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ASX RELEASE

For Immediate Release

22 October 2012

2012 Annual Report, Notice of Annual General Meeting and Proxy Form

Attached are electronic copies of the Marmota Energy Limited 2012 Annual Report, Notice of Annual General Meeting and Proxy Form which have been mailed to shareholders.

Yours faithfully

Virginia Suttell
Company Secretary

MARMOTA ENERGY

ANNUAL REPORT 2012

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting will be held at:

DMAW Lawyers, Level 3, 80 King William Street, Adelaide, South Australia on 21st November 2012 commencing at 11:00am.

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

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CHAIRMAN'S REPORT

DEAR FELLOW SHAREHOLDERS

I am pleased to present this fifth annual report of Marmota Energy Limited ("Marmota" or the "Company"). Since listing in late 2007, Marmota has developed a project portfolio of high quality diversified commodities including uranium, copper, gold and iron ore. This has spread the Company's commodity risk in what has continued to be a challenging global market during 2012.

Marmota has not been immune to impacts of overseas events for both financial markets and for the nuclear fuel and uranium industries. However, since the tragic events in early 2011 that took place in Japan we find that countries like the United States have reviewed its safety procedures for nuclear power, but have not changed their course on its important part in its energy supply. In France, which receives 78 percent of its electricity from nuclear power, President Nicolas Sarkozy said shutting down reactors was "out of the question." As for China, India, and South Korea - countries with a growing appetite for nuclear power that account for the bulk of active plant construction – they are all proceeding with their nuclear power plant plans.

The fundamentals for global energy consumption have remained unchanged. The two great energy challenges facing the world will be reducing greenhouse gas emissions worldwide and meeting the moral obligation of helping developing countries gain access to the kind of reliable energy supply that allows for transformative improvements in quality of life. Expanding nuclear power, which currently provides about 14 percent of the world's electricity, appears to offer the best means of addressing each challenge without exacerbating the other. Eight African countries, in addition to already-nuclear South Africa, are currently exploring plant construction, using modern, safe and highly efficient technologies.

Ending "energy poverty" would give more than one billion people in poor countries access to electricity. Nuclear power is still seen as featuring prominently in the global energy mix. Australia is richly endowed with uranium and will provide the fuel for this transformative energy source to developing nations.

According to the World Nuclear Association, global uranium demand is set to increase 33% by 2020. Currently, uranium production does not meet the demand of the nuclear power industry, and the projections for production versus demand indicate that this gap will continue to widen going into 2020. This will require a significant jump in exploration and discovery rates globally over the short to medium term to ensure certainty of supply. A uranium supply crunch is widely anticipated to hit the nuclear industry starting next year as Cold War era sources of uranium dry up. To illustrate the severity of the shortage the nuclear industry potentially faces, in 2010 118 million pounds was produced from mining whereas consumption was 190 million pounds. The supply gap is estimated to be the size of one "Olympic Dam" uranium production each year.

Given the drop off in exploration globally due to the effects of the recent global financial uncertainties, along with the recent events in Japan, it is unlikely that this shortfall will be met, leaving significant opportunity for further spot price rises for uranium in the short to medium term.

Through the continued development of Marmota's strategically located Junction Dam and Pundinya uranium projects, the Company is well positioned in the uranium commodity space. Exploration results from the 2012 Junction Dam exploration program have enabled the increase in size of the inferred resource at the Saffron deposit. Outstanding assay results confirm that the already significant grades reported from downhole logging at Junction Dam understate the true grade by up to a factor of 2.25. This year's phase of drilling has also confirmed significant expansion potential to the Saffron resource into the adjoining Bridget prospect, offering 6.5 km of consistent uranium mineralisation. This has facilitated a significant upgrade to the exploration target for uranium at Junction Dam to 400 to 700 parts per million (ppm) U_3O_8, for 10,000t to 15,000t U_3O_8 or 22Mlb to 33Mlb U_3O_8.

Along with this, Marmota has moved to enhance its multi commodity stance by advancing its copper, gold and iron ore projects in South Australia and overseas in Nevada (United States).

At the Melton copper-gold project on South Australia's Yorke Peninsula further exploration has identified several new, very promising target areas. This follows on from significant grades of up to 2.25% copper and 112.1 g/tonne silver that were intercepted in Phase 2 drilling. Discovery of iron ore at the Company's Western Spur project in early 2011 has produced grades ranging up to 58.9% iron, and 28.07% manganese from easily accessible large scale outcrops. This has allowed Marmota to define a first stage exploration target ranging up to 125 million tonnes at a grade of 40-59% Fe hematite. This target is quite comparable to other existing hematite iron projects in South Australia.

At the Indooroopilly project on the Gawler Craton several drill ready targets were identified with the project also attracting collaborative government funding.

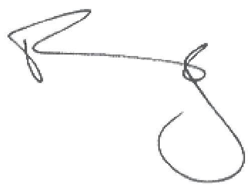
Exploration is being advanced across all these projects and will be discussed in further detail in the Review of Operations.

An aggressive exploration and business development program is continuing on the Company's portfolio of projects. Your Company's experienced and committed team is advancing key projects which we believe to have a high discovery and development potential.

The directors are excited with the progress being made on Marmota's key projects and look forward to this coming year's work program. I thank our directors, officers and staff for their tireless hard work during 2012 and their support of the Company goals and look forward to a very promising 2013.

In particular, I make a special mention of Mr Reg Nelson, a founding director of Marmota, who retired from the Board in August. Mr Nelson has retired from the Board to concentrate on his role as Managing Director of Beach Energy Limited. The Board thanks Mr Nelson for his contribution to the Company.

Finally, I'd like to thank all of our Shareholders for your continuing support.



ROBERT KENNEDY
CHAIRMAN
Marmota Energy Limited

REVIEW OF OPERATIONS

JUNCTION DAM URANIUM PROJECT (SA)

» Laboratory assays confirm downhole gamma uranium grade readings and understates true grades by a factor of up to 2.25. High grades from assay support increase in average grade and deposit size.

» Marmota has increased the footprint of its Saffron uranium deposit to approximately eight times the area of the nearby Honeymoon uranium deposit.

» 2012 campaign results confirm contiguous grade continuity between Saffron and Bridget deposits, for a total significant combined strike length of 6.5km.

» Key areas of mineralisation identified at the large scale Yolanda prospect on Saffron's southern boundary, including drill hole YORM028 achieving a significant 5.5 metre intercept of mineralisation with peak grade of 772 ppm eU_3O_8.

» Junction Dam has developed into a large ISL (in-situ leach) uranium project with its exploration target increased to 33Mlb U_3O_8~.

WESTERN SPUR IRON PROJECT (SA)

» New sites with significant iron grades ranging up to 38.2% Fe occur in the southern and eastern region of the Western Spur hematite iron project, northeast of Leigh Creek coalfields in SA.

» Results lie outside previously defined areas of mineralisation - offering further scope for further target growth.

» Gravity survey design finalised over high priority iron outcrop zone.

INDOOROOPILLY AND AURORA TANK GOLD PROJECTS (SA)

» Significant geochemical results identify high priority gold targets at the Indooroopilly and Aurora Tank copper-gold projects located west and east of Challenger gold mine in the Gawler Craton.

» As a strong endorsement of technical merit and potential for success of Marmota's exploration program in the highly prospective Gawler Craton area of South Australia, the company has been awarded $65,000 in collaborative funding to support drilling on the Indooroopilly project.

Marmota Energy project location map

NEVADA GOLD PROJECT (USA)

» 2012 drilling at Angel Wing gold project in Nevada (USA) intercept significant intervals of gold and silver mineralisation.

» High grades of up to 4.49 g/t Au.

» Gold intercepts complemented by significant silver intervals.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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.

TENEMENT STATUS

AS AT 8 AUGUST 2012

SOUTH AUSTRALIA

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 50%; Marmosa 50%
Coonarie	EL 3907	300	Granted	JV with Monax Mining	Marmosa Pty Ltd
Coonarie	ELA 2012/00135	300	Subsequent Licence Application	JV with Monax Mining	Marmosa Pty Ltd
Phar Lap	EL 3909	250	Granted	JV with Monax Mining	Marmosa Pty Ltd
Phar Lap	ELA 2012/00128	250	Subsequent Licence Application	JV with Monax Mining	Marmosa Pty Ltd
Mulyungarie	EL 3910	17	Granted	JV with Monax Mining	Marmosa Pty Ltd
Mulyungarie	ELA 2012/00129	17	Subsequent Licence Application	JV with Monax Mining	Marmosa Pty Ltd
Melton	EL 3911	28	Granted	JV with Monax Mining	Marmosa Pty Ltd
Melton	ELA 2012/00109	28	Subsequent Licence Application	JV with Monax Mining	Marmosa Pty Ltd
North Melton	EL 4000	137	Granted	JV with Monax Mining	Marmota Energy
Lake Coonee	EL 4252	644	Granted	100% Marmota Energy	Marmota Energy
Mudguard Swamp	EL 4253	232	Granted	100% Marmota Energy	Marmota Energy
Lake Callabonna North	EL 4254	217	Granted	100% Marmota Energy	Marmota Energy
Lake Callabonna South	EL 4255	21	Granted	100% Marmota Energy	Marmota Energy
Lake Cootabarlow	EL 4256	665	Granted	100% Marmota Energy	Marmota Energy
Poontana	EL 4276	30	Granted	100% Marmota Energy	Marmota Energy
Mudguard Swamp West	EL 4319	24	Granted	100% Marmota Energy	Marmota Energy
Lake Frome	EL 4320	316	Granted	100% Marmota Energy	Marmota Energy
Billeroo	EL 4383	166	Granted	100% Marmota Energy	Marmota Energy
Kattata	EL 4411	166	Granted	100% Marmota Energy	Marmota Energy
Moolawatana	EL 4412	745	Granted	100% Marmota Energy	Marmota Energy
Aurora Tank	EL 4433	48	Granted	100% Marmota Energy	Marmota Energy
Yandama Creek	EL 4521	497	Granted	100% Marmota Energy	Marmota Energy
Pundinya	EL 4526	435	Granted	100% Marmota Energy	Marmota Energy
Western Spur	EL 4528	393	Granted	100% Marmota Energy	Marmota Energy
Mulligan Hill	EL 4572	110	Granted	100% Marmota Energy	Marmota Energy
Christmas Bore	EL 4625	82	Granted	100% Marmota Energy	Marmota Energy
West Melton	EL 4648	88	Granted	100% Marmota Energy	Marmota Energy
Indooroopilly	EL 4702	570	Granted	100% Marmota Energy	Marmota Energy
Lake Anthony	ELA 12/00007	981	Application	100% Marmota Energy	Marmota Energy
Mt Christie	ELA 12/00031	620	Application	100% Marmota Energy	Marmota Energy
Muckanippie	ELA 12/00192	181	Application	100% Marmota Energy	Marmota Energy

NEW SOUTH WALES

Project	Tenement	Area (km2)	Status	Details	Tenure holder
Mundi Mundi	EL 4484	300	Application	100% Marmota Energy	Marmota Energy

WESTERN AUSTRALIA

Project	Tenement	Area (hectares)	Status	Details	Tenure holder
Rudall East	E45 / 3088	63077	Application	JV with Teck	Teck Australia Pty Ltd
	E45 / 3090	63070	Application	JV with Teck	Teck Australia Pty Ltd
	E45 / 3170	14196	Application	JV with Teck	Teck Australia Pty Ltd
	E45 / 3294	23032	Application	JV with Teck	Teck Australia Pty Ltd
	E45 / 3520	44085	Application	JV with Teck	Teck Australia Pty Ltd
	E45 / 3521	61432	Application	JV with Teck	Teck Australia Pty Ltd
	E45 / 3602	4732	Application	JV with Teck	Teck Australia Pty Ltd

JUNCTION DAM URANIUM PROJECT (SA)

(MARMOTA 87.3% OF URANIUM UNDER JV AGREEMENT WITH TECK AUSTRALIA PTY LTD (TECK), PLATSEARCH NL AND EAGLEHAWK GEOLOGICAL CONSULTING PTY LTD)

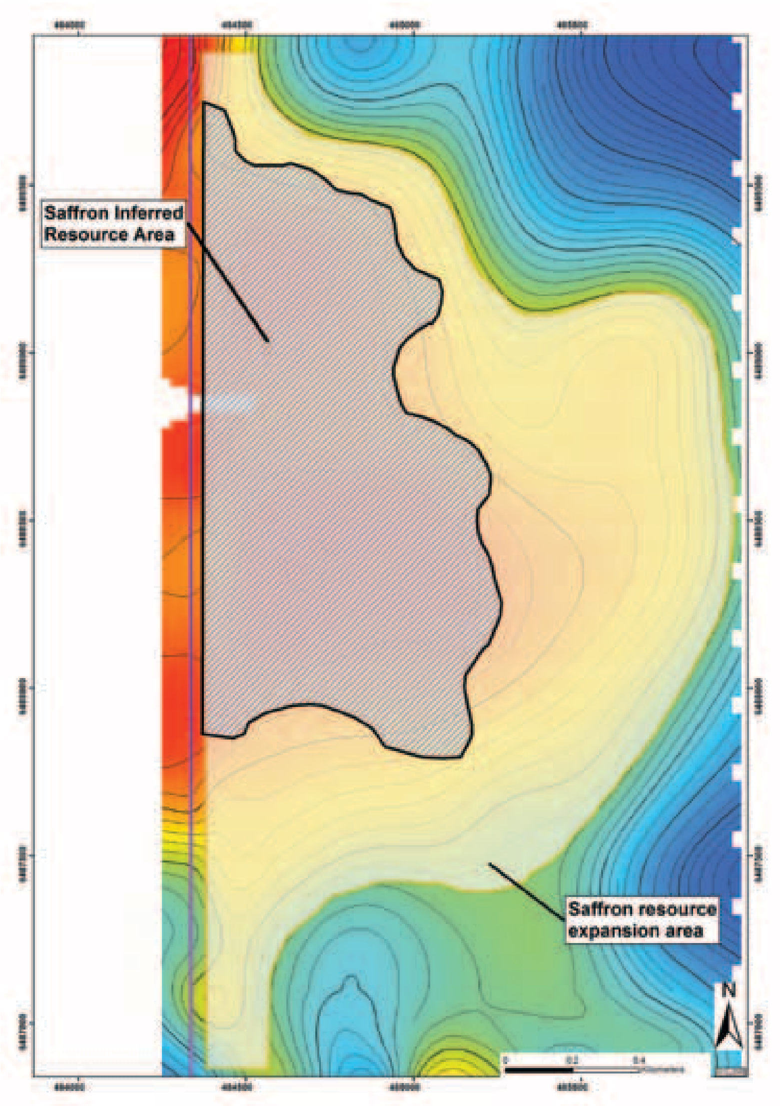


FIGURE 1: Saffron deposit area, with new halo of mineralisation intercepted from 2012 channel definition drilling highlighted in yellow. Drill holes logged with significant grade intersections outside the current resource as shown on the accompanying map.

