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ASX RELEASE

For Immediate Release

18 October 2013

2013 Annual Report, Notice of Annual General Meeting and Proxy Form

Attached are electronic copies of the Marmota Energy Limited 2013 Annual Report, Notice of Annual General Meeting and Proxy Form which have been mailed to shareholders.

Yours faithfully

Virginia Suttell

Company Secretary

MARMOTA ENERGY

ANNUAL REPORT 2013

COMPLIANCE STATEMENTS

DISCLAIMER

This Annual Report contains forward looking statements that are subject to risk factors associated with the exploration and mining industry.

It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables which could cause actual results or trends to differ materially.

EXPLORATION TARGETS

Exploration Targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in the nature and that considerable further exploration is necessary before any Identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

COMPETENT PERSON

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Domenic Calandro who is a Member of the Australasian Institute of Mining and Metallurgy, and who has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration, and the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (the JORC Code). This report is issued in the form and context in which it appears with the written consent of the Competent Person.

ANNUAL GENERAL MEETING

The 2013 Annual General Meeting will be held at:

DMAW Lawyers,
Level 3, 80 King William Street

Adelaide, South Australia on 19th November 2013 commencing at 11.00am.

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

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CHAIRMAN'S REPORT

DEAR FELLOW SHAREHOLDERS

I am pleased to present this sixth annual report of Marmota Energy Limited ("Marmota" or the "Company"). Since listing late in 2007, Marmota Energy Limited has developed an enviable project portfolio that represents a high quality diversified commodity stance across the uranium, nickel, copper, gold and iron ore spaces. This has spread the Company's commodity risk in what has continued to be a fractious global and local market environment.

In 2013 Marmota continued to build on the exploration achievements of 2012 across its key projects. These include the 2013 exploration results from the Durkin copper/nickel prospect on our Pundinya project northwest of Tarcoola in South Australia. Phase 1 drilling completed earlier this year tested positive for nickel mineralisation. Seven drill holes intercepted significant intervals of nickel and copper mineralisation with nickel grades reaching up to 1.4% along a 3 km strike. These results were further enhanced by the positive petrological analysis that confirmed the nickel bearing lithologies of Durkin and making comparison with the nearby Aristarchus nickel prospect located only 12 km to the south west.

At this early stage of exploration at the Durkin prospect, results achieved continue to support the potential for nickel mineralisation similar to other large-scale high grade deposits in Australia. Armed with results from the Phase 1 drilling, infill ground magnetic and gravity surveys have been commissioned to further enhance targeting for potential massive sulphide mineralisation. This will continue to build on comprehensive data coverage over the currently defined nickel trend zone and will assist with the ongoing exploration program underway at Durkin.

Drilling at the Company's PACE co-funded Indooroopilly project intercepted significant intervals of tungsten mineralisation. Tungsten was intercepted in drill holes that lie along a large geophysical target extending for approximately 1.6 km.

Tungsten is a very rare and valuable commodity, in fact 50 times rarer than copper with physical properties that limit its substitution.

Tungsten is used in a large variety of everyday items and as such has been listed as a critical metal, defined as one that the human race depends upon for its survival. As a point of reference, a grade of 0.10% tungsten equates to 1 kg of tungsten per tonne. The current average spot price of tungsten is USD $47/kg (2 July 2013).

Significant grades of tungsten were returned from Phase 1 drilling with further work underway to define the extent of the zone of mineralisation.

Work has continued on the Company's Junction Dam uranium project adjacent to the Honeymoon uranium mine. Following on from the successful 2012 drilling campaign which significantly expanded the zone of mineralisation potential~, Marmota received positive results from mineralogical analysis concluding that approximately 98% of the uranium mineralisation is available for potential extraction.

Further work will be conducted to continue to ascertain extractability of the uranium resource* at Junction Dam which is seen as a high priority for the project's continued development. This will enable Marmota to be well positioned for the inevitable recovery in uranium commodity pricing predicted for early 2014.

