

2011 ANNUAL REPORT



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ANNUAL GENERAL MEETING

The 2011 Annual General Meeting will be held at:
Business SA, 136 Greehill Road, Unley, South Australia
on 18th November 2011 commencing at 11:30am.

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 fourth annual report of Marmota Energy Limited ("Marmota" or the "Company"). Since listing in late 2007, Marmota Energy Limited has developed a project portfolio that represents a high quality diversified commodity stance across the uranium, copper, gold and iron ore spaces. Thus, spreading the Company's commodity risk in a fractious global market atmosphere.

The year has seen turbulent market conditions prevail for both financial markets and for the nuclear fuel and uranium industries. Uranium prices, which rose to a record \$136 a pound in 2007 before falling to about \$40, started to rebound last year as China increased the use of nuclear power to curb emissions from burning coal. Even after the tragic events at Fukushima, nations such as China and India have recommitted to a nuclear energy future, which could bolster prices of the nuclear fuel in the longer term.

In a carbon constrained world the outlook for the requirement of developed nations, and the long term requirement of developing nations, to provide consistent base load power while reducing carbon emissions remains unchanged. The continued urbanisation of China and India in particular, is set to drive demand into the future for a wide variety of commodities with uranium expected to feature prominently in the mix. China plans to boost nuclear capacity to eight times the current level by 2020 followed by India's plans to boost nuclear power production by thirteen times by 2030. The nuclear power industry is also flourishing in South Korea (a country one tenth the size of South Australia), which plans to add as many as ten new plants by 2020 bringing their tally up to 31.

Even here in Australia the community is commencing debate about future energy security with reports commissioned by the previous federal government indicating that cost additions to fossil fuel based generation (carbon tax) would make nuclear electricity competitive in Australia.

Global uranium demand is set to increase some 33% by 2020, according to the World Nuclear Association. Currently, uranium production does not meet the demand of the 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. Given the drop off in exploration globally due to the effects of the recent Global Financial Crisis, and more recently the events in Japan it will be unlikely that this shortfall will be met, leaving significant opportunity for further spot price rises as the sector progresses toward a 2014-15 supply crunch.

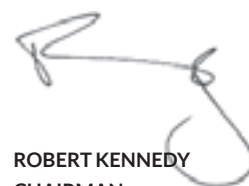
Through the continued development of Marmota's strategically located Junction Dam and Pundinya uranium projects, the Company is well positioned in the uranium commodity space. Exploration results from the 2011 Junction Dam drilling program have confirmed significant expansion potential along an approximate 15km strike length of uranium mineralisation. It is expected this will facilitate a large upgrade to the exploration target for uranium at Junction Dam.

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

At the Melton copper-gold project on South Australia's Yorke Peninsula, significant grades of up to 2.25% copper and 112.1 g/t silver were intercepted in Phase 2 drilling completed earlier this year. Exploration is being advanced across all these projects and will be discussed in further detail in the Operations Report.

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

The Directors are excited with the progress being made to date and look forward to this year's work programme results. I thank our directors, officers and staff for their tireless hard work during 2011 and their support of the Company goals and look forward to their same commitment in 2012.



ROBERT KENNEDY
CHAIRMAN

Marmota Energy Limited

REVIEW OF OPERATIONS

JUNCTION DAM

URANIUM PROJECT (SA)

- » Significant uranium mineralisation defined across three adjacent target areas within a 15km strike length open to the north and south.
- » Maiden resource modelling investigated for the Saffron prospect.
- » Mineralogical analysis confirms uranium minerals at Saffron have good potential for in-situ leach extraction.
- » Marmota Energy set to increase its share of the uranium rights from 74.5% in 2011 from drilling and exploration currently underway at Junction Dam.

WESTERN SPUR IRON ORE PROJECT (SA)

- » Significant iron ore discovery.
- » Assay results from sampling returning grades of economic significance for both iron and manganese.

MELTON COPPER-GOLD PROJECT (YORKE PENINSULA – SA)

- » Phase 2 drill testing of the Miranda target completed.
- » Significant copper grades intersected.
- » Results include 9 metres at 1.03% copper including 1 metre at 2.25% copper and 112.1 g/t Ag.

WEST MELTON PROJECT (SA)

- » High resolution geophysical survey defines large scale anomalies adjacent to historic copper drill hole intercepts.

NEVADA GOLD PROJECTS (USA)

- » Intercepts up to 6.11 g/t gold from first drill hole in maiden drill program on Big Blue gold project, central Nevada, USA.

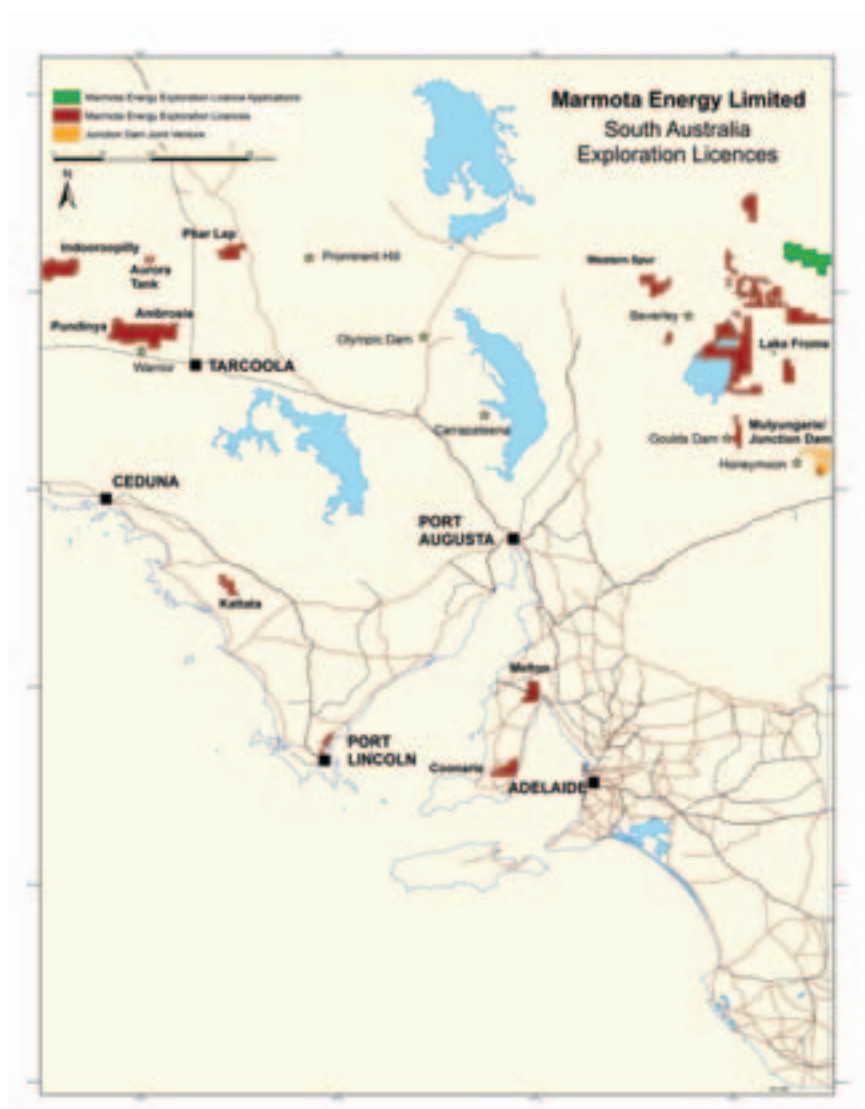


Figure 1. Marmota Energy tenement locations.

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 22 AUGUST 2011

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 P/L
Phar Lap	EL 3909	250	Granted	JV with Monax Mining	Marmosa P/L
Mulyungarie	EL 3910	17	Granted	JV with Monax Mining	Marmosa P/L
Melton	EL 3911	28	Granted	JV with Monax Mining	Marmosa P/L
North Melton	EL 4000	137	Granted	JV with Monax Mining	Marmota
Lake Coonee	EL 4252	644	Granted	100% Marmota	Marmota
Mudguard Swamp	EL 4253	232	Granted	100% Marmota	Marmota
Lake Callabonna North	EL 4254	217	Granted	100% Marmota	Marmota
Lake Callabonna South	EL 4255	21	Granted	100% Marmota	Marmota
Lake Cootabarlow	EL 4256	665	Granted	100% Marmota	Marmota
Poontana	EL 4276	30	Granted	100% Marmota	Marmota
Mudguard Swamp West	EL 4319	24	Granted	100% Marmota	Marmota
Lake Frome	EL 4320	316	Granted	100% Marmota	Marmota
Billeroo	EL 4383	166	Granted	100% Marmota	Marmota
Kattata	EL 4411	166	Granted	100% Marmota	Marmota
Moolawatana	EL 4412	745	Granted	100% Marmota	Marmota
Aurora Tank	EL 4433	48	Granted	100% Marmota	Marmota
Yandama Creek	EL 4521	497	Granted	100% Marmota	Marmota
Pundinya	EL 4526	435	Granted	100% Marmota	Marmota
Western Spur	EL 4528	393	Granted	100% Marmota	Marmota
Mulligan Hill	EL 4572	110	Granted	100% Marmota	Marmota
Christmas Bore	EL 4625	82	Granted	100% Marmota	Marmota
West Melton	EL 4648	88	Granted	100% Marmota	Marmota
Indooroopilly	EL 4702	570	Granted	100% Marmota	Marmota
Tilcha	ELA 68/11	940	Application	100% Marmota	Marmota

JUNCTION DAM URANIUM PROJECT

(MARMOTA 74.5% OF URANIUM UNDER JV AGREEMENT WITH TECK AUSTRALIA PTY LTD (TECK), PLATSEARCH NL AND EAGLEHAWK GEOLOGICAL CONSULTING PTY LTD)

■ **Mineralogical assessment completed late in 2010 confirmed that uranium mineralisation within the Saffron prospect at Junction Dam predominantly occurs as coffinite, with uraninite and uranium phosphates (autunite) (Figure 1). This is considered to be very encouraging for the project as this is similar to the mineral assemblages at the nearby Honeymoon in-situ leach uranium mine.**

Phase 3 drilling completed during 2011 has intercepted further high grades of uranium mineralisation ranging up to 5538 ppm eU_3O_8 (Table 1). This result is the second highest achieved since exploration commenced on the project in late 2009 where 7551 ppm eU_3O_8 was intercepted.

Downhole gamma readings indicating uranium mineralisation of potential economic significance are being returned from Eyre Formation sediments. This formation hosts the nearby Honeymoon Uranium Mine and the uranium rich Beverley Four Mile project to the north of Junction Dam. New drill holes were completed at the Saffron, Bridget and Yolanda prospects (Figure 3) during the Phase 3 program.

Reconnaissance drilling completed at both the previously untested Bridget and Yolanda prospects defined an additional new 13km long zone of uranium mineralisation (Figure 1). From drilling completed to date Marmota has defined an approximate 15km strike length of uranium mineralisation on the Junction Dam project. It is also expected that these additional new zones of mineralisation will facilitate a significant increase in the exploration target size for Junction Dam.

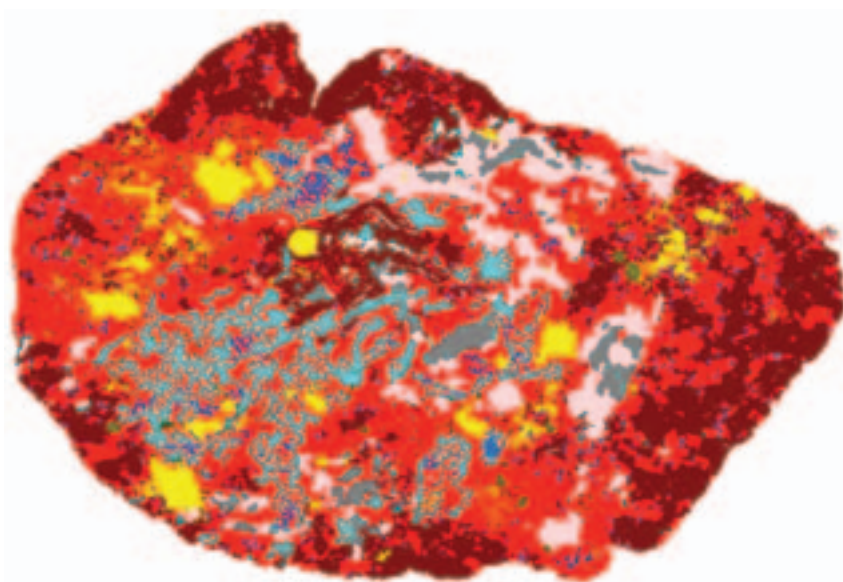
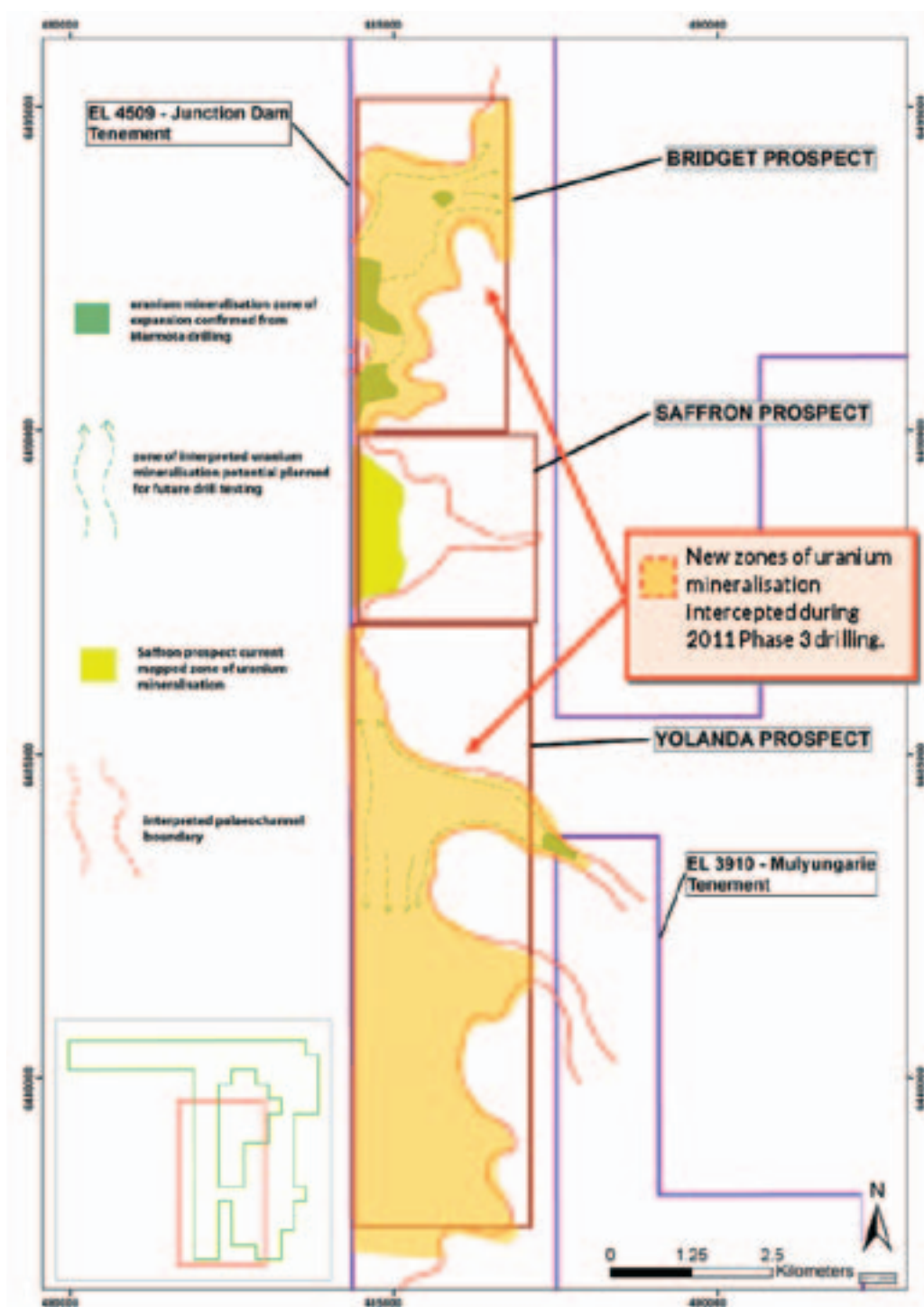


Figure 1. QEMSCAN image from mineralised interval in hole SARM066, particle width approx 0.5mm

Figure 2: Junction Dam project with areas of confirmed mineralisation highlighted. New zone of mineralisation highlighted on the Bridget prospect open in all directions. Third zone of uranium potential highlighted on the Yolanda prospect for future drill testing.



JUNCTION DAM URANIUM PROJECT (CONT.)

(MARMOTA 74.5% OF URANIUM UNDER JV AGREEMENT WITH TECK AUSTRALIA PTY LTD (TECK), PLATSEARCH NL AND EAGLEHAWK GEOLOGICAL CONSULTING PTY LTD)

- The presence of good mineralisation within a significant strike length open in all directions offers substantial expansion potential to the existing 2km long Saffron prospect immediately adjoining to the south. Marmota is delighted with these new results which add significantly to the zones of uranium mineralisation within the Yarramba Palaeochannel on the project.

	Grade thickness greater than 0.015m%eU308
	Grade thickness greater than 0.03m%u308
	Grade thickness greater than 0.045m%eU308

HOLE ID	EASTING	NORTHING	DEPTH FROM (metres)	THICKNESS (metres)	AVERAGE GRADE eU ₃ O ₈ *(ppm)	PEAK GRADE eU ₃ O ₈ *(ppm)	GRADE THICKNESS m%eU ₃ O ₈
BRRM015	484792	6490789	109.55	1.05	320.867	864	0.034
BRRM017	484596	6490596	116.95	6.95	73.032	162	0.051
BRRM018	484799	6490596	108.6	4.1	77.741	305	0.032
BRRM012	484590	6491797	109.8	2.4	377.5	831	0.091
BRRM010	484580	6491969	83.05	4.55	82.925	314	0.038
BRRM013	484996	6491599	81.3	3.4	112.159	225	0.038
SARM076	484493	6488354	126.6	1.05	352.834	971	0.037
SARM075	484501	6488450	125.75	1.25	357.713	1459	0.045
SARM072	484399	6488251	127.7	0.8	410.434	896	0.033
SARM071	484400	6488350	127.05	1.1	525.869	1687	0.058
SARM070	484395	6488449	126.7	0.7	497.491	1096	0.035
SARM067	484390	6488747	127.15	1.15	569.223	1545	0.065
SARM104	484889	6488871	110.45	3.45	86.1	190	0.030
SARM103	484807	6488873	108.85	1.6	180.522	335	0.029
			122.45	2	253.424	763	0.051
SARM101	484605	6488897	127.45	1.55	418.184	1194	0.065
SARM099	484892	6489003	108.3	3.25	153.172	212	0.050
SARM096	484795	6489100	111.05	0.95	558.683	1987	0.053
			122.95	1.55	232.872	402	0.036
SARM094	484598	6489100	128.5	1	463.347	956	0.046
SARM090	484877	6489286	115.75	1.4	315.498	812	0.044
			120.55	1	174.814	379	0.017
SARM083	484696	6489500	122.4	1.05	281.821	702	0.030
SARM081	484494	6489499	122.6	1.45	1491.458	5538	0.216
SARM116	484750	6488600	123.95	3.05	563.69443	3614	0.172

*Equivalent grades (eU₃O₈) from Borehole Wireline Pty Ltd gamma probe 3018, calibrated at Adelaide Test Pits. Dead time 5.95913e -6, k factor 2.35474e-5, 108mm hole, water filled.

Table 1: Down hole gamma readings from continued drill testing of the Saffron and Bridget prospects in Phase 3 drilling. The widths shown are true widths.

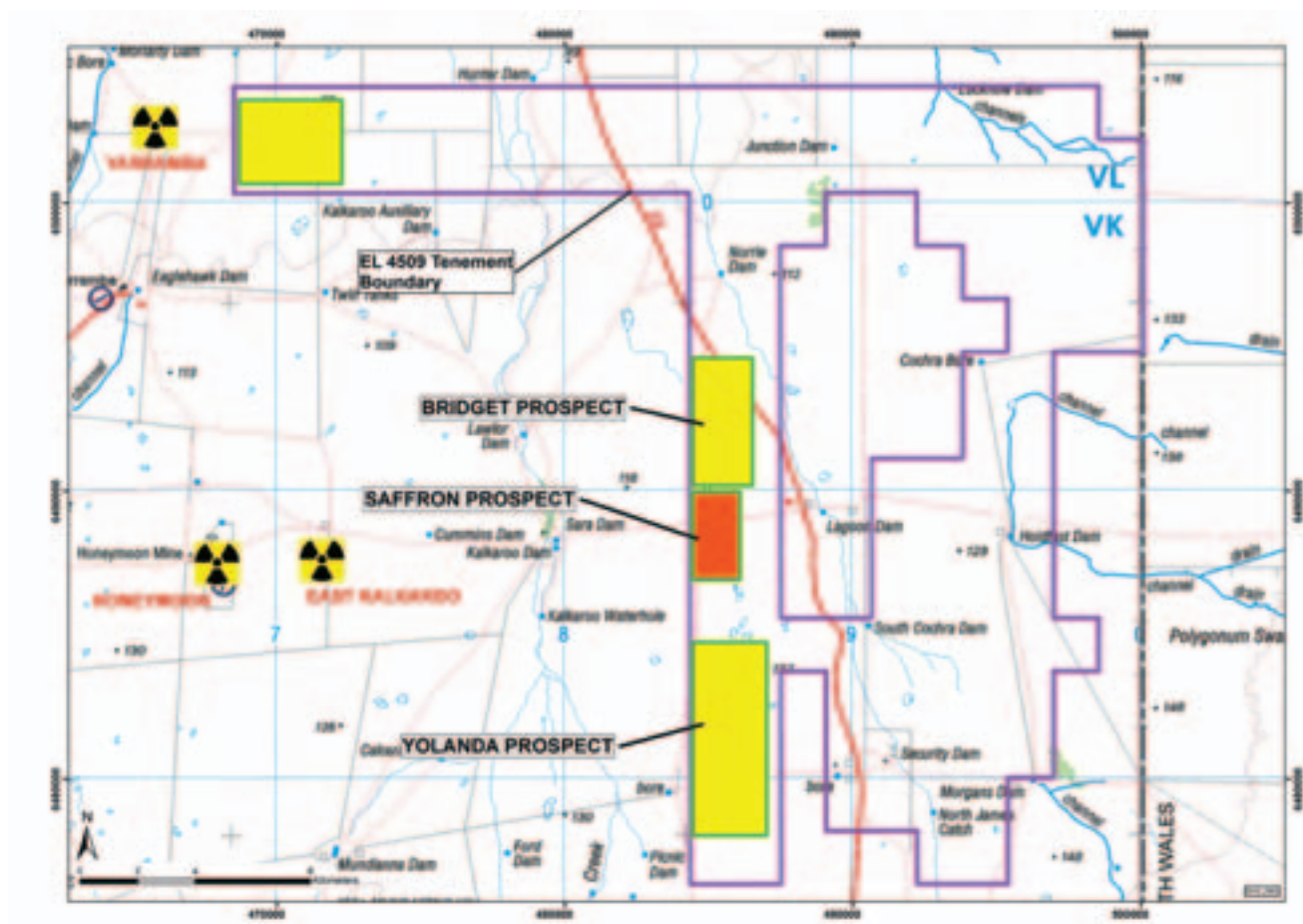



Figure 3. Junction Dam location map.

 Other target areas of high potential planned to be tested in phase 3.

■ **Drilling of the Yolanda prospect to the south, near to where uranium mineralisation was intercepted late in 2008, is also planned later in the program (Figure 2). Marmota believes that further uranium will be intercepted in the main part of the Yarramba Palaeochannel (highlighted by dashed line) where current data coverage indicates an environment favorable for uranium mineralisation.**

Marmota has a 74.5% interest in the uranium rights on this highly prospective project. The Company is set to earn an additional interest for the uranium rights arising from expenditure on 2011 exploration and drilling.

Three additional target areas have been identified on the Junction Dam project that Marmota considers to be as prospective as the Saffron prospect (Figure 1). Preliminary drill testing of the additional target zones was completed during Phase 3. Mineralisation was intercepted along a 15km strike length.

Marmota will assess all results achieved from the Phase 1, 2 and 3 drilling programs for its suitability to outline a potential maiden Inferred Resource at the Saffron prospect over the coming months. From the results achieved to date, Marmota believes there is significant potential for further extension to the Saffron prospect and the development of additional zones of uranium on Junction Dam.

WESTERN SPUR IRON ORE PROJECT

(100% MARMOTA ENERGY)

SAMPLE ID	EASTING	NORTHING	Al ₂ O ₃ %	Fe ₂ O ₃ %	Fe %	LOI %	Mn%	SiO ₂
47801	324313	6693368	0.79	74.92	52.39	12.89	1.45	2.98
47802	324300	6693277	0.65	79.58	55.65	11.58	2.11	2.85
47805	324390	6693056	0.96	39.65	27.73	13.51	27.40	2.43
47807	324604	6692564	1.15	78.97	55.22	11.36	2.30	2.75
47809	324903	6692446	1.21	42.21	29.52	13.12	28.07	1.85
47811	324862	6692261	0.73	67.79	47.41	14.67	3.38	2.22
47812	324913	6692235	0.65	68.73	48.06	14.32	4.25	2.54
47813	324918	6692127	0.96	78.05	54.58	11.58	3.44	2.53
47814	324954	6692155	0.74	67.73	47.36	11.86	11.39	1.88
47816	325072	6691981	0.56	82.00	57.34	11.24	0.52	3.32
47817	325093	6691902	0.65	67.51	47.21	11.71	9.74	2.59
47818	325117	6691909	0.88	75.77	52.99	11.71	4.85	2.35
47819	325051	6691899	0.69	73.17	51.17	13.05	2.26	2.70
47820	325087	6691807	0.98	70.17	49.07	12.10	8.20	2.08
47821	325128	6691804	0.81	68.86	48.15	11.73	10.00	2.15
47824	325081	6691771	0.58	73.63	51.49	11.22	4.48	2.49
72027	325120	6689483	0.57	67.11	46.93	15.47	1.66	1.91
72029	325032	6689463	0.68	65.21	45.60	13.94	5.34	1.99
72031	324981	6689559	0.92	67.60	47.27	10.61	10.41	2.20
72032	324958	6689625	1.71	79.73	55.76	11.35	1.11	3.38
72033	324866	6689597	0.47	84.28	58.94	11.10	0.38	2.05
72034	324862	6689522	0.56	82.70	57.83	11.32	0.37	1.98
72035	324875	6689459	0.57	83.79	58.59	11.40	0.22	2.29
72037	324214	6689015	0.68	75.34	52.69	10.56	1.73	8.20
72038	324203	6689039	1.14	73.74	51.57	11.01	1.61	8.87
72043	324861	6689299	1.42	75.66	52.91	11.29	3.51	2.96
72044	324967	6689311	0.70	54.03	37.78	12.87	20.05	1.72
72046	324771	6691728	0.64	81.22	56.80	11.49	0.54	4.13
72047	324848	6691829	0.68	83.80	58.60	10.87	0.66	1.59
72048	324883	6691851	0.64	81.41	56.93	11.53	0.54	2.45
72050	324203	6693361	0.92	61.31	42.87	14.78	5.24	2.58

■ **Good grades were returned from assay of consecutive rock chip sampling programs completed at Western Spur (EL 4528) during the March quarter.**

Western Spur is located approximately 60km north west of Lake Frome in the north east of South Australia covering approximately 393 square kilometres. The project is adjacent to Marmota's significant tenement position in the uranium rich Frome Embayment. Western Spur is considered to be prospective for both uranium and base metals.

Grades ranging up to **58.94% Fe**, and **28.07% Mn** (Table 2) were returned from samples covering a number of outcrops. Samples have now been obtained from outcropping units at locations 1, 4 and 6 (Figure 4a). Outcrop at location 4 has a continuous strike length of approximately three kilometres.

Figure 4: EL 4528 locations (red areas) with Western Spur iron discovery area circled in yellow.

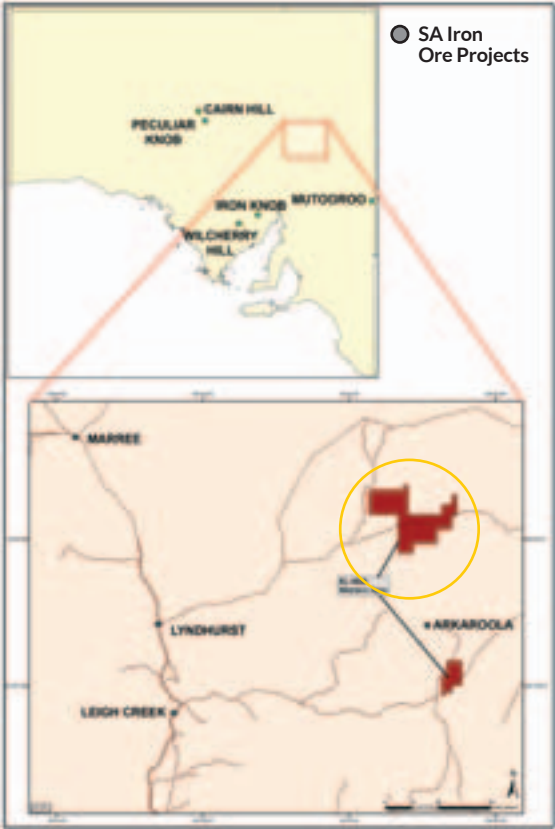


Figure 4a: Google Earth image of EL 4528 with outcrop locations circled in red.

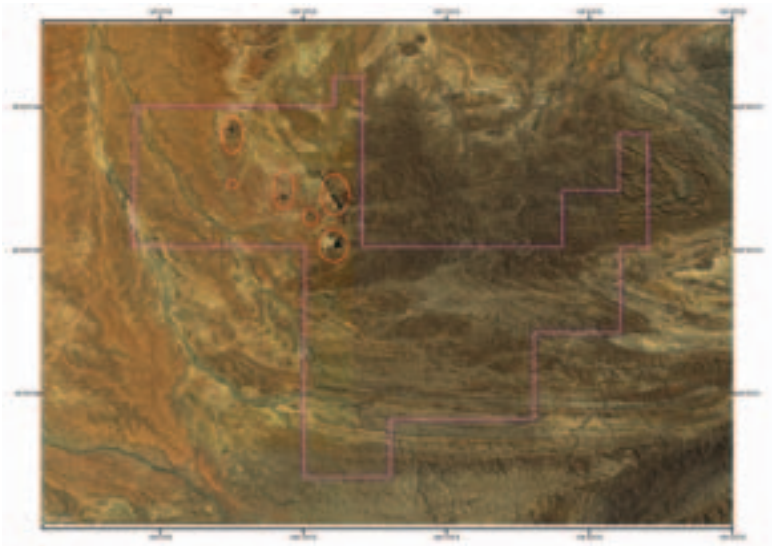


Figure 5: Visible iron outcrop sample site.

WESTERN SPUR IRON ORE PROJECT (CONT.)



Figure 6a: Example of goethite/haematite iron mineralisation at Western Spur



Figure 6b: Example of massive haematite sample from Western Spur

■ During previously completed sampling programs by Marmota, two mine shafts were discovered, with visible iron mineralisation extending to approximately 25 metres in depth.

Sampling of the walls of one mine shaft was completed. Ten samples were acquired at 1 metre intervals down shaft to a depth of approximately 10 metres. Only one shaft was sampled due to difficult conditions encountered, with sampling of the second shaft to be attempted at a later date. Grades ranging up to 55.45% Fe, were returned from ten samples collected from the walls of the mine shaft which was measured to have a depth of 20 metres (Table 3).

The sampled mine shaft contained iron mineralisation in the form of goethite and massive haematite (Figure 6a and 6b). The 20 metre shaft was observed to end in visible iron mineralisation with visible outcrop located approximately 8 metres above the shaft entrance confirming the massive nature of the mineralisation.

The grades of iron encountered from sampling the mine shaft walls are considered very good. The levels of deleterious factors (aluminium, silica, phosphorus and loss of ignition) are comparable to those in commercial iron ore operations.

This map shows the Marmota colony, outlined in orange. A legend in the top right corner identifies green circles as 'Marmota sample location' and purple squares as '1981 WMC drillhole location'. The map includes several labels for specific locations:

- VP 1: 15 metres off the shore
- VP 2: 23 metres off the shore
- VP 3: 4 metres off the shore
- VP 4: 8 metres off the shore
- VP 5: 20 metres off the shore
- VP 6: 30 metres off the shore
- VP 7: 1.2 metres off the shore
- VP 8: 1.2 metres off the shore
- VP 9: 1.2 metres off the shore
- VP 10: 22 metres off the shore

A text box at the bottom center states: 'Historically colour chart Assigned 10 metres off the shoreline for 20 metres ending the colour chart'.

The initial results from Western Spur have demonstrated very good iron/manganese exploration potential for the project.

SAMPLE ID	Fe %	Fe ₂ O ₃ %	Mn%	P ₂ O ₅ %	SO ₃ %	Al ₂ O ₃ %	LOI%
48101	37.41	53.49	3.06	0.744	0.108	1.86	13.91
48102	49.46	70.73	0.68	0.802	0.157	0.67	15.03
48103	48.49	69.34	1.39	0.732	0.163	0.51	12.64
48104	37.46	53.57	4.98	0.617	0.118	1.98	16.43
48105	30.61	43.77	8.76	0.691	0.205	1.29	20.24
48106	33.70	48.19	7.43	1.468	0.168	2.04	17.25
48107	40.01	57.21	2.34	0.879	0.512	0.72	16.86
48108	39.48	56.45	4.65	0.758	0.178	1.81	17.02
48109	55.45	79.29	0.32	1.583	0.065	2.17	11.54
48110	31.42	44.93	4.97	1.897	0.267	0.95	20.28

MELTON COPPER PROJECT

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

■ Marmota Energy Limited and its joint venture partner Monax Mining Limited completed Phase 2 drill testing of the Miranda target at the Melton copper-gold project in South Australia in May 2011. Four diamond drill holes designed to follow up on results achieved during the 2010 Phase 1 program were completed at the Miranda target, located at the southern end of the project area (Figure 8).

The Melton project is located on the northern Yorke Peninsula and contains a 15km section of the highly prospective Pine Point Fault Zone (PPFZ).

Phase 1 drilling completed early in 2010 tested for copper in the first three of five large scale untested targets identified on the project. Two drill holes including the first drill hole of the Phase 1 program intercepted broad zones of low grade copper with best grades achieved of up to 0.49% Cu in the Miranda target.

Rex Minerals at the nearby Hillside deposit has defined an Inferred and Indicated resource of 217Mt @ 0.7% Cu and 0.2 g/t gold.

Data from the Phase 1 program, particularly structural data collected from drill core, has contributed significantly to providing a clearer understanding of the Miranda target where copper mineralisation was intercepted. Drill holes in the 4km long Miranda target intersected copper mineralisation associated with an amphibole-magnetite-pyrite-chalcopyrite alteration system.

Sulphide mineralisation was observed in drill core from Phase 2 which continues to reinforce the prospectivity of the project area (Figure 9). All four Phase 2 drill holes intersected copper mineralisation in addition to the Phase 1 drill holes that intercepted broad zones of low grade copper at the Miranda target in 2010. The drill hole intercepts across both Phases of drilling at the Miranda target define an

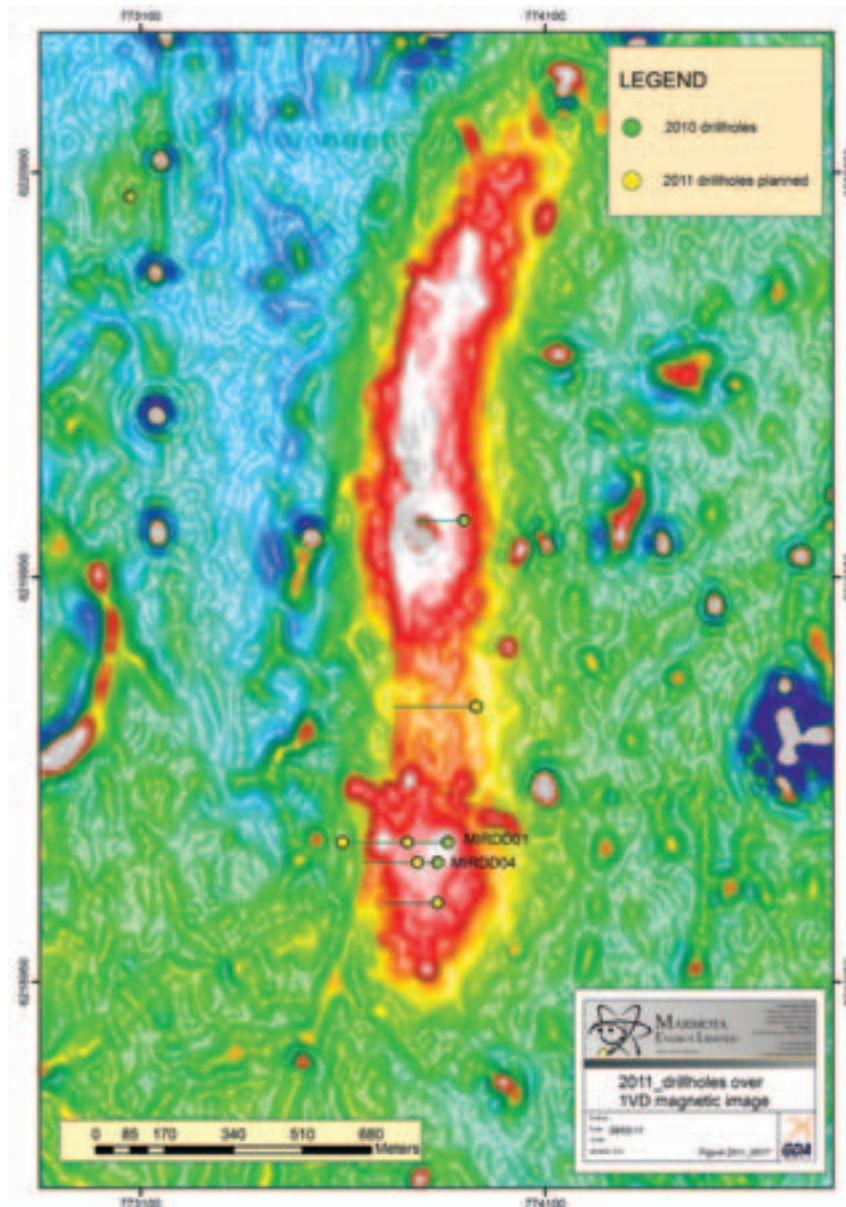


Figure 8: Miranda magnetic anomaly with 2011 Phase 2 drill hole locations. (inset).

interpreted zone of copper mineralisation that extends for at least 1.3km open to the north. Assay results from Miranda (Table 4) have been interpreted to have intersected a broad zone of copper mineralisation, containing a potential high grade zone encompassed in a broad lower grade halo. The mineralisation appears to be shallowing toward the northern end of the target area.

Hole	East	North	From (m)	Interval (m)	Cu (%)	Au (g/t)	Ag (g/t)
MIRDD01 (Phase 1)	773860	6219295	451	21	0.11	-	1.02
MIRDD04 (Phase 1)	773835	6219245	432	4	0.15	-	1.00
			463	4	0.13	-	0.90
			487	3	0.26	-	3.56
MIRDD05 (Phase 2)	733832	6219146	438	1	0.21	-	0.40
MIRDD06 (Phase 2)	773762	6219294	373	3	0.25	-	-
			466	12	0.23	-	-
including				1	1.20	-	-
and				1	0.65	-	-
MIRDD08 (Phase 2)	773930	6219630	461	9	1.03	-	-
including				1	2.25	0.46	112.10
and				1	1.25	-	-
and				6	0.61*	-	-

*Interval widths are downhole widths. Individual samples include both 1m and *3m composite samples. Cu determined by multi-acid digest including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids in Teflon Tubes. Analysed by Inductively Coupled Plasma Optical (Atomic) Emission Spectrometry. Ag determined by Inductively Coupled Plasma Mass Spectrometry. Au determined by Lead collection fire assay and analysed by Flame Atomic Absorption Spectrometry.

Table 4: (above) Significant results from Phase 1 and 2 drilling of the Miranda target include:

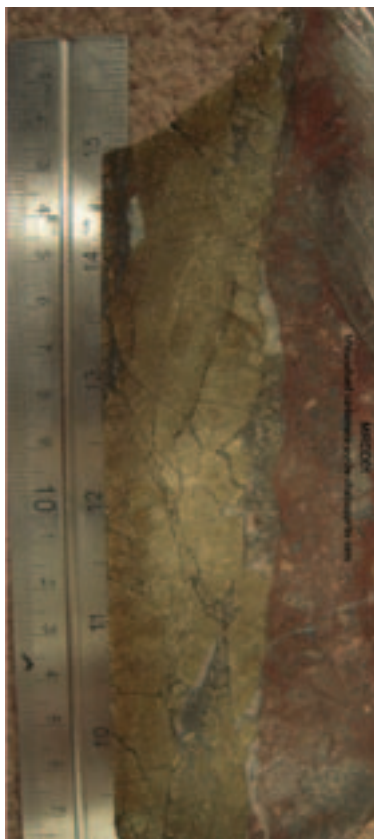


Figure 9a: (left) Example of copper mineralisation (chalcopyrite) observed in Miranda drill hole MIRDD01 during 2010 Phase 1 drilling.



Figure 9b: (right) Example of copper mineralisation (chalcopyrite) observed in Miranda drill hole MIRDD06 during 2011 Phase 2 drilling.

WEST MELTON COPPER PROJECT

(100% MARMOTA ENERGY)

■ Marmota has increased its tenement footprint on Yorke Peninsula, by obtaining a new tenement, West Melton, (EL 4648) immediately adjoining the Melton project which is 100% owned by Marmota (Figure 10).

The tenement covers interpreted large scale shallow anomalies. Large-scale north westerly trending magnetic anomalies in the magnetic data extend from the Melton project westwards onto the new exploration licence area. The potential strike length of the most significant anomaly is approximately 10 kilometres.

The new high resolution magnetic data has greatly improved the detail of anomalies outlined previously by the regional scale data, particularly the definition of regional geological structures in the northern part of the tenement (Figure 10). This large north easterly feature is known to host copper mineralisation elsewhere along its strike length immediately to the west of EL 4648, drilled by North Broken Hill in 1978.

The large scale targets identified from the data are in a geological setting that is similar to that at the Rex Minerals Hillside Project, where an Inferred and Indicated resource of 217Mt @ 0.7% Cu and 0.2 g/t gold has been defined.

Marmota plans to follow up these promising exploration results with the acquisition of infill high resolution ground gravity, magnetic and soil surveys over selected target areas.

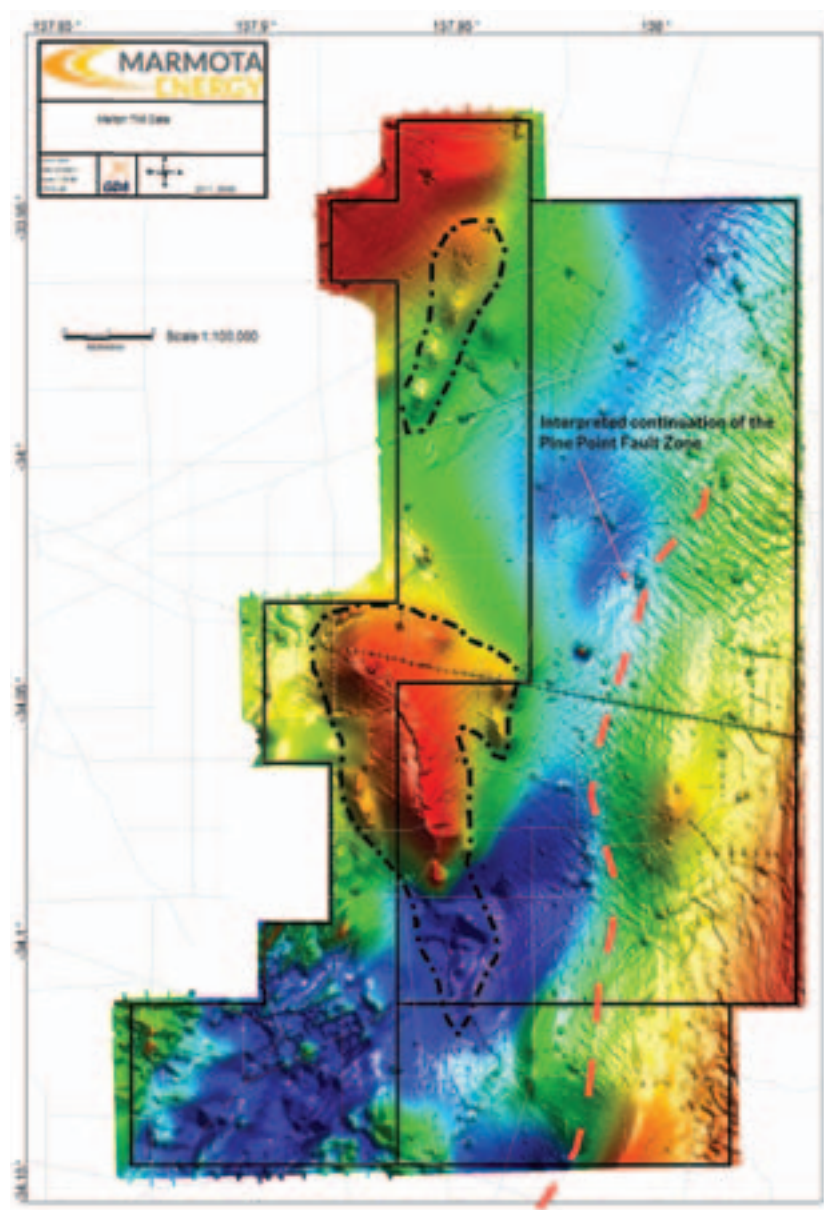


Figure 10: New exploration licence (EL 4648) immediately adjoining the Melton tenement. Large magnetic anomalies trending to the north-west contain targets 4 and 5 planned to be tested in future phases of drilling.

BIG BLUE GOLD PROJECT NEVADA USA

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

- **Maiden drill testing of the Big Blue gold project in Nevada intersected gold mineralisation, further enhancing the potential of the project. On the Big Blue gold project Marmota can earn 40% of Ramelius' equity in the project through incremental contributions over four years. Ramelius will have the right to earn 70% in the Big Blue gold project.**

The Big Blue project located in central Nevada represents a largely unexplored very shallow to exposed sequence of gold-bearing carbonate rich sedimentary rocks. This sequence is highly prospective for structurally controlled Carlin-Type, sediment hosted gold deposits.

A small reconnaissance drill program commenced ahead of schedule in March of 2011 over the West Cottonwood anomaly at Big Blue. Four drill holes totalling 745.3m were drilled with assay results returned from the first hole of the program (Table 4). Hole BBR11-01 returned 9.15 metres at 1.63 g/t Au which includes 1.5 metres of 6.11 g/t Au. The results are considered encouraging, supporting the Carlin-Style gold mineralisation model for the project.

The drill program was hampered by unexpected intermittent snow drifts throughout March plus broken ground conditions, forcing three holes (BBR11-02 to 04) to be postponed. The program has recommenced in September with more favourable weather conditions.



Figure 11: Angel Wing and Big Blue project location map

Marmota and Ramelius remain committed to the Big Blue and Angel Wing gold projects with the current Australian dollar exchange rates offering good value for money for exploration in the USA.

Assay results from BBR11-01 to date are presented in Table 5 below.

Table 5: Significant (>0.5g/t Au) drill hole intersections from Big Blue

Hole ID	Easting	Northing	Az/Dip	F/Depth	From (m)	To (m)	Interval (m)	g/t Au
BBR11-01	506407	4387093	305/60	341.4	3.05	12.20	9.15	1.63
					including 4.57	6.09	1.52	6.11
					21.30	24.40	3.10	0.65
BBR11-02	506514	4387004	300/60	144.8				ABN
BBR11-03	506509	4386998	305/65	83.8				ABN
BBR11-04	506517	4387017	310/60	175.3		Results	Awaited	ABN

Reported significant gold assay intersections (using a 0.5g/t Au lower cut) calculated over a minimum down hole interval of 1m at plus 0.5g/t gold and may contain up to 2m internal dilution. ABN denotes hole was abandoned. NSR denotes no significant result. Gold determination is by Fire Assay using a 30gram charge and AAS finish, with a lower limit of detection of 0.01g/t Au.

FORWARD PROGRAM

■ **Drilling continued into the third quarter of 2011 at the Junction Dam uranium project. Ground EM surveys are planned over the Yolanda target area on the project. This data is expected to assist in defining the continuation of the extent of the Yarramba palaeochannel that hosts the Saffron and Bridget target areas to the north. These two target areas combined represent a zone of mineralisation with an approximate 6km strike length.**

Results from all phases of drilling will be assessed and modelled for suitability to calculate an inferred resource at the Saffron prospect.

Final high resolution magnetic data has been delivered for the West Melton project on the Yorke Peninsula. The data will be modelled with further ground surveys planned to augment this data for target assessment and drill testing.

Further sampling is planned at the Western Spur iron ore project in preparation for the acquisition of high resolution geophysics in 2012.

TIMING	EL	PROJECT	PROJECT
Aug – Sept 2011		Angel Wing gold project - Nevada USA	Drill testing of vein hosted gold targets
Aug – Sept 2011	4509	Junction Dam	Sonic drilling at Saffron prospect
Oct – Nov 2011	4509	Junction Dam	Ground EM surveys over the Yolanda prospect
Nov 2011	4528	Western Spur	High resolution ground gravity survey
Nov 2011 - Feb 2012	4509	Junction Dam	Phase 1 works to progress Saffron prospect to 'Retention Lease' in preparation for flow testing
Nov 2011	4648	West Melton	Infill ground geophysical surveys, drill target assessment
Feb 2012	4648	West Melton	Maiden drill testing of copper-gold targets
Mar 2012	4509	Junction Dam	Drill testing at Bridget, and Yolanda prospects

CORPORATE GOVERNANCE STATEMENT



CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 1

LAY SOLID FOUNDATIONS
FOR MANAGEMENT AND
OVERSIGHT

■ 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 2011.

RECOMMENDATION 1.1 – RECOMMENDATION FOLLOWED

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

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

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

The Board has an established framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards. In fulfilling its responsibilities, the Board is supported by an Audit and Corporate Governance Committee established prior to listing on the ASX, to deal with internal control, ethical standards and financial reporting and a

Remuneration and Nomination Committee to monitor the composition of the Board and review the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance.

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

RECOMMENDATION 1.2 AND 1.3 – RECOMMENDATIONS FOLLOWED

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

PRINCIPLE 2

STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1 – RECOMMENDATION NOT FOLLOWED

The composition of the Board consists of five directors of whom three, including the Chairman, are non-executives. Messrs Kennedy, 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.

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 has established a Remuneration and Nomination Committee which currently consists of two non-executive Board directors, Messrs Nelson and Kennedy. Mr Nelson acts as Chairman of this committee (refer also to Principle 8 below).

RECOMMENDATION 2.5 – RECOMMENDATION NOT FOLLOWED

The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed junior exploration company, the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, for the financial year ended June 2011, 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

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

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

RECOMMENDATION 4.3 – RECOMMENDATION FOLLOWED

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.

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

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

RECOMMENDATION 8.2 & 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 previous 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 inhouse 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 2011 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.

EL

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

ELA

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

ELECTROMAGNETIC SURVEY (EM)

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

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.

HAEMATITE

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.

PIRSA

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

PLIOCENE

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

U₃O₈

The chemical symbol for uranium oxide.

UNCONFORMITY

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

UNCONFORMITY STYLE 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.

A full-page background image featuring a silhouette of an oil worker wearing a hard hat and safety vest, standing on an oil rig. The worker is holding onto a vertical structure. The background is a bright, golden-yellow sky, likely at sunrise or sunset, with some clouds visible. The overall tone is industrial and dramatic.

2011 **FINANCIAL REPORT**

DIRECTORS' REPORT

■ The Directors present their report on Marmota Energy Limited – consolidated entity ('Group') for the year ended 30 June 2011 and the auditor's report thereon.

DIRECTORS

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

Mr Robert Michael Kennedy ASAIT, Grad. Dip (Systems Analysis), FCA, ACIS, Life member AIM, FAICD.

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

He joined Marmota Energy Limited in April 2006 as Non-executive Chairman. Chairman of Beach Energy Limited (since 1995 and a Director since 1991), Flinders Mines Limited (since 2001), Ramelius Resources Limited (since 1995), Maximus Resources Limited (since 2004), ERO Mining Limited (since 2006), Monax Mining Limited (since 2004) and Somerton Energy Limited (since 2010). His special responsibilities include membership of the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee. Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as Chairman and Non-executive Director of a range of listed public companies including the resource sector.

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

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

Non-executive Director. Board member since 28 April 2006. Mr Nelson is an exploration geophysicist with 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.

Special responsibilities include membership of the Remuneration and Nomination Committee.

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

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

Mr Glenn Stuart Davis LLB, BEc

Non-executive Director. Board member since 28 April 2006. A 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).

Interests in Shares and Options – 3,057,143 ordinary shares of Marmota Energy Limited and options to acquire a further 1,350,000 ordinary shares.

DIRECTORS' REPORT (CONT.)

Dr Neville Foster Alley PhD, PSM

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

Other listed company directorships are: InterMet Resources Limited (since 2004 until August 2008), Beach Energy Limited (since July 2007), Monax Mining Limited (since 2005) 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 – 2,700,001 ordinary shares of Marmota Energy Limited and options to acquire a further 1,350,000 ordinary shares.

Mr Domenic Joseph Calandro BSc, AIG

Managing Director. Board member since 9 July 2007. Experience of 14 years in the management, processing, and provision of geophysical data and information with a strong record of project outcome delivery. He has significant geoscience expertise, with experience advising mineral explorers on appropriate geophysical methods and tools to use in exploration for a variety of commodities. He has previously held the position of Chief Mineral Geophysicist for the South Australian Government where he was responsible for the design and management of a variety of large-scale Government geophysical acquisition programs, which were successfully completed as part of the SAEI and TEISA initiatives. As Manager of the geoscience data and information systems for the South Australian Government, he contributed to the reduction of exploration risk for mineral explorers in the state. Mr Calandro was also the Manager of the highly successful PACE initiative, which featured a collaborative drilling program, large-scale geophysical acquisition projects and innovative data management and delivery improvement programs.

Interests in Shares and Options – 2,580,000 ordinary shares of Marmota Energy Limited and options to acquire a further 1,375,000 ordinary shares.

DIRECTORS' MEETINGS

The Company held 15 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 & Corporate Governance Committee Meetings		Remuneration & Nomination Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
DIRECTOR						
Robert Michael Kennedy	10	10	3	3	2	2
Reginald George Nelson	10	8	-	-	2	2
Glenn Stuart Davis	10	10	3	3	-	-
Neville Foster Alley	10	10	-	-	-	-
Domenic Joseph Calandro	10	10	-	-	-	-

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 18 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 maintained its momentum in delivering focused exploration programs across the Company's portfolio of exploration assets. Marmota continued to execute successful exploration programs on its key projects of Melton, Junction Dam and with its partners on its Nevada gold projects. At Junction

Dam a phase 3 drilling program returned further high grades from extension drilling. The drilling defined two new zones of uranium mineralisation. This strike length of the zone of uranium mineralisation has now grown to 15 kilometres. Marmota owns 74.5% of the uranium rights on Junction Dam which is set to grow with exploration completed in 2011.

An iron ore discovery was made on Marmota's Western Spur project. A number of large scale iron ore outcrops were sampled with assay results of up to 58.94% Fe, and 28.07% Mn returned from outcrops within an 8 kilometre zone.

In the copper – gold space, Marmota has commenced its exploration on the prospective West Melton project. A Phase 2 reconnaissance program designed to continue to test copper potential of on the Miranda target was completed. Three of four drill holes intercepted copper on the Miranda target during the Phase 2 program. Drill hole MIRDD06 intercepted broad low grade zones of copper returning grades of up to 1.2 % copper.

In Nevada, Marmota with partner Ramelius Resources (RMS) commenced reconnaissance drill testing on the Big Blue and Angel Wing gold projects. Results achieved on the projects included intercepts up to 6.11 g/t gold from the first drill hole in the maiden drill program on the Big Blue gold project. Drilling is scheduled to resume in the second half of 2011.

RESULTS

During the year, the Group continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled \$3,224,297.

The net profit/(loss) of the group after income tax was \$23,279 (2010: \$(473,352)).

DIVIDENDS

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

STATE OF AFFAIRS

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

DIRECTORS' REPORT (CONT.)

EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2011, 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 29 July 2011, 250,000 share options were granted to employees under the Marmota Energy Limited Employee Share Option Plan. The exercise price of the options is 7.3 cents with an expiry date of 29 July 2016.

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 (\$)
11/07/2012	\$0.40	28,000,000	28,000,000	-	-
23/12/2013	\$0.04	250,000	250,000	-	-
05/03/2015	\$0.1016	400,000	400,000	-	-
21/12/2015	\$0.083	125,000	125,000	-	-
29/07/2016	\$0.073	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 2011.

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 2011 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.

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

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

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

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

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.

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.

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.

SHARE RIGHTS GRANTED

During the 2011 financial year, a total of 2,100,000 retention rights with a fair value of \$191,100 were granted to key management personnel.

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED (CONT.)

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
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' remuneration

2011 primary benefits	Directors' fees \$	Salary, fees and leave \$	Cash bonus \$	Non cash items \$	Super contribution \$	Long service leave \$	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%

2010 primary benefits	Directors' fees \$	Salary, fees and leave \$	Cash bonus \$	Non cash items \$	Super contribution \$	Long service leave \$	Options/ rights \$	Total \$	Proportion of remuneration related to performance
Directors									
Mr RM Kennedy	70,413	-	-	-	6,337	-	-	76,750	-
Mr RG Nelson	40,252	-	-	-	3,623	-	-	43,875	-
Mr GS Davis*	43,875	-	-	-	-	-	-	43,875	-
Dr NF Alley	-	66,667	-	-	20,533	-	-	87,200	-
Mr DJ Calandro	-	205,264	12,500	30,275	14,461	-	-	262,500	4.7%
Mr AJ Andrejewskis**	2,000	-	-	-	-	-	-	2,000	-
Ms RC Healy**	2,000	-	-	-	-	-	-	2,000	-
	158,540	271,931	12,500	30,275	44,954	-	-	518,200	2.4%

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

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

(c) Key management personnel remuneration

2011 primary benefits	Directors' fees \$	Salary, fees and leave \$	Cash bonus \$	Non cash items \$	Super contribution \$	Long service leave \$	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%

2010 primary benefits	Directors' fees \$	Salary, fees and leave \$	Cash bonus \$	Non cash items \$	Super contribution \$	Long service leave \$	Options/ rights \$	Total \$	Proportion of remuneration related to performance
Key management personnel excluding Directors									
Ms VK Suttell*	-	78,135	2,000	-	6,923	-	4,725	91,783	7.3%
	-	78,135	2,000	-	6,923	-	4,725	91,783	7.3%

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

(d) Service agreements

The Managing Director was appointed in 2007 on an ongoing employment basis. The salary was reviewed in July 2011 and set at \$273,000 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. He was contracted for a term of one year expiring in December 2008. His contract was renewed for a further term of one year, expiring in December 2009. Since

expiry of his contract in December 2009, the Executive Director's employment has continued on an ongoing employment basis. The Executive Director's remuneration was reviewed effective 1 July 2011 and set at \$91,560 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

Apart from the options granted to directors in their capacity as employees of the company under the Employee Share Option Plan as detailed below, no other options 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 2011					Overall		
	Date	No.	Value \$	Exer- cise No.	Exer- cise \$	Lapsed No.	Lapsed \$	Vested No.	Vested %	Un- vested %	Lapsed %
Group key management personnel			(Note 1)	(Note 2)	(Note 3)	(Note 4)					
Mr D 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 has been exercised during the year as shown in the above table was determined as at the time of exercise.

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

During the year, share rights were granted to key management personnel as detailed below:

Retention Rights	Grant Details			For the financial year ended 30 June 2011					Overall		
	Date	No.	Value\$	Exer- cise No.	Exer- cise \$	Lapsed No.	Lapsed \$	Vested No.	Vested %	Un- vested %	Lapsed %
Group key management personnel											
Mr D Calandro*	19.11.2010	1,500,000	136,500	-	-	-	-	-	-	-	-
Ms V Suttell*	19.11.2010	600,000	54,600	-	-	-	-	-	-	-	-
		2,100,000	191,100	-	-	-	-	-	-	-	-

*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	\$0.073	-
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 19th day of September 2011.

AUDITOR'S INDEPENDENCE DECLARATION



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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 2011, 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

A handwritten signature in black ink, appearing to read "P S Paterson".

P S Paterson
Partner

Adelaide, 19 September 2011

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011 \$	2010 \$
Other revenues from ordinary activities	2	908,420	589,681
Total revenue		908,420	589,681
Administration expenses	3	297,735	351,946
Consulting expenses	3	93,525	116,947
Depreciation expense	3	23,496	26,293
Employment expenses	3	346,108	287,389
Service fees	3	158,408	128,124
Other expenses		25,212	104,830
Profit/(loss) before income tax expense		(36,064)	(425,848)
Income tax (expense)/benefit	4	59,343	(47,504)
Profit/(loss) for the period		23,279	(473,352)
Loss attributable to members of the parent entity		23,279	(473,352)
Other comprehensive income		-	-
Total comprehensive income for the period		23,279	(473,352)
Basic earnings per share (cents)	7	0.015	(0.36)
Diluted earnings per share (cents)	7	0.015	(0.35)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	Consolidated	
		2011 \$	2010 \$
Current assets			
Cash and cash equivalents	8	2,759,057	1,947,192
Trade and other receivables	9	454,987	433,452
Other current assets	10	20,703	19,051
Financial assets	11	3,020,000	7,500,000
Total current assets		6,254,747	9,899,695
Non-current assets			
Plant and equipment	12	379,294	388,072
Investments in associates	13	1	1
Exploration and evaluation expenditure	16	21,287,215	17,563,655
Total non-current assets		21,666,510	17,951,728
Total assets		27,921,257	27,851,423
Current liabilities			
Trade and other payables	17	381,898	430,138
Short term provisions	18	29,357	49,684
Total current liabilities		411,255	479,822
Non-current liabilities			
Long term provisions	18	33,435	31,455
Total non-current liabilities		33,435	31,455
Total liabilities		444,690	511,277
Net assets		27,476,567	27,340,146
Equity			
Issued capital	19	26,107,908	26,106,308
Reserves	27	2,609,092	2,497,550
Retained earnings		(1,240,433)	(1,263,712)
Total equity		27,476,567	27,340,146

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Issued Capital \$	Reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2009	22,187,511	2,472,350	(790,360)	23,869,501
Shares issued during the period	4,052,887	-	-	4,052,887
Options issued during the period	-	25,200	-	25,200
Transaction costs associated with the issue of shares net of tax	(134,090)	-	-	(134,090)
Total comprehensive income	-	-	(473,352)	(473,352)
Balance at 30 June 2010	26,106,308	2,497,550	(1,263,712)	27,340,146
Shares issued during the period	1,600	-	-	1,600
Options issued during the period	-	111,542	-	111,542
Transaction costs associated with the issue of shares net of tax	-	-	-	-
Total comprehensive income	-	-	23,279	23,279
Balance at 30 June 2011	26,107,908	2,609,092	(1,240,433)	27,476,567

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011 \$	2010 \$
Cash flows from operating activities			
Cash receipts in the course of operations		44,372	75,452
Cash payments in the course of operations		(895,632)	(841,003)
Interest received		477,468	514,548
Income tax		59,342	9,963
Net cash (used in)/provided by operating activities	23(b)	(314,450)	(241,040)
Cash flows from investing activities			
Payments for plant and equipment		(119,495)	(190,785)
Payments for exploration and evaluation assets		(3,224,297)	(2,433,109)
Loans from related entities		(11,383)	-
Loans repaid to related entities		(110)	4,318
Net cash (used in)/provided by investing activities		(3,355,285)	(2,619,576)
Cash flows from financing activities			
Proceeds from issue of shares		1,600	4,052,887
Payment of transaction costs associated with capital raising		-	(191,557)
Net cash provided by/(used in) financing activities		1,600	3,861,330
Net (decrease)/increase in cash held		(3,668,135)	1,000,714
Cash at the beginning of the financial year		9,447,192	8,446,478
Cash at the end of the financial year	23(a)	5,779,057	9,447,192

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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 2011 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 (income).

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

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

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying

amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

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

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

(d) Plant and equipment

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

Plant and equipment

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

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

Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

(d) Plant and equipment (cont.)

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.
- (ii) Financial liabilities

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

Impairment

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

(h) Impairment of assets

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

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

(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 Group 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 reporting periods

The accounting standards that have not been early adopted for the year ended 30 June 2011, 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) Consolidated Financial Statements IFRS 10: "Consolidated Financial Statements" was issued by the IASB in May 2011 and replaces both the existing IAS 27: "Consolidated and Separate Financial Statements" and SIC 12: "Consolidation- Special Purpose Entities". The new standard revises the definition of control and related application guidance so that a single control model can be applied to all entities. This standard will apply to the Group from 1 July 2013 and it is believed there will be insignificant impact.

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

ii) Joint Arrangements

IFRS 11: "Joint Arrangements" was issued by the IASB in May 2011 and provides for a more realistic reflection of joint venture arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interest in jointly controlled entities. This standard is applicable from 1 July 2013, with early adoption permitted.

Management is assessing the impact on the Group, but at this stage it is believed there will be insignificant impact.

iii) Disclosure of Interests in Other Entities

IFRS 12: "Disclosure of Interests in other Entities" was issued by the IASB in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms on interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable from 1 July 2013 and management is currently assessing the impacts of the standard, which will be limited to disclosure impacts only. There have also been consequential amendments to IAS 28: "Investments in Associates" as a result of above new standard. These amendments are applicable from 1 July 2013.

iv) Fair Value Measurement

IFRS 13: "Fair Value Measurements" was issued by the IASB in May 2011 and provides a precise definition of fair value, as a single source of fair value measurement and prescribes disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will apply to the Group from 1 July 2013 and at this stage it is believed there will be no impact.

v) 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:

- AASB 124: "Related Party Disclosures";
- AASB 2009-12: "Amendments to Australian Accounting Standards";
- AASB 2010-4: "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project";
- AASB 2010-5: "Amendments to Australian Accounting Standards";
- AASB 2010-8: "Amendments to Australian Accounting Standards-Deferred Tax: Recovery of Underlying Assets" and
- AASB 2011-4: "Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements".

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 27 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) Authorisation for issue of financial statements

The financial statements were authorised for issue by the Board of Directors on 19 September 2011.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011 \$	2010 \$
2 REVENUE FROM ORDINARY ACTIVITIES		
Other revenues:		
From operating activities		
Interest received from other parties	454,928	504,266
Administration fees – joint ventures	391,570	85,015
Other income	61,922	400
Total revenue from ordinary activities	908,420	589,681
3 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE HAS BEEN DETERMINED AFTER		
EXPENSES		
Administration expenses		
ASX fees	21,915	45,205
Share registry fees	25,573	43,595
Insurance	42,294	36,426
Audit and other services	34,837	25,250
Travel	39,303	25,280
Marketing	47,090	42,539
Software licences and IT services	22,871	70,684
Other	63,852	62,967
	297,735	351,946
Consulting expenses		
Legal fees	7,483	15,205
Corporate consulting	73,504	88,769
Accounting and secretarial services	12,538	12,973
	93,525	116,947
Depreciation expense		
Plant and equipment	23,496	26,293
Employment expenses		
Salaries and wages	686,469	627,026
Directors' fees	171,500	168,500
Superannuation	57,545	62,683
Provisions	(18,347)	31,633
Share-based payments	111,542	25,200
Other	83,122	41,595
Reallocation to exploration costs	(745,723)	(669,248)
	346,108	287,389
Service fees	158,408	128,124

	Consolidated	
	2011 \$	2010 \$
4 INCOME TAX BENEFIT/ EXPENSE		
The components of tax expense comprise:		
Current income tax	59,343	9,963
Deferred tax	-	-
Tax portion of capital raising costs	-	(57,467)
Income tax benefit/(expense) reported in the Statement of Comprehensive Income	59,343	(47,504)
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie income tax (expense)/benefit calculated at 30% on loss from ordinary activities	10,819	127,754
Tax effect of:		
Deferred tax asset in respect of tax losses not brought to account	(10,819)	(127,754)
Research and development rebate	59,342	9,963
Tax portion of capital raising costs	-	(57,467)
Income tax benefit/(expense) attributable to loss from ordinary activities	59,342	(47,504)
Income tax losses		
Deferred tax asset arising from carried forward tax losses not recognised at reporting date as the asset is not regarded as meeting the probable criteria		
- tax losses at 30%	3,918,854	2,892,863
Temporary differences	18,837	24,342

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

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 2011. The totals of remuneration paid to key management personnel during the year are as follows:

	Consolidated	
	2011 \$	2010 \$
Short term employee benefits	590,818	553,381
Post employment benefits	40,382	51,877
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	111,542	4,725
	742,742	609,983

Detailed remuneration disclosures are provided in the remuneration report.

(a) Directors and key management personnel

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

Directors	Position
Mr RM Kennedy	Chairman – Non-executive
Mr RG Nelson	Director – Non-executive
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Executive
Mr DJ Calandro	Managing Director – Executive
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.

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

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

Shares	Balance 1/07/10	Received as remuneration	Options exercised	Net change other ¹	Balance 30/06/11	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	-

Shares	Balance 1/07/09	Received as remuneration	Options exercised	Net change other ¹	Balance 30/06/10	Total held in escrow 30/06/10
Held by Directors in own name						
Mr RM Kennedy	1	-	-	-	1	-
Mr RG Nelson	1	-	-	-	1	-
Mr GS Davis	1	-	-	-	1	-
Dr NF Alley	1	-	-	-	1	-
Mr DJ Calandro	-	-	-	-	-	-
Mr AJ Andrejewskis	-	-	-	-	-	-
Ms RC Healy	-	-	-	-	-	-
	4	-	-	-	4	-
Held by Directors' personally related entities						
Mr RM Kennedy	3,146,666	-	-	421,426	3,568,092	-
Mr RG Nelson	940,000	-	-	214,284	1,154,284	-
Mr GS Davis	2,950,000	-	-	107,142	3,057,142	-
Dr NF Alley	2,710,000	-	-	17,857	2,727,857	-
Mr DJ Calandro	2,080,000	-	-	-	2,080,000	-
Mr AJ Andrejewskis	-	-	-	-	-	-
Ms RC Healy	-	-	-	-	-	-
Total held by Directors	11,826,670	-	-	760,709	12,587,379	-
Key management personnel excluding Directors						
Ms VK Suttell	30,000	-	175,000	-	205,000	-
Total	11,856,670	-	175,000	760,709	12,792,379	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

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 1/07/10	Received as remuneration	Options exercised	Net change other	Balance 30/06/11	Total vested 30/06/11	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	1,350,000	1,350,000
Mr DJ Calandro	(a)	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000
Mr DJ Calandro	(b)	250,000	-	-	-	250,000	250,000	250,000
Mr 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		5,825,000	125,000	-	-	5,950,000	5,950,000	5,950,000

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

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

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

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

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

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

(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	Exercised	Net change other	Balance period end	Total vested period end	Total exercisable period end
Mr RM Kennedy	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
Mr RG Nelson	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
Mr GS Davis	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
Dr NF Alley	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
Mr DJ Calandro	2011	-	1,500,000	-	-	1,500,000	-	-
	2010	-	-	-	-	-	-	-
Ms VK Suttell	2011	-	600,000	-	-	600,000	-	-
	2010	-	-	-	-	-	-	-
		-	2,100,000	-	-	2,100,000	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

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

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

Other key management personnel transactions

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

	Consolidated	
	2011 \$	2010 \$
6 AUDITORS' REMUNERATION		
Audit services:		
Auditors of the Group – Grant Thornton		
Audit and review of the financial reports	34,800	25,250
	34,800	25,250

7 EARNINGS PER SHARE

(a) Classification of securities

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

(b) Classification of securities as potential ordinary shares

- 28,000,000 unlisted options exercisable at \$0.40 by 11/07/2012
- 290,000 unlisted options exercisable at \$0.04 by 23/12/2013
- 400,000 unlisted options exercisable at \$0.1016 by 05/03/2015
- 125,000 unlisted options exercisable at \$0.083 by 21/12/2015

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	
	2011 \$	2010 \$
(c) Earnings used in the calculation of earnings per share		
Profit/(loss) after income tax expense	23,279	(473,352)

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

Number for basic earnings per share		
Ordinary shares	150,368,887	133,332,214
Number for diluted earnings per share		
Ordinary shares and options	150,494,856	133,481,811

	Consolidated	
	2011 \$	2010 \$
8 CASH AND CASH EQUIVALENTS		
Cash at bank	459,057	427,192
Deposits at call	2,300,000	1,520,000
	2,759,057	1,947,192

9 TRADE AND OTHER RECEIVABLES

Current

Other debtors	290,729	269,304
Loan to related parties	240	130
Loan to associate	164,018	164,018
	454,987	433,452

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

10 OTHER CURRENT ASSETS

Prepayments	20,703	19,051
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11 FINANCIAL ASSETS

Held-to-maturity investments

Fixed interest short term deposit	3,020,000	7,500,000
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12 PLANT AND EQUIPMENT

Plant and equipment

At cost	681,324	561,829
Accumulated depreciation	(302,030)	(173,757)
Net book value	379,294	388,072

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	388,072	279,024
Additions	119,496	190,785
Disposals	-	-
Accumulated depreciation	(128,274)	(81,737)
Carrying amount at end of year	379,294	388,072

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

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	
				2011	2010	2011 \$	2010 \$
Unlisted							
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1
Groundhog Partnership	Administration services	n/a	n/a	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	
	2011 \$	2010 \$
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	285,004	217,585
Non-current assets	164,188	191,183
Total assets	449,192	408,768
Current liabilities	(384,483)	(333,165)
Non-current liabilities	(64,707)	(75,601)
Total liabilities	(449,190)	(408,766)
Net assets	2	2

14 INTERESTS IN UNINCORPORATED JOINT VENTURES

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

No	State	Agreement name	Parties	Summary
1	SA	Ambrosia Farm-in & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MOX gives MSA the right to explore for all minerals in the area covered by Exploration Licence EL 4510 (formerly EL 3358). During the financial year, MSA has achieved its 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 the financial year, MEU has achieved its 74.5% 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.

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 (%)	
		2011 \$	2010 \$
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

16 EXPLORATION AND EVALUATION EXPENDITURE

	Note	Consolidated	
		2011 \$	2010 \$
Costs carried forward in respect of areas of interest in:			
Exploration and evaluation phase	(i)	21,287,215	17,563,655
Total exploration and evaluation expenditure		21,287,215	17,563,655

The ultimate recoupment of costs carried forward for exploration phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

(i) Reconciliation

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

	Consolidated	
	2011 \$	2010 \$
Carrying amount at beginning of year	17,563,655	14,881,192
Additional costs capitalised during the year	3,723,560	2,682,463
Carrying amount at end of year	21,287,215	17,563,655

17 TRADE AND OTHER PAYABLES

Trade creditors	196,188	215,219
Other creditors and accruals	119,564	137,390
Amounts payable to Director related entities*	66,146	77,529
	381,898	430,138

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

	Consolidated	
	2011 \$	2010 \$

18 PROVISIONS

Current

Employee benefits	29,357	49,684
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Non-current

Employee benefits	33,435	31,455
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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	81,139	49,506
Additional provisions	(18,347)	31,633
Balance at end of year	62,792	81,139

	Consolidated	
	2011 \$	2010 \$

19 ISSUED CAPITAL

Issued and paid-up share capital

150,449,490 (2010: 149,909,490) ordinary shares, fully paid	26,107,908	26,106,308
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(a) Ordinary shares

Balance at the beginning of year	26,106,308	22,187,511
Shares issued during the year:		
Nil (2010:10,853,481) shares issued to shareholders as part of a Share Purchase Plan at \$0.14	-	1,519,487
Nil (2010:18,000,000) shares issued to shareholders as part of a share placement at \$0.14	-	2,520,000
40,000 (2010:335,000) shares issued to employees on exercise of options at \$0.04	1,600	13,400
500,000 (2010:nil) shares issued for acquisition of mineral tenement	-	-
Less transaction costs arising from issue of shares net of tax	-	(134,090)
Balance at end of year	26,107,908	26,106,308

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

19 ISSUED CAPITAL (CONT.)

(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 2011, there were 30,875,000 (2010: 28,690,000) 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
- 400,000 unlisted option exercisable at \$0.1016 by 05/03/2015
- 125,000 unlisted options exercisable at \$0.083 by 21/12/2015
- 2,100,000 retention rights vesting 1/3 each of 01/07/2011, 01/07/2012 and 01/07/2013

(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

	2011		2010	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Marmota Energy Limited				
Outstanding at the beginning of the year	690,000	0.07	625,000	0.04
Granted – March 2010	-	-	400,000	0.10
Granted – December 2010	125,000	0.083	-	-
Forfeited	-	-	-	-
Exercised	(40,000)	0.04	(335,000)	0.04
Expired	-	-	-	-
Outstanding at year-end	775,000		690,000	
Exercisable at year-end	775,000		690,000	

20 SHARE-BASED PAYMENTS (CONT.)

(i) Options (cont.)

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.

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.

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.

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

	December 2010 issue	March 2010 issue	December 2008 issue
Weighted average fair value	\$0.072	\$0.063	\$0.038
Weighted average exercise price	\$0.083	\$0.1016	\$0.04
Weighted average life of the option	1,825 days	1,825 days	1,825 days
Underlying share price	\$0.09	\$0.09	\$0.04
Expected share price volatility	105%	90%	181%
Risk free interest rate	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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

20 SHARE-BASED PAYMENTS (CONT.)

(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 \$102,542 was recognised during the 2011 financial year in the share based payments reserve and Statement of Comprehensive Income. At reporting date, none of the 2,100,000 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 \$102,542 was expensed in the 2011 financial year. \$88,558 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 an appropriate valuation methodology. The total minimum value of rights if vesting conditions are not met is nil.

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	
	2011 \$	2010 \$
Options issued under employee option plan	9,000	25,200
Retention rights issued	102,542	-
	111,542	25,200

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	
	2011 \$	2010 \$
Financial assets		
Cash and cash equivalents	2,759,057	1,947,192
Held-to-maturity investments		
- Fixed interest securities	3,020,000	7,500,000
Loans and receivables	454,987	433,452
	6,234,044	9,880,644
Financial liabilities		
Trade and other payables	381,898	430,138
	381,898	430,138

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

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 2011 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	
	2011 \$	2010 \$
Change in loss		
Increase in interest rates by 2%	115,580	188,944
Decrease in interest rates by 2%	(115,580)	(188,944)
Change in equity		
Increase in interest rates by 2%	115,580	188,944
Decrease in interest rates by 2%	(115,580)	(188,944)

(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 2012 amounts of approximately \$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 2011, there were no contingent liabilities.

	Note	Consolidated	
		2011 \$	2010 \$

23 NOTES TO THE STATEMENTS OF CASH FLOWS

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

Cash at bank and at call	8	2,759,057	1,947,192
Financial assets	11	3,020,000	7,500,000
		5,779,057	9,447,192

(d) Reconciliation of profit/(loss) from ordinary activities after income tax to net cash outflow from operating activities

Profit/(loss) from ordinary activities after income tax	23,279	(473,352)
Add/(less) items classified as investing/ financing activities		
Stamp duty expense	-	104,830
Add/(less) non cash items		
Depreciation	23,496	26,293
Share-based payments	111,542	25,200
Exploration administration fee income	(409,118)	-
Income tax expense	-	57,467
Changes in operating assets and liabilities		
(Increase)/decrease in prepayments	(1,652)	(130)
(Increase)/decrease in receivables	(21,535)	(26,140)
(Decrease)/increase in accounts payable	(22,115)	13,159
(Decrease)/increase in provisions	(18,347)	31,633
Net cash provided by/(used in) operating activities	(314,450)	(241,040)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

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	
			2011 \$	2010 \$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		7,483	18,555
Related entity	Payments from a Director related entity for logistical support and exploration expenditure under joint venture agreements.	(i)	443,180	2,579
Associated entity	Payments to a Director related entity for Company Secretarial services, tenement management and office administration and logistical support.		366,201	301,640
RM Kennedy and RG Nelson	Payments to a Director related entity for exploration on the Nevada tenements.		364,534	128,007
DJ Calandro	Payments to a Director related entity for rental of housing for accommodation for field operations.		-	8,818

(i) This amount relates to the 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.

24 RELATED PARTIES (CONT.)

Directors' transactions with the Company (cont.)

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

	Consolidated	
	2011 \$	2010 \$
Current receivables		
Loan to director related entity	240	130
Loan to associate	164,018	164,018
	164,258	164,148
Current payables		
Amounts payable to director related entities*	66,146	76,374
Amounts payable to directors	-	1,155
	66,146	77,529

* 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 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 2011 and 30 June 2010 are set out below:

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

25 OPERATING SEGMENTS (CONT.)

Segment information

(i) Segment revenue

	Gawler Craton		Curnamona		North America		Total	
	June 2011 \$	June 2010 \$	June 2011 \$	June 2010 \$	June 2011 \$	June 2010 \$	June 2011 \$	June 2010 \$
Segment revenue	302,170	50,000	142,950	35,415	-	-	445,120	85,415
Segment results								
Gross segment result before depreciation, amortisation and impairment	302,170	50,000	142,950	35,415	-	-	445,120	85,415
Depreciation and amortisation	-	-	-	-	-	-	-	-
	302,170	50,000	142,950	35,415	-	-	445,120	85,415
Interest income							454,928	504,266
Net financing costs							8,372	-
Other expenses							(944,484)	(1,015,529)
Profit/(loss) before tax							(36,064)	(425,848)
Income tax benefit/(expense)							59,343	(47,504)
Net profit/(loss) after tax							23,279	(473,352)

(ii) Segment assets

	Gawler Craton		Curnamona		North America		Total	
	June 2011 \$	June 2010 \$	June 2011 \$	June 2010 \$	June 2011 \$	June 2010 \$	June 2011 \$	June 2010 \$
Segment assets	16,859,430	15,520,596	3,935,244	1,915,052	492,541	128,007	21,287,215	17,563,655
Segment asset increases for the period:								
Capital expenditure	1,338,834	1,241,874	2,020,192	1,312,582	364,534	128,007	3,723,560	2,682,463
	1,338,884	1,241,874	2,020,192	1,312,582	364,534	128,007	3,723,560	2,682,463
Reconciliation of segment assets to group assets								
Cash and cash equivalents							2,759,057	1,947,192
Trade and other receivables							454,987	433,452
Other current assets							20,703	19,051
Financial assets							3,020,000	7,500,000
Plant and equipment							379,294	388,072
Investment in associate							1	1
Total consolidated assets							27,921,257	27,851,423

25 OPERATING SEGMENTS (CONT.)

(iii) Segment liabilities

	Gawler Craton		Curnamona		North America		Total	
	June	June	June	June	June	June	June	June
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Segment liabilities	2,289	13,689	238,598	254,118	30,277	65,901	271,164	333,708
Reconciliation of segment liabilities to group liabilities								
Trade and other payables							110,734	96,430
Short term provisions							29,357	49,684
Long term provisions							33,435	31,455
Total consolidated liabilities							444,690	511,277

26 EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2011, 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 29 July 2011, 250,000 share options were granted to employees under the Marmota Energy Limited Employee Share Option Plan. The exercise price of the option is 7.3 cents with an expiry date of 29 July 2016.

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 2011

28 MARMOTA ENERGY LIMITED COMPANY INFORMATION

	2011 \$	2010 \$
Parent entity		
Assets		
Current assets	6,351,552	9,996,499
Non-current assets	21,569,705	17,854,924
Total assets	27,921,257	27,851,423
Liabilities		
Current liabilities	411,255	479,821
Non-current liabilities	33,436	31,456
Total liabilities	444,691	511,277
Equity		
Issued capital	26,107,908	26,106,308
Retained earnings	(1,240,433)	(1,263,712)
Reserves		
Share-based payments reserve	2,609,092	2,497,550
Total reserves	2,609,092	2,497,550
Financial performance		
Profit/(loss) for the year	23,279	(473,352)
Other comprehensive income	-	-
Total comprehensive income	23,279	(473,352)
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

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 2011 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;

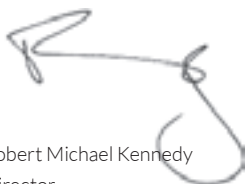
(ii) The financial statements and notes for the financial year comply with the accounting standards; and

(iii) The financial statement and notes for the financial year give a true and fair view;

(c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Adelaide this 19th day of September 2011.



Robert Michael Kennedy
Director

INDEPENDENT AUDITOR'S REPORT

FOR YEAR ENDED 30 JUNE 2011



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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 2011, 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 entity 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 2011 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.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 19 September 2011

SHAREHOLDER INFORMATION

AS AT 20 SEPTEMBER 2011

■ 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 2011.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Share Capital

Fully paid ordinary shares are held by 2,091 individual shareholders.

Options

Options are held by 17 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 11/07/2012 \$0.40 Options	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 01/07/2012 Rights	Holders of 01/07/2013 Rights
1 – 1,000	166	-	-	-	-	-	-	-
1,001 – 5,000	180	-	-	-	-	-	-	-
5,001 – 10,000	466	-	-	-	-	-	-	-
10,001 – 100,000	1,075	-	-	6	-	3	-	-
100,001 and over	204	12	1	-	1	1	2	2
Total Number of security holders	2,091	12	1	6	1	4	2	2

The number of shareholders holding less than a marketable parcel of ordinary shares is 414.

On market buy-back

There is no current on-market buy-back.

TWENTY LARGEST SHAREHOLDERS

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Stock Exchange Limited including the number and percentage held by those holders at 20 September 2011 are as follows:

Name	Number of fully paid ordinary shares held	Percentage held
Monax Mining Limited	36,000,000	23.82
Mr Michael Peter Schwarz <SA Digger Pty Ltd A/C>	3,040,000	2.01
Mr Neville F Alley and Ms Bronwen D Ireland <Prospects A/C>	2,700,000	1.79
Aloren (No 148) Pty Ltd	2,700,000	1.79
RMK Super Pty Ltd <RMK Personal S/F A/C>	2,700,000	1.79
Mr Domenic Calandro and Mrs Karyn Calandro <J and K A/C>	2,580,000	1.71
Tawitawi Pty Ltd <Tawitawi Super Fund A/C>	2,400,000	1.59
Mr William Edward Holmes <W and H Holmes Super Fund A/C>	2,000,000	1.32
Cadex Petroleum Pty Limited	1,600,000	1.06
SA Capital Funds Management Limited <SACFM No 1 Fund A/C>	1,098,681	0.73
Aurelius Resources Pty Ltd <The Nelson Super Fund A/C>	1,007,142	0.67
Mr Zarko Nikoloski	1,006,751	0.67
Adelaide Equity Partners Limited	1,000,000	0.66
Jayarem Pty Ltd <The Chattan Super Fund A/C>	1,000,000	0.66
Mr Graham Robert Taylor <Superannuation Fund A/C>	1,000,000	0.66
Mr Lidong Zheng	1,000,000	0.66
Mr Yury Lezhnin	977,777	0.65
Mr Ben Gervase Nelson	900,000	0.60
Mr James Veyron Nelson	900,000	0.60
Ms Zi Dan Chen	883,184	0.58
	66,493,535	43.99

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
11/07/2012	\$0.40	28,000,000	28,000,000	12
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

Rights

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

Vesting date	Exercise price	Number of Rights	Number Unquoted	Number of holders
01/07/2012	Nil	700,000	700,000	2
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, PSM
Executive Technical Director

REGINALD GEORGE NELSON
BSc (MATHS), FAusIMM, FAICD
Non-executive Director

GLENN STUART DAVIS LLB, BEc
Non-executive Director

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

STOCK EXCHANGE CODE

Shares: MEU
Listed on Australian Stock Exchange
Limited

Home Exchange: Adelaide
Level 30, 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 Aus)
+61 3 9415 4000 (outside Aus)
Facsimile: +61 8 8236 2305
Email: info@computershare.com.au

AUDITORS

Grant Thornton
Chartered Accountants

67 Greenhill Road
WAYVILLE SA 5034

LAWYERS

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ADELAIDE SA 5000