New zone of mineralisation inventory together with positive disequilibrium results has the potential to significantly increase the size of the currently defined Inferred Resource.

- **High grades of uranium were returned from laboratory analysis of cored drill holes across the Saffron deposit and adjoining Bridget prospect area. High grades of up to 8143 ppm U_3O_8 were returned from assay. Sonic drilling was completed across the Saffron deposit to obtain high quality mineralised samples for laboratory assay and further mineralogical testing. Results from assays indicate that radiometric logging at Saffron and Bridget significantly understate the uranium grade by a factor ranging between 1.22 and 2.25, signifying that the deposit is in positive disequilibrium***

Drilling completed during the year resulted in further significant intercepts of uranium in holes completed across all three adjoining zones of mineralisation (Figure 2).

Most notably, geotechnical drilling designed to map palaeochannel architecture in preparation for field leach trials at the Saffron deposit intercepted uranium mineralisation to the east and south beyond the current deposit boundary. This offers significant expansion potential to the Saffron deposit, increasing the size of the Saffron zone of mineralisation to 2.4km long x 1.5km wide (Figure 1), eight times the size of the nearby Honeymoon uranium deposit area. This new zone of mineralisation at the Saffron deposit, along with the consistent positive disequilibrium** results ranging up to 2.25 (announced in February 2012), has the potential to significantly increase the magnitude of the current known resource at Saffron.

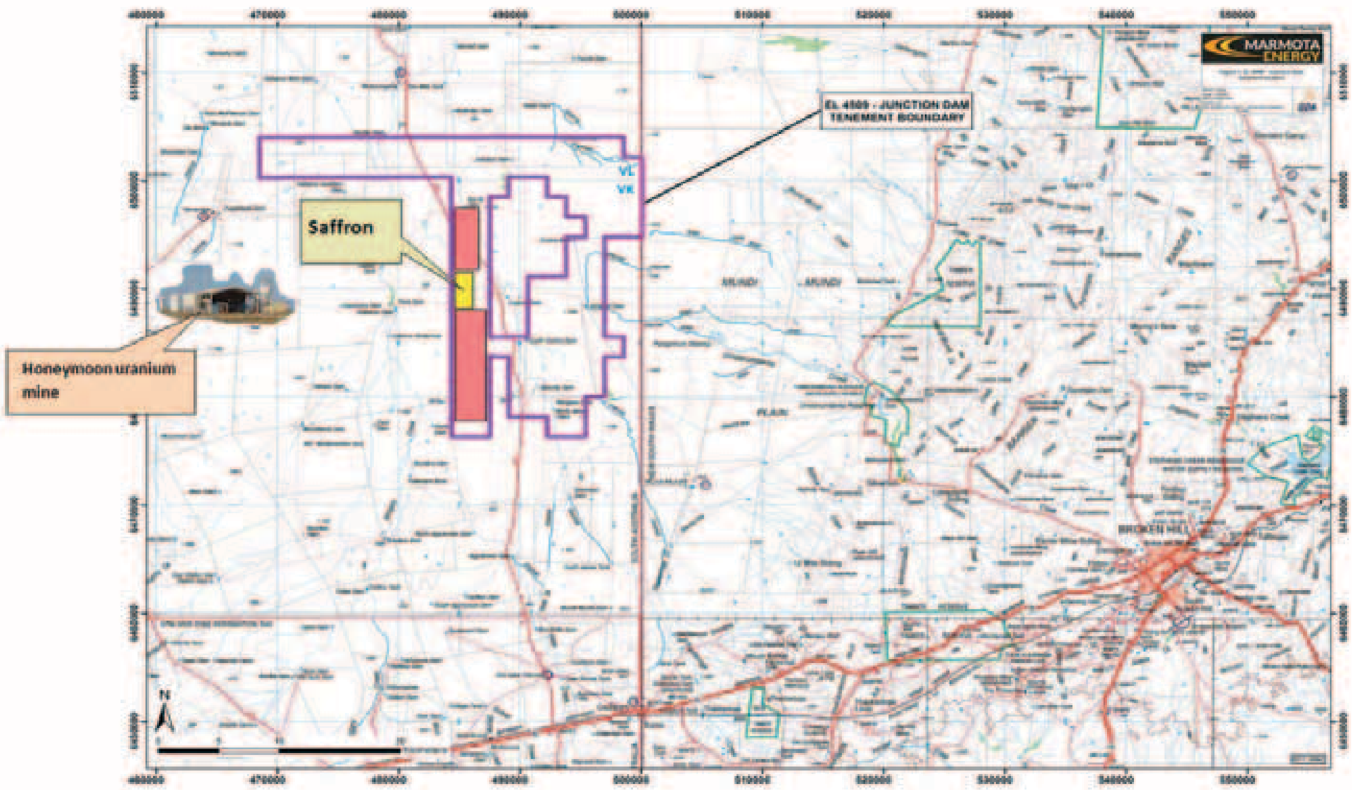


FIGURE 2. Junction Dam location map

The new Saffron intercepts were made in conjunction with continued exploration drilling across both the Bridget and Yolanda prospects. Drilling intercepts in the Bridget prospect confirm continuity of mineralisation from across the Saffron deposit into the Bridget prospect adjoining to the north. This defines an interpreted continuous zone of uranium mineralisation that extends for approximately 6.5km remaining open to the north (Figure 2). This interpreted zone also contains cored drill holes (reported previously) confirming from geochemical assay consistent positive disequilibrium with grades from downhole gamma readings understating the true grades of uranium.

Key areas of the Yolanda prospect were also drill tested, intercepting uranium mineralisation from broad spaced drilling. The Yolanda prospect is as large as Bridget and Saffron combined, with further follow-up work being planned. Drillhole YORM028 intersected mineralisation over a significant 5.5 metre interval with a grade thickness (GT) of 0.154 m% eU_3O_8. Yolanda is expected to offer further significant additional mineralisation inventory to the Junction Dam project.

The grades and depth of mineralisation at Junction Dam are comparable to those driving production at world class in-situ leach (ISL) projects such as those located in Australia and Kazakhstan.

Saffron is one of four prospects identified to date by Marmota at Junction Dam. The recent results are very encouraging and the Company has expanded its exploration target for the project to 15Mt to 25Mt @ approx 400 to 700 parts per million (ppm) U_3O_8, for 10,000t to 15,000t U_3O_8 or 22Mlb to 33Mlb U_3O_8 ~

The Company believes that Junction Dam has developed into a large ISL uranium deposit, with potential to become one of the next uranium developments located within a "world class" ISL province.

CAUTIONARY STATEMENT: ~ The estimates of exploration target sizes mentioned above should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

*Disequilibrium is an imbalance between the actual uranium content and the radioactivity emitted by a given volume of rock. It is caused by differential mobilisation (or precipitation) of uranium or its daughter isotopes from the deposition site or by a lack of time for the accumulation of the daughter isotopes to reach a state of equilibrium after the uranium has been deposited. Disequilibrium is considered positive when there is a higher proportion of uranium present compared to its daughters. Positive disequilibrium has a disequilibrium factor which is greater than 1.
**The Disequilibrium Factor (DEF), which measures the ratio between the grades of U3O8 recorded using the assay (ppm U3O8), as compared to measurements recorded using a standard gamma-ray probe (ppm eU3O8). The laboratory assay measures the actual uranium content, as compared to the gamma-ray probe, which measures an equivalent grade based on calibration. A DEF of >1.0 indicates there is more uranium contained in the mineralised zone than recorded by the gamma-ray probe.

ABOUT THE JUNCTION DAM URANIUM PROJECT

The Saffron prospect on Junction Dam was discovered by Marmota Energy Limited late in 2009. To date, Marmota has earnt an 87.3% interest in the uranium rights on this highly prospective project.

The project is strategically located less than an hour's drive west from the major regional centre of Broken Hill, and is approximately 10 kilometres from the producing Honeymoon ISL uranium mine. The Honeymoon in-situ leach (ISL) uranium mine commenced full scale production in November 2011 with an expected annual production of 880,000 pounds U_3O_8 per year.

Drilling completed at Junction Dam in the 2011 and 2012 programs confirmed additional zones of uranium mineralisation to the north and south of the Saffron prospect. A zone of uranium mineralisation extending for approximately 15km was defined on the project from the 2011 Phase 3 program.

WESTERN SPUR IRON ORE PROJECT (SA)

■ **Additional iron mineralised sample sites produced significant iron results from laboratory assay at Western Spur.**

The new surface sample sites lie within two distinct areas located to the south of Western Spur's high priority and defined outcrop zone (Figure 3). The new areas have been identified as having significant grades of iron warranting follow-up exploration. The sites are interpreted to be associated with a zone of anomalism visible in broad resolution remote sensing coverages.

The zones identified will be further investigated for their potential to offer additional iron mineralisation and growth to the currently defined first stage exploration target~ (announced previously) for iron.

An extension of planned geophysical surveys to include these new areas is being considered, along with comprehensive sampling. The results will be used to determine prioritisation of targets in preparation for drilling planned for the 2012/13 financial year.

High resolution ground gravity surveys have been designed to cover iron outcrops defined at the iron project.

The survey has been designed to cover the iron outcrop zone containing two large scale outcrops which extend for 3km and 1.5km respectively. Previously announced assays of samples from these outcrops have produced grades ranging up to 58.9% Fe, and 28.07% Mn. Surface sampling was conducted by Marmota over outcrops and one mine shaft.

Site Number	MGA E	MGA N	Zone	Fe %
482687	325422.5	6686578	54	28.6
482688	323422.5	6685978	54	32.1
482559	327572.5	6677578	54	37.0
482689	323822.5	6682578	54	29.6
482657	323922.5	6683378	54	34.3
482685	338322.4	6685328	54	31.6
482684	338922.4	6685578	54	38.2
482683	338822.4	6686578	54	33.4
204873	331922.4	6688578	54	33.3
204871	318822.4	6689678	54	29.1
204872	318922.4	6690078	54	33.8
204845	313822.5	6696378	54	29.4
204839	319522.5	6696728	54	30.8
482674	323822.5	6695778	54	31.2
482686	328222.5	6683678	54	29.4

TABLE 1: Sample results from new sites.

The Company believes portions of Western Spur's zone of mineralisation remain unexposed, potentially complementing the large scale iron exposures. The survey is designed to also cover these zones between the large scale outcrops along with a 1500 metre buffer zone surrounding the outcrops (Figure 4). It is anticipated that the low cost survey can be completed quickly due to ease of access to the survey area.

A staged 30 hole drilling program is proposed across these locations and is planned to include several fully cored holes to enable good comparison with the WMC drill logs. An Exploration Work Application (EWA) has been submitted to the SA Government regulator for assessment.

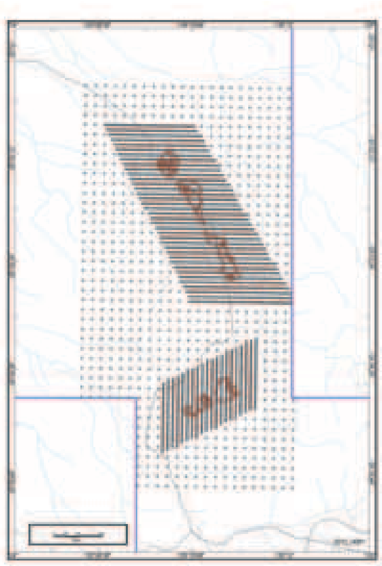


FIGURE 4: Design of gravity survey planned to be completed over iron outcrop zone.

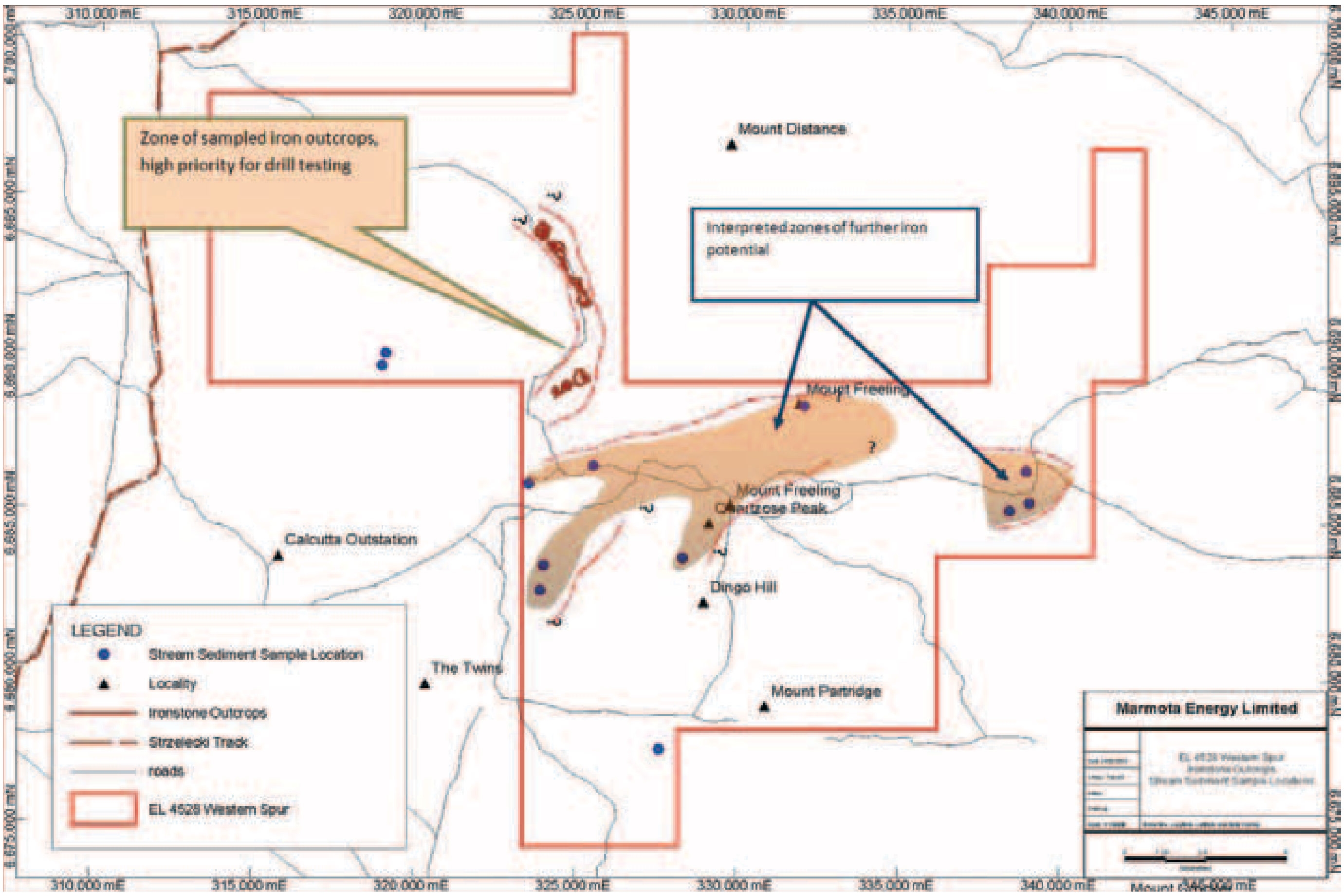


FIGURE 3: Sample sites with interpreted zones of potential highlighted.

WESTERN SPUR IRON ORE PROJECT (SA) (CONT.)

ABOUT THE PROJECT

Since the discovery in January 2011 by Marmota of a number of large-scale iron outcrops, the Company has completed consecutive sampling programs. Previously announced assays of samples produced grades ranging up to 58.9% Fe, and 28.07% Mn. Surface sampling was conducted by Marmota over outcrops (Figure 5) and one mine shaft. The Company believes portions of Western Spur's zone of mineralisation remain unexposed, potentially complementing the large scale iron exposures. This is not unusual for iron projects as seen elsewhere that have substantial ore zones but with only limited surface outcrop. The zone of iron outcrop is located near to major road infrastructure being approximately 13 kilometres from the Moomba gas field arterial road and north east of the rail head located at Leigh Creek.

Based on available data, a range of estimated tonnage and grade potential was calculated to provide an iron exploration target for ongoing investigation. A conservative low-end composite figure of 60 million tonnes of iron at a grade range of 50-65% Fe_2O_3 was estimated for three prospects sampled by Marmota during 2011 (Location 1, 4 and 6). Anomalous Fe and Mn in WMC stream sediment samples indicated the possibility that the ironstone at Location 4 and 6 is continuous in between these prospects. Mineralisation potentially extends along strike to the southwest (Figure 6, Location 7 and 8) for about 8km, resulting in a high-end tonnage estimate of 125 million tonnes Fe_2O_3 (Table 2).

Additional information was obtained from previous exploration conducted on the project by Western Mining Corporation (WMC) and other companies. Drilling completed by WMC intercepted significant intervals of massive hematite and siliceous and limonitic ironstone. Intervals of hematite of up to 30 metres were associated with significant intervals of siderite ($FeCO_3$) achieving intercepts of up to 60 metres thickness. Deleterious elements such as silica and aluminium appear to be within furnace feed tolerance. Iron ore in siderite is mined elsewhere at the Deveci iron mine in Turkey and at Styria, Steirischer Erzberg, in Austria. It is a valuable iron mineral, comprising 48% iron and typically contains no sulphur or phosphorus. The iron in the siderite has not been included in this preliminary estimate of the exploration target, offering further scope for growth. A review is underway to assess the additional mineralisation that may add to a potential deposit~.

SOUTH AUSTRALIA IRON ORE PROJECTS COMPARISON TABLE

(Source: PIRSA M20 Information sheet – October 2011)

SA Iron ore project	Type	Size (Mt)	Grade (% Fe)
Iron Chieftain	hematite	18.2	58
Wilgerup	hematite	13.2	57.7
Peculiar Knob	hematite	19.2	64
Warramboo	magnetite	110.5	19.4
Hawks Nest	hematite and magnetite	102.5	37.4
Western Spur (exploration target)	hematite	~60 -125	40 – 59

TABLE 2: Comparison table of Western Spur with other known iron projects in South Australia

~ The estimates of exploration target potential, quantity and grade mentioned above should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target potential, quantity and grade are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

FIGURE 5: Example of visible hematite iron outcrop at Western Spur

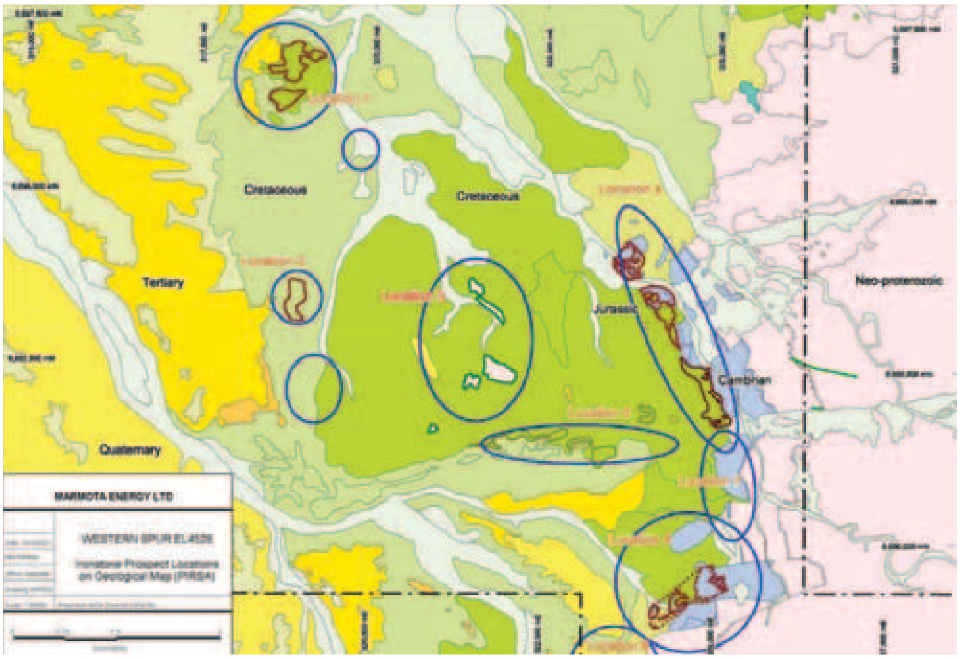


FIGURE 6: Location of iron outcrops and zones of anomalous iron from previous sampling over geology

INDOOROOPILLY AND AURORA TANK PROJECTS

- **Soil sampling results at Marmota's 100% owned Indooroopilly and Aurora Tank projects have defined large scale gold targets which the Company considers to be a high priority for drilling. The project areas are located west and east respectively of Kingsgate's Challenger Gold Mine (Figure 7), which produces 100,000oz gold annually.**

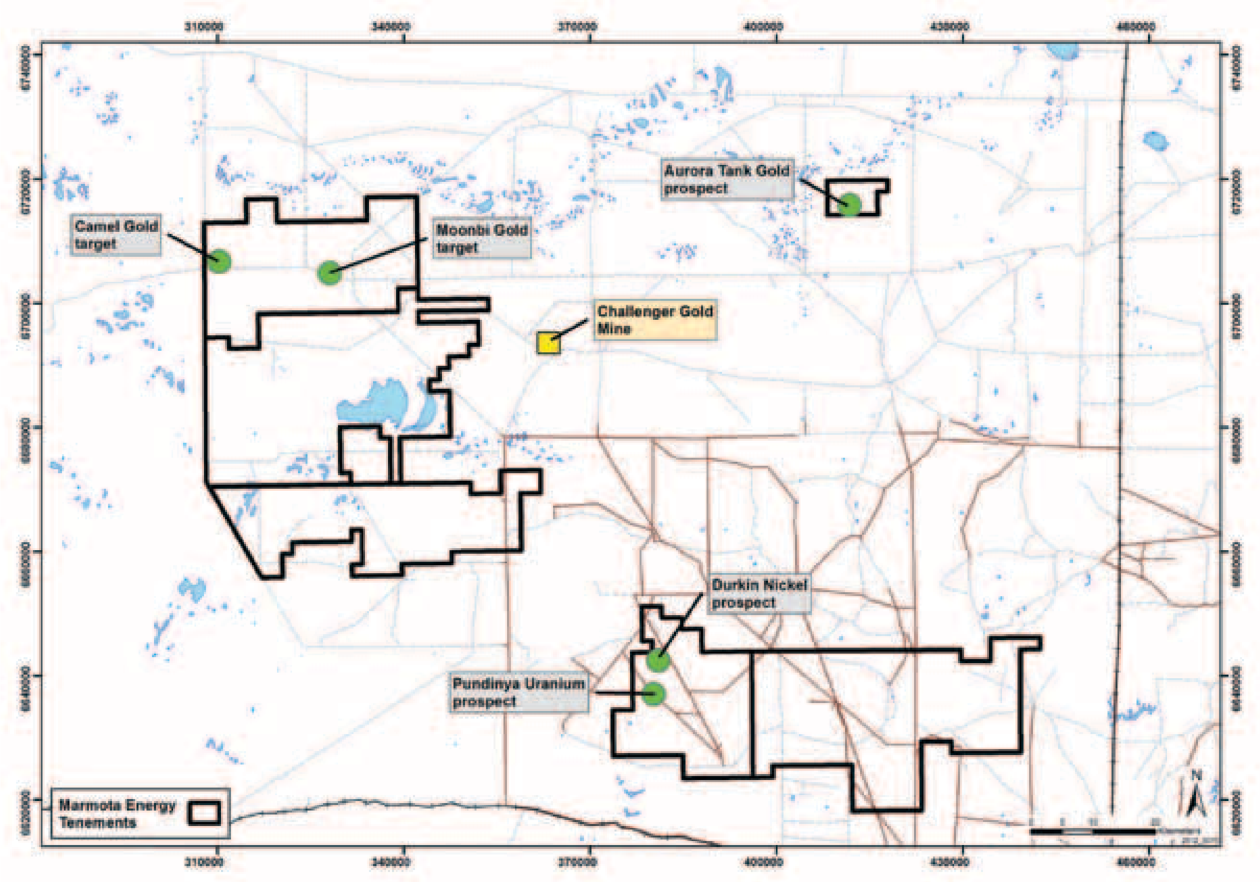


FIGURE 7: Location of Indooroopilly and Aurora Tank projects

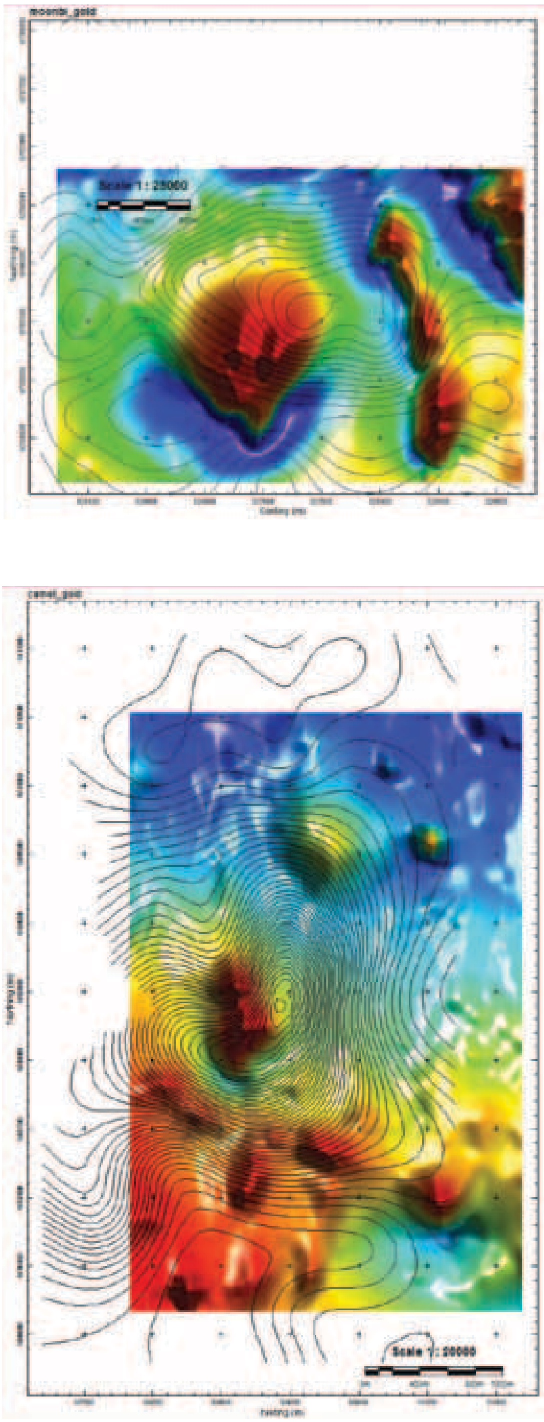


FIGURE 8: Camel and Moonbi target areas
TOP: Moonbi target, gold in geochem contours over magnetic image.
BOTTOM: Camel gold target with gold in geochem contours over magnetic image.

INDOOROOPILLY COPPER-GOLD PROJECT

(100% MARMOTA ENERGY LIMITED)

- **Gravity data, along with magnetic data has been used to define four areas of mineral potential with the two highest ranked targets considered by the Company ready to drill. The Moonbi gold target is a magnetic high with coincident gold and copper in calcrete anomalies over a large area covering 5.5km x 4.5km. This target is open to the south and east, and Marmota was awarded collaborative South Australian government funding for drilling. As with the Challenger gold resource, the Moonbi target lies on the edge of a regional-scale gravity high, as do the majority of significant Archaean age lode gold sites in the region.**

The second ranked target, "Camel", is a gold in calcrete and magnetic anomaly, located on the western side of the tenement. This target is a 800m x 650m gold in calcrete anomaly with 30 samples returning significant results in excess of 10 ppb Au, with the highest sample recording a 47 ppb Au. To the southwest of the calcrete anomaly is a discrete magnetic anomaly. This anomaly is open to the north and south, with calcrete sampling planned to extend the anomaly, followed by reverse circulation (RC) drill testing.

The underlying geology of this project is the Archaean, Mulgathing Complex which also hosts the nearby Challenger Gold Mine. The basement geology in this area is considered to be prospective for a range of commodities including Archaean gold deposits, similar to Challenger, possible IOCGs, iron deposits and sandstone hosted uranium in the younger Mesozoic and Cainozoic sediments.

SA GOVERNMENT COLLABORATIVE FUNDING AWARDED TO SUPPORT DRILLING ON THE INDOOROOPILLY PROJECT

The project is recognised by both Marmota and SA's Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) as having high potential and an allocation of $65,000 in PACE funding has been provided. The PACE programme is an initiative of the South Australian Government through DMITRE.

The PACE programme preferentially funds high quality, technically and economically sound projects that promote greenfield type exploration targets and new exploration technology. Successful proposals are viewed as the highest quality exploration targets based on sound technical, scientific and commercial criteria. PACE provides grant monies for up to 50% of direct drilling costs. Companies have approximately one year to complete their programs and submit reports and drilling samples.

INDOOROOPILLY AND AURORA TANK PROJECTS (CONT.)

AURORA TANK GOLD PROJECT

(100% MARMOTA ENERGY LIMITED)

- **The Aurora Tank project is located 50km northeast of Kingsgate's Challenger Gold Mine within the northern Gawler Craton (Figure 7). Exploration completed on the tenement has identified targets with potential for Challenger style gold mineralisation.**

A total of 1473 calcrete samples over the project have been used to identify key zones of anomalous gold. Key target zones with anomalous gold in excess of 10ppb, have been identified. Samples were obtained on a 1.6km reconnaissance grid with infill grids of 50m to delineate drill targets. A detailed aeromagnetic survey was also completed over the project with results assisting in target definition. A 1700m long zone of anomalous gold in calcrete has been defined along the eastern margin of a magnetic body, that trends NE, with discrete peaks of anomalous gold ranging up to 59ppb Au.

A second zone, 800m on the north western side of the magnetic body was also defined with anomalous gold ranging up to 38 ppb Au. The magnetic body is interpreted to be a shear zone within the basement Christie Gneiss. Previous drilling in the project area intersected primary Archaean gold mineralisation in both calcrete anomaly zones. Drill holes returned 4m @ 0.6g/t Au (RCAT-8) and 4m @ 1.6 g/t Au (RCAT-13). Both of these intersections were encountered on the end of drill traverses and are open for further drill testing. RC drilling is planned to continue to test the existing gold mineralisation.

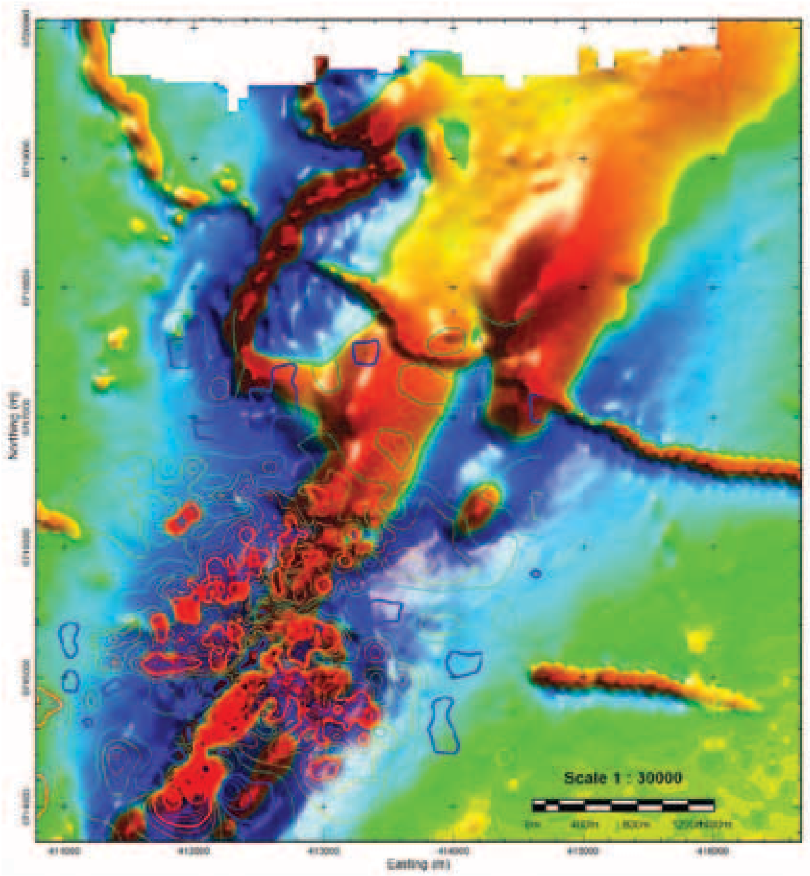


FIGURE 9: Aurora Tank gold target, gold in calcrete contours over magnetic image. Target area highlighted in yellow dashed line.

Drillhole	East	North	Zone	Depth	Angle	Az(mag)	from (m)	to (m)	Au g/t
RCAT-8	412200	6714200	53	150	-60	310	104	108	0.68
RCAT-13	411950	6715500	53	150	-60	310	120	124	1.6

TABLE 3: Aurora Tank previous drilling with gold intercepts

ANGEL WING GOLD PROJECT

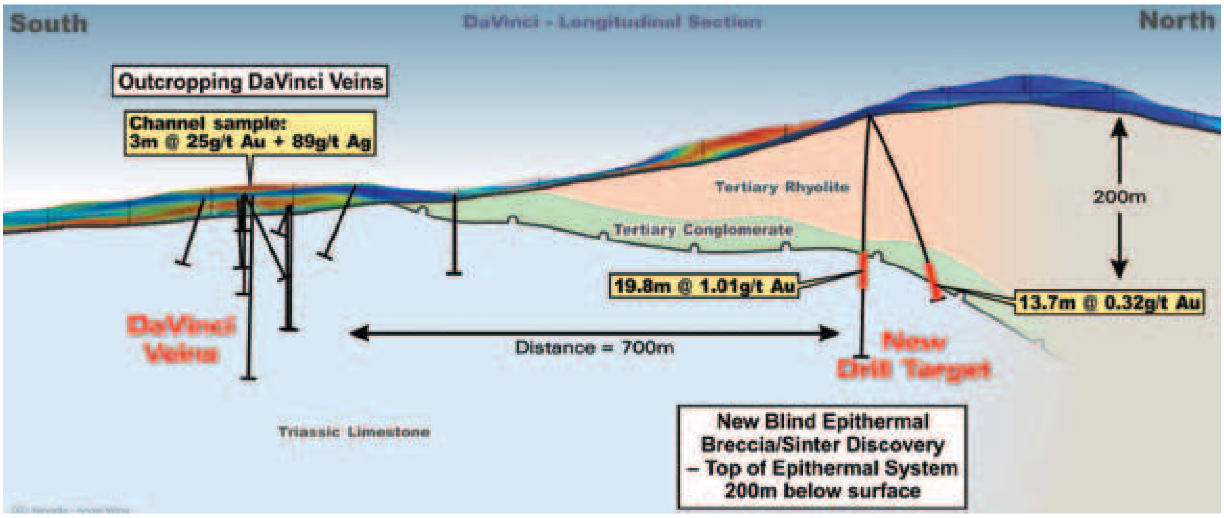
(RAMELIUS RESOURCES (ASX: RMS) + MARMOTA ENERGY LIMITED (ASX: MEU) EARNING 70%)

- **Results from the 2012 Phase I five-hole drill program at the Angel Wing gold project in Nevada, USA showed that all holes intersected gold at grades above 0.343 g/t Au with the best 1.5m intercept being 4.49 g/t Au. Gold intercepts are also complemented by significant intercepts of silver with drillhole AW12-05 returning 122m @ 1.33 g/t Ag from 170.7m containing 20m @ 4.1 g/t Ag from 213m. The significant silver intercepts are expected to enhance the gold results by offering gold equivalent to improve grade.**

The five RC holes, were designed to further test the Da Vinci and Botticelli vein systems as well as resistivity highs flanking these veins and a donut-shaped high-low magnetic anomaly in an area of Tertiary rhyolites. Significant gold or silver intersections are tabulated by target area in the following table and are defined as those with gold grades of 0.343 g/t Au or higher over intercepts of greater than 1.5 m, or silver grades of 10.29 g/t Ag or higher.

Hole Id	GDA E	GDA N	Depth (m)	Az/Dip
AW12-01	742587	4619103	251.5	040/-55
AW12-02	742800	4618205	248.4	070/-55
AW12-03	742700	4618351	233.2	093/-62
AW12-04	742717	4618340	152.4	270/-50
AW12-05	742587	4619103	332.2	095/-50

Hole ID	Interval (ft)	Length (ft)	Grade (oz/ton) Au	Grade (oz/ton) Ag	Interval (m)	Length (m)	Grade (g/t) Au	Grade (g/t) Ag
El Greco Target								
AW12-01	680-700	20		0.391	207.3-213.4	6.1		**13.4**
	685-690	5	0.010		208.8-210.3	1.5	0.353	
	780-785	5	0.050		237.7-239.3	1.5	**1.715**	
AW12-05	640-685	45	0.010		195.1-208.8	13.7	0.356	
contains	655-660	5	0.021		199.6-201.2	1.5	0.727	
& contains	675-685	10	0.026		205.7-208.8	3.0	0.906	
	730-795	65	0.030		222.5-242.3	19.8	**1.016**	
contains	740-770	30	0.055		225.6-234.7	9.1	**1.872**	
contains	745-755	10	0.100		227.1-230.1	3.0	**3.44**	
contains	745-750	5	0.131		227.1-228.6	1.5	**4.49**	
Da Vinci Target								
AW12-02	85-95	10	0.022		25.9-29.0	3.0	0.75	
AW12-03	60-80	20		0.802	18.3-24.4	6.1		**27.5**
	65-75	10	0.018		19.8-22.9	3.0	0.634	
Botticelli Target								
AW12-04	100-130	30	0.021		30.5-39.6	9.1	0.726	
contains	125-130	5	0.044		38.1-39.6	1.5	**1.505**	



Angel Wing discovery 700m north of outcropping epithermal DaVinci veins.

Hole AW12-05 with a high gold value of 1.5m of 4.49 g/t Au is one of the two best holes at Angel Wing. It and drill hole DC-7 (15.2 m of 1.643 g/t Au), located about 425m southeast of AW12-05, have the same gold endowment. Gold mineralisation in both holes is localised in decalcified and pervasively silicified limestone.

Ramelius has commenced immediate follow-up Phase II drilling. The four-hole RC program will total about 900m of drilling and will explore the extent of gold mineralisation intersected in AW12-05, the northward projection of the Da Vinci vein, and geochemical anomalies in the Raphael target area approximately 1,200m northeast of AW12-05. The drilling is targeting an analogue for Newmont's Midas gold-silver mine, also located in Elko County, Nevada. In 2010 the mine produced 127,196 oz Au and 1,710,218 oz Ag.

FIGURE 10: Angel Wing project location map

PROJECT DETAILS

The Angel Wing project consists of 87 unpatented lode claims covering 7.3 sq km in northeast Elko County, Nevada (Figure 10). Project area stratigraphy from youngest to oldest is a) Tertiary felsic volcanic units, b) Tertiary conglomerate, and c) limestone, probably late Paleozoic or Triassic in age. Past work consisted of geologic mapping, soil and rock sampling, a gravity survey, and RC drilling. Gold values from 0.1 to 94 Au g/t in rock chips occur in an area about 2,042m long and up to 914m wide. High gold value rock-chip samples with 10 to 94 Au g/t occur in steeply dipping, quartz-calcite-adularia veins within the limestone. Rock samples of altered and quartz-calcite veinlet stockworked limestone and Tertiary conglomerate contain up to 1.530 Au g/t. Historic shallow vertical drilling targeted disseminated mineralisation and returned up to 1.643 Au g/t over 15.2m in drill hole DC-7. Since 2010, Ramelius has completed IP/Resistivity, ground magnetic, and soil geochemical surveys, three core holes, and 17 RC holes.

CORPORATE GOVERNANCE STATEMENT

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 the highest standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2012.

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 and amended in 2011.

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. Effective 16 August 2012, the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee have been amalgamated to form a single Audit, Governance and Remuneration Committee chaired by Mr Glenn Davis a Non-executive Director.

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

RECOMMENDATION 1.2 AND 1.3 – RECOMMENDATIONS FOLLOWED

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

PRINCIPLE 2

STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1 – RECOMMENDATION NOT FOLLOWED

During the financial year, the composition of the Board consisted of five directors of whom three, including the Chairman, were 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 and they do not participate in the consideration of such matters. Mr Nelson resigned as a Director effective 1 August 2012.

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

During the year, the Company had established a Remuneration and Nomination Committee which, consisted of two non-executive Board directors, Messrs Nelson and Kennedy. Mr Nelson acted as Chairman of this committee (refer also to Principle 8 below). Mr Nelson resigned as a Director on 1 August 2012. Effective 16 August 2012, the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee have been amalgamated to form a single Audit, Governance and Remuneration Committee chaired by Mr Glenn Davis a Non-executive Director.

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 2012, 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 previous 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

During the financial year the Audit and Corporate Governance Committee consisted of two non-executive Board directors, Messrs Davis and Kennedy, and was chaired by Mr Davis. Mr Kennedy is a qualified Chartered Accountant. Effective 16 August 2012, the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee have been amalgamated to form a single Audit, Governance and Remuneration Committee chaired by Mr Glenn Davis a Non-executive Director.

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

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 three 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 & 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 is ultimately responsible for the Company's remuneration policy.

During the financial year the Remuneration and Nomination Committee consisted of two Non-executive Directors, Messrs Nelson and Kennedy. Mr Nelson acted as Chairman of this committee. Details of the number of and attendance at the Committee meetings can be found in the Directors' Report. Mr Nelson resigned as a Director on 1 August 2012. Effective 16 August 2012, the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee have been amalgamated to form a single Audit, Governance and Remuneration Committee chaired by Mr Glenn Davis a Non-executive Director.

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 & 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 2010 financial 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 Remuneration and Nomination Committee conducted an in house benchmarking review of executive remuneration during the financial year.

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.

From time to time, the Company may grant retention rights as considered appropriate by the Remuneration and Nomination Committee and the Board, as a long term incentive for Key Management Personnel. These rights are subject to shareholder approval at the Annual General Meeting. The intention of this remuneration is to facilitate the retention of Key Management Personnel in order that the goals of the business and shareholders can be met. Under the terms of the issue of retention rights, the rights will vest over a period of time, with a proportion of the rights vesting each year.

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 2012 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 and retention rights 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

ALTERATION
Any change in the mineralogic composition of a rock brought about by physical or chemical means.

AMPHIBOLE
A group of common rock-forming minerals that occur most frequently in igneous and metamorphic rocks.

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.

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

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.

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.

COFFINITE
A black tetragonal mineral. An important ore of uranium, it occurs in many sandstone deposits and in hydrothermal veins.

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.

DMITRE
Department for Manufacturing, Innovation, Trade, Resources and Innovation, the mineral and resources regulatory authority in South Australia.

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

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

ELECTROMAGNETIC (EM) SURVEY
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.

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

FELSICS
Light coloured igneous rocks rich in silica.

FERRICRETE
Surficial layer cemented with iron oxide.

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.

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

GOETHITE
A yellow, red or brown mineral, FeO(OH), often the commonest constituent of limonite.

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.

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.

INFERRED RESOURCE
An "Inferred Mineral Resource" is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity.

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.

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.

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.

MAGNETITE
A black, cubic, strongly magnetic, opaque mineral.

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

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

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

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

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

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

PALAEOENVIRONMENT
An environment in the geological past.

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

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

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

PLIOCENE
Interval of geological of time (part of the late Tertiary) 5.3-1.6 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.

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

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

SCINTILLOMETER
An instrument for measuring ionizing radiation and detecting uranium.

SEQUENCE
A succession of rocks.

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

STRATA
Layers of sedimentary rock.

SUBCROP
Rocks underlying the surface cover.

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 URANIUM
An accumulation of uranium along the boundary between an 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.

2012 FINANCIAL REPORT

DIRECTORS' REPORT

The Directors present their report on Marmota Energy Limited – consolidated entity ("Group") for the year ended 30 June 2012 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

Independent Non-Executive Chairman

Experience and expertise

Mr Kennedy has been non-executive chairman of Marmota Energy Limited since April 2006.

He is a Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded.

Mr Kennedy brings to the Board his expertise and extensive experience as chairman and non-executive director of a range of listed public companies in the resources sector.

He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy leads the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings Mr Kennedy leads the Board's external engagement of the Company meeting with Government, investors and is engaged with the media. He is a regular attendee of Audit Committee functions of the major accounting firms and is a regular presenter on topics relating to directors with the AICD and the CSA. During the year he attended the Masterclass of the Australian Institute of Directors with members of top ASX200 company boards.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Beach Energy Limited (since 1991), Flinders Mines Limited (since 2001), Ramelius Resources Limited (since listing in March 2003), Maximus Resources Limited (since 2004), ERO Mining Limited (since 2006), Monax Mining Limited (since 2004) and formerly Somerton Energy Limited (from 2010 to 2012). He was appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources in 2008.

Responsibilities

His special responsibilities include membership of the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee.

Interests in Shares and Options – 5,352,140 ordinary shares of Marmota Energy Limited.

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

Non-executive Director

Experience and expertise

Board member since 28 April 2006 until August 2012. Mr Nelson is an exploration geophysicist with a career spanning four decades in 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.

Current and former directorships in the last 3 years

Managing Director of Beach Energy Limited (since 1992), Ramelius Resources Limited (since 1995 until August 2012), Monax Mining Limited (since 2004 until August 2012) and Sundance Energy Australia Limited (since 2010 until March 2012).

Responsibilities

Special responsibilities include membership of the Remuneration and Nomination Committee.

Interests in Shares and Options – 1,731,428 ordinary shares of Marmota Energy Limited.

DIRECTORS' REPORT (CONT.)

Mr Glenn Stuart Davis LLB, BEc

Non-executive Director

Experience and expertise
Board member since 28 April 2006. A solicitor and 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.

Current and former directorships in the last 3 years
Beach Energy Limited (Director since July 2007 and Deputy Chairman since June 2009) and Monax Mining Limited (since 2004).

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

Interests in Shares and Options – 3,057,143 ordinary shares of Marmota Energy.

Dr Neville Foster Alley Phd, PSM

Executive Technical Director

Experience and expertise
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.

Current and former directorships in the last 3 years
InterMet Resources Limited (since 2004 until August 2008), Beach Energy Limited (since July 2007), Monax Mining Limited (since 2005 until November 2011) and ERO Mining Limited (from January 2011 until June 2011) and is a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.

Interests in Shares and Options – 2,977,858 ordinary shares of Marmota Energy Limited.

Mr Domenic Joseph Calandro BSc, AIG

Managing Director

Experience and expertise
Board member since 9 July 2007. Experience of 15 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 – 3,080,000 ordinary shares of Marmota Energy Limited and options to acquire a further 375,000 ordinary shares.

DIRECTORS' MEETINGS

The Company held 17 meetings of Directors (including committees of Directors) during the financial year. The number of Directors' meetings and number of meetings attended by each of the Directors of the Company (including committees of Directors) during the financial year were as follows:

	Directors' Meetings		Audit and Corporate Governance Committee Meetings		Remuneration and Nomination Committee Meetings		Due Diligence Committee Meetings	
	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended
Director								
Robert Michael Kennedy	10	10	3	3	2	2	-	-
Reginald George Nelson	10	9	-	-	2	2	-	-
Glenn Stuart Davis	10	10	3	3	-	-	-	-
Neville Foster Alley	10	10	-	-	-	-	2	1
Domenic Joseph Calandro	10	10	-	-	-	-	2	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.

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 19 years experience working in public practice and in commerce with publicly listed entities.

PRINCIPAL ACTIVITIES

The Group's principal activity is minerals exploration.

REVIEW AND RESULTS OF OPERATIONS

During the period Marmota Energy completed exploration programs across the Company's key exploration assets. Marmota continued to execute successful exploration programs on its South Australian mineral exploration projects along with maintaining the Company's interest in gold projects in joint venture with Ramelius Resources.

Exploration results from the 2012 Junction Dam exploration program have enabled the increase of the Inferred Resource at the Saffron deposit. Outstanding assay results have been received, confirming that the already significant grades reported from downhole logging at Junction Dam understate the true grade by up to a factor of 2.25. This year's phase of drilling has also confirmed significant expansion potential to the Saffron resource into the adjoining Bridget prospect offering 6.5 km of consistent uranium mineralisation inventory. This has facilitated a significant upgrade to the exploration target for uranium at Junction Dam to 400 to 700 parts per million (ppm) U_3O_8, for 10,000t to 15,000t U_3O_8 or 22Mlb to 33Mlb U_3O_8.

Marmota has continued to grow its equity interest to now own 87.3% of the uranium rights at Junction Dam.

At the Melton copper-gold project on South Australia's Yorke Peninsula further exploration has identified several new target areas. This follows on from significant grades of up to 2.25% copper and 112.1 g/tonne silver that were intercepted in Phase 2 drilling. In addition the discovery of iron ore at the Company's Western Spur project in early 2011 is developing into an exciting project for Marmota. Grades ranging up to 58.9% iron, and 28.07% manganese from easily accessible large scale outcrops have been returned and a first stage exploration target ranging up to 125 million tonnes at a grade of 40-59% Fe hematite potential was determined. This target is quite comparable to other existing hematite iron projects in South Australia. At the Indooroopilly project several drill ready targets were identified with the project also attracting collaborative government funding.

In Nevada, Marmota with partner Ramelius Resources (RMS) conducted further drill testing on the Angel Wing gold project intercepted gold and silver mineralisation. High grades of gold up to 4.45 g/t Au and silver up to 147 g/t Ag have been returned from chemical assay. Follow up drilling is planned to continue into the second half of 2012.

DIRECTORS' REPORT (CONT.)

RESULTS

During the year, the Group continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled $3,122,155.

The net profit/(loss) of the group after income tax was a loss of $9,210,725 (2011: profit $23,279).

The net assets of the group have decreased by $9,131,364 during the financial year from $27,476,567 at 30 June 2011 to $18,345,203 at 30 June 2012.

DIVIDENDS

No dividends have been paid or provided by the Group since the end of the previous financial year (2011: nil).

STATE OF AFFAIRS

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

EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2012, 700,000 share rights vested and resulted in the issue of 500,000 fully paid ordinary shares to the Managing Director and 200,000 fully paid ordinary shares to the Company Secretary.

On 24 July 2012, 250,000 share options were granted to employees under the Marmota Energy Limited Employee Share Option Plan. The exercise price of the options is 3.6 cents with an expiry date of 24 July 2017.

On 13 July 2012, a non-renounceable rights issue closed raising approximately $240,000 before costs and resulting in the issue of 6,017,960 new ordinary shares.

Other than the matters noted 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 Group, the results of those operations, or the state of the Group in future years.

LIKELY DEVELOPMENTS

Further information about likely developments in the operations of the Group 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 Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE STATEMENT

The Group'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 Group on any of its tenements. To date the Group 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 ($)
23/12/2013	$0.04	250,000	250,000	-	-
05/03/2015	$0.1016	325,000	325,000	-	-
21/12/2015	$0.083	125,000	125,000	-	-
29/07/2016	$0.073	250,000	250,000	-	-
24/07/2017	$0.036	250,000	250,000	-	-

* 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 2012.

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 2012 is set out immediately following the end of the Directors' report.

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.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee oversees remuneration matters and makes recommendations to the Board on remuneration policy, fees and remuneration packages for non-executive directors and senior executives. Details of the committee's members and its responsibilities are set out in the Corporate Governance Statement.

Non-executive Remuneration Policies

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 fees paid to Non-executive Directors are not incentive or performance based but are fixed amounts that are determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of board committees. The fees are set by Remuneration and Nomination Committee which consults independent advice from time to time.

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.

Executive Remuneration Policies

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.

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 remuneration structure and packages offered to executives are summarised below:

» Fixed remuneration

» Short term incentive - 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.

» Long term incentive – equity grants, which may be granted annually at the discretion of the Board. From time to time, the Company may grant retention rights as considered appropriate by the Remuneration and Nomination Committee and the Board, as a long term incentive for key management personnel. These rights are subject to shareholder approval at the Annual General Meeting in the year of grant. The intention of this remuneration is to facilitate the retention of key management personnel in order that the goals of the business and shareholders can be met. Under the terms of the issue of the retention rights, the rights will vest over a period of time, with a proportion of the rights vesting each year.

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.

Service Agreements

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. Ms Suttell is employed by Groundhog Services Partnership to act as Chief Financial Officer and Company Secretary of Monax Mining Limited and Marmota Energy Limited. The employment conditions are set out in a contract of employment and include a three month notice period.

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, RIGHTS AND OPTIONS

Directors' relevant interests in shares, rights 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 (until August 2012)
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Executive
Mr DJ Calandro	Managing Director – Executive
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONT.)

(b) Directors' remuneration

2012 Primary Benefits	Directors' fees $	Salary, fees and leave $	Cash bonus $	Non cash items $	Super con-tributions $	Options/ rights $	Total $	Proportion of remuneration related to performance
Directors								
Mr RM Kennedy	73,395	-	-	-	6,605	-	80,000	-
Mr RG Nelson	41,973	-	-	-	3,777	-	45,750	-
Mr GS Davis*	45,750	-	-	-	-	-	45,750	-
Dr NF Alley	-	84,000	-	-	7,560	-	91,560	-
Mr DJ Calandro	-	232,401	-	24,824	15,775	43,301	316,301	13.7%
	161,118	**316,401**	**-**	**24,824**	**33,717**	**43,301**	**579,361**	**7.5%**

2011 Primary Benefits	Directors' fees $	Salary, fees and leave $	Cash bonus $	Non cash items $	Super con-tributions $	Options/ rights $	Total $	Proportion of remuneration related to performance
Directors								
Mr RM Kennedy	73,395	-	-	-	6,605	-	80,000	-
Mr RG Nelson	41,973	-	-	-	3,777	-	45,750	-
Mr GS Davis*	45,750	-	-	-	-	-	45,750	-
Dr NF Alley	-	80,000	-	-	7,200	-	87,200	-
Mr DJ Calandro	-	215,972	-	28,828	15,200	82,244	342,244	24.0%
	161,118	**295,972**	**-**	**28,828**	**32,782**	**82,244**	**600,944**	**13.6%**

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

(c) Key management personnel remuneration

2012 Primary Benefits	Directors' fees $	Salary, fees and leave $	Cash bonus $	Non cash items $	Super contributions $	Options/ rights $	Total $	Proportion of remuneration related to performance
Key management personnel excluding Directors								
Ms VK Suttell*	-	105,341	-	4,897	7,888	17,320	135,446	12.7%
	-	**105,341**	**-**	**4,897**	**7,888**	**17,320**	**135,446**	**12.7%**

2011 Primary Benefits	Directors' fees $	Salary, fees and leave $	Cash bonus $	Non cash items $	Super contributions $	Options/ rights $	Total $	Proportion of remuneration related to performance
Key management personnel excluding Directors								
Ms VK Suttell*	-	100,574	-	4,326	7,600	29,298	141,798	20.6%
	-	**100,574**	**-**	**4,326**	**7,600**	**29,298**	**141,798**	**20.6%**

* Ms Suttell was appointed as Company Secretary and Chief Financial Officer on 21 November 2007. Ms Suttell is employed by Groundhog Services Partnership 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.

(d) Service agreements

The Managing Director was appointed in 2007 on an ongoing employment basis. The salary was reviewed in July 2012 and set at $281,000 per annum inclusive of superannuation guarantee contributions and includes a three month 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.

The Executive Director was appointed in 2007. The Executive Director's employment is on an ongoing employment basis. The Executive Director's remuneration was reviewed effective 1 July 2012 and set at $94,300 per annum inclusive of superannuation guarantee contributions and includes 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.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONT.)

OPTIONS AND RIGHTS GRANTED

No options were granted to directors or key management personnel of the company during the financial year.

Options	Grant Details			For the financial year ended 30 June 2012					Overall		
	Date	No.	Value $	Exer-cised No.	Exer-cised $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Group key management personnel			(Note 1)	(Note 2)	(Note 3)		(Note 4)				
Mr DJ Calandro	21.12.2010	125,000	9,000	-	-	-	-	125,000	100	-	-
		125,000	**9,000**	**-**	**-**	**-**	**-**	**125,000**			

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 have 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 have 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.

No share rights were granted to key management personnel during the financial year:

Retention Rights	Grant Details			For the financial year ended 30 June 2012					Overall		
	Date	No.	Value $	Exer-cised No.	Exer-cised $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Group key management personnel			(Note 1)	(Note 2)	(Note 3)		(Note 4)				
Mr DJ Calandro*	19.11.2010	1,500,000	136,500	-	-	-	-	500,000	33.33	66.67	-
Ms V Suttell*	19.11.2010	600,000	54,600	-	-	-	-	200,000	33.33	66.67	-
		2,100,000	**191,100**	**-**	**-**	**-**	**-**	**700,000**			

*Retention rights vest one third on each of 1 July 2011, 1 July 2012 and 1 July 2013.

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

Details of the options and rights 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/right at grant date	Amount paid/payable by recipient
Options						
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	-
21.12.2010	Marmota Energy Limited	1:1 Ordinary shares in Marmota Energy Limited	From issue date to 21.12.2015	$0.083	$0.072	-
Rights						
19.11.2010	Marmota Energy Limited	1:1 Ordinary shares in Marmota Energy Limited	One third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013	$0.00	$0.091	-

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

Retention right values at grant date were determined using the Binomial 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 17th day of September 2012.