Our Melton tenements, focussing on copper-gold potential, have had encouraging calcrete sampling results at key target zones. This program follows on from previous drilling which intercepted significant grades of copper over 1.3 km of strike at the Miranda target. It is expected that the program of surface sampling will continue to assist in the identification of potential shallow drill targets adjacent to recent discoveries of copper and gold nearby to Marmota's western tenement boundary.

A strategic review of Marmota's strategic portfolio of projects has defined several projects with opportunity for farm-out or divestment. Marmota's Aurora Tank project was successfully farmed out earlier this year, with Marmota's Western Spur Iron project also attracting interest.

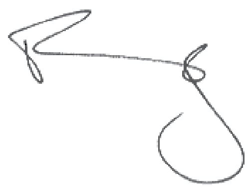
It is worth noting that the majority of our South Australian Projects are strategically located near existing mine infrastructure which will give your company an advantage at the time of development. For example, Junction Dam is located near to Honeymoon, and Indooroopilly and Aurora Tank are near to the Challenger Gold Mine, while Melton has the potential to access the required infrastructure on Yorke Peninsula which also hosts the Hillside copper resource. We also place the highest priority on our social licence to operate by ensuring good relationships with all landholder, community and regulatory stakeholders.

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

Earlier in 2013 Marmota successfully placed stock rasing an additional $2.3 million. This has provided your Company with sufficient funds necessary to carry out planned near-term exploration programs. Marmota is extremely well placed to capitalise on its strong project portfolio with this additional capital flexibility.

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 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 on Marmota's key projects and look forward to this coming year's work programme. I thank our Directors, officers and staff for their tireless hard work during 2013 and their support of the Company goals and look forward to their continuing commitment in 2014. I also acknowledge the support of our shareholders over the last year.



R M KENNEDY
CHAIRMAN

~CAUTIONARY STATEMENT: The initial estimate of U_3O_8 potential within the Junction Dam project is based on conservative grade estimates applied over a sedimentary 'roll front' strike length of 15km. Marmota notes that this initial view on an exploration target is conceptual in nature. There has been insufficient exploration to define this exploration potential as a Mineral Resource and it is uncertain if further exploration will result in the determination of such a Mineral Resource.

* Current Inferred Resource at the Saffron Deposit is 4.36 million tonnes containing 3.33million pounds of U_3O_8 . It is uncertain if further exploration work or feasibility studies will result in the determination of an Ore Reserve. Please refer to ASX announcement dated 18 November 2011 for more information.

REVIEW OF OPERATIONS

DURKIN COPPER /NICKEL PROSPECT

- Assays confirm nickel and copper sulphides intercepted in seven holes at Durkin project during Phase 1 drilling program
- Includes continuous 75 m in one hole amid multiple large intervals of copper and nickel in numerous holes along a 3 km trend
- Nickel grades of up to 1.38% Ni returned from assay with shallow mineralisation starting at 22 metres depth
- Petrology of the host rocks demonstrate that the nickel bearing mafic rock types at Durkin are typical of layered mafic rocks commonly found in subduction zones and are similar to those at the nearby Aristarchus nickel prospect

INDOOROOPILLY PROJECT

- Extensive tungsten mineralisation intercepted from shallow depths in multiple holes during Moonbi maiden drilling program – a PACE supported project
- Tungsten intercepted in widely spaced holes over significant strike
- Nickel sulphides also intercepted; one drill hole with nickel, chromium and cobalt concentrations elevated over 39 metre interval to end of hole
- One metre split sample submitted for assay
- Sample submitted for petrology

Marmota Energy project location map

JUNCTION DAM URANIUM PROJECT

- Uranium mineralogy analysis completed
- Uranium mineralisation contained within the Saffron resource zone and adjoining Bridget prospect is predominantly contained in the minerals uraninite and autinite
- Very encouraging outcome as these two minerals are known to be readily leachable

The information in the Annual 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 14 AUGUST 2013

SOUTH AUSTRALIA

Project	Tenement	No	Area (km²)	Status	Details	Tenure holder
Junction Dam	Junction Dam	EL 4509	341	Granted	JV with Teck, PlatSearch NL, Eaglehawk Geological Consulting P/L (TPE JV)	TPE JV
Melton	Melton	EL 5122	28	Granted	JV with Monax Mining	Marmosa P/L
	North Melton	EL 5209	137	Granted	JV with Monax Mining	Marmota Energy
	West Melton	EL 4648	88	Granted		Marmota Energy
Ambrosia	Ambrosia	EL 4510	854	Granted	JV with Monax Mining	Monax 50%; Marmosa 50%
	Muckanippie	EL 5195	181	Granted		Marmota Energy
Pundinya	Pundinya	EL 4526	435	Granted		Marmota Energy
Western Spur	Western Spur	EL 4528	333	Granted		Marmota Energy
Indooroopilly / Aurora Tank	Aurora Tank	EL 4433	48	Granted	JV with Apollo Minerals	Marmota Energy
	Indooroopilly	EL 4702	570	Granted		Marmota Energy
	Mt Christie	EL 4995	620	Granted		Marmota Energy
	Lake Anthony	EL 5060	981	Granted		Marmota Energy
Lake Frome	Lake Coonee	EL 4252	218	Granted		Marmota Energy
	Mudguard Swamp	EL 4253	232	Granted		Marmota Energy
	Lake Callabonna North	EL 4254	217	Granted		Marmota Energy
	Lake Callabonna South	EL 4255	21	Granted		Marmota Energy
	Lake Cootabarlow	EL 4256	665	Granted		Marmota Energy
	Poontana	EL 4276	30	Granted		Marmota Energy
	Mudguard Swamp West	EL 4319	24	Granted		Marmota Energy
	Lake Frome	EL 4320	316	Granted		Marmota Energy
	Billeroo	EL 4383	166	Granted		Marmota Energy
	Moolawatana	EL 4412	745	Granted		Marmota Energy
	Yandama Creek	EL 4521	222	Granted		Marmota Energy
	Mulligan Hill	EL 4572	110	Granted		Marmota Energy
	Christmas Bore	EL 4625	82	Granted		Marmota Energy
	Woolatchi	EL 5275	122	Granted		Marmota Energy
	Callabonna	EL 5318	54	Granted		Marmota Energy
Phar Lap	Phar Lap	EL 5123	283	Granted	JV with Monax Mining	Marmosa P/L
Mulyungarie	Mulyungarie	EL 5124	17	Granted	JV with Monax Mining	Marmosa P/L

NEW SOUTH WALES

Project	Tenement	Area (km²)	Status	Details	Tenure holder
Mundi Mundi	EL 8047	300	Granted	100% Marmota Energy	Marmota

WESTERN AUSTRALIA

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

DURKIN COPPER /NICKEL PROSPECT

(MARMOTA ENERGY LIMITED 100%)

- **Phase 1 Reverse Circulation (RC) drilling tested positive for copper and nickel mineralisation at the Durkin copper-nickel project located in South Australia's Gawler Craton. Significant results of up to 1.38% nickel were returned from assay from first pass RC drilling. Thirteen drill holes were completed at Durkin which were drilled to various depths of up to 300 metres, totaling 2200 metres of drilling. The Durkin project is located 60 km south of the Challenger Gold mine, in South Australia's Gawler Craton.**

RC DRILLING PROGRAM ASSAY RESULTS

Seven drill holes from the Phase 1 program were reported to have intercepted thick intervals of nickel and copper along with common associated elements such as cobalt, chromium, palladium and magnesium. The largest intercept of nickel is 75 metres thick in drill hole DRC012. First pass assay results were from three metre composite samples with follow up individual one metre samples submitted following detailed logging of RC drill chips.

Targeted one metre interval samples were submitted for assay from key drill holes. One hole is located adjacent to a major shear that Marmota believes to be a potential conduit for the mineralising fluids that may have deposited copper and nickel in a large dispersion zone. Significant results achieved from the geochemical analysis included 3 metres at 0.9% nickel from 22 metres depth including 1 metre at 1.38% nickel (drill hole DRC013) (ASX announcement dated 7 August, 2013).

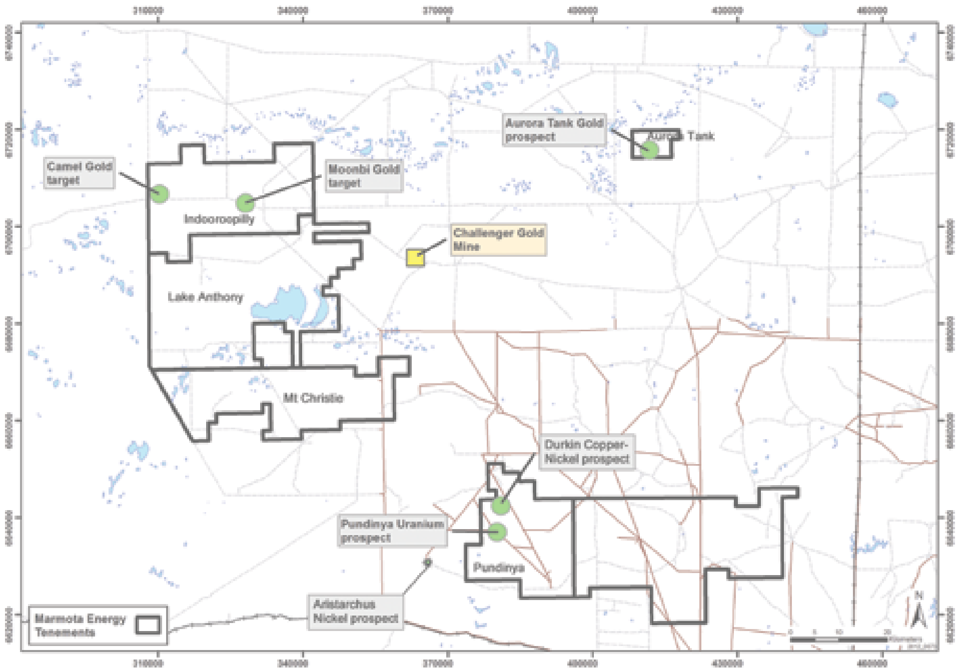


FIGURE 1: Durkin copper/nickel prospect location.

PETROLOGY RESULTS

The petrological analysis of samples from the nickeliferous zone concluded that the rock types from Durkin show similarities to the mafic-ultramafic rocks at the nearby Aristarchus nickel prospect (12 km to the SW) (Figure 1).

The analysis confirms that mafic rocks were intercepted during the drilling program and that the rock units that contain the higher grade nickel are a hornblende gabbronorite, a mafic rock commonly associated with nickel sulphide mineralisation. The rock units may be associated with large-scale mafic igneous bodies in subduction-related zones and are often found in layered igneous rocks. Gabbronorite also hosts the mineralisation at the world class Nebo–Babel Ni deposit to the north-west of Durkin in the West Musgraves.

The Durkin mineralisation is hosted in rocks of the Fowler Domain, a region believed to have many similarities to the world class Thompson Nickel Belt in Canada. Both regions have many structural and lithological similarities and evidence suggests that both areas have experienced similar geological histories and contain mafic and ultramafic bodies. Both areas contain sulphidic schists and iron formations, locally intruded by nickel rich mafic and ultramafics in a potential complex collisional-subduction zone.

However, the dimension and orientation of the ultramafic and mafic units at Durkin and the region generally are yet to be fully defined.

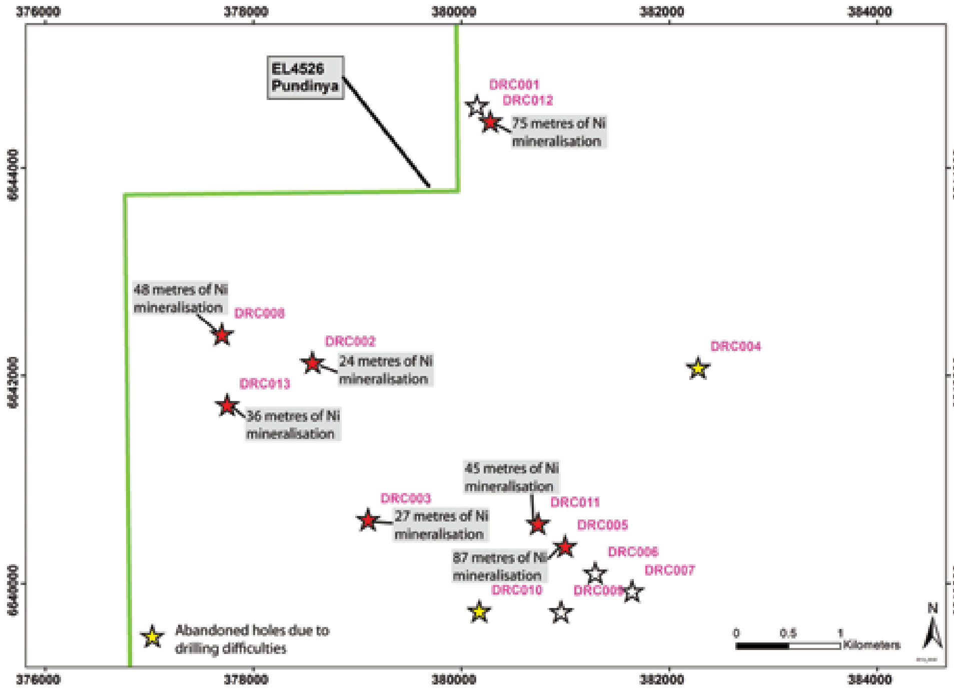


FIGURE 2: Location of drill holes from Phase 1, with holes containing anomalous nickel and copper denoted by red stars. Intercepts shown are total metres of Ni intercepted in holes along the defined zone of nickel mineralisation.

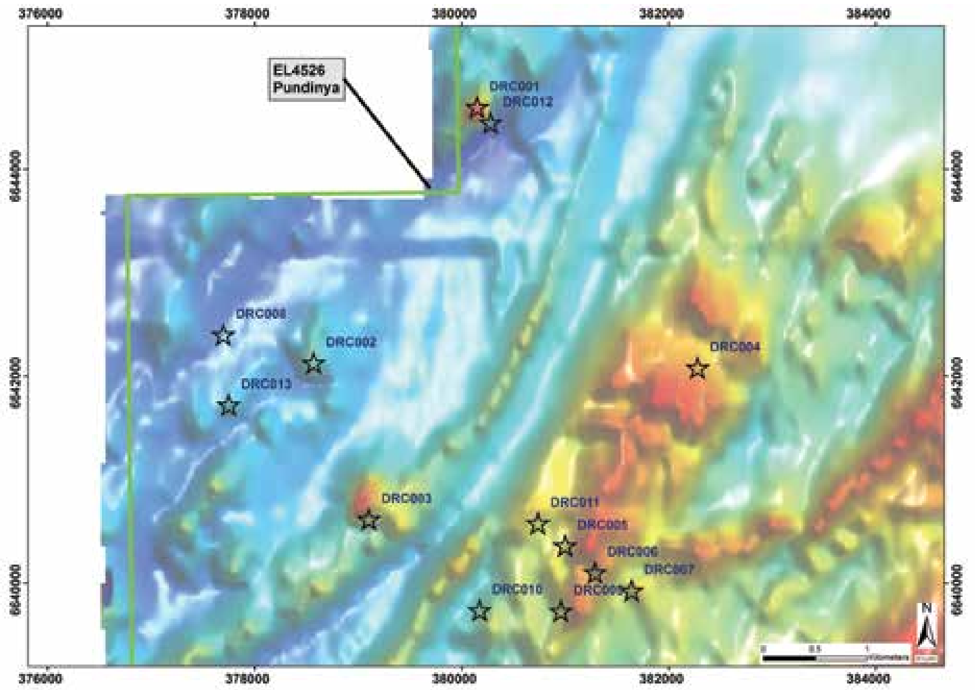


FIGURE 3: Location map of drill holes over magnetic image completed during Phase 1 at Durkin.

The similarity of observed geology and sulphide mineralisation throughout the widely spaced seven drill holes (denoted by the red stars in Figure 2) suggests that these targets are part of a wider large-scale mineralised intrusive system extending at least three kilometres.

Assessment of results is continuing with more samples planned for submission for assay and mineralogical analysis. Further infill ground electromagnetic surveys to extend the investigation of bedrock targets is planned to enable higher resolution definition of conductive zones beyond the limit of the original Helitem survey. Infill ground magnetic and gravity surveys are planned along the defined zone of nickel mineralisation. Evaluation of the associated vectoring elements is being undertaken to aid in understanding the mineralisation model and the potential position of the source magma.

The Company is excited about these early stage assay and petrology results, as they confirm the potential for high grade base metals mineralisation within this sparsely drilled area.

Cautionary Statement: Early stage exploration at the Durkin prospect is underway and thus, there has been insufficient exploration to define the extent of exploration potential at the target area. It is uncertain if further exploration will result in the determination of a Mineral Resource.

INDOOROOPILLY PROJECT MOONBI PROSPECT

(MARMOTA ENERGY LIMITED 100%)

RC DRILLING PROGRAM RESULTS

Phase 1 RC drilling of targets located at the Moonbi prospect has intercepted large intervals of tungsten mineralisation. The drilling was part of a PACE co-funded project to investigate geophysical anomalies identified by the Company at the Moonbi prospect. Fourteen vertical RC drillholes for a total of 2100 metres were completed at the target area, which is located within Marmota's Indooroopilly tenement in the highly prospective Gawler Craton west of Challenger gold mine (Figure 1).

MOONBI GEOLOGY

Units identified from the RC drill chips are predominantly leucocratic Christie Gneiss, comprising, quartz, plagioclase, K feldspar, biotite and garnet with cordierite identified in several holes. Pyrite is the dominant sulphide, with arsenopyrite and pyrrhotite identified. Granites and fractionated melts are logged throughout the drill holes and where noted grade in and out of each other, due to synorogenic emplacement of the granites.

Investigation is underway to determine the potential relationship of these granites to the tungsten mineralisation observed in drill holes. It is not uncommon for tungsten deposits to be associated with granites, for example the intra-granitic wolframite vein deposits in China.

Further work is underway to confirm the method of tungsten emplacement at Moonbi.

Mafic intrusions were identified in several drillholes, and in MRC010 the mafic unit revealed elevated Ni, Cr, Co mineralisation over a significant interval. The mafic unit is dark green to black and very fine grained containing sulphides.

TUNGSTEN FACTS

» A rare metal: 50 times rarer than copper with physical properties that limit substitution.

» As a point of reference, a grade of 0.10% tungsten equates to 1 kg of tungsten per tonne. The current average spot price of tungsten is $47.00 USD/kg (2 July 2013).

» Tungsten resource average grades of deposits in Australia can range from 0.08% WO_3 with cut off grades of 0.05% WO_3.

» Tungsten has a wide range of uses, the largest of which is as tungsten carbide, a wear-resistant material used by the metalworking, mining, petroleum, military construction, medical and jewellery industries. Also utilised in flat screen technology LCD and LED and solar energy.

RC DRILLING PROGRAM ASSAY RESULTS

Six widely spaced drill holes have intercepted tungsten mineralisation at shallow depths in Phase 1 drilling completed at the Moonbi target area. The bulk of the drill holes that have intercepted tungsten lie along a large geophysical target extending for approximately 1.6 km (Figure 4).

INDOOROOPILLY TUNGSTEN DISCOVERY

Tungsten mineralisation was intercepted in six drill holes with the largest intercept extending for more than 50 metres to end of hole in drill hole MRC006. The results from hole MRC006 have higher grade tungsten intervals located within significant widths of lower grade (see ASX announcement dated 5 July 2013).

Three wide spaced drill holes MRC005, 6 and 8 end in tungsten mineralisation with grades ranging up to 0.12% WO_3 (Figure 5). This is a positive sign for more mineralisation potential to be realised with further drilling. The zone of tungsten mineralisation intercepted in the Phase 1 drilling appears to be dipping to the west.

Detailed logging of drill holes has been completed with key individual metre intervals submitted for further assay. Lithium Borate Fusion ICP-MS which is better suited for tungsten assay has been utilised as the assay method for the individual one metre samples submitted.

As noted in the tungsten facts above, tungsten resources within Australia have average grades as low as 0.08% WO_3, which suggests the zone intercepted at Moonbi to be a significant discovery. Tungsten has been listed as a 'critical metