp	EL 4253	232	Granted	100% Marmota	Marmota
Lake Callabonna North	EL 4254	217	Granted	100% Marmota	Marmota
Lake Callabonna South	EL 4255	21	Granted	100% Marmota	Marmota
Lake Cootabarlow	EL 4256	665	Granted	100% Marmota	Marmota
Poontana	EL 4276	30	Granted	100% Marmota	Marmota
Mudguard Swamp West	EL 4319	24	Granted	100% Marmota	Marmota
Lake Frome	EL 4320	316	Granted	100% Marmota	Marmota
Billeroo	EL 4383	166	Granted	100% Marmota	Marmota
Kattata	EL 4411	166	Granted	100% Marmota	Marmota
Moolawatana	EL 4412	745	Granted	100% Marmota	Marmota
Aurora Tank	EL 4433	48	Granted	100% Marmota	Marmota
North Shields	EL 4517	101	Granted	100% Marmota	Marmota
Yandama Creek	EL 4521	497	Granted	100% Marmota	Marmota
Pundinya	EL 4526	435	Granted	100% Marmota	Marmota
Western Spur	EL 4528	393	Granted	100% Marmota	Marmota
Mulligan Hill	ELA 369/09	110	Application	100% Marmota	Marmota
West Melton	ELA 57/10	88	Application	100% Marmota	Marmota
Christmas Bore	ELA 67/10	82	Application	100% Marmota	Marmota
Indooroopilly	ELA 217/10	570	Application	100% Marmota	Marmota

REVIEW OF OPERATIONS

IN THE 2009–10 FINANCIAL YEAR, MARMOTA'S OPERATIONAL HIGHLIGHTS INCLUDE:

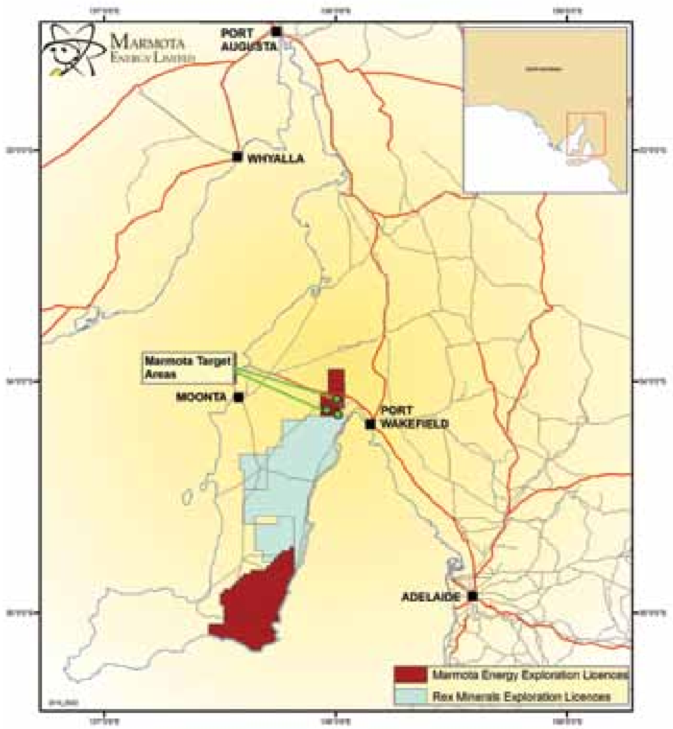
- RECONNAISSANCE DRILL TESTING OF THE FIRST OF A NUMBER OF COPPER-GOLD BASEMENT TARGETS ON MELTON, CONFIRMING THE PRESENCE OF A BROAD ZONE OF LOW GRADE COPPER MINERALISATION WITH EXPANSION POTENTIAL AT THE 'MIRANDA' TARGET.
- DISCOVERY OF A NEW ZONE OF HIGH GRADE URANIUM MINERALISATION NOT PREVIOUSLY KNOWN, ON THE JUNCTION DAM PROJECT, NEAR THE HONEYMOON URANIUM MINE.
- INCREASED TENEMENT FOOTPRINT IN THE URANIUM RICH LAKE FROME REGION IN SOUTH AUSTRALIA. THE NEW LICENCES ARE 100% OWNED BY MARMOTA AND ARE IN CLOSE PROXIMITY TO THE BEVERLEY URANIUM MINE AND BEVERLEY FOUR MILE DEPOSIT.
- EQUITY INTEREST EARNT IN BOTH ITS KEY PROJECTS AHEAD OF SCHEDULE. EQUITY INTEREST SET TO INCREASE ON THE JUNCTION DAM URANIUM PROJECT DISCOVERED BY MARMOTA.
- PARTICIPATION IN THE FIRST HIGH GRADE GOLD PROJECT AS PART OF THE STRATEGIC ALLIANCE FORMED WITH PREMIER GOLD PRODUCER, RAMELIUS RESOURCES, FOR GOLD PROJECT GENERATION IN UNITED STATES.

The information in the Annual 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.

MELTON COPPER-GOLD PROJECT

(MARMOTA 50% UNDER MELTON JV AGREEMENT WITH MONAX MINING LIMITED)

MARMOTA ENERGY LIMITED (ASX:MEU) COMPLETED ITS MAIDEN DRILLING PROGRAM ON THE HIGHLY PROSPECTIVE MELTON COPPER-GOLD PROJECT IN MAY 2010. THE DRILLING PROGRAM WAS DESIGNED TO TEST FOR THE PRESENCE OF COPPER MINERALISATION IN THE FIRST THREE OF FIVE TARGETS ON THE PROJECT. SEVEN DRILL HOLES WERE COMPLETED, TOTALLING 3378.4 METRES.



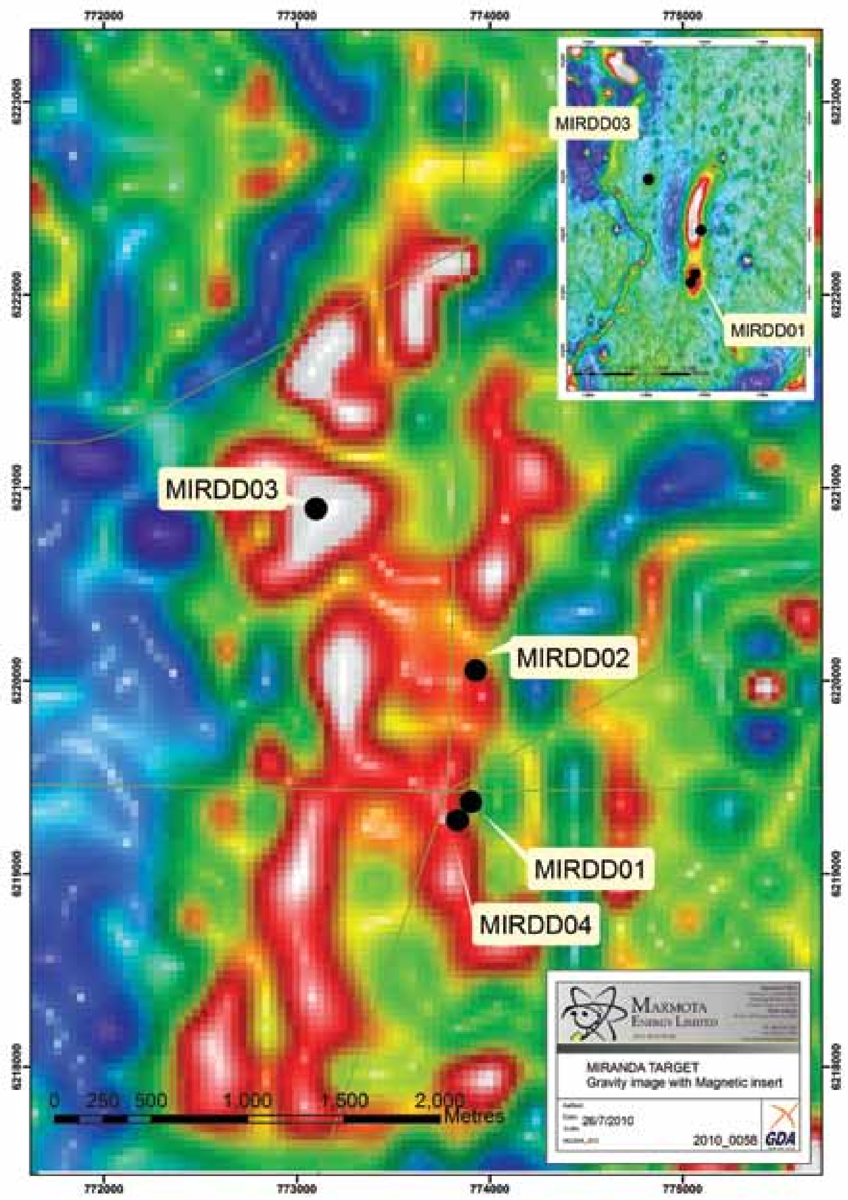


Figure 1. (left) Melton project area.

Figure 2. (above) Reprocessed gravity data (red - white: high gravity response), Miranda target area with coincident magnetic anomaly (inset).

Marmota considers this region highly prospective for the discovery of new deposits of copper and gold. Recently, the prospectivity of the region, and in particular, the Pine Point Fault, has been demonstrated by the discovery of significant copper-gold mineralisation by RXM at their Hillside Project, immediately south of Marmota's Melton project.

The two Melton tenements (EL 3911 and EL 4000), cover the northern extension of the Pine Point Fault and contain a number of discrete magnetic and gravity features consistent with copper-gold mineralisation elsewhere along the fault.

The Melton joint venture with Monax Mining Limited (ASX:MOX) is in line with Marmota's corporate strategy of creating shareholder value and reducing exploration risk, by acquiring projects with a high discovery potential or a known resource with significant expansion potential.

The project's proximity to major centres and good access to port, road and rail infrastructure makes this a very strategic project for Marmota.

MELTON COPPER-GOLD PROJECT

(MARMOTA 50% UNDER MELTON JV AGREEMENT WITH MONAX MINING LIMITED)

Assays have returned copper mineralisation from two drill holes, which had been drilled into the southern end of the 'Miranda' geophysical target (Table 1). Drill holes MIRDD01 and MIRDD04 intersected the potential margin of a large low grade halo of alteration.

Drill holes MIRDD01 and MIRDD04 intersected observable sulphide mineralisation (pyrite and chalcopyrite). Drill holes in the Miranda target intersected copper mineralisation associated with an amphibole–magnetite–pyrite-chalcopyrite alteration system. The alteration is interpreted to be related to the intrusion of an extensive mafic body into metasediments and granites.

The Miranda target is a large geophysical anomaly demonstrating a significant magnetic and a larger sized coincident gravity response which extends for more than four kilometres in length (Figure 2). Four holes were drilled into the Miranda target to test for copper-gold mineralisation at different parts of the large anomaly. MIRDD02 and MIRDD03 had similar geological relationships to those at MIRDD01 and MIRDD04, but returned only low copper levels over the intervals assayed. The presence of copper in this large target is considered highly encouraging, with further exploration planned in 2010.

Down hole geophysics is planned for MIRDD01 and MIRDD04 in quarter 4 2010, which will offer the ability to map the extents potential copper mineralisation between the two holes and beyond in 3D. This data may also assist in locating higher grade zones which will be important to Marmota's planning for follow up drill testing early in 2011.

Detailed infill magnetic surveys are also planned over the Miranda target to further improve structural detail of the anomaly and in differentiating critical bedrock lithologies.

The schematic diagrams are a representation of the down hole intercepts encountered in drilling at MIRDD01 and MIRDD04 (Figure 3a and b). Figure 3a displays both holes from surface with copper intercepts highlighted and interpreted copper zone shallowing to the west illustrated by the red envelope. Figure 3b is a zoom of the copper intercept zones. It can be observed from the blue histogram that a large low grade copper zone has been intercepted from 400 metres. Peak copper grades intercepted are also shown in the figure.

The downhole electrical geophysical survey planned for MIRDD01 and MIRDD04 should map conductive zones between the two holes and beyond. It is anticipated that the survey results will assist in mapping the potential zone of mineralisation as proposed in the above diagram (Figure 3a).

The results achieved in this phase of drilling are encouraging. The objective of this drilling program was to ascertain if copper mineralisation was present. This has been confirmed by the latest assays. Marmota will continue further exploration work for the remainder of the year, with a view to recommencing drilling at Melton in early 2011, once the summer cropping season is completed.

Hole	m From	m To	Interval	Cu (ppm)	Cu %
MIRDD01	**447**	**507**	**60**	**451**	**0.045**
including	451	472	21	1115	0.11
MIRDD04	**432**	**490**	**58**	**471**	**0.047**
including	432	436	4	1584	0.15
including	463	467	4	1352	0.13
including	487	490	3	2587	0.26

Table 1. Miranda drill holes MIRDD01 and MIRDD04 best assay results.

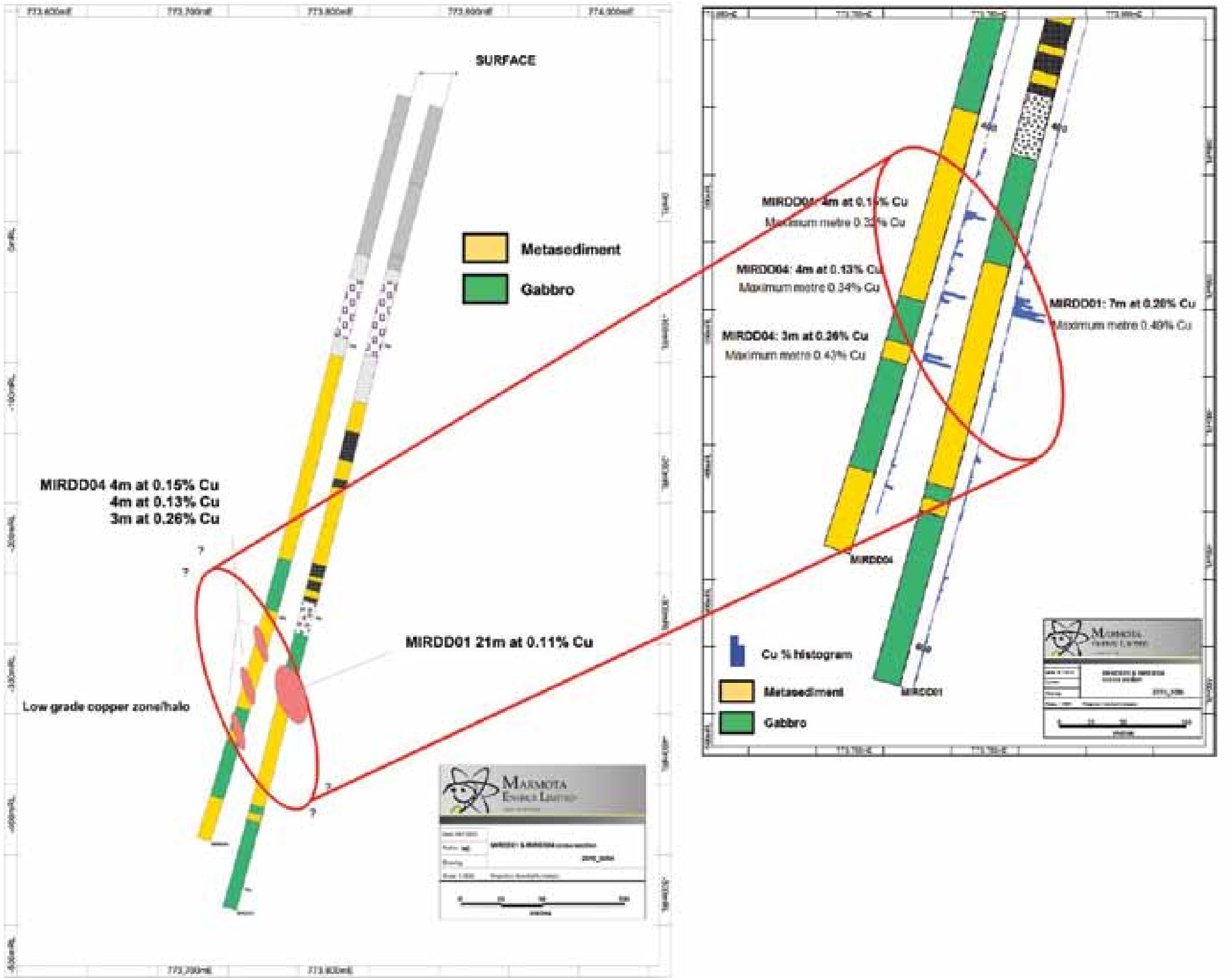


Figure 3a. (left) Miranda drill hole schematic from surface.

Figure 3b. (right) Miranda drill hole schematic zoom into copper zones.

JUNCTION DAM URANIUM PROJECT

(MARMOTA 51% OF URANIUM UNDER JV AGREEMENT WITH TECK AUSTRALIA PTY LTD (TECK), PLATSEARCH NL AND EAGLEHAWK GEOLOGICAL CONSULTING PTY LTD)

MARMOTA HAS EARNED A 51% INTEREST IN THE HIGH GRADE URANIUM PROSPECT ON THE JUNCTION DAM URANIUM PROJECT ('THE PROJECT') IN NORTHEASTERN SOUTH AUSTRALIA. ON THE PROJECT, MARMOTA IS SET TO EARN A 75.5% INTEREST IN THE URANIUM RIGHTS FROM TECK AUSTRALIA PTY LTD, PLATSEARCH NL (ASX: PTS) AND EAGLEHAWK GEOLOGICAL CONSULTING PTY LTD.

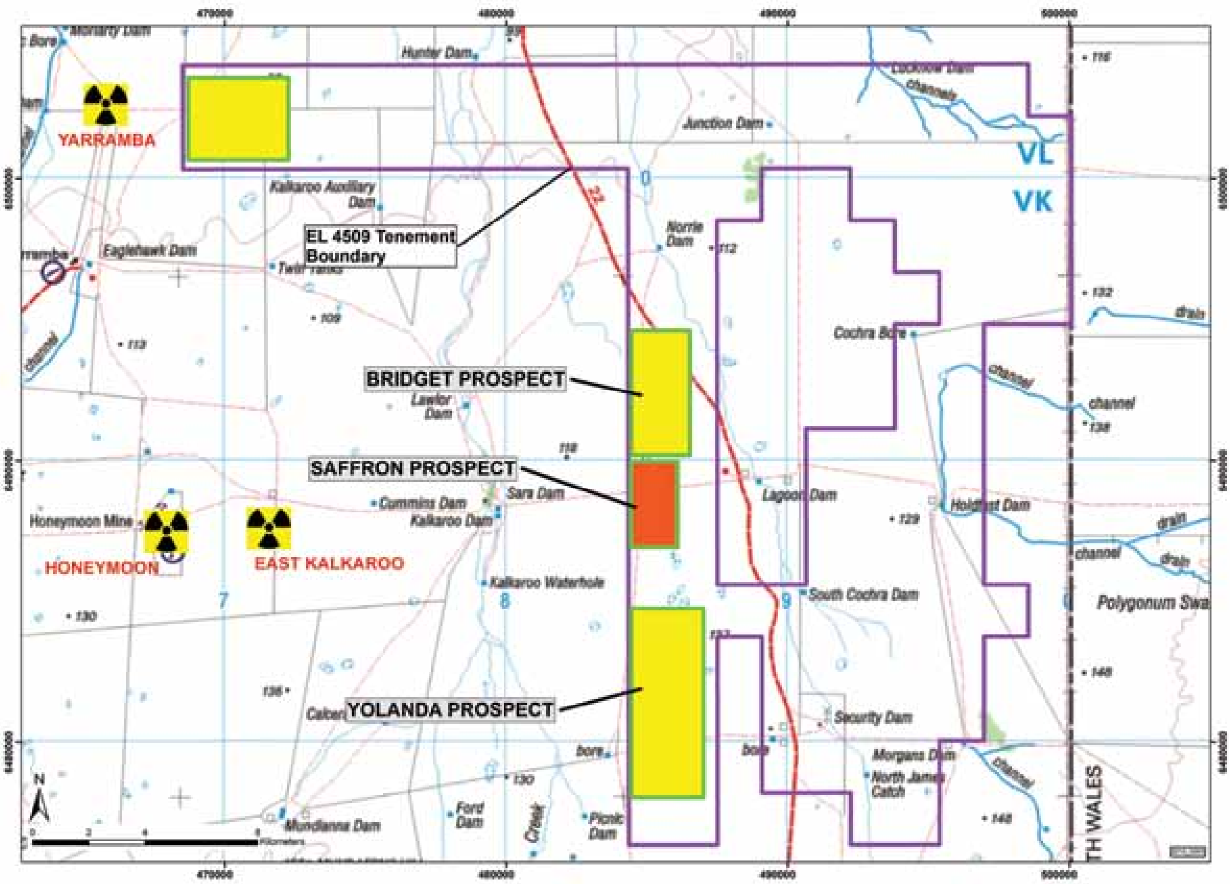


Figure 4. Junction Dam location.

Marmota satisfied the 51% earn-in commitment on the project as part of its agreement with Teck and its partners late in the 2009-10 year. The Company is on track to achieve a further 24.5% interest in the uranium rights through its planned exploration expenditure in 2010.

Outstanding results have been obtained from drill holes completed at the Saffron prospect on Junction Dam as part of the Company's sixty hole drilling program. Downhole gamma readings indicating substantial uranium mineralisation of potential economic significance, have been returned from what has been interpreted as Eyre Formation carbonaceous and pyritic sands. These sands offer an ideal environment for sandstone-hosted uranium. The Eyre Formation hosts the nearby Honeymoon uranium mine and Beverley Four Mile uranium project to the north of Junction Dam.

The phase 2 drilling follows the completion in March 2010 of a high resolution ground electromagnetic survey over the high grade target zones. The survey was designed to define potential extensions to high grade areas on the project for continued drill testing.

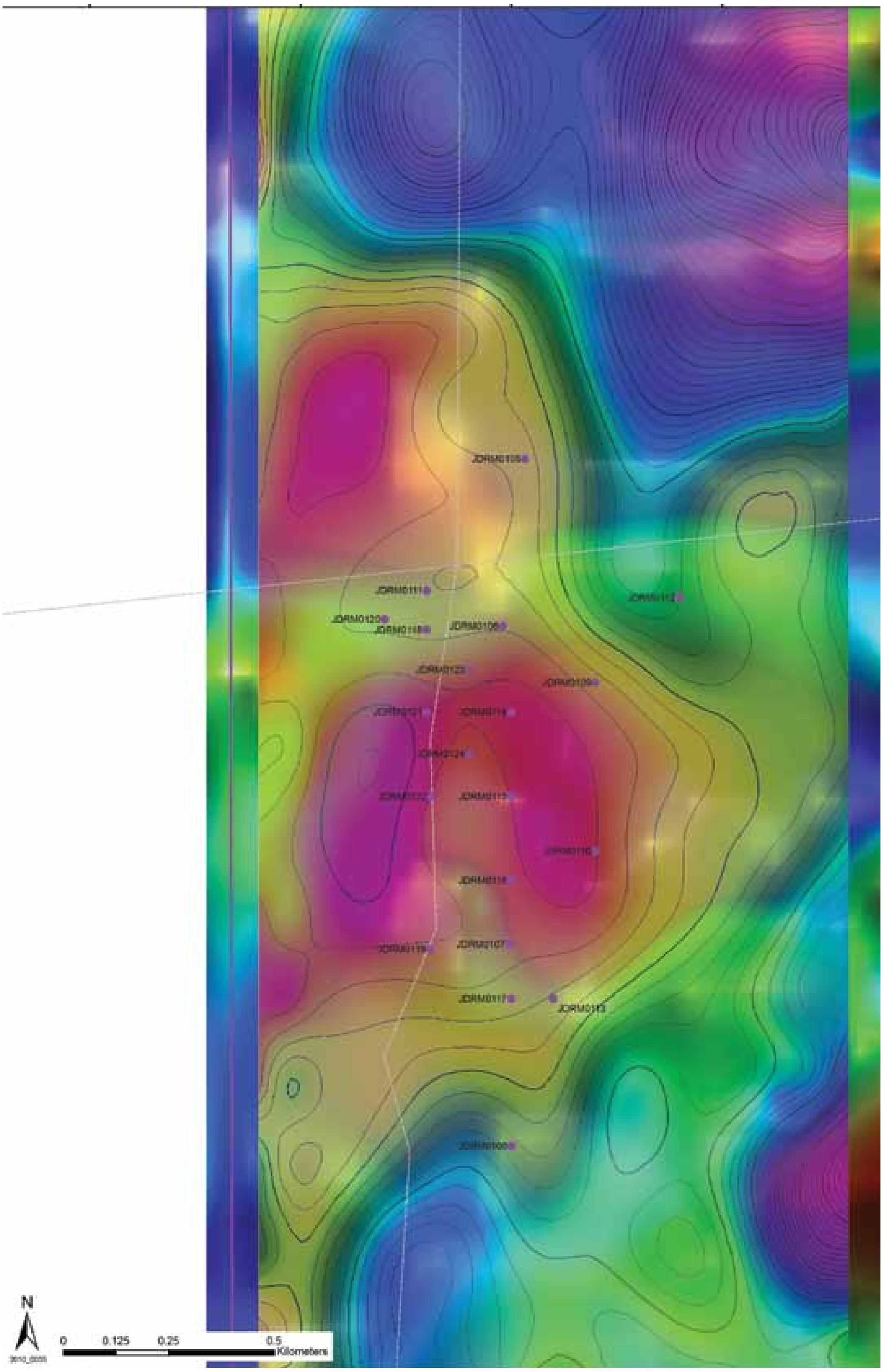


Figure 5. Conductivity colour filled contours draped over high resolution gravity. Conductive zones highlighted by yellow to pink colours, coincident with channel architectures mapped in previous Marmota surveys. Phase 1 drill hole positions, many of which intersected mineralisation, also shown.

The results of the survey, when combined with other high resolution geophysical datasets that Marmota has acquired over the project, have successfully defined potential extensions to the high grade target zones where drilling has previously confirmed mineralisation. Sixty shallow rotary mud drill holes were planned as part of this program, with 87% of holes drilled intersecting uranium mineralisation.

Multiple holes have returned peak uranium grades of more than 1000 ppm eU_3O_8*. Outstanding high grade intercepts coupled with significant intervals of mineralisation, have been intersected in this phase of drilling (Table 2). A number of holes drilled have reported grade-thickness accumulations in excess of 0.045 m% eU_3O_8 and up to 0.242 m% eU_3O_8 (intersections of greater than 0.045 m% eU_3O_8 are considered significant and important in evaluating the economic viability).

The continued high grade results achieved at Saffron are significant as they confirm the Company's belief that results achieved to date are analogous with the mineralisation model at the nearby Honeymoon uranium mine.

Three additional target areas have been identified on the Junction Dam project that Marmota considers to be as prospective as the Saffron prospect.

Further exploration including preliminary drill testing is planned in early 2011 on the additional target areas.

At the completion of this phase, Marmota will assess all drill results in order to calculate a preliminary inferred resource which the Company intends to extend upon in the next phase of drilling.

Junction Dam is strategically located approximately 50 kilometres from the outback centre of Broken Hill, and has excellent access to major road and rail infrastructure. The Saffron prospect is located in very close proximity to established uranium mining infrastructure in a well recognised uranium mining province within South Australia.

Hole ID	Easting	Northing	Depth from (metres)	Thickness (metres)	Average Grade eU_3O_8*(ppm)	Peak Grade eU_3O_8*(ppm)	Grade Thickness m% eU_3O_8
SARM002	484784	6488669	124.69	6.85	67.845	135	0.046
SARM003	484794	6488617	123.88	5.5	106.763	459	0.059
SARM004	484798	6488567	129.84	0.85	825.935	2510	0.070
SARM007	484805	6488385	128.2	1.85	693.498	1935	0.128
SARM008	484749	6488715	124.75	1.7	1272.899	5192	0.216
SARM009	484749	6488533	125.7	6.55	117.728	935	0.077
SARM012	484596	6488740	125.32	4.0	156.526	888	0.063
SARM013	484594	6488645	123.66	3.15	633.658	2720	0.200
SARM021	484706	6488438	126.16	3.85	357.926	2565	0.138
SARM022	484695	6488358	126.15	4.15	584.18	3674	0.242
SARM027	484803	6488038	118.65	1.0	459.641	1204	0.046
SARM029	484646	6488402	125.15	4.05	328.41	1927	0.133
SARM039	484373	6488010	129.44	0.85	535.907	1163	0.046

Uranium peak grade greater than 1000 ppm   Grade thickness greater than .045m% eU_3O_8

Table 2. Best Grade Thickness (GT) readings to date in Marmota's drill holes on Junction Dam from 2010 - Phase 2 drilling program. The widths shown are true widths with a 100 ppm cut off applied.

PROJECT GENERATION ALLIANCE WITH RAMELIUS RESOURCES

BIG BLUE JOINT VENTURE NEVADA (US) (RAMELIUS AND MARMOTA EARNING 70%)

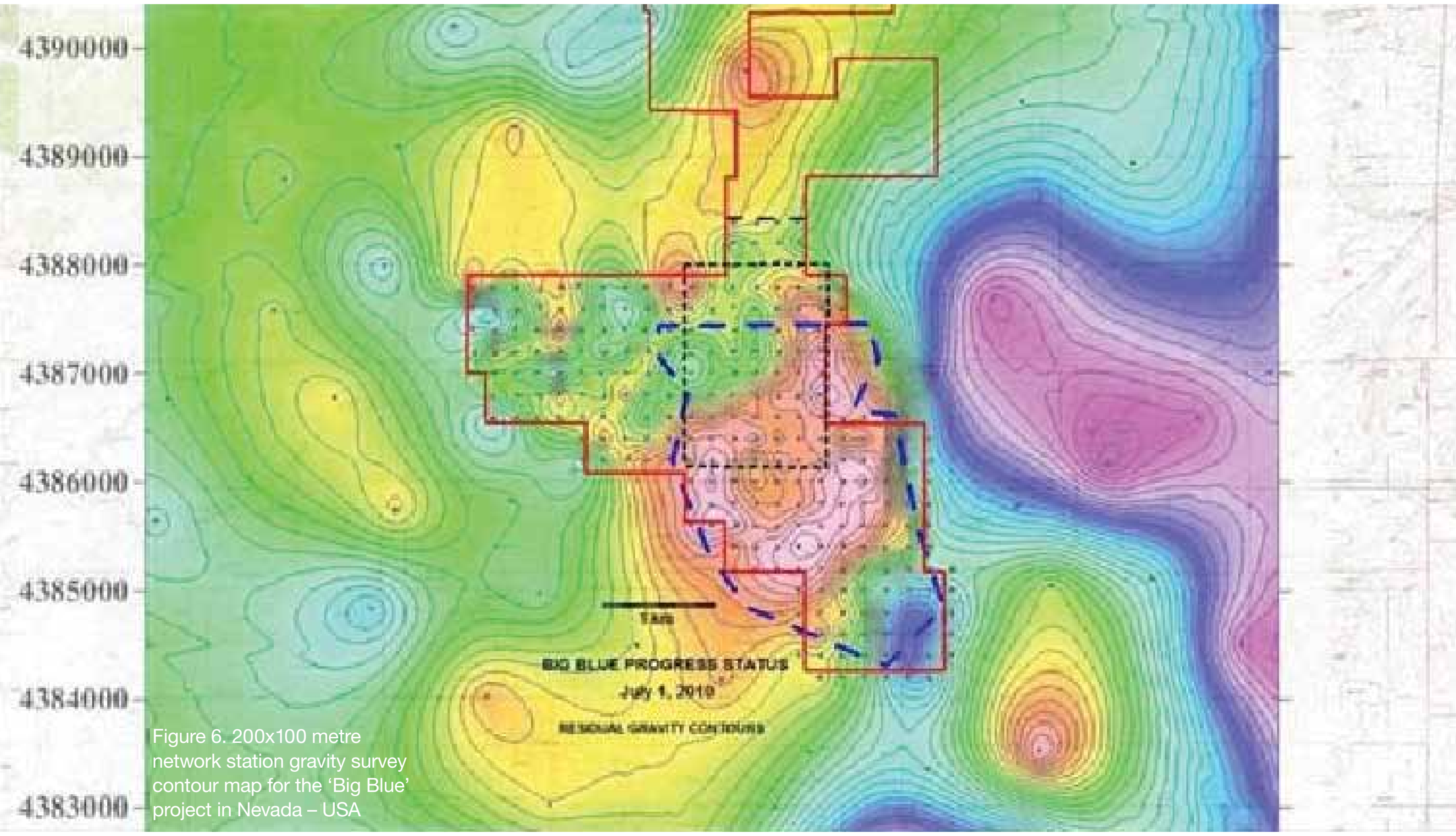


Figure 6. 200x100 metre network station gravity survey contour map for the 'Big Blue' project in Nevada – USA

RAMELIUS RESOURCES (ASX: RMS) HAS ANNOUNCED THE EXECUTION OF A LETTER OF ACCEPTANCE WITH MIRANDA GOLD CORPORATION WHEREBY RMS, WITH MARMOTA, WILL HAVE THE RIGHT TO EARN A 70% INTEREST IN THE BIG BLUE GOLD PROJECT IN NEVADA.

The Big Blue project is considered highly prospective for large sediment-hosted gold deposits. Surface sampling over the project has yielded significant gold anomalism that Ramelius Resources Limited intends to drill test late in 2010.

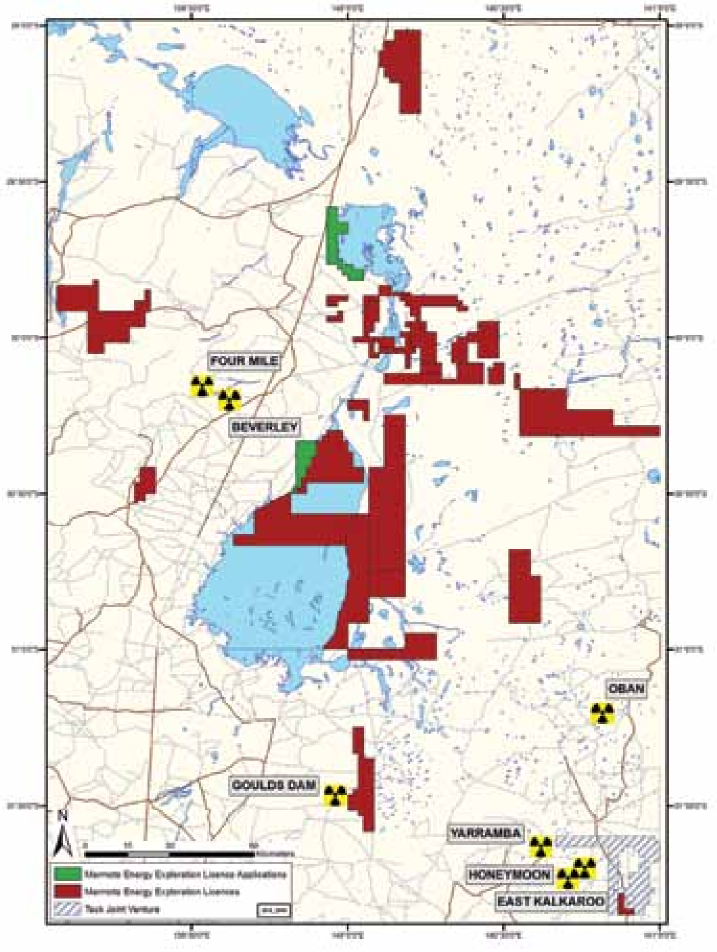
Under the terms of the previously announced project generation alliance with Ramelius, Marmota has the right to earn 40% interest in the RMS rights under the agreement with Miranda.

During the Quarter, Ramelius' joint venture partner, Miranda Gold Corporation, completed 100x50 metre infill soil sampling, geological mapping and a detailed gravity survey over the West Cottonwood prospect area, where a coincident plus 9ppb gold in soil anomaly and anomalous rock chips up to 56g/t Au have been identified to date.

An aggregate 1,237 soil samples were collected. Assay results are due later in 2010.

A preliminary image of the 200x100 metre survey station gravity survey is shown in the figure above. This highlights a gravity high feature within the centre of the project area, suggesting uplifted basement or buried intrusive rocks. An interpretation of the results will be available in the near future.

Marmota and Ramelius continue to assess other high grade gold potential projects in Nevada with further announcements to be made over coming months.



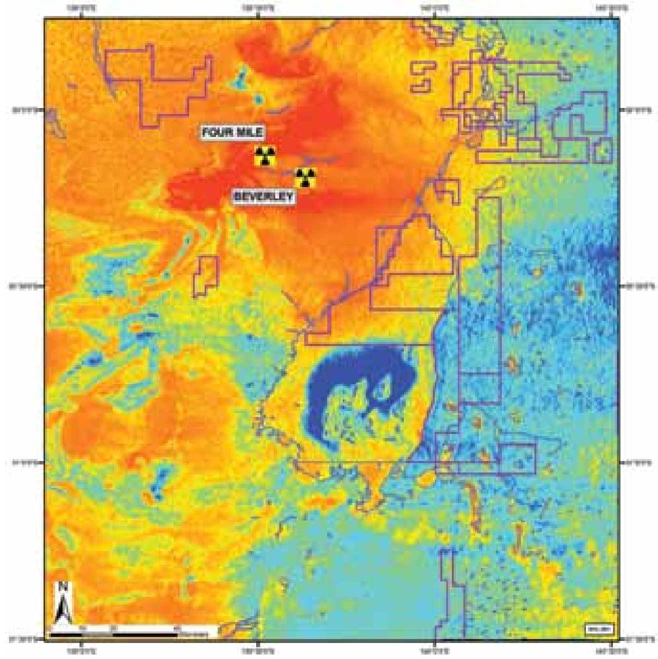


Figure 7. Strong uranium channel radiometric signature (high response: orange – red), Lake Frome region. Marmota tenements outlined in purple.

Left: Location of Lake Frome projects.

MARMOTA ENERGY LIMITED HAS CONTINUED TO INCREASE ITS EXPLORATION LICENCE FOOTPRINT IN THE HIGHLY PROSPECTIVE LAKE FROME REGION IN SOUTH AUSTRALIA DURING THE 2009-10 FINANCIAL YEAR.

Marmota's new licences are in close proximity to the Beverley uranium mine. The tenements are believed to contain the same package of sediments that hosts the nearby Beverley uranium mine and Four Mile deposit. Lake Coonee (EL 4252) has confirmed uranium mineralisation from regional spaced drilling that was completed in the 1970's by Union Corporation Pty Ltd. The tenements are 100% owned by Marmota and are located over the highly prospective Benagarie Ridge, which is also prospective for base and precious metals.

New tenements, particularly on the western side of Lake Frome, are considered extremely prospective for uranium mineralisation. The new 'Christmas Bore' tenement, immediately adjacent to Lake Frome is a high priority for Marmota Energy and immediately adjoins Marmota's highly prospective Lake Frome tenements. It is anticipated that exploration on Christmas Bore will offer good insight into the prospectivity of Lake Frome which has been discussed as a site of potential multiple depositional events where uranium-bearing sediments have been deposited over time.

Marmota's suite of tenements in the Lake Frome region are considered by the Company to be as prospective for uranium as its Junction Dam uranium prospect to the south.

WYNBRING URANIUM PROJECT

NEW AQUISITION

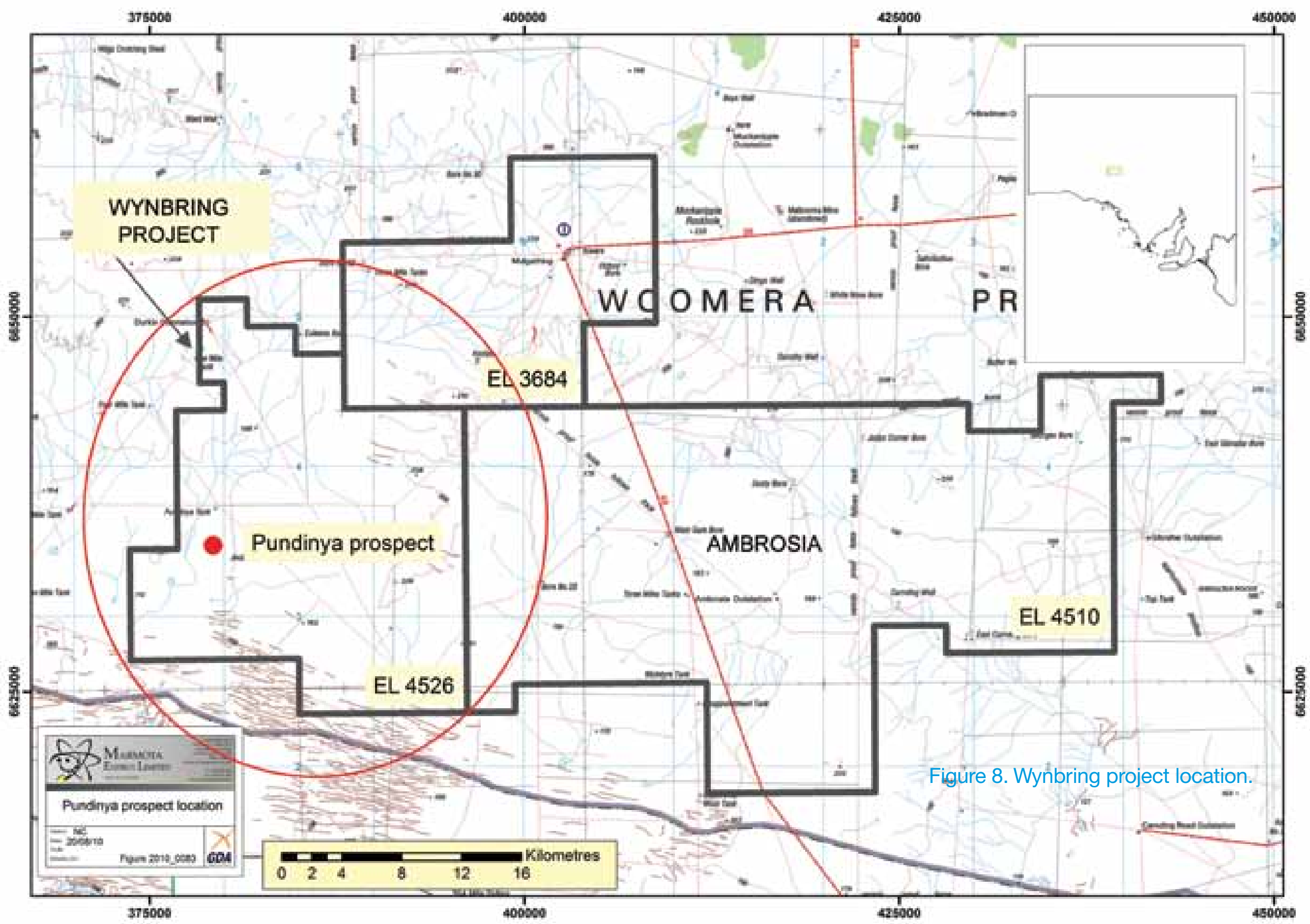


Figure 8. Wynbring project location.

NEGOTIATIONS COMPLETED TO INCREASE MARMOTA'S EXPLORATION TENEMENT PORTFOLIO WITH SIGNIFICANT EXPANSION OF ITS SOUTH AUSTRALIAN URANIUM PROJECT INTERESTS VIA THE ACQUISITION OF THE WYNBRING URANIUM PROJECT (EL 4526) FROM FISSION ENERGY LIMITED (ASX:FIS) AND TASMAN RESOURCES LIMITED (ASX:TAS).

The Wynbring uranium project was acquired by Marmota in August 2010 for a cash consideration of $350,000. Ownership of the tenement (EL 4526) has been transferred to Marmota from Tasman Resources Limited, in exchange for the issue of 500,000 fully paid ordinary Marmota shares (escrowed for one year).

The Wynbring project is located approximately 100 kilometres WNW of Tarcoola in South Australia and immediately adjoins Marmota's Ambrosia project EL 4510 (Figure 8). The project is located in a Tertiary palaeochannel 25 kilometres to the northwest of Toro Energy Ltd's Warrior uranium deposit. The Wynbring palaeochannel was initially identified by uranium explorer PNC in the 1980's but no further exploration took place until Fission commenced drilling in late 2007.

Uranium mineralisation has already been confirmed from drilling completed on the project by Fission Energy Limited. Encouraging grades of up to 3200 ppm uranium have been returned from assay in drillholes completed on the project to date.

The Wynbring palaeochannel remains largely untested for approximately 9 kilometres downstream from the Pundinya prospect to the southern margin of the tenement boundary. Marmota believes from previous exploration results that there is significant expansion potential, with other priority target areas yet to be tested on the project.

With the acquisition of the Wynbring project, Marmota now have very significant strategic holdings of uranium-prospective tenements in two key areas of South Australia: The Lake Frome region where known deposits of uranium occur and the Gawler Craton.

FUTURE EXPLORATION

MARMOTA CONTINUES TO ASSESS OPPORTUNITIES FOR FOCUSED COPPER-GOLD AND URANIUM EXPLORATION ACROSS AUSTRALIA AND OVERSEAS, IN LINE WITH ITS CORPORATE STRATEGY.

Gold is considered by Marmota to offer strong short-term revenue potential, with uranium providing a sustainable longer term investment within the context of growing worldwide demand for nuclear energy.

Marmota, with its joint venture partners, will rapidly advance key strategic projects. Projects in areas of known mineralisation in excellent proximity to infrastructure such as Junction Dam, Lake Frome and Melton offer exciting potential for rapid development.

Timing	Action	Tenement	Project Name
August 2010	Infill airborne geophysical surveys – 'Miranda' copper target	EL 3911, EL 4000	Melton
October - November 2010	Ground EM over 'Bridget' target area	EL 4509	Junction Dam
October - November 2010	Radon surveys, Biogeochemical sampling	EL 4509, EL 4526	Junction Dam, Pundinya,
October - November 2010	Downhole geophysics - Miranda target	EL 3911, EL 4000	Melton
February 2011	Infill drilling – 'Miranda' target	EL 3911, EL4000	Melton
March 2011	Drilling	EL 4509	Junction Dam

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").

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 a high 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 2010.

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 entity 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 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, Nelson and Davis are not Independent Directors as a result of their role as Directors of Monax Mining Limited, a substantial shareholder. The Board considers Messrs Kennedy, Nelson and Davis are not Independent only in matters being considered that deal with Monax Mining Limited. In addition, two alternate directors were appointed during the previous year for Messrs Nelson and Davis and the appointment ceased in June 2010.

The Board is of the opinion that the current structure of the Board is appropriate given the size and nature of the Company. Whilst this is at variance to the ASX Recommendations that the majority composition of the Board comprise Independent Directors, 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. Matters that concern business dealings with Monax Mining Limited are discussed and considered by Independent Alternate Directors.

Recommendation 2.2 – Recommendation not followed

The Chairman, Mr Kennedy is not an Independent Director due to his role as an officer of Monax Mining Limited, a substantial shareholder.

The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Chairman'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 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

The Company has established a Remuneration and Nomination Committee which currently consists of two non-executive Board 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 the entity's 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 2010, 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 was completed during the financial year.

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 and 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 and Corporate Governance Committee include:

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports;
- overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal controls 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 and Corporate Governance Committee currently consists of two non-executive Board directors, Messrs Davis and 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 the entity's life as a publicly listed junior exploration company and the current board structure, the establishment of 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.

Recommendation 4.3 – Recommendation followed

During the year the Board has adopted a formal Charter for the Audit and Corporate Governance Committee. The Charter details the Audit Committee's role and responsibilities, composition and membership requirement.

Recommendation 4.4 – Recommendation followed

Mr Kennedy is a qualified Chartered Accountant. Details of these 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 life of the entity 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 as follows:

- 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 life of the entity 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 and 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 risks is presented to the Board.

Due to the size of the Company and the stage of life of the entity 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 are required. The Board with the assistance of the Audit and Corporate Governance Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. 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 – Recommendation 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 s295A of the Corporations Act are founded on a sound framework of risk management and internal control and that the framework 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 s295A 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 are 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 the entity's 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 and 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.

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 Board on the recommendation of the Remuneration and 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.

During the year, the Company engaged the services of an external remuneration consultant to conduct a review of and benchmark remuneration for Non-executive and Executive Directors and key management 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 publicly 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 shareholders 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 2010 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 and Executive Director are formalised in contracts of employment and may be terminated at any time by mutual agreement or without notice in instances of serious misconduct.

The details of Directors' and Executives'/Officers' remuneration, superannuation and retirement payments 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.

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.

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.

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.

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

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.

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.

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

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) 135-205 million years ago.

Laterite An iron-rich crust formed at the surface of the earth. Preferred term is now ferricrete.

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.

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.

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.

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

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

GLOSSARY OF TERMS

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.

Sequence A succession of rocks.

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

Siltstone A fine-grained sedimentary rock composed of silt.

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 electromagnetic 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.

U_3O_8 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 known 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.

2010 FINANCIAL REPORT

DIRECTOR'S REPORT

THE DIRECTORS PRESENT THEIR REPORT ON MARMOTA ENERGY LIMITED – CONSOLIDATED ENTITY ('GROUP') FOR THE YEAR ENDED 30 JUNE 2010 AND THE AUDITOR'S REPORT THEREON.

Directors

The Directors of Marmota Energy Limited ('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 Energy 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 2006), Monax Mining Limited (since 2004) and Somerton Energy Limited (since 2010). 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 the resource sector.

Interests in Shares and Options – 3,568,093 ordinary shares of Marmota Energy Limited and options to acquire a further 1,350,000 ordinary shares

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

Board member since 28 April 2006. Mr Nelson is an exploration geophysicist with experience spanning four decades in most aspects of the petroleum and minerals industries. He was awarded honorary Life Membership of the Society of Exploration Geophysicists in 1989 and the Prime Minister's Centenary Medal in 2002 for services to mining. He has wide experience in technical, corporate and government affairs. He was Chairman of the Australian Petroleum Production and Exploration Association (APPEA) from 2004 to 2006 and is a Director of the APPEA Executive Committee and remains a member of its Council. He was recently awarded the Reg Sprigg Medal for outstanding contribution to the oil and gas industry at the 2009 APPEA Conference in Darwin.

Special responsibilities include membership of the Remuneration and Nomination Committee.

Other listed company directorships are: Managing Director of Beach Energy Limited (since 1992) and Director of Anzon Australia Limited (between 2004 and December 2005), Ramelius Resources Limited (since 1995), Monax Mining Limited (since 2004) and Sundance Energy Australia Limited (since 2010).

Interests in Shares and Options – 1,154,285 ordinary shares of Marmota Energy Limited and options to acquire a further 450,000 ordinary shares

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 about the resources industry.

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

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

Interests in Shares and Options – 2,950,001 ordinary shares of Marmota Energy Limited and options to acquire a further 1,350,000 ordinary shares

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

Board member since 28 April 2006. Dr Alley is an internationally known earth science researcher and was awarded the Verco Medal for his contribution and leadership in the earth sciences and the Public Service Medal (PSM) in 2005 for outstanding contribution to geology and the minerals industry. He has extensive experience at senior levels in Government in Canada and as Director, Minerals, MESA and PIRSA and has a high level understanding of Government policy, regulation and legislation. He 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. Dr Alley has worked closely with Aboriginal people and the community in developing a higher profile for the resources industry.

Other listed company directorships are: InterMet Resources Limited (since 2004 until August 2008), Beach Energy Limited (since July 2007) and Monax Mining Limited (since 2005) and is a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.

Interests in Shares and Options – 2,727,858 ordinary shares of Marmota Energy Limited and options to acquire a further 1,350,000 ordinary shares

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

Board member since 9 July 2007. Experience of 14 years in the management, processing, and provision of geophysical data and information with a strong record of 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 previously 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. Mr Calandro 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.

Interests in Shares and Options – 2,080,000 ordinary shares of Marmota Energy Limited and options to acquire a further 1,250,000 ordinary shares

Ms Roseanne Celeste Healy
Alternate Director for Glenn Stuart Davis
(Appointed 5 March 2009 ceased 30 June 2010).

Ms Healy is an experienced company director and Chair of Government, industry, not for profit and private sector boards in the areas of resources and energy, research and development, agribusiness and wine, racing and general practice.

Ms Healy regularly advises boards and executive management on strategy, business management, corporate governance and corporate social responsibility.

Other listed company directorships are: Director of Cheviot Kirribilly Vineyard Property Group (since April 2008), Tidewater Funds Management Ltd (since April 2008), Rural Industries Research and Development Corporation (since September 2008) and an Alternate Director of Maximus Resources Limited (since March 2009 ceased 30 September 2009).

Interests in Shares and Options - nil

Mr Andrew Joseph Andrejewskis

Alternate Director for Reginald George Nelson
(Appointed 5 March 2009 ceased 27 June 2010).

Mr Andrejewskis is an experienced senior executive in both the government and the resource sector, holding the position of Director-General/CEO, Mines and Energy, SA (1995-1997) and former Managing Director of SAPEX Limited (2005-2009).

Other listed company directorships are: Alternate Director for Flinders Mines Limited (since March 2009 until 25 November 2009).

Interests in Shares and Options - nil

DIRECTORS' MEETINGS

The Company held 18 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	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Director						
Robert Michael Kennedy	12	12	3	3	3	3
Reginald George Nelson	12	11	-	-	3	3
Glenn Stuart Davis	12	11	3	3	-	-
Neville Foster Alley	12	11	-	-	-	-
Domenic Joseph Calandro	12	11	-	-	-	-
Andrew Joseph Andrejewskis	1	1	-	-	-	-
Roseanne Celeste Healy	1	1	-	-	-	-

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

Mr Andrejewskis and Ms Healy were present in meetings in the capacity of Alternate Directors.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year.

Virginia Katherine Suttell – B.Comm., ACA., GAICD., GradDipACG

Appointed Company Secretary and Chief Financial Officer on 21 November 2007. A Chartered Accountant with 17 years experience working in public practice and in commerce with publicly listed entities.

PRINCIPAL ACTIVITIES

The company's principal activity is minerals exploration.

REVIEW AND RESULTS OF OPERATIONS

During the period Marmota Energy Limited maintained its momentum in delivering focused exploration programs across the Company's strong portfolio of exploration assets. Marmota continued to execute successful exploration programs on its key projects of Melton and Junction Dam.

At Junction Dam a phase 2 drilling program was completed with further exciting high grades returned from extension drilling. The drilling also increased the strike length of the zone of mineralisation at the Saffron prospect to two kilometres. Marmota achieved its full earn in on both projects.

Subsequent to year end, Marmota Energy completed the acquisition of the Wynbring uranium project, adding a second advanced high grade uranium project to its portfolio of uranium assets in South Australia. The addition of the Wynbring uranium project, complementing the Junction Dam uranium project, clearly signals Marmota's intention to become a significant entity within the uranium space in South Australia. Further exploration across both projects will continue into 2011.

Marmota was successful in securing additional exploration licences in areas of high discovery potential. Of note, the granting of exploration licences with listed uranium and gold occurrences on the strategically significant Eyre Peninsula along with new tenements granted in the highly prospective Lake Frome area nearby to the Beverley Four Mile deposit and uranium mine.

In addition, Marmota commenced its exploration on the prospective iron-oxide copper gold Melton project. A maiden reconnaissance program designed to test for the presence of copper on three greenfields targets was completed. Four drill holes intercepted copper on the 'Miranda' target. Two drill holes in the southern end of Miranda, including the very first hole of the program, intercepted broad low grade zones of copper. This result is considered significant with follow up exploration to continue into 2011.

During the period, Marmota Energy Limited undertook capital raisings in the form of a Share Purchase Plan and Placement to successfully raise $3,861,330 net of costs.

RESULTS

During the year, the Group continued exploration activities at its tenements, total cash expenditure on exploration and evaluation activities totalled $2,433,109.

The net loss of the group after income tax was $473,352 (2009: $216,344).

DIVIDENDS

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

STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year.

EVENTS SUBSEQUENT TO BALANCE DATE

On 18 August 2010, Marmota Energy Limited completed the acquisition of the Wynbring uranium project and tenement from Fission Energy Limited and Tasman Resources Limited. Consideration was $350,000 and the issue of 500,000 ordinary shares, escrowed for a period of twelve months.

Other than the matter above, there has not arisen any matters or circumstances, since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state 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.

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

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.

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.

OPTIONS

At the date of this report unissued ordinary shares of Marmota Energy Limited under option are:

Expiry date*	Exercise price	Number of Options	Vested	Unvested	Amount paid/ payable by recipient ($)
11/07/2012	$0.40	28,000,000	28,000,000	-	-
23/12/2013	$0.04	290,000	290,000	-	-
05/03/2015	$0.1016	400,000	400,000	-	-

* 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.

During or 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.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court 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. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no non-audit services provided by the external auditors during the year ended 30 June 2010.

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 section 307C of the Corporations Act 2001 for the year ended 30 June 2010 is set out immediately following the end of the Directors' report.

REMUNERATION REPORT – AUDITED

Remuneration Policy

The remuneration policy of Marmota Energy Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering other incentives based on performance in achieving key objectives as approved by the Board. The Board of Marmota Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Company's policy for determining the nature and amounts of emoluments of board members and other key management personnel 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 Energy Limited given the nature of the Company's business as a 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 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 for 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 employment conditions of the Managing Director, Mr Calandro are formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Director's contract may be terminated at any time by mutual agreement.

REMUNERATION REPORT – AUDITED CONTINUED

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 Financial Report.

Remuneration of Directors and key management personnel

This report details the nature and amount of remuneration for each key management personnel of the consolidated entity 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 consolidated entity during the whole of 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 AJ Andrejewskis	Alternate Director (ceased 27 June 2010)
Ms RC Healy	Alternate Director (ceased 30 June 2010)
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

(b) Directors' remuneration

	Directors' fees $	Salary, fees and leave $	Cash bonus $	Non cash items $	Super contribu-tions $	Long Service Leave $	Options	Total $	Proportion of remu-neration related to perfor-mance
2010 primary benefits									
Mr RM Kennedy	70,413		-	-	6,337	-	-	76,750	-
Mr RG Nelson	40,252		-	-	3,623	-	-	43,875	-
Mr GS Davis*	43,875	-	-	-	-	-	-	43,875	-
Dr NF Alley	-	66,667	-	-	20,533	-	-	87,200	-
Mr DJ Calandro	-	205,264	12,500	30,275	14,461	-	-	262,500	-
Mr AJ Andrejewskis**	2,000	-	-	-	-	-	-	2,000	4.7%
Ms RC Healy**	2,000	-	-	-	-	-	-	2,000	-
	158,540	271,931	12,500	30,275	44,954	-	-	518,200	2.4%
2009 primary benefits									
Mr RM Kennedy	67,431	-	-	-	6,069	-	-	73,500	-
Mr RG Nelson	38,532	-	-	-	3,468	-	-	42,000	-
Mr GS Davis*	42,000	-	-	-	-	-	-	42,000	-
Dr NF Alley	-	104,359	-	-	9,392	-	-	113,751	-
Mr DJ Calandro	-	196,163	1,000	30,092	13,745	-	9,500	250,500	-
Mr AJ Andrejewskis**	5,000	-	-	-	-	-	-	5,000	4.2%
Ms RC Healy**	5,000	-	-	-	-	-	-	5,000	-
	157,963	300,522	1,000	30,092	32,674	-	9,500	531,751	1.9%

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

** Mr Andrejewskis and Ms Healy received remuneration for their services as Alternate Directors in the 2009 and 2010 financial year.

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

(c) Key management personnel remuneration

	Directors' fees $	Salary, fees and leave $	Cash bonus $	Non cash items $	Super contribu-tions $	Long Service Leave $	Options	Total $	Proportion of remu-neration related to perfor-mance
2010 primary benefits									
Ms VK Suttell*	-	-	-	-	-	-	4,725	4,725	100%
	-	-	-	-	-	-	4,725	4,725	100%
2009 primary benefits									
Ms VK Suttell*	-	-	-	-	-	-	6,650	6,650	100%
	-	-	-	-	-	-	6,650	6,650	100%

* Ms Suttell was appointed as a Company Secretary and Chief Financial Officer on 21 November 2007. Until 30 June 2010, Ms Suttell was employed by Groundhog Services Pty Ltd to act as Company Secretary and Chief Financial Officer for Marmota Energy Limited and Monax Mining Limited. Marmota Energy Limited is charged a service fee by that entity which includes a fee for the provision of her services covering remuneration, on-costs and associated expenses relating to the secretarial and financial services provided to Marmota Energy Limited. Effective 1 July 2010, Ms Suttell is employed by the Groundhog Services Partnership.

REMUNERATION REPORT – AUDITED CONTINUED

(d) Service agreements

The Managing Director was appointed in 2007 on an ongoing employment basis. The salary was reviewed in December 2009 and set at $260,000 per annum inclusive of superannuation guarantee contributions. There were neither post employment retirement or termination benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

The Executive Director was appointed in 2007. He was contracted for a term of one year expiring in December 2008. His contract was renewed for a further term of one year, expiring in December 2009. The salary was set at $87,200 per annum inclusive of superannuation contributions. Since expiry of his contract in December 2009, the Executive Director's employment has continued on an ongoing employment basis on the same remuneration terms and including a four week notice period. There were neither post employment retirement or termination benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

(e) Director related entities

Information of amounts paid to director related entities is set out in Note 24 to the financial statements.

(f) Post-employment/retirement and termination benefits

There were no post employment retirement and termination benefits paid or payable to directors and key management personnel.

OPTIONS AND RIGHTS GRANTED

Apart from the options granted to directors in their capacity as employees of the company under the Employee Share Option Plan as detailed below, no other options or rights were granted to directors or key management personnel of the company during the financial year.

	Grant details			For the financial year ended 30 June 2010					Overall		
	Date	No.	Value $	Exercised no.	Exercised $	Lapsed no.	Lapsed $	Vested no.	Vested %	Unvested %	Lapsed %
Group key management personnel			(Note 1)	(Note 2)	(Note 3)		(Note 4)				
Mr D Calandro	23.12.2008	250,000	9,500	-	-	-	-	250,000	100%	-	-
Ms V Suttell	23.12.2008	175,000	6,650	175,000	7,000	-	-	-	-	-	-
	05.03.2010	75,000	4,725	-	-	-	-	75,000	100%	-	-
		500,000	20,875	175,000	7,000	-	-	325,000			

Note 1 The value of options granted as remuneration and as shown in the above table has been determined in accordance with applicable accounting standards.

Note 2 All options exercised resulted in the issue of ordinary shares in Marmota Energy Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety.

Note 3 The value of options that has been exercised during the year as shown in the above table was determined as at the time of exercise.

Note 4 The value of options that has lapsed during the year due to vesting conditions not being satisfied has been determined at the time of their lapsing as if vesting conditions have been satisfied.

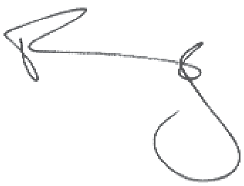
DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

Details of the options granted as remuneration to those key management personnel listed in the previous table are as follows:

Grant date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price	Value per option at grant date	Amount paid/ payable by recipient
23.12.2008	Marmota Energy Limited	1:1 Ordinary shares in Marmota Energy Limited	From issue date to 23.12.2013	$0.04	$0.038	-
05.03.2010	Marmota Energy Limited	1:1 Ordinary shares in Marmota Energy Limited	From issue date to 05.03.2015	$0.1016	$0.063	-

Option values at grant date were determined using the Black-Scholes valuation model.

The Report of Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors:



Robert Michael Kennedy

Director

Dated at Adelaide this 2nd day of September 2010.

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 audit of Marmota Energy Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

P S Paterson
Partner

Signed at Wayville on this 2nd day of September 2010

STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Other revenues from ordinary activities	2	589,681	551,024
Total revenue		589,681	551,024
Administration expenses	3	351,946	207,655
Consultants	3	116,947	116,663
Depreciation	3	26,293	23,358
Employment expenses	3	287,389	279,478
Occupancy expenses		-	3,386
Service fees	3	128,124	136,828
Other expenses		104,830	-
Profit/(loss) before income tax expense		(425,848)	(216,344)
Income tax (expense)/benefit	4	(47,504)	-
Profit/(loss) for the period		(473,352)	(216,344)
Loss attributable to members of the parent entity		(473,352)	(216,344)
Other comprehensive income		-	-
Total comprehensive income for the period		(473,352)	(216,344)
Basic earnings per share (cents)	7	(0.36)	(0.18)
Diluted earnings per share (cents)	7	(0.35)	(0.18)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Current assets			
Cash and cash equivalents	8	1,947,192	985,588
Trade and other receivables	9	433,452	407,312
Other current assets	10	19,051	18,921
Financial assets	11	7,500,000	7,460,890
Total current assets		9,899,695	8,872,711
Non-current assets			
Plant and equipment	12	388,072	279,024
Investments in associates	13	1	1
Exploration and evaluation expenditure	16	17,563,655	14,881,192
Total non-current assets		17,951,728	15,160,217
Total assets		27,851,423	24,032,928
Current liabilities			
Trade and other payables	17	430,138	113,921
Short term provisions	18	49,684	30,235
Total current liabilities		479,822	144,156
Non-current liabilities			
Long term provisions	18	31,455	19,271
Total non-current liabilities		31,455	19,271
Total liabilities		511,277	163,427
Net assets		27,340,146	23,869,501
Equity			
Issued capital	19	26,106,308	22,187,511
Reserves		2,497,550	2,472,350
Retained earnings		(1,263,712)	(790,360)
Total equity		27,340,146	23,869,501

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2010

Consolidated	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)	-	-	-	-
Options expired during the period	-	-	-	-
Total comprehensive income	-	-	(216,344)	(216,344)
Balance at 30 June 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	-	25,200	-	25,200
Transaction costs associated with the issue of shares (net of tax)	(134,090)	-	-	(134,090)
Options expired during the period	-	-	-	-
Total comprehensive income	-	-	(473,352)	(473,352)
Balance at 30 June 2010	26,106,308	2,497,550	(1,263,712)	27,340,146

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2010

	Note	Consolidated	
		2010 $	2009 $
Cash flows from operating activities			
Cash receipts in the course of operations		85,415	-
Cash payments in the course of operations		(841,003)	(654,765)
Interest received		514,548	773,986
Net cash provided by/(used in) operating activities	23(b)	(241,040)	119,221
Cash flows from investing activities			
Payments for plant and equipment		(190,785)	(138,492)
Payments for exploration and evaluation assets		(2,433,109)	(3,319,750)
Loans to related entities		-	(67,603)
Loans repaid to related entities		4,318	(64,458)
Net cash provided by/(used in) investing activities		(2,619,576)	(3,590,303)
Cash flows from financing activities			
Proceeds from issue of shares		4,052,887	-
Payment of transaction costs associated with capital raising		(191,557)	-
Net cash provided by/(used in) financing activities		3,861,330	-
Net increase/(decrease) in cash held		1,000,714	(3,471,082)
Cash at the beginning of the financial year		8,446,478	11,917,560
Cash at the end of the financial year	23(a)	9,447,192	8,446,478

The accompanying notes form part of these financial statements.

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').

(a) Basis of preparation

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

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Third statement of financial position

Two comparative periods are presented for the statement of financial position when the Group:

- i Applies an accounting policy retrospectively,
- ii Makes a retrospective restatement of items in its financial statements, or
- iii Reclassifies items in the financial statements.

The group has determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The 2009 comparatives contained in these financial statements therefore differ from those published in the financial statements for the year ended 30 June 2009 as described below.

Significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

Adoption of AASB 8 Operating Segments

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

Adoption of AASB 101 Presentation of Financial Statements (revisions), AASB 2007-8 and 2007-10 Amendments arising from the revisions to AASB 101

The group has adopted the revisions to AASB 101 Presentation of Financial Statements in these financial statements which has resulted in the introduction of the statement of comprehensive income, changes to the statement of changes in equity, and other terminology changes.

(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 2010 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.

(b) Principles of consolidation (continued)

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.

Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

(c) Income tax

The income tax expense (benefit) for the year comprises current income tax expense/(income) and deferred income tax (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted at reporting date.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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 assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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.

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 Statement of Comprehensive Income 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.

(d) 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 Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(e) 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.

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 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.

(f) 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.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through the profit or loss', in which case the costs are expensed to the profit and loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the interest rate method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments:

i Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets except for those not expected to mature within 12 months after the end of the reporting period.

ii Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

(h) Impairment of assets

At each reporting date, the Group 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 Statement of Comprehensive Income.

(i) Employee benefits

Provision is made for the Group'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.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity settled compensation

The Group operates equity settled share-based payment employee share option schemes. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions.

(j) Provisions

Provisions are recognised when the Group 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

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

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

(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 Statement of Financial Position 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 Statement of Financial Position.

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) Interests in joint ventures

The Consolidated Entity's share of the assets, liabilities, reserves and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Groups' interests are shown at Note 14.

(o) Investments in associates

Associate companies are companies in which the group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the initial investment at cost and adjusted thereafter for the Group's share of post-acquisition reserves and profits/(losses) of its associates.

(p) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(q) Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, 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.

ii 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.

(r) Comparative figures

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

(s) 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.

Key judgements - exploration and evaluation expenditure

The group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $17,563,655.

(t) New accounting standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)

(t) New accounting standards for application in future periods (continued)

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  a. the objective of the entity's business model for managing the financial assets; and
  b. the characteristics of the contractual cash flows.

AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010)

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010)

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010)

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010)

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This standard is not expected to impact the group.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(t) New accounting standards for application in future periods (continued)

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010)

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

(u) Authorisation for issue of financial statements

The financial statements were authorised for issue by the Board of Directors on 2 September 2010.

2 REVENUE FROM ORDINARY ACTIVITIES

	Note	Consolidated 2010 $	Consolidated 2009 $
Other revenues:			
From operating activities			
Interest received from other parties		504,266	551,024
Other income		85,415	-
Total revenue from ordinary activities		589,681	551,024

3 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE HAS BEEN DETERMINED AFTER

	Note	Consolidated 2010 $	Consolidated 2009 $
Expenses			
Administration expenses			
ASX fees		45,205	15,147
Share registry fees		43,595	35,526
Insurance		36,426	34,991
Audit and other services		25,250	23,000
Travel		25,280	2,089
Marketing		42,539	13,625
Software licences and IT services		70,684	2,537
Other		62,967	80,740
		351,946	207,655
Consulting expenses			
Legal fees		15,205	47,089
Corporate consulting		88,769	60,000
Accounting and secretarial services		12,973	9,574
		116,947	116,663
Depreciation expense			
Plant and equipment		26,293	23,358
Employment expenses			
Salaries and wages		627,026	568,139
Directors fees		168,500	167,500
Superannuation		62,683	43,552
Provisions		31,633	15,096
Share-based payments		25,200	23,750
Other		41,595	40,809
Reallocation to exploration costs		(669,248)	(579,368)
		287,389	279,478
Service fees		128,124	136,828

4 INCOME TAX EXPENSE

	Note	Consolidated 2010 $	Consolidated 2009 $
The components of tax expense comprise:			
Current income tax		9,963	-
Deferred tax		-	-
Tax portion of capital raising costs		(57,467)	-
Income tax (expense)/benefit reported in the Statement of Comprehensive Income		(47,504)	-
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		127,754	64,903
Tax effect of:			
Deferred tax asset in respect of tax losses not brought to account		(127,754)	(64,903)
Research and development rebate		9,963	-
Tax portion of capital raising costs		(57,467)	-
Income tax (expense)/benefit attributable to loss from ordinary activities		(47,504)	-
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%		2,806,930	1,793,862

5 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2010. The totals of remuneration paid to key management personnel during the year are as follows:

	Note	Consolidated 2010 $	Consolidated 2009 $
Short term employee benefits		473,246	489,577
Post employment benefits		44,954	32,674
Other long term benefits		-	-
Termination benefits		-	-
Share-based payments		4,725	16,150
		522,925	538,401

Detailed remuneration disclosures are provided in the remuneration report.

(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 AJ Andrejewskis	Alternate Director
Ms RC Healy	Alternate Director
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

5 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL CONTINUED

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

i Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options together with the terms and condition of the options can be found in the remuneration report.

ii Share holdings

The number of shares in the company held during the financial year by each director of Marmota Energy Limited and other key management personnel of the group, including their personal related parties, are set out below. There were no shares granted during the year as remuneration.

Shares	Balance 1/07/09	Received as remuneration	Options exercised	Net change other[1]	Balance 30/06/10	Total held in escrow 30/06/10
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	-	-	-	-	-	-
Mr AJ Andrejewskis	-	-	-	-	-	-
Ms RC Healy	-	-	-	-	-	-
	4	-	-	-	4	-
Held by Directors' personally related entities						
Mr RM Kennedy	3,146,666	-	-	421,426	3,568,092	-
Mr RG Nelson	940,000	-	-	214,284	1,154,284	-
Mr GS Davis	2,950,000	-	-	-	2,950,000	-
Dr NF Alley	2,710,000	-	-	17,857	2,727,857	-
Mr DJ Calandro	2,080,000	-	-	-	2,080,000	-
Mr AJ Andrejewskis	-	-	-	-	-	-
Ms RC Healy	-	-	-	-	-	-
Total held by Directors	11,826,670	-	-	653,567	12,480,237	-
Key management personnel excluding Directors						
Ms VK Suttell	30,000	-	175,000	-	205,000	-
Total	11,856,670	-	175,000	653,567	12,685,237	-

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

Shares	Balance 1/07/08	Received as remuneration	Options exercised	Net change other[1]	Balance 30/06/09	Total held in escrow 30/06/09
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	-	-	-	-	-	-
Mr AJ Andrejewskis	-	-	-	-	-	-
Ms RC Healy	-	-	-	-	-	-
	4	-	-	-	4	-
Held by Directors' personally related entities						
Mr RM Kennedy	3,146,666	-	-	-	3,146,666	2,740,000
Mr RG Nelson	940,000	-	-	-	940,000	900,000
Mr GS Davis	2,950,000	-	-	-	2,950,000	2,825,000
Dr NF Alley	2,710,000	-	-	-	2,710,000	2,700,000
Mr DJ Calandro	2,080,000	-	-	-	2,080,000	2,040,000
Mr AJ Andrejewskis	-	-	-	-	-	-
Ms RC Healy	-	-	-	-	-	-
Total held by Directors	11,826,670	-	-	-	11,826,670	11,205,000
Key management personnel excluding Directors						
Ms VK Suttell	30,000	-	-	-	30,000	-
Total	11,856,670	-	-	-	11,856,670	11,205,000

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

5 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL CONTINUED

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

iii Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of Marmota Energy Limited and any other key management personnel of the group, including their personal related parties are set out below.

Options	Option class	Balance 1/07/09	Received as remuneration	Options exercised	Net change other	Balance 30/06/10	Total vested 30/06/10	Total exercisable 30/06/10
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr DJ Calandro		-	-	-	-	-	-	-
Mr AJ Andrejewskis		-	-	-	-	-	-	-
Ms RC Healy		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Directors' personally related entities								
Mr RM Kennedy	(a)	1,350,000	-	-	-	1,350,000	1,350,000	1,350,000
Mr RG Nelson	(a)	450,000	-	-	-	450,000	450,000	450,000
Mr GS Davis	(a)	1,350,000	-	-	-	1,350,000	1,350,000	1,350,000
Dr NF Alley	(a)	1,350,000	-	-	-	1,350,000	1,350,000	1,350,000
Mr DJ Calandro	(a)	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000
Mr DJ Calandro	(b)	250,000		-	-	250,000	250,000	250,000
Mr AJ Andrejewskis		-	-	-	-	-	-	-
Ms RC Healy		-	-	-	-	-	-	-
Total held by Directors		5,750,000		-	-	5,750,000	5,750,000	5,750,000
Key management personnel excluding Directors								
Ms VK Suttell	(b)	175,000	-	(175,000)	-	-	-	-
	(c)	-	75,000	-	-	75,000	75,000	75,000
Total		5,925,000	75,000	(175,000)	-	5,825,000	5,825,000	5,825,000

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

Options	Option class	Balance 1/07/08	Received as remuneration	Options exercised	Net change other	Balance 30/06/09	Total vested 30/06/09	Total exercisable 30/06/09
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr DJ Calandro		-	-	-	-	-	-	-
Mr AJ Andrejewskis		-	-	-	-	-	-	-
Ms RC Healy		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
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	-
Mr DJ Calandro	(b)	-	250,000	-	-	250,000	250,000	250,000
Mr AJ Andrejewskis		-	-	-	-	-	-	-
Ms RC Healy		-	-	-	-	-	-	-
Total held by Directors		5,500,000	250,000	-	-	5,750,000	5,750,000	250,000
Key management personnel excluding Directors								
Ms VK Suttell	(b)	-	175,000	-	-	175,000	175,000	175,000
Total		5,500,000	425,000	-	-	5,925,000	5,925,000	425,000

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

(b) Unlisted options exercisable at $0.04 by 23/12/2013.

(c) Unlisted options exercisable at $0.1016 by 05/03/2015.

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

Other key management personnel transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer to Note 24: Related parties.

6 AUDITORS' REMUNERATION

	Note	Consolidated 2010 $	Consolidated 2009 $
Audit services:			
Auditors of the Company – Grant Thornton			
Audit and review of the financial reports		25,250	23,000
		25,250	23,000

7 EARNINGS PER SHARE

(a) Classification of securities

All ordinary shares have been included in basic earnings per share.

(b) Classification of securities as potential ordinary shares

- 28,000,000 unlisted options exercisable at $0.40 by 11/07/2012
- 290,000 unlisted options exercisable at $0.04 by 23/12/2013
- 400,000 unlisted options exercisable at $0.1016 by 05/03/2015

(c) Earnings used in the calculation of earnings per share

	Note	Consolidated 2010 $	Consolidated 2009 $
Profit/(loss) after income tax expense		(473,352)	(216,344)

(d) Weighted average number of shares outstanding during the year in calculating earnings per share

	Note	Consolidated 2010 no.	Consolidated 2009 no.
Number for basic earnings per share			
Ordinary shares		133,332,214	120,721,009
Number for diluted earnings per share			
Ordinary shares and options		133,481,811	120,846,009

8 CASH AND CASH EQUIVALENTS

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash at bank		427,192	65,588
Deposits at call		1,520,000	920,000
		1,947,192	985,588

9 TRADE AND OTHER RECEIVABLES

	Note	Consolidated 2010 $	Consolidated 2009 $
Current			
Other debtors		269,304	242,691
Loan to parent		130	603
Loan to associate		164,018	164,018
		433,452	407,312

Other debtors represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired.

10 OTHER CURRENT ASSETS

	Note	Consolidated 2010 $	Consolidated 2009 $
Prepayments		19,051	18,921

11 FINANCIAL ASSETS

	Note	Consolidated 2010 $	Consolidated 2009 $
Held-to-maturity investments			
Fixed interest short term deposit		7,500,000	7,460,890

12 PLANT AND EQUIPMENT

	Note	Consolidated 2010 $	Consolidated 2009 $
Plant and equipment			
At cost		561,829	371,044
Accumulated depreciation		(173,757)	(92,020)
Net book value		388,072	279,024

Reconciliations			
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:			
Plant and equipment			
Carrying amount at beginning of year		279,024	271,157
Additions		190,785	85,391
Disposals		-	(3,472)
Accumulated depreciation		(81,737)	(74,052)
Carrying amount at end of year		388,072	279,024

13 INVESTMENTS IN ASSOCIATES

Interests are held in the following associated companies.

Name	Principle activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
Unlisted				**2010**	**2009**	**2010**	**2009**
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

(a) Movements during the year in equity accounted investments in associated entities

There have been no movements of equity accounted investments in associated entities during the year.

(b) Equity accounted profits of associates are broken down as follows:

	Note	Consolidated	
		2010 $	2009 $
Share of associate's profit before income tax		-	-
Share of associate's income tax expense		-	-
Share of associate's profit after income tax expense		-	-

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

	Note	Consolidated	
		2010 $	2009 $
Current assets		217,585	190,181
Non-current assets		191,183	236,591
Total assets		408,768	426,772
Current liabilities		(333,165)	(334,922)
Non-current liabilities		(75,601)	(91,848)
Total liabilities		(408,766)	(426,770)
Net assets		2	2

14 INTERESTS IN UNINCORPORATED JOINT VENTURES

Marmota Energy Limited has a direct interest in a number of unincorporated joint ventures as follows:

No	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, and 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 4510 (formerly EL 3358). During the financial year, MSA has achieved its first $1 million earn in and now has 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 and EL 3910. MSA and MOX enter into a joint venture to explore for uranium.
4	SA	Junction Dam Uranium Agreement	Teck Australia Pty Ltd, PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd (TPE) and Marmota Energy Limited (MEU)	MEU will have the right to explore for uranium in the area covered by Exploration Licence EL 4509 (formerly EL 3328). During the financial year, MEU has achieved its 51% earn in by completing at least 2000m of drilling and expending an additional $300,000.
5	SA	Melton Joint Venture	Monax Mining Limited (MOX) and Marmota Energy Limited (MEU)	MEU will have the right to explore for all minerals in the area covered by Exploration Licences EL 4000 and EL 3911. During the year MEU has achieved its 50% earn in by expending $400,000.
6	USA	Big Blue Joint Venture, Nevada	Ramelius Resources Limited (RMS), Miranda Gold Corporation (MIR) and Marmota Energy Limited (MEU).	MEU will have the right to earn 40% of the RMS 70% rights in the Big Blue Gold Project in Nevada.

15 CONTROLLED ENTITIES

(a) Controlled entities consolidated

	Country of Incorporation	Percentage owned (%)	
		2010	2009
Parent entity:			
Marmota Energy Limited*	Australia	-	-
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	100

* Monax Mining Limited is considered to control Marmota Energy Limited as four of the five directors of Marmota Energy Limited are directors of Monax Mining Limited which is incorporated and domiciled in Australia

(b) The investment in Groundhog Services Pty Ltd has been classified as a financial asset at cost of $1 in the Statement of Financial Position.

16 EXPLORATION AND EVALUATION EXPENDITURE

	Note	Consolidated 2010 $	Consolidated 2009 $
Costs carried forward in respect of areas of interest in:			
Exploration and evaluation phase	(i)	17,563,655	14,881,192
Total exploration and evaluation expenditure		17,563,655	14,881,192

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.

(i) Reconciliation

A reconciliation of the carrying amount of exploration and/or evaluation phase expenditure is set out below.

	Note	Consolidated 2010 $	Consolidated 2009 $
Carrying amount at beginning of year		14,881,192	12,146,007
Additional costs capitalised during the year		2,682,463	2,735,185
Carrying amount at end of year		17,563,655	14,881,192

17 TRADE AND OTHER PAYABLES

	Note	Consolidated 2010 $	Consolidated 2009 $
Trade creditors		215,219	35,019
Other creditors and accruals		137,390	72,475
Amounts payable to Director related entities*		77,529	6,427
		430,138	113,921

* Details of amounts payable to Director related entities are detailed in Note 25.

18 PROVISIONS

	Note	Consolidated 2010 $	Consolidated 2009 $
Current			
Employee benefits		49,684	30,235
Non-current			
Employee benefits		31,455	19,271

Provision for long service leave

A provision for long service leave has been recognised for employee benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

19 ISSUED CAPITAL

	Note	Consolidated	
		2010 $	2009 $
Issued and paid-up share capital			
149,909,490 (2009: 120,721,009) ordinary shares, fully paid		26,106,308	22,187,511

(a) Ordinary shares

	Note	Consolidated	
		2010 $	2009 $
Balance at the beginning of year		22,187,511	22,187,511
Shares issued during the year:			
10,853,481 (2009: nil) shares issued to shareholders as part of a Share Purchase Plan at $0.14		1,519,487	-
18,000,000 (2009: nil) shares issued to shareholders as part of a share placement at $0.14		2,520,000	-
335,000 (2009: nil) shares issued to employees on exercise of options at $0.04		13,400	-
Less transaction costs arising from issue of shares (net of tax)		(134,090)	-
Balance at end of year		26,106,308	22,187,511

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

For information relating to share options issued to Executive Directors during the financial year, refer to Note 5.

For information relating to the Marmota Energy Limited Employee Share Option Plan including details of any options issued, exercised and lapsed during the financial year, refer to Note 20.

At 30 June 2010, there were 28,690,000 (2009: 28,625,000) unissued shares for which the following options were outstanding:

- 28,000,000 unlisted options exercisable at $0.40 by 11/07/2012.
- 290,000 unlisted options exercisable at $0.04 by 23/12/2013
- 400,000 unlisted option exercisable at $0.1016 by 05/03/2015

(c) Capital Management

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure accordingly. These responses include share issues. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

20 SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2010:

	2010		2009	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	625,000	0.04	-	-
Granted – December 2008	-	-	625,000	0.04
Granted – March 2010	400,000	0.10		
Forfeited	-	-	-	-
Exercised	(335,000)	0.04	-	-
Expired	-	-	-	-
Outstanding at year-end	690,000		625,000	
Exercisable at year-end	690,000		625,000	

On 5 March 2010, 400,000 share options were granted to employees under the Marmota Energy Limited Employee Share Option Plan to take up ordinary shares at an exercise price of $0.1016 each. These options are exercisable on or before 5 March 2015.

On 23 December 2008, 625,000 share options were granted to employees under the Marmota Energy Limited Employee Share Option Plan to take up ordinary shares at an exercise price of $0.04 each. These options are exercisable on or before 23 December 2013.

The options are non-transferable except as allowed under the Employee Share Option Plan and are not quoted securities. At balance date, no share options had been exercised. All options granted to key management personnel are over ordinary shares in Marmota Energy Limited, which confer a right of one ordinary share for every option held.

The fair value of the options granted was calculated by using the Black-Scholes option pricing model applying the following inputs:

	March 2010 issue	December 2008 issue
Weighted average fair value	$0.063	$0.038
Weighted average exercise price	$0.1016	$0.04
Weighted average life of the option	1,825 days	1,825 days
Underlying share price	$0.09	$0.04
Expected share price volatility	90%	181%
Risk free interest rate	4.0%	4.25%

The life of the options is based on the days remaining until expiry.

Included under employment expenses in the Statement of Comprehensive Income is $25,200 (2009: $23,750), and relates, in full, to equity-settled share-based payment transactions.

Options granted to Executive Directors and key management personnel on share-based payments are as follows:

Grant date	Number
23 December 2008	425,000
5 March 2010	75,000

The options hold no voting or dividends rights and are unlisted. The options lapse 6 months subsequent to the cessation of employment with the Group. There are no vesting conditions attached to the options.

21 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries and related entities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated 2010 $	Consolidated 2009 $
Financial assets			
Cash and cash equivalents		1,947,192	985,588
Held-to-maturity investments			
- Fixed interest securities		7,500,000	7,460,890
Loans and receivables		433,452	407,312
		9,880,644	8,853,790
Financial liabilities			
Trade and other payables		430,138	113,921
		430,138	113,921

Financial risk management policies

The Board of Directors are responsible for monitoring and managing financial risk exposures of the group.

Specific financial risk exposures and management

The main risks the group is exposed to includes liquidity risk, credit risk and interest rate risk.

(a) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows, only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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 managing its cash flows.

(b) Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The company has no long term financial liabilities upon which it pays interest. Cash is held in an interest yielding cheque account and on short term call deposit where the interest rate is both fixed and variable according to the financial asset.

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2010 approximately 99% 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.

21 FINANCIAL RISK MANAGEMENT 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 2010, 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:

	Note	Consolidated 2010 $	Consolidated 2009 $
Change in loss			
Increase in interest rates by 2%		188,944	168,930
Decrease in interest rates by 2%		(188,944)	(168,930)
Change in equity			
Increase in interest rates by 2%		188,944	168,930
Decrease in interest rates by 2%		(188,944)	(168,930)

(d) Credit risk exposures

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

The maximum exposure to credit risk on financial assets, excluding investments, of the entity which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

No receivables are considered past due or impaired at balance date.

(e) Net fair values of financial assets and liabilities

Fair values are amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The net fair values of financial assets and liabilities are determined by the entity on the following bases:

i 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.

ii Non monetary financial assets and financial liabilities are recognised at their carrying values recognised in the Statement of Financial Position.

22 COMMITMENTS & 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 2011 amounts of approximately $2,048,000 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.

Effective 1 July 2008, Groundhog Services Pty Ltd 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.

22 COMMITMENTS & CONTINGENT LIABILITIES CONTINUED

Contingent liabilities

In 2007 Marmosa Pty Ltd was acquired by Marmota Energy Limited from Monax Mining Limited. Revenue SA considered stamp duty was payable on the basis that Marmosa Pty Ltd is a land rich company, rather than payable on the shares transferred. The action was defended and was settled for a payment of approximately $104,000 during the period.

As at 30 June 2010, there were no contingent liabilities.

23 NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash at the end of the financial year consists of the following:

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash at bank and at call	8	1,947,192	985,588
Financial assets	11	7,500,000	7,460,890
		9,447,192	8,446,478

(b) Reconciliation of profit/(loss) from ordinary activities after income tax to net cash provided by/(used in) operating activities

	Note	Consolidated 2010 $	Consolidated 2009 $
Profit/(loss) from ordinary activities after income tax		(473,352)	(216,344)
Add/(less) items classified as investing/ financing activities			
Stamp duty expense		104,830	-
Add/(less) non cash items			
Depreciation		26,293	74,351
Share-based payments		25,200	23,750
Income tax expense		57,467	-
Changes in operating assets and liabilities			
(Increase)/decrease in prepayments		(130)	(3,328)
(Increase)/decrease in receivables		(26,140)	318,724
(Decrease)/increase in accounts payable		13,159	(93,027)
(Decrease)/increase in provisions		31,633	15,095
Net cash provided by/(used in) operating activities		(241,040)	119,221

24 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 re-imbursement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities were as follows:

Director	Transaction	Note	Consolidated 2010 $	Consolidated 2009 $
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		18,555	64,218
Parent entity	Payments to a Director related entity for logistical support.	(i)	2,579	42,125
Associated entity	Payments to a Director related entity for Company Secretarial services, tenement management and office administration and logistical support.		301,640	281,909
RM Kennedy and RG Nelson	Payments to a Director related entity for exploration on the Nevada tenements.		128,007	-
DJ Calandro	Payments to a Director related entity for rental of housing for accommodation for field operations.		8,818	-

i This amount relates to the provision of logistical support by Monax Mining Limited.

Amounts receivable from and payable to Directors and their Director related entities at balance date arising from these transactions were as follows:

	Note	Consolidated 2010 $	Consolidated 2009 $
Current receivables			
Loan to parent		130	603
Loan to associate		164,018	164,018
		164,148	164,621
Current payables			
Amounts payable to director related entities*		76,374	6,427
Amounts payable to directors		1,155	114
		77,529	6,541

* Amounts payable to director related entities represent amounts payable to DMAW Lawyers for which Mr Davis is a partner and Ramelius Resources Limited for which Messrs Kennedy and Nelson are directors.

25 OPERATING SEGMENTS

Segment information

Identification of reportable 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, Curnamona and North America 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.

Basis of accounting for purposes of reporting by operating segment

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the group.

Details of the performance of each of these operating segments for the financial years ended 30 June 2010 and 30 June 2009 are set out below:

(i) Segment Performance

	Gawler Craton		Curnamona		North America		Total	
	June 2010 $	June 2009 $	June 2010 $	June 2009 $	June 2010 $	June 2009 $	June 2010 $	June 2009 $
Segment revenue	50,000	-	35,415	-	-	-	85,415	-
Segment results								
Gross segment result before depreciation, amortisation and impairment	50,000	-	35,415	-	-	-	85,415	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
	50,000	-	35,415	-	-	-	85,415	-
Interest income							504,266	551,024
Net financing costs							-	-
Other expenses							(1,015,529)	(767,368)
Profit/(loss) before tax							(425,848)	(216,344)
Income tax expense							(47,504)	-
Net profit after tax							(473,352)	(216,344)

25 OPERATING SEGMENTS CONTINUED

(ii) Segment assets

	Gawler Craton		Curnamona		North America		Total	
	June 2010 $	June 2009 $	June 2010 $	June 2009 $	June 2010 $	June 2009 $	June 2010 $	June 2009 $
Segment assets	15,520,596	14,278,722	1,915,052	602,470	128,007	-	17,563,655	14,881,192
Segment asset increases for the period:								
Capital expenditure	1,241,874	2,284,656	1,312,582	450,529	128,007	-	2,682,463	2,735,185
	1,241,874	2,284,656	1,312,582	450,529	128,007	-	2,682,463	2,735,185
Reconciliation of segment assets to group assets								
Cash and cash equivalents							1,947,192	985,588
Trade and other receivables							433,452	407,312
Other current assets							19,051	18,921
Financial assets							7,500,000	7,460,890
Plant and equipment							388,072	279,024
Investment in associate							1	1
Total consolidated assets							27,851,423	24,032,928

(iii) Segment liabilities

	Gawler Craton		Curnamona		North America		Total	
	June 2010 $	June 2009 $	June 2010 $	June 2009 $	June 2010 $	June 2009 $	June 2010 $	June 2009 $
Segment liabilities	13,689	-	254,118	-	65,901	-	333,708	-
Reconciliation of segment liabilities to group liabilities								
Trade and other payables							96,430	113,921
Short term provisions							49,684	30,235
Long term provisions							31,455	19,271
Total consolidated liabilities							511,277	163,427

26 EVENTS SUBSEQUENT TO BALANCE DATE

On 18 August 2010, Marmota Energy Limited completed the acquisition of the Wynbring uranium project and tenement from Fission Energy Limited and Tasman Resources Limited. Consideration was $350,000 and the issue of 500,000 ordinary shares, escrowed for a period of twelve months.

Other than the matter above, there have not arisen any matters or circumstances, since the end of the financial year which significantly affected or could affect the operations of the Company, the results of those operations, or the state of the Company in future years.

27 MARMOTA ENERGY LIMITED COMPANY INFORMATION

	Note	Consolidated 2010 $	Consolidated 2009 $
Parent entity			
Assets			
Current assets		9,996,499	8,969,515
Non-current assets		17,854,924	15,063,413
Total assets		27,851,423	24,032,928
Liabilities			
Current liabilities		479,821	144,156
Non-current liabilities		31,456	19,271
Total liabilities		511,277	163,427
Equity			
Issued capital		26,106,308	22,187,511
Retained earnings		(1,263,712)	(790,360)
Reserves			
Share-based payments reserve		2,497,550	2,472,350
Total reserves		2,497,550	2,472,350
Financial performance			
Profit/(loss) for the year		(473,352)	(216,344)
Other comprehensive income		-	-
Total comprehensive income		(473,352)	(216,344)
Guarantees in relation to the debts of subsidiaries		-	-
Contingent liabilities		-	-
Contractual commitments		-	-

28 RESERVES

Share options reserve

The share options reserve records items recognised as expenses on valuation of employee share options.

29 COMPANY DETAILS

The registered office of the Company is:

140 Greenhill Road
UNLEY SA 5061

The principal place of business is:

Unit I, 5 Butler Boulevard
Burbridge Business Park
ADELAIDE AIRPORT SA 5950

DIRECTORS' DECLARATION

1 THE DIRECTORS OF MARMOTA ENERGY LIMITED DECLARE THAT

(a) the financial statements and notes, as set out on pages 48 to 79, are in accordance with the Corporations Act 2001, and:

i giving a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the consolidated entity; and

ii complying with Accounting Standards; and

iii Marmota Energy Limited complies with International Financial Reporting Standards as disclosed in Note 1.

(b) The Chief Executive Officer and Chief Financial Officer have declared that:

i The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;

ii The financial statements and notes for the financial year comply with the accounting standards; and

iii The financial statements and notes for the financial year give a true and fair view;

(c) 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Adelaide this 2nd day of September 2010.

Robert Michael Kennedy

Director

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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

Report on the financial statements

We have audited the accompanying financial statements of Marmota Energy Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements 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 statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements 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 statements that are 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. The directors also state, in the notes to the financial statements, 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 statements, 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 statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Grant Thornton

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

Auditor's responsibility Cont

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Independence

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

Auditor's opinion

In our opinion, the financial statements of Marmota Energy Limited are in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date;

ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

iii the financial statements also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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.

Grant Thornton

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

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Marmota Energy Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

P S Paterson
Partner

Signed at Wayville on this 2nd day of September 2010

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 21 September 2010.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary share capital

Fully paid ordinary shares are held by 2,300 individual shareholders.

Restricted securities

There are 500,000 shares held in escrow until 18 August 2011.

Options

Options are held by 17 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

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 18 August 2011	Holders of 11/07/2012 $0.40 options	Holders of 23/12/2013 $0.04 options	Holders of 05/03/2015 $0.1016 options
1 – 1,000	160	-	-	-	-
1,001 – 5,000	224	-	-	-	-
5,001 – 10,000	515	-	-	-	-
10,001 – 100,000	1,198	-	-	1	6
100,001 and over	203	1	12	1	-
Total number of security holders	2,300	1	12	2	6

The number of shareholders holding less than a marketable parcel of ordinary shares is 386.

ON MARKET BUY-BACK

There is no current on-market buy-back.

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 21 September 2010 are as follows:

Name	Number of fully paid ordinary shares held	Percentage held
Monax Mining Limited	36,000,000	23.93
Mr Michael Peter Schwarz <SA Digger Pty Ltd A/C>	3,040,000	2.02
Mr Neville F Alley and Ms Bronwen D Ireland <Prospects A/C>	2,700,000	1.80
Aloren (No 148) Pty Ltd	2,700,000	1.80
RMK Super Pty Ltd <RMK Personal S/F A/C>	2,700,000	1.80
SA Capital Funds Management Limited <SACFM No 1 Fund A/C>	2,450,000	1.63
Mr William Edward Holmes <W and H Holmes Super Fund A/C>	2,250,000	1.50
Mr Domenic Calandro and Mrs Karyn Calandro <J and K A/C>	2,080,000	1.38
Florin Mining Investment Company Limited <Trading A/C>	1,160,000	0.77
Aurelius Resources Pty Ltd <The Nelson Super Fund A/C>	1,007,142	0.67
Adelaide Equity Partners Limited	1,000,000	0.66
Mr Graham Robert Taylor <Superannuation Fund A/C>	1,000,000	0.66
Mr Ben Gervase Nelson	900,000	0.60
Mr James Veyron Nelson	900,000	0.60
Mr Zarko Nikoloski	816,643	0.54
ANZ Nominees Limited <Cash Income A/C>	788,333	0.52
Comsec Nominees Pty Limited	784,571	0.52
Mr Domenico Antonio Francese	720,000	0.48
Mr Yury Lezhnin	707,777	0.47
Ms Zi Dan Chen	613,184	0.41
	64,317,650	42.76

UNQUOTED EQUITY SECURITIES

Shareholders

The names of the holders of fully paid ordinary shares constituting a class of unquoted securities that are subject to voluntary escrow provisions holding greater than 20%, including the number and percentage held by those holders at 21 September 2010.

Name	Number of fully paid ordinary shares held	Percentage held
Tasman Resources Limited	500,000	100%

OPTIONS

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

Expiry date	Exercise price	Number of options	Number unquoted	Number of holders
11/07/2012	$0.40	28,000,000	28,000,000	12
23/12/2013	$0.04	290,000	290,000	2
05/03/2015	$0.1016	400,000	400,000	6

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

EXPLORATION OFFICE

Unit I, 5 Butler Boulevard
Burbridge Business Park
ADELAIDE AIRPORT SA 5950
Telephone: (08) 8375 4300
Facsimile: (08) 8375 3999

POSTAL ADDRESS

PO Box 247
EXPORT PARK SA 5950

DIRECTORS & SENIOR MANAGEMENT

ROBERT MICHAEL KENNEDY
ASIT, Grad. Dip. (Systems Analysis) FCA, ACIS, FAIM, FAICD
Non-executive Chairman

DOMENIC JOSEPH CALANDRO
BSc, ASEG, AIG
Managing Director

NEVILLE FOSTER ALLEY
Phd, PSM
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, GradDip ACG, GAICD
Company Secretary / Chief Financial Officer

STOCK EXCHANGE CODE

Shares: MEU
Listed on Australian Stock Exchange Limited
Home Exchange: Adelaide
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

MARMOTA ENERGY LIMITED
ABN 38 119 270 816

Notice of Annual General Meeting 2010

Notice is hereby given that the Annual General Meeting of Marmota Energy Limited ('Company') will be held at Enterprise House, 136 Greenhill Road Unley SA on Friday 19 November 2010 at 11:00 am (Adelaide time).

AGENDA

ORDINARY BUSINESS

1. Financial Report

To receive and consider the Company's financial statements and independent audit report for the year ended 30 June 2010.

The Annual Financial Report is available at the website of the Company (www.marmotaenergy.com.au) under "News", "Marmota Energy Reports".

2. Adoption of Remuneration Report

To consider and put the following resolution to a non binding vote:

'That, the Remuneration Report required by section 300A of the Corporations Act 2001, as contained in the Company's Directors' Report for the year ended 30 June 2010 be adopted.'

3. Re-election of Mr GS Davis as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, Mr GS Davis, being a director of the Company who retires by rotation in accordance with clause 47.1.3 of the Company's constitution, and being eligible, is re-elected as a director of the Company.'

4. Re-election of Dr NF Alley as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, Dr NF Alley, being a director of the Company who retires by rotation in accordance with clause 47.1.3 of the Company's constitution, and being eligible, is re-elected as a director of the Company.'

SPECIAL BUSINESS

5. Ratification of a previous issue of shares

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 500,000 fully paid ordinary shares in the Company, on the terms described in the explanatory memorandum accompanying the notice convening this meeting, be approved.'

6. Issue of options to the Managing Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, approval be given under and for the purposes of ASX Listing Rule 10.14, the Constitution and for all other purposes for the allotment of 125,000 options to Domenic Calandro under the Marmota Energy Limited Employee Share Option Plan on the terms summarised in the explanatory memorandum accompanying the notice convening this meeting.'

7. Retention Rights – Managing Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, approval be given for the purpose of ASX Listing Rule 10.11 and for all other purposes, to the issue of 1,500,000 retention rights to Domenic Calandro, on the terms summarised in the explanatory memorandum accompanying the notice convening this meeting.'

8. Retention Rights – Company Secretary/CFO

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, approval be given for the purpose of ASX Listing Rule 7.1 and for all other purposes, to the issue of 600,000 retention rights to Virginia Suttell, on the terms summarised in the explanatory memorandum accompanying the notice convening this meeting.'

OTHER BUSINESS

9. To transact any further business that may be lawfully brought forward.

Further information regarding the business to be transacted at the Annual General Meeting is set out in the explanatory memorandum accompanying the notice convening this meeting. This notice should be read in conjunction with the accompanying explanatory memorandum which forms part of this notice.

By Order of the Board

Virginia Suttell
Company Secretary
Date: 13 October 2010

NOTES

A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on the member's behalf. If the member is entitled to cast two or more votes at the meeting, the member may appoint up to two proxies to attend and vote on the member's behalf.

If a member appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the member's votes. Absent this specification, each proxy will need to exercise half the votes.

A proxy need not be a member of the Company.

To appoint a proxy, a proxy form must be signed by the member or the member's attorney duly authorised in writing. If the member is a corporation, the proxy form must be signed in accordance with section 127 of the Corporations Act 2001 (Cth).

To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the meeting. Proxy form and authorities may be sent to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, or in person to Computershare at Level 5, 115 Grenfell Street, Adelaide SA 5000, or by facsimile to Computershare on (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555 or to the Company on +61 8 8375 3999.

Members who forward their proxy forms by fax must make available the original executed form of the proxy for production at the meeting, if called upon to do so.

Custodian Voting – For Intermediary Online subscribers only (Custodians), please visit www.intermediaryonline.com to submit your voting intentions.

For the purpose of the meeting, shares in the Company will be taken to be held by those persons who are registered holders at close of business on Wednesday 17 November 2010. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

The Constitution of the Company provides that 10 shareholders present in person, by proxy, attorney or body corporate representative shall be a quorum for a general meeting of the Company.

Corporate representatives are requested to bring appropriate evidence of appointments as a representative in accordance with the Constitution of the Company. Attorneys are requested to bring a Power of Attorney pursuant to which they are appointed. Proof of identity will also be required for corporate representatives and attorneys.

Marmota Energy Limited
ABN 38 119 270 816

Explanatory Memorandum

Accompanying the Notice of Annual General Meeting to be held 19 November 2010

1. Financial Report

The Annual Financial Report together with the Directors' Report and Auditor's Report will be laid before the meeting in accordance with section 317 of the Corporations Act 2001(Cth) ('Corporations Act'). Members will be given the opportunity to ask questions or make comments about the management of the Company and may also ask questions of the Auditor's representative relevant to the conduct of the audit and preparation and content of the Auditor's Report.

2. Remuneration Report

In accordance with section 250R of the Corporations Act, the Company submits to shareholders for consideration and adoption by way of a non binding resolution its Remuneration Report for the year ended 30 June 2010. The Remuneration Report is a distinct section of the Directors' Report that deals with the remuneration of Directors and Key Management Personnel of the Company and can be located on pages 41 to 45 in the 2010 Annual Report and also on the Company's website at: www.marmotaenergy.com.au.

The Remuneration Report sets out the Company's remuneration arrangements for its Directors, Officers and Senior Management.

Shareholders will be given reasonable opportunity at the meeting to discuss the report.

The Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

3. Re-election of Mr GS Davis as a Director

At the date of the Notice of Annual General Meeting, the Board of Directors of the Company comprises 5 Directors. Mr Davis is required by the Company's constitution to retire at the meeting. A retiring director is eligible for re-election. Mr Davis offers himself for re-election by members at the meeting. A brief description of the candidate is as follows:

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 about the resources industry.

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

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

The Directors (with Mr Davis abstaining) recommend that shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

4. Re-election of Dr NF Alley as a Director

At the date of the Notice of Annual General Meeting, the Board of Directors of the Company comprises 5 Directors. Dr Alley is required by the Company's constitution to retire at the meeting. A retiring director is eligible for re-election. Dr Alley has indicated he will offer himself for re-election by members at the meeting. A brief description of the candidate is as follows:

Dr Neville Foster Alley *Phd, PSM*

Executive Technical Director. Board member since 28 April 2006.

Dr Alley is an internationally known earth science researcher and was awarded the Verco Medal for his contribution and leadership in the earth sciences and the Public Service Medal (PSM) in 2005 for outstanding contribution to geology and the minerals industry. He has extensive experience at senior levels in Government in Canada and as Director, Minerals, Minerals and Energy SA (MESA) and Primary Industries and Resources SA (PIRSA) and has a high level understanding of Government policy, regulation and legislation. He 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 Targeted Exploration Initiative SA (TEISA) and Plan for Accelerated Exploration (PACE). Dr Alley has worked closely with Aboriginal people and the community in developing a higher profile for the resources industry.

Other listed company directorships are: InterMet Resources Limited (since 2004 until August 2008), Beach Energy Limited (since July 2007) and Monax Mining Limited (since 2005) and is a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.

The Directors (with Dr Alley abstaining) recommend that shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

5. Ratification of issue of shares

ASX Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

The issue of the shares detailed in Resolution 4 did not exceed the 15% limit referred to above.

ASX Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby refreshing the Company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 4 proposes the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

In accordance with ASX Listing Rule 7.5, the following information is provided to shareholders:

- 500,000 ordinary fully paid shares were issued on 11 August 2010 without shareholder approval;
- the shares were issued as consideration for the acquisition of a mineral tenement;
- the shares were issued pursuant to a contract of sale between Marmota Energy Limited, Fission Energy Limited (ASX: FIS) and Tasman Resources Limited (ASX: TAS);

- the shares are escrowed for a period of twelve months commencing 18 August 2010;
- the shares rank equally in all respects with the Company's existing ordinary shares on issue; and
- no funds were raised by issue of the shares.

Voting exclusion statement

The Company will disregard any votes cast in relation to Resolution 4 by any of the persons that were allotted shares referred to in Resolution 4 above and their associates. However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; and

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on a valid proxy form to vote as the proxy decides.

The Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

6. Issue of options to the Managing Director

ASX Listing Rule 10.14 provides that the Company must not permit a director to acquire securities under and employee incentive scheme without the approval of its shareholders.

The resolution proposes approval in accordance with ASX Listing Rule 10.14 and for all other purposes, for the issue of 125,000 options for no consideration to Mr Calandro under the terms of the Plan. These options are being granted to the Managing Director, Mr Domenic Calandro as an incentive.

In accordance with Listing Rule 10.15, shareholders are provided with the following information.

Specific Information Required by Listing Rule 10.15

1. Mr Calandro is a director of the Company.
2. The maximum number of options to be issued is 125,000.
3. These options will be issued for no consideration. The exercise price of the options will be determined by the directors but will not be less than the market price (as defined in the Plan) at the time the directors resolve to issue the options.
4. 1,025,000 options have been issued under the Plan previously

<u>Name</u>	<u>Number</u>
Mr Domenic Calandro & Mrs Karyn Calandro <J and KA/C>	250,000
Mr Jonathon Alexander Sallows Suttell and Mrs Virginia Katherine Suttell <Suttell Family A/C>	250,000
Mrs Linda Kempster	60,000
Mr Daniel Gray	75,000
Ms Carolyn Debra Grant	90,000
Mr Neil Colin Chalmers	150,000
Mrs Melissa Shaye	75,000
Marjore Gray	
Mr Gavin de Reus	75,000

5. All persons referred to in ASX Listing Rule 10.14 entitled to participate in the Plan are: Mr Reginald Nelson, Mr Robert Kennedy, Mr Glenn Davis, Dr Neville Alley and Mr Domenic Calandro.

6. The Company will issue the options by 31 January 2011.

Listing Rule 14.9 requires the approval be given by ordinary resolution of the Company.

Voting exclusion statement

The Company will disregard any votes cast in relation to Resolution 6 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and their associates.

However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; and

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on a valid proxy form to vote as the proxy decides.

The Directors (except Mr Calandro) recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution. Mr Calandro does not make a recommendation regarding this resolution because he has an interest in the outcome.

Resolution 7 - Retention Rights

Listing Rule 10.11 provides that a company must not issue or agree to issue securities to the following persons without shareholder approval:

- a related party, or
- a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Resolution 7 proposes approval for the purpose of Listing Rule 10.11 for the issue of retention rights to the Company's managing director, Domenic Calandro.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The following information is provided under Listing Rule 10.13.

- It is proposed that 1,500,000 retention rights will be issued to Domenic Calandro, the Company's managing director.
- The Company will issue the retention rights within 1 month from the date of the meeting to which this explanatory memorandum relates.
- The retention rights will be issued for free and on the terms summarised below.
- No funds will be raised by the issue of the retention rights.

Resolution 8 – Retention Rights

The Company proposes an issue of retention rights to its company secretary and chief financial officer, Virginia Suttell.

Without shareholder approval for the issue the retention rights would be counted in the 15% capital limit under Listing Rule 7.1.

Accordingly, approval is sought under Listing Rule 7.1 and for all other purposes for the issue of the retention rights.

The following information is provided under Listing Rule 7.3.

- It is proposed that 600,000 retention rights will be issued to Virginia Suttell, the Company's secretary and chief financial officer.
- The Company will issue the retention rights within 1 month from the date of the

meeting to which this explanatory memorandum relates.

- The retention rights will be issued for free and on the terms summarised below.
- No funds will be raised by the issue of the retention rights.

Summary of terms of issue of the retention rights

Under the terms of issue of the retention rights, the rights will vest according to the following vesting schedule, provided the holder is still employed by the Company at the vesting date:

- 1/3 of the rights will vest on 1 July 2011;
- 1/3 of the rights will vest on 1 July 2012; and
- 1/3 of the rights will vest on 1 July 2013.

Holders cannot transfer any of the rights, or use them as security for a loan, or deal with them in any other way.

When the rights vest the holder will be issued with fully paid ordinary shares in the Company on the basis 1 right entitles the holder to 1 ordinary share. The holder does not pay anything for the shares. The conditions of the rights do not restrict the holder from transferring any of the shares acquired on vesting of the rights, or using them as security for a loan, or dealing with them in any other way.

If the holder ceases employment prior to the vesting of the rights the rights will be forfeited.

However, if the holder ceases employment because of death, invalidity, bona fide redundancy or retirement (unless the retirement happens within 6 months of the date of grant of the rights) the rights will vest according to the vesting schedule. If the holder retires within 6 months of the date of grant of the rights the rights will be forfeited.

Retirement is defined, for the purpose of the retention rights, as ceasing employment with the Company when the holder is at least 55 years of age and has completed at least 10 years of service with the Company.

Voting exclusion statements – resolutions 7 and 8

The Company will disregard any votes cast in relation to Resolution 7 by Domenic Calandro and his associates.

The Company will disregard any votes cast in relation to Resolution 8 by Virginia Suttell and her associates.

However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; and

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on a valid proxy form to vote as the proxy decides.

The Directors (except Mr Calandro) recommend shareholders vote in favour of resolution 7. The Chairman intends to vote undirected proxies in favour of resolution 7. Mr Calandro does not make a recommendation regarding resolution 7 because he has an interest in the outcome.

The Directors recommend shareholders vote in favour of resolution 8. The Chairman intends to vote undirected proxies in favour of the resolution.

MARMOTA ENERGY LIMITED

ABN 38 119 270 816

Lodge your vote:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 136 309
(outside Australia) +61 3 9415 4295

Proxy Form

For your vote to be effective it must be received by 11:00am (Adelaide time) Wednesday 17 November 2010.

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔

View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

☑ **Review your securityholding**

☑ **Update your securityholding**

Your secure access information is:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Marmota Energy Limited hereby appoint

☐ **the Chairman of the meeting** **OR** ______

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Marmota Energy Limited to be held at Enterprise House, 136 Greenhill Road, Unley, SA, 5061 on Friday 19 November 2010 at 11:00am (Adelaide time) and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

		For	Against	Abstain
2	Adoption of Remuneration Report	☐	☐	☐
3	Re-election of Mr Glenn Stuart Davis as a Director	☐	☐	☐
4	Re-election of Dr Neville Foster Alley as a Director	☐	☐	☐

SPECIAL BUSINESS

		For	Against	Abstain
5	Ratification of issue of shares	☐	☐	☐
6	Issue of Options to Managing Director	☐	☐	☐
7	Issue of Retention Rights to Managing Director	☐	☐	☐
8	Issue of Retention Rights to Company Secretary/Chief Financial Officer	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______ **Contact Daytime Telephone** ______ **Date** ___ / ___ / ___