AUDITOR'S INDEPENDENCE DECLARATION

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67 Greenhill Rd
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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 2012, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 17 September 2012

STATEMENT OF COMPREHENSIVE INCOME

	Note	Consolidated	
		2012 $	2011 $
Other revenues from ordinary activities	2	465,251	908,420
Total revenue		**465,251**	**908,420**
Administration expenses	3	302,563	297,735
Consulting expenses	3	94,463	93,525
Depreciation expense	3	8,326	23,496
Employment expenses	3	335,310	346,108
Service fees	3	154,808	158,408
Impairment of exploration and evaluation assets	3	8,769,591	-
Other expenses		-	25,212
(Loss)/profit before income tax expense		**(9,199,810)**	**(36,064)**
Income tax (expense)/benefit	4	(10,915)	59,343
(Loss)/profit for the period		**(9,210,725)**	**23,279**
Loss attributable to members of the parent entity		(9,210,725)	23,279
Other comprehensive income		-	-
Total comprehensive income for the period		**(9,210,725)**	**23,279**
Basic earnings per share (cents)	7	(6.08)	0.015
Diluted earnings per share (cents)	7	(6.08)	0.015

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	Consolidated	
		2012 $	2011 $
Current assets			
Cash and cash equivalents	8	2,218,934	2,759,057
Trade and other receivables	9	273,803	454,987
Other current assets	10	25,317	20,703
Financial assets	11	20,000	3,020,000
Total current assets		**2,538,054**	**6,254,747**
Non-current assets			
Plant and equipment	12	266,603	379,294
Investments in associates	13	1	1
Exploration and evaluation expenditure	16	16,190,408	21,287,215
Total non-current assets		**16,457,012**	**21,666,510**
Total assets		**18,995,066**	**27,921,257**
Current liabilities			
Trade and other payables	17	567,716	381,898
Short term provisions	18	36,755	29,357
Total current liabilities		**604,471**	**411,255**
Non-current liabilities			
Long term provisions	18	45,392	33,435
Total non-current liabilities		**45,392**	**33,435**
Total liabilities		**649,863**	**444,690**
Net assets		**18,345,203**	**27,476,567**
Equity			
Issued capital	19	26,112,440	26,107,908
Reserves	27	2,683,921	2,609,092
Retained losses		(10,451,158)	(1,240,433)
Total equity		**18,345,203**	**27,476,567**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Issued capital (Note 19) $	Reserves (Note 20) $	Retained losses $	Total $
Balance at 1 July 2010	**26,106,308**	**2,497,550**	**(1,263,712)**	**27,340,146**
Total comprehensive income	-	-	23,279	23,279
	-	**-**	**23,279**	**23,279**
Transactions with owners in their capacity as owners:				
Shares issued during the period	1,600	-	-	1,600
Options issued during the period	-	111,542	-	111,542
	1,600	**111,542**	**-**	**113,142**
Balance at 30 June 2011	**26,107,908**	**2,609,092**	**(1,240,433)**	**27,476,567**
Total comprehensive income	-	-	(9,210,725)	(9,210,725)
	-	**-**	**(9,210,725)**	**(9,210,725)**
Transactions with owners in their capacity as owners:				
Shares issued during the period	30,000	-	-	30,000
Options issued during the period	-	74,829	-	74,829
Transaction costs associated with the issue of shares net of tax	(25,468)	-	-	(25,468)
	4,532	**74,829**	**-**	**79,361**
Balance at 30 June 2012	**26,112,440**	**2,683,921**	**(10,451,158)**	**18,345,203**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		2012 $	2011 $
Cash flows from operating activities			
Cash receipts in the course of operations		5,125	44,372
Cash payments in the course of operations		(832,069)	(895,632)
Interest received		372,626	477,468
Income tax		-	59,342
Net cash (used in) operating activities	**23(b)**	**(454,318)**	**(314,450)**
Cash flows from investing activities			
Payments for plant and equipment		(2,939)	(119,495)
Payments for exploration and evaluation assets		(3,122,155)	(3,224,297)
Loans from related entities		92,818	(11,383)
Loans repaid to related entities		(17,145)	(110)
Net cash (used in) investing activities		**(3,049,421)**	**(3,355,285)**
Cash flows from financing activities			
Proceeds from issue of shares		-	1,600
Payment of transaction costs associated with capital raising		(36,384)	-
Net cash (used in)/provided by financing activities		**(36,384)**	**1,600**
Net (decrease) in cash held		**(3,540,123)**	**(3,668,135)**
Cash at the beginning of the financial year		**5,779,057**	**9,447,192**
Cash at the end of the financial year	**23(a)**	**2,238,934**	**5,779,057**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

(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 2012 and the result of all subsidiaries for the year then ended. Marmota Energy Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated group.

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

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

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 expense/(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

(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 reporting 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.

(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 Statement of Comprehensive Income 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.

(g) Financial instruments (cont.)

(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 non- financial 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 reporting 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. The fair value of retention rights is ascertained using the binomial valuation model.

(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.

(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 Group's 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. Details of the Group's interest in associates is shown at Note 13.

(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.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) 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.

(t) Carbon tax impact

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both houses of Parliament. In addition, as the Group will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme may be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism may pass on their burden to their customers in the form of increased prices.

(u) Adoption of the new and revised accounting standards

During the current year the Company adopted all of the new and revised Australia Accounting Standards and Interpretations applicable to its operations which became mandatory.

Recently issued accounting standards to be applied in future accounting periods

The accounting standards that have not been early adopted for the year ended 30 June 2012, but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future reporting periods, however they have been considered insignificant to the Group.

i) AASB 9 Financial Instruments (effective from 1 January 2013)

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

ii) Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

(u) Adoption of the new and revised accounting standards (cont.)

a. *AASB 10 Consolidated Financial Statements (AASB 10)*

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

b. *AASB 11 Joint Arrangements (AASB 11)*

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

c. *AASB 12 Disclosure of Interests in Other Entities (AASB 12)*

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

iii) AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Incomes (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs:

a. will not be reclassified subsequently to profit or loss and

b. will be reclassified subsequently to profit or loss when specific conditions are met.

It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

iv) Amendments to AASB 119 Employee Benefits (AASB 119 Amendments)

The AASB 119 Amendments include a number of targeted improvements throughout the Standard. The main changes relate to defined benefit plans. They:

a. eliminate the "corridor method", requiring entities to recognise all gains and losses arising in the reporting period in other comprehensive income

b. streamline the presentation of changes in plan assets and liabilities

c. enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

The amended version of AASB 119 is effective for financial years beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this revised standard on the Group's consolidated financial statements.

v) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)

AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. The Group's management have yet to assess the impact of these amendments.

vi) Other

In addition to the above recently issued accounting standards that are applicable in future years, we note the following new accounting standards that are applicable in future years:

- Amendments to IAS 32 "Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures";

- AASB Interpretation 20 "Stripping Costs in the Production Phase of a Surface Mine";

- Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128); and

- AASB 13 Fair Value Measurement (AASB 13).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

(u) Adoption of the new and revised accounting standards (continued)

We do not expect these standards to materially impact our financial results upon adoption.

(v) Parent entity financial information

The financial information for the parent entity, Marmota Energy Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements.

(w) Foreign currency translation

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is Marmota Energy Limited's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(x) Going Concern

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

The Consolidated Entity incurred a net loss before tax of $9,210,725 during the year ended 30 June 2012, had a net cash outflow of $3,503,739 from operations and investing activities, and its planned expenditure exceeds its current cash held. The directors have identified a current shortfall in available funds to meet the ongoing requirements of the Group. The Group continues to be reliant on the completion of a capital raising for continued operations and the provision of working capital.

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

No allowance for such circumstances has been made in the financial report.

(y) Authorisation for issue of financial statements

The financial statements were authorised for issue by the Board of Directors on 17 September 2012.

	Consolidated	
	2012 $	2011 $
2 REVENUE FROM ORDINARY ACTIVITIES		
Other revenues:		
From operating activities		
Interest received from other parties	228,451	454,928
Administration fees – joint ventures	138,488	391,570
Other income	98,312	61,922
Total revenue from ordinary activities	**465,251**	**908,420**
3 (LOSS)/PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE HAS BEEN DETERMINED AFTER		
EXPENSES		
Administration expenses		
ASX fees	25,293	21,915
Share registry fees	33,119	25,573
Insurance	47,182	42,294
Audit and other services	32,570	34,837
Travel	44,352	39,303
Marketing	45,737	47,090
Software licences and IT services	22,037	22,871
Other	52,273	63,852
	302,563	**297,735**
Consulting expenses		
Legal fees	12,229	7,483
Corporate consulting	72,486	73,504
Accounting and secretarial services	9,748	12,538
	94,463	**93,525**
Depreciation expense		
Plant and equipment	**8,326**	**23,496**
Employment expenses		
Salaries and wages	612,313	686,469
Directors fees	171,500	171,500
Superannuation	49,967	57,545
Provisions	19,355	(18,347)
Share-based payments	74,829	111,542
Other	61,399	83,122
Reallocation to exploration costs	(654,053)	(745,723)
	335,310	**346,108**
Service fees	**154,808**	**158,408**

	Consolidated	
	2012 $	2011 $
4 INCOME TAX BENEFIT/ (EXPENSE)		
The components of tax expense comprise:		
Current income tax	-	59,343
Deferred tax	-	-
Tax portion of capital raising costs	(10,915)	-
Income tax benefit/(expense) reported in the Statement of Comprehensive Income	**(10,915)**	**59,343**
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	2,759,943	10,819
Tax effect of:		
Deferred tax asset in respect of tax losses not brought to account	(129,066)	(10,819)
Impairment expense previously brought to account	(2,630,877)	-
Research and development rebate	-	59,342
Tax portion of capital raising costs	(10,915)	-
Income tax benefit/(expense) attributable to loss from ordinary activities	**(10,915)**	**59,342**
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%	5,286,885	3,918,854
Temporary differences	24,644	18,837

5 KEY MANAGEMENT PERSONNEL DISCLOSURES

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 2012. The totals of remuneration paid to key management personnel during the year are as follows:

	Consolidated	
	2012 $	2011 $
Short term employee benefits	612,581	590,818
Post employment benefits	41,605	40,382
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	60,621	111,542
	714,807	**742,742**

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 (until August 2012)
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Executive
Mr DJ Calandro	Managing Director – Executive
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

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

(i) Options/rights provided as remuneration and shares issued on exercise of such options/rights

Details of options/rights provided as remuneration and shares issued on the exercise of such options/rights together with the terms and condition of the options/rights 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

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

Shares	Balance 1/07/11	Received as remuneration	Options exercised	Net change other[1]	Balance 30/06/12	Total held in escrow 30/06/12
Held by Directors in own name						
Mr RM Kennedy	1	-	-	-	1	-
Mr RG Nelson	1	-	-	-	1	-
Mr GS Davis	1	-	-	-	1	-
Dr NF Alley	1	-	-	-	1	-
Mr DJ Calandro	-	-	-	-	-	-
	4	**-**	**-**	**-**	**4**	**-**
Held by Directors' personally related entities						
Mr RM Kennedy	3,568,092	-	-	-	3,568,092	-
Mr RG Nelson	1,154,284	-	-	-	1,154,284	-
Mr GS Davis	3,057,142	-	-	-	3,057,142	-
Dr NF Alley	2,727,857	-	-	-	2,727,857	-
Mr DJ Calandro	2,080,000	-	500,000	-	2,580,000	-
Total held by Directors	**12,587,379**	**-**	**500,000**	**-**	**13,087,379**	**-**
Key management personnel excluding Directors						
Ms VK Suttell	205,000	-	200,000	-	405,000	-
Total	**12,792,379**	**-**	**700,000**	**-**	**13,492,379**	**-**

Shares	Balance 1/07/10	Received as remuneration	Options exercised	Net change other[1]	Balance 30/06/12	Total held in escrow 30/06/11
Held by Directors in own name						
Mr RM Kennedy	1	-	-	-	1	-
Mr RG Nelson	1	-	-	-	1	-
Mr GS Davis	1	-	-	-	1	-
Dr NF Alley	1	-	-	-	1	-
Mr DJ Calandro	-	-	-	-	-	-
	4	**-**	**-**	**-**	**4**	**-**
Held by Directors' personally related entities						
Mr RM Kennedy	3,568,092	-	-	-	3,568,092	-
Mr RG Nelson	1,154,284	-	-	-	1,154,284	-
Mr GS Davis	3,057,142	-	-	-	3,057,142	-
Dr NF Alley	2,727,857	-	-	-	2,727,857	-
Mr DJ Calandro	2,080,000	-	-	-	2,080,000	-
Total held by Directors	**12,587,379**	**-**	**-**	**-**	**12,587,379**	**-**
Key management personnel excluding Directors						
Ms VK Suttell	205,000	-	-	-	205,000	-
Total	**12,792,379**	**-**	**-**	**-**	**12,792,379**	**-**

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

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

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

(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 1/07/11	Received as remun-eration	Options exercised	Net change other	Balance 30/06/12	Total vested 30/06/12	Total exercisable 30/06/12
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr DJ Calandro		-	-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**	**-**
Directors' personally related entities								
Mr RM Kennedy	(a)	1,350,000	-	-	-	1,350,000	1,350,000	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	1,350,00	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 DJ Calandro	(d)	125,000	-	-	-	125,000	125,000	125,000
Total held by Directors		**5,875,000**	**-**	**-**	**-**	**5,875,000**	**5,875,000**	**5,875,000**
Key management personnel excluding Directors								
Ms VK Suttell	(c)	75,000	-	-	-	75,000	75,000	75,000
Total		**5,950,000**	**-**	**-**	**-**	**5,950,000**	**5,950,000**	**5,950,000**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

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

Options	Option class	Balance 1/07/10	Received as remuneration	Options exercised	Net change other	Balance 30/06/12	Total vested 30/06/12	Total exercisable 30/06/11
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr DJ Calandro		-	-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**	**-**
Directors' personally related entities								
Mr RM Kennedy	(a)	1,350,000	-	-	-	1,350,000	1,350,000	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	1,350,00	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 DJ Calandro	(d)	-	125,000	-	-	125,000	125,000	125,000
Total held by Directors		**5,750,000**	**125,000**	**-**	**-**	**5,875,000**	**5,875,000**	**5,875,000**
Key management personnel excluding Directors								
Ms VK Suttell	(c)	75,000	-	-	-	75,000	75,000	75,000
Total		**5,950,000**	**-**	**-**	**-**	**5,950,000**	**5,950,000**	**5,950,000**

(a) Unlisted options exercisable at $0.40 by 11/07/2012.
(b) Unlisted options exercisable at $0.04 by 23/12/2013.
(c) Unlisted options exercisable at $0.1016 by 05/03/2015.
(d) Unlisted options exercisable at $0.083 by 21/02/2015.

(iv) Share rights holdings

The number of rights 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.

Rights	Period	Opening balance	Received as remuneration	Vested	Net change other	Balance period end	Total vested period end	Total exercisable period end
Mr RM Kennedy	2012	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-
Mr RG Nelson	2012	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-
Mr GS Davis	2012	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-
Dr NF Alley	2012	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-
Mr DJ Calandro	2012	1,500,000	-	(500,000)	-	1,000,000	-	-
	2011	-	1,500,000	-	-	1,500,000	-	-
Ms VK Suttell	2012	600,000	-	(200,000)	-	400,000	-	-
	2011	-	600,000	-	-	600,000	-	-
Total	**2012**	**2,100,000**	**-**	**(700,000)**	**-**	**1,400,000**	**-**	**-**
	2011	**-**	**2,100,000**	**-**	**-**	**2,100,000**	**-**	**-**

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

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

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.

	Consolidated	
	2012 $	2011 $
6 AUDITORS' REMUNERATION		
Audit services:		
Auditors of the Group – Grant Thornton		
Audit and review of the financial reports	32,500	34,800
	32,500	**34,800**

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
- 250,000 unlisted options exercisable at $0.04 by 23/12/2013
- 325,000 unlisted options exercisable at $0.1016 by 05/03/2015
- 125,000 unlisted options exercisable at $0.083 by 21/12/2015
- 250,000 unlisted options exercisable at $0.073 by 29/07/2016

Options granted to employees under the Marmota Energy Limited Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

	Consolidated	
	2012 $	2011 $
(c) Earnings used in the calculation of earnings per share		
(Loss)/profit after income tax expense	(9,210,725)	23,279
Weighted average number of shares outstanding during the year in calculating earnings per share		
Number for basic earnings per share		
Ordinary shares	151,449,490	150,368,887
Number for diluted earnings per share		
Ordinary shares and options	151,449,490	150,494,856

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 $	2011 $
8 CASH AND CASH EQUIVALENTS		
Cash at bank	188,934	459,057
Deposits at call	2,030,000	2,300,000
	2,218,934	**2,759,057**
9 TRADE AND OTHER RECEIVABLES		
Current		
Other debtors	92,640	290,729
Loan to related parties	355	240
Loan to associate	180,808	164,018
	273,803	**454,987**
Other debtors represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired. (2011: nil)		
10 OTHER CURRENT ASSETS		
Prepayments	**25,317**	**20,703**
11 FINANCIAL ASSETS		
Held-to-maturity investments		
Fixed interest short term deposit	**20,000**	**3,020,000**
12 PLANT AND EQUIPMENT		
Plant and equipment		
At cost	684,260	681,324
Accumulated depreciation	(417,657)	(302,030)
Net book value	**266,603**	**379,294**
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	379,294	388,072
Additions	2,936	119,496
Disposals	-	-
Depreciation	(115,627)	(128,274)
Carrying amount at end of year	**266,603**	**379,294**

13 INVESTMENTS IN ASSOCIATES

Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
Unlisted				2012	2011	2012 $	2011 $
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1
Groundhog Partnership	Administration services	n/a	n/a	50%	50%	-	-

(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:

	Consolidated	
	2012 $	2011 $
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

The Group's share of the results of its principle associates and its aggregated assets and liabilities are as follows:

Current assets	371,221	285,004
Non-current assets	108,166	164,188
Total assets	**479,387**	**449,192**
Current liabilities	(425,920)	(384,483)
Non-current liabilities	(53,465)	(64,707)
Total liabilities	**(479,385)**	**(449,190)**
Net assets	**2**	**2**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

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	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). MSA has achieved its second earn in and has a 50% interest.
2	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 3909 and EL 3910. MSA and MOX enter into a joint venture to explore for uranium.
3	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 2011, MEU achieved its 87.3% earn in.
4	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. MOX and MEU operate a 50:50 joint venture.
5	USA	Big Blue and Angel Wing 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 and Angel Wing Gold Project in Nevada.
6	WA	Rudall East Project	Teck Australia Pty Ltd and Marmota Energy Limited (MEU)	MEU will have the right to explore for uranium, spending $1m over three years to earn a 51% interest in the uranium rights.

15 CONTROLLED ENTITIES

(a) Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entity in accordance with the accounting policy described in Note 1(b):

	Country of incorporation	Percentage owned (%)	
		2012	2011
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	100

16 EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2012 $	2011 $
Movement:		
Carrying amount at beginning of year	21,287,215	17,563,655
Additional costs capitalised during the year	3,672,784	3,723,560
Impairment	(8,769,591)	-
Carrying amount at end of year	**16,190,408**	**21,287,215**
Closing balance comprises:		
Exploration and evaluation		
-100% owned	2,153,280	1,660,877
Exploration and evaluation phase		
-Joint Venture	14,037,128	19,626,338
	16,190,408	**21,287,215**

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.

17 TRADE AND OTHER PAYABLES

Trade creditors	161,462	196,188
Other creditors and accruals	294,060	119,564
Amounts payable to Director related entities*	112,194	66,146
	567,716	**381,898**

* Details of amounts payable to Director related entities are detailed in note 24

18 PROVISIONS

Current		
Employee benefits	**36,755**	**29,357**
Non-current		
Employee benefits	**45,392**	**33,435**

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.

Provisions		
Opening balance at beginning of year	62,792	81,139
Additional provisions	19,355	(18,347)
Balance at end of year	**82,147**	**62,792**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

19 ISSUED CAPITAL

	Consolidated	
	2012 $	**2011 $**
Issued and paid-up share capital		
151,649,490 (2011: 150,449,490) ordinary shares, fully paid	**26,112,440**	**26,107,908**
(a) Ordinary shares		
Balance at the beginning of year	26,107,908	26,106,308
Shares issued during the year:		
Nil (2011:40,000) shares issued to employees on exercise of options at $0.04	-	1,600
700,000 (2011:Nil) shares issued to employees on vesting of share rights	-	-
500,000 (2011:500,000) shares issued for acquisition of mineral tenement	30,000	-
Less transaction costs arising from issue of shares net of tax	(25,468)	-
Balance at end of year	**26,112,440**	**26,107,908**

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.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

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

(b) Options/rights

For information relating to share options/retention rights 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 2012, there were 30,350,000 (2011: 30,875,000) unissued shares for which the following options/rights were outstanding.

- 28,000,000 unlisted options exercisable at $0.40 by 11/07/2012.
- 250,000 unlisted options exercisable at $0.04 by 23/12/2013
- 325,000 unlisted option exercisable at $0.1016 by 05/03/2015
- 125,000 unlisted options exercisable at $0.083 by 21/12/2015
- 1,400,000 retention rights vesting 1/2 each of 01/07/2012 and 01/07/2013
- 250,000 unlisted options exercisable at $0.073 by 29/07/2016

(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. The Group's capital is shown as issued capital in the Statement of Financial Position.

20 SHARE-BASED PAYMENTS

Share-based payments are in line with the Marmota Energy Limited Employee Share Option Plan, details of which are outlined in the Directors' Report. Listed below are summaries of options granted:

(i) Options

Marmota Energy Limited	2012		2011	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	775,000		690,000	0.07
Granted – July 2011	250,000	$0.073	-	-
Granted – December 2010	-		125,000	0.083
Forfeited	-		-	-
Exercised	-		(40,000)	0.04
Expired	-		-	-
Outstanding at year-end	**1,025,000**		**775,000**	
Exercisable at year-end	**1,025,000**		**775,000**	

On 21 December 2010, 125,000 share options were granted to employees under the Marmota Energy Limited Employer Share Option Plan to take up ordinary shares at an exercise price of $0.083 each. These options are exercisable on or before 21 December 2015.

On 5 March 2010, 400,000 share options were granted to employees under the Marmota Energy Limited Employer 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. 75,000 of these options have lapsed.

On 23 December 2008, 625,000 share options were granted to employees under the Marmota Energy Limited Employer 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. 375,000 of these options have been exercised.

On 29 July 2011, 250,000 share options were granted to employees under the Marmota Energy Limited Employer Share Option Plan to take up ordinary shares at an exercise price of $0.073 each. These options are exercisable on or before 29 July 2016.

The options are non-transferable except as allowed under the Employee Share Option Plan and are not quoted securities. At reporting 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.

20 SHARE-BASED PAYMENTS (CONT.)

(i) Options (cont.)

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

	July 2011 issue	December 2010 issue	March 2010 issue	December 2008 issue
Weighted average fair value	$0.045	$0.072	$0.063	$0.038
Weighted average exercise price	$0.073	$0.083	$0.1016	$0.04
Weighted average life of the option	1,826 days	1,825 days	1,825 days	1,825 days
Underlying share price	$0.06	$0.09	$0.09	$0.04
Expected share price volatility	102%	105%	90%	181%
Risk free interest rate	4.25%	4.75%	4.0%	4.25%

The life of the options is based on the days remaining until expiry. Volatility is based on historical share prices.

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
21 December 2010	125,000

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.

(ii) Retention Rights

On 19 November 2010, a total of 2,100,000 retention rights were granted to two senior executives/key management personnel subsequent to shareholder approval at the Annual General Meeting. The retention rights, being an entitlement to shares in the Company, will vest over three years with one third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013, at which time shares will be issued to the executives. The fair value of these rights at grant date was $191,100 of which $63,579 was recognised during the 2012 financial year in the share based payments reserve and Statement of Comprehensive Income. At reporting date, 700,000 rights had vested. The fair value of the rights was determined by obtaining an independent valuation and considering the market price of the underlying shares at the date the rights were granted and assuming that all holders continued to be employees of the Group, adjusted for the risk that vesting conditions are not met.

Each right is issued for no consideration. Once exercisable, a right entitles the holder to one fully paid ordinary share in Marmota Energy Limited. The aggregate value of rights at the grant date is $191,100 of which $63,579 was expensed in the 2012 financial year. $24,979 is to be expensed in subsequent years. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The notional value of equity instruments which do not vest during the reporting period is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest. The notional value of rights as at grant date has been determined in accordance with AASB 2. The calculations are performed using the binomial valuation methodology. The total minimum value of rights if vesting conditions are not met is nil.

20 SHARE-BASED PAYMENTS (CONT.)

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were as follows:

	Consolidated	
	2012 $	2011 $
Options issued under employee option plan	11,250	9,000
Retention rights issued	63,579	102,542
	74,829	**111,542**

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:

	Consolidated	
	2012 $	2011 $
Financial assets		
Cash and cash equivalents	2,218,934	2,759,057
Held-to-maturity investments - Fixed interest securities	20,000	3,020,000
Loans and receivables	273,803	454,987
	2,512,737	**6,234,044**
Financial liabilities		
Trade and other payables	567,716	381,898
	567,716	**381,898**

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.

Financial liabilities are expected to be settled within 12 months.

21 FINANCIAL RISK MANAGEMENT (CONT.)

(b) 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 reporting date.

(c) 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 Group 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 2012 approximately 92% 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.

(d) Sensitivity analysis

Interest rate

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting 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 Group does not have borrowings and any impacts would be in relation to deposit yields on cash investments.

Interest rate sensitivity analysis

At reporting date, the effect on profit/ (loss) and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2012 $	2011 $
Change in loss		
Increase in interest rates by 2%	44,779	115,580
Decrease in interest rates by 2%	(44,779)	(115,580)
Change in equity		
Increase in interest rates by 2%	44,779	115,580
Decrease in interest rates by 2%	(44,779)	(115,580)

(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.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

22 COMMITMENTS & CONTINGENT LIABILITIES

(a) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay in the year ending 30 June 2013 amounts of approximately $2,574,000 (2011: 2,350,000) 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.

(b) Contingent liabilities

As at 30 June 2012, there were no contingent liabilities.

	Note	Consolidated 2012 $	Consolidated 2011 $
23 NOTES TO THE STATEMENTS OF CASH FLOWS			
(a) Cash at the end of the financial year consists of the following:			
Cash at bank and at call	8	2,218,934	2,759,057
Financial assets	11	20,000	3,020,000
		2,238,934	**5,779,057**
(d) Reconciliation of (loss)/profit from ordinary activities after income tax to net cash outflow from operating activities			
(Loss)/profit from ordinary activities after income tax		(9,210,725)	23,279
Add/(less) non cash items			
Depreciation		8,326	23,496
Share-based payments		74,829	111,542
Exploration administration fee income		(222,088)	(409,118)
Impairment of assets		8,769,591	-
Income tax expense		10,915	-
Changes in operating assets and liabilities			
(Increase)/decrease in other assets		(4,614)	(1,652)
(Increase)/decrease in trade and other receivables		181,184	(21,535)
(Decrease)/increase in trade and other payables		(81,089)	(22,115)
(Decrease)/increase in provisions		19,353	(18,347)
Net cash (used in) operating activities		**(454,318)**	**(314,450)**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

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 2012 $	Consolidated 2011 $
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		25,965	7,483
Related entity	Payments from a Director related entity for logistical support and exploration expenditure under joint venture agreements.	(i)	2,696	443,180
Associated entity	Payments to a Director related entity for Company Secretarial services, tenement management and office administration and logistical support.	(ii)	371,060	366,201
RM Kennedy and RG Nelson	Payments to a Director related entity for exploration on the Nevada tenements.	(iii)	513,831	364,534

(i) This amount relates to the exploration undertaken by Marmota Energy Limited on behalf of Monax Mining for projects in South Australia
(ii) This amount relates to the provision of administration and logistical services by Groundhog Services Pty Ltd.
(iii) This amount relates to the exploration undertaken on behalf of Marmota Energy by Ramelius Resources Limited for access and participation in projects in Nevada.

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

	Consolidated 2012 $	Consolidated 2011 $
Current receivables		
Loan to director related entity*	355	240
Loan to associate*	180,808	164,018
	181,163	**164,258**
Current payables		
Amounts payable to director related entities**	112,194	66,146
Amounts payable to directors**	-	-
	112,194	**66,146**

* Loans to director related entities and associates represent amounts receivable from Groundhog Services Pty Ltd and Monax Mining Limited.

**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, Monax Mining Limited and Groundhog Services Pty Ltd.

25 OPERATING SEGMENTS

Segment information

Description of segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The consolidated entity has identified its operating segments to be Gawler Craton, Curnamona, Western Australia 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 2012 and 30 June 2011 are set out below:

	North America	Gawler Craton	Curnamona	Western Australia	Total
June 2012	**$**	**$**	**$**	**$**	**$**
Segment revenue	**-**	**-**	**222,088**	**-**	**222,088**
Segment results					
Gross segment result before depreciation, amortisation and impairment	-	-	222,088	-	222,088
Depreciation and amortisation	-	-	-	-	-
Impairment expense	-	(8,769,591)	-	-	(8,769,591)
	-	**(8,769,591)**	**222,088**	**-**	**(8,547,503)**
Interest income	-	-	-	-	228,451
Other revenue	-	-	-	-	14,712
Net financing costs	-	-	-	-	-
Other expenses	-	-	-	-	(895,470)
(Loss) before tax	**-**	**(8,769,591)**	**222,088**	**-**	**(9,199,810)**
Income tax benefit/(expense)	-	-	-	-	(10,915)
(Loss) after tax	**-**	**(8,769,591)**	**222,088**	**-**	**(9,210,725)**

	North America	Gawler Craton	Curnamona	Western Australia	Total
June 2011	**$**	**$**	**$**	**$**	**$**
Segment revenue	**-**	**302,170**	**142,950**	**-**	**445,120**
Segment results					
Gross segment result before depreciation, amortisation and impairment	-	302,170	142,950	-	445,120
Depreciation and amortisation	-	-	-	-	-
	-	**302,170**	**142,950**	**-**	**445,120**
Interest income	-	-	-	-	454,928
Other revenue	-	-	-	-	-
Net financing costs	-	-	-	-	8,372
Other expenses	-	-	-	-	(944,484)
Profit/(loss) before tax	**-**	**302,170**	**142,950**	**-**	**(36,064)**
Income tax benefit/(expense)	-	-	-	-	59,343
Net profit/(loss) after tax	**-**	**302,170**	**142,950**	**-**	**23,279**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

25 OPERATING SEGMENTS (CONT.)

June 2012	North America $	Gawler Craton $	Curnamona $	Western Australia $	Total $
Segment assets	**1,021,252**	**8,650,191**	**6,484,155**	**34,810**	**16,190,408**
Segment asset increases for the period:					
Capital expenditure	528,711	560,353	2,548,910	34,810	3,672,784
Impairment	-	(8,769,591)	-	-	(8,769,591)
	528,711	**(8,209,238)**	**2,548,910**	**34,810**	**(5,096,807)**
Reconciliation of segment assets to group assets					
Cash and cash equivalents	-	-	-	-	2,218,934
Trade and other receivables	-	-	-	-	273,803
Other current assets	-	-	-	-	25,317
Financial assets	-	-	-	-	20,000
Plant and equipment	-	-	-	-	266,603
Investment in associate	-	-	-	-	1
Total assets	**1,021,252**	**8,650,191**	**6,484,155**	**34,810**	**18,995,066**

June 2011	North America $	Gawler Craton $	Curnamona $	Western Australia $	Total $
Segment assets	**492,541**	**16,859,430**	**3,935,244**	**-**	**21,287,215**
Segment asset increases for the period:					
Capital expenditure	364,534	1,338,834	2,020,192	-	3,723,560
	364,534	1,338,834	2,020,192	-	3,723,560
Reconciliation of segment assets to group assets					
Cash and cash equivalents	-	-	-	-	2,759,057
Trade and other receivables	-	-	-	-	454,987
Other current assets	-	-	-	-	20,703
Financial assets	-	-	-	-	3,020,000
Plant and equipment	-	-	-	-	379,294
Investment in associate	-	-	-	-	1
Total assets	**492,541**	**16,859,430**	**3,935,244**	**-**	**27,921,257**

25 OPERATING SEGMENTS (CONT.)

June 2012	North America $	Gawler Craton $	Curnamona $	Western Australia $	Total $
Segment liabilities	107,527	5,637	330,750	-	443,914
Reconciliation of segment liabilities to group liabilities					
Trade and other payables	-	-	-	-	123,802
Short term provisions	-	-	-	-	36,755
Long term provisions	-	-	-	-	45,392
Total consolidated liabilities	107,527	5,637	330,750	-	649,863

June 2011	North America $	Gawler Craton $	Curnamona $	Western Australia $	Total $
Segment liabilities	30,277	2,289	238,598	-	271,164
Reconciliation of segment liabilities to group liabilities					
Trade and other payables	-	-	-	-	110,734
Short term provisions	-	-	-	-	29,357
Long term provisions	-	-	-	-	33,435
Total consolidated liabilities	30,277	2,289	238,598	-	444,690

26 EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2012, 700,000 share rights vested and resulted in the issue of 500,000 fully paid ordinary shares to the Managing Director and 200,000 fully paid ordinary shares to the Company Secretary.

On 24 July 2012, 250,000 share options were granted to employees under the Marmota Energy Limited Employee Share Option Plan. The exercise price of the option is 3.6 cents with an expiry date of 24 July 2017.

On 13 July 2012, a non-renounceable rights issue closed raising approximately $240,000 before costs and resulting in the issue of 6,017,960 new ordinary shares.

Other than the events noted 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 Group, the results of those operations, or the state of the Group in future years.

27 RESERVES

Share options reserve

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

28 MARMOTA ENERGY LIMITED COMPANY INFORMATION

	2012 $	2011 $
Parent entity		
Assets		
Current assets	2,634,859	6,351,552
Non-current assets	16,360,307	21,569,705
Total assets	**18,995,066**	**27,921,257**
Liabilities		
Current liabilities	604,471	411,255
Non-current liabilities	45,392	33,436
Total liabilities	**649,863**	**444,691**
Equity		
Issued capital	26,112,440	26,107,908
Retained losses	(10,451,158)	(1,240,433)
Share-based payments reserve	2,683,921	2,609,092
Total equity	**18,345,203**	**24,867,475**
Financial performance		
(Loss) for the year	(9,210,725)	23,279
Other comprehensive income	-	-
Total comprehensive income	**(9,210,725)**	**23,279**
Guarantees in relation to the debts of subsidiaries	-	-
Contingent liabilities	-	-
Contractual commitments	-	-

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

DIRECTORS' DECLARATION

1 The Directors of Marmota Energy Limited declare that

(a) the financial statements and notes, as set out on pages 39 to 70, are in accordance with the Corporations Act 2001, and:

(i) giving a true and fair view of the financial position as at 30 June 2012 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 statement and notes for the financial year give a true and fair view;

(e) 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 17th day of September 2012.

Robert Michael Kennedy
Director

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
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T 61 8 8372 6666
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MARMOTA ENERGY LIMITED

Report on the financial report

We have audited the accompanying financial report of Marmota Energy Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards 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 report is free from material misstatement.

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

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion:

a the financial report of Marmota Energy Limited is 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 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern
Without qualifying our opinion, we draw attention to Note 1(x) in the financial report which indicates that the consolidated entity incurred a loss of $9,210,725 and net cash outflow from operating and investing activities of $3,503,739 during the year ended 30 June 2012. These conditions, along with other matters as set forth in Note 1(x), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Marmota Energy Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 17 September 2012

SHAREHOLDER INFORMATION

AS AT 20 SEPTEMBER 2012

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 20 September 2012.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Share Capital

Fully paid ordinary shares are held by 2,009 individual shareholders.

Options

Options are held by 8 individual option holders.

Rights

Rights are held by 2 individual right 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 23/12/2013 $0.04 Options	Holders of 05/03/2015 $0.1016 Options	Holders of 21/12/2015 $0.083 Options	Holders of 29/07/2016 $0.073 Options	Holders of 24/07/2017 $0.036 Options	Holders of 01/07/2013 Rights
1 – 1,000	174	-	-	-	-	-	-
1,001 – 5,000	153	-	-	-	-	-	-
5,001 – 10,000	416	-	-	-	-	-	-
10,001 – 100,000	1,055	-	6	-	3	5	-
100,001 and over	211	1	-	1	1	-	2
Total Number of security holders	2,009	1	6	1	4	5	2

The number of shareholders holding less than a marketable parcel of ordinary shares is 402.

On market buy-back

There is no current on-market buy-back.

SHAREHOLDER INFORMATION (CONT.)

AS AT 20 SEPTEMBER 2012

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 20 September 2012 are as follows:

Name	Number of fully paid ordinary shares held	Percentage held
Monax Mining Limited	36,000,000	22.73
RMK Super Pty Ltd <RMK Personal S/F A/C>	4,610,712	2.91
Mr Domenic Calandro and Mrs Karyn Calandro <J and K A/C>	3,080,000	1.94
Mr Michael Peter Schwarz <SA Digger Pty Ltd A/C>	3,040,000	1.92
N & B New Horizons Pty Ltd <N&B New Horizons S/F A/C>	2,950,000	1.86
Mr Lidong Zheng	2,920,000	1.84
Aloren (No 148) Pty Ltd	2,700,000	1.70
Tawitawi Pty Ltd <Tawitawi Super Fund A/C>	2,550,000	1.61
Cadex Petroleum Pty Limited	1,600,000	1.01
Adelaide Equity Partners Limited	1,500,000	0.95
Comsec Nominees Pty Limited	1,291,179	0.82
Mr Yury Lezhnin	1,237,777	0.78
Aurelius Resources Pty Ltd <The Nelson Super Fund A/C>	1,067,142	0.67
Davco Group Pty Ltd	1,000,000	0.63
Mr Zarko Nikoloski	925,093	0.58
Mr Ben Gervase Nelson	900,000	0.57
Mr James Veyron Nelson	900,000	0.57
Ms Zi Dan Chen	883,184	0.56
Campbelltown Trading Co Pty Ltd <Marco de Corso Family A/C>	800,000	0.51
Mr William Edward Holmes <W and H Holmes Super Fund A/C>	800,000	0.51
	70,755,087	**44.68**

UNQUOTED EQUITY SECURITIES

Options

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

Expiry date	Exercise price	Number of Options	Number Unquoted	Number of holders
23/12/2013	$0.04	250,000	250,000	1
05/03/2015	$0.1016	400,000	400,000	6
21/12/2015	$0.083	125,000	125,000	1
29/07/2016	$0.073	250,000	250,000	4
24/07/2017	$0.036	250,000	250,000	5

Rights

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

Vesting date	Exercise price	Number of Rights	Number Unquoted	Number of holders
01/07/2013	Nil	700,000	700,000	2

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
ASAIT, Grad. Dip. (Systems Analysis)
FCA, ACIS, FAIM, FAICD
Non-executive Chairman

DOMENIC JOSEPH CALANDRO
BSc, ASEG
Managing Director

NEVILLE FOSTER ALLEY
Phd
Executive Technical Director

GLENN STUART DAVIS
LLB, BEc
Non-executive Director

VIRGINIA KATHERINE SUTTELL
BComm, ACA, GradDip ACG, GAICD
Company Secretary

STOCK EXCHANGE CODE

Shares: MEU
Listed on Australian Stock
Exchange Limited

Home Exchange: Adelaide
Level 19, 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
ABN 38 119 270 816

Notice of Annual General Meeting 2012

Notice is hereby given that the Annual General Meeting of Marmota Energy Limited (**Company**) will be held at Level 3, 80 King William Street, Adelaide, South Australia on Wednesday, 21 November 2012 at 11.00 am (Adelaide time).

AGENDA

ORDINARY BUSINESS

1. Financial Report

To receive and consider the financial report and reports of the Directors and Auditor for the year ended 30 June 2012.

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

2. .Adoption of Remuneration Report

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

'That the Remuneration Report for the financial year ended 30 June 2012 be adopted.'

Note: The vote on this resolution is advisory only and does not bind the Directors of the Company.

3. Re-election of Mr G S 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 of the Company's constitution, and being eligible, is re-elected as a director of the Company.'

OTHER BUSINESS

4. 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: 8 October 2012

VOTING INFORMATION AND NOTES

1. Voting exclusions

Resolution 2 – Adoption of Remuneration Report

The *Corporations Act 2001(Cth)* prohibits Directors and other key management personnel of the Company and their closely related parties voting in any capacity (including as a shareholder, proxy or personal representative) on resolution 2. The prohibition does not apply if the person has been appointed as a proxy by writing that specifies how the proxy is to vote on resolution 2, provided that the person who appointed the proxy is not themselves a person subject to the prohibition.

Accordingly, the Company will disregard any votes cast on resolution 2 (in any capacity) by or on behalf of Directors and other key management personnel of the Company and their closely related parties, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction in the proxy form.

In addition, the Chairman of the meeting can vote undirected proxies on resolution 2 where the shareholder provides the Chairman with express authorisation to do so, even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Therefore, when completing the proxy form, if you appoint the Chairman of the meeting as your proxy, or if the Chairman of the meeting is appointed as your proxy by default, then unless you mark one of the voting instruction boxes for resolution 2, you will be taken to have given your express authority to the Chairman to cast any undirected proxy votes on resolution 2.

Voting exclusion required under the ASX Listing Rules

Voting exclusions required under the ASX Listing Rules (where applicable) are included in the explanatory memorandum.

2. Voting entitlement on a poll

On a poll, each shareholder present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

3. Proxies

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

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

A proxy need not be a shareholder of the Company.

To appoint a proxy, a proxy form must be signed by the shareholder or the shareholder's attorney duly authorised in writing. If the shareholder 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 the Company on +61 8 8375 3999.

Shareholders 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.

Undirected proxies

If shareholders appoint the person chairing the meeting as their proxy and do not specify how the Chairman is to vote on a resolution, except as directed, the Chairman advises that he intends to vote each such proxy, as proxy for those shareholders, in favour of each resolution on a poll. Therefore, the Company recommends that shareholders who submit proxies should consider giving "how to vote" directions to their proxy holder (including the Chairman) on each resolution. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairman of the meeting as your proxy.

If shareholders complete a proxy form that authorises the person chairing the meeting to vote on their behalf as proxy holder, and do not mark any of the boxes so as to give the Chairman directions about how their vote should be cast, then the Chairman may vote as they choose. If shareholders wish to appoint the person chairing the meeting as their proxy holder but do not want to put the Chairman in the position to cast their vote as they choose in relation to a resolution, shareholders should complete the appropriate box on the proxy form, directing the Chairman to vote for, against or abstain from voting on that resolution.

If the chairperson is appointed as a proxy, they are not permitted to vote undirected proxies on various matters, including some remuneration matters and related party matters unless express authority to do so is given by the appointing shareholder.

4. **Custodian voting**

For Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.

5. **Entitlement to vote at the meeting**

For the purpose of the meeting, shares in the Company will be taken to be held by those persons who are registered holders at 7.00 pm (Sydney time) on Monday, 19 November 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

6. **Quorum**

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

7. **Appointing a corporate representative**

Corporate representatives are requested to bring appropriate evidence of appointments as a representative. Proof of identity will be required for corporate representatives.

8. **Appointment of an attorney**

Attorneys are requested to bring a power of attorney pursuant to which they are appointed. Proof of identity will also be required for attorneys.

ABN 38 119 270 816

EXPLANATORY MEMORANDUM

ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING TO BE HELD ON 21 NOVEMBER 2012.

1. Financial Report

The Financial Report and the reports of the Directors and Auditor will be laid before the meeting in accordance with section 317 of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

Shareholders will be given a reasonable opportunity to ask questions or make comments about the management of the Company and may also ask a representative of the Company's auditor questions relevant to the conduct of the audit and the accounting policies adopted by the Company.

2. Remuneration Report

The Company has included in the 2012 Annual Report a detailed Remuneration Report which provides prescribed information relating to remuneration.

As required by the Corporations Act, the Remuneration Report is submitted for adoption by a non-binding vote.

The Remuneration Report is set out on pages 32 to 37 of the 2012 Annual Report and is available from the Company's website www.marmotaenergy.com.au .

A reasonable opportunity for discussion of the Remuneration Report will be provided at the meeting.

The Directors recommend shareholders vote in favour of the non-binding ordinary resolution.

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

Mr Davis retires under the compulsory retirement provisions of clause 47 of the Company's constitution and, being eligible, has offered himself for re-election as a director.

Biographical details of Mr Davis are as follows:

Mr Glenn Stuart Davis *LLB, BEc*

Non-executive Director. Board member since 28 April 2006. A solicitor and 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 (director since July 2007 and Deputy Chairman since June 2009) and Monax Mining Limited (since 2004).

The Directors (with Mr Davis abstaining) recommend shareholders vote in favour of the resolution.

MARMOTA ENERGY

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) Monday 19 November 2012

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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Marmota Energy Limited to be held at DMAW Lawyers, level 3, 80 King William Street Adelaide SA on Wednesday 21 November 2012 at 11:00am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 2** (except where I/we have indicated a different voting intention below) even though **Item 2 is** connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 2** by marking the appropriate box in step 2 below.

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 G S Davis as a Director	☐	☐	☐

The Chairman of the Meeting intends to vote all available 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 ___ / ___ / ___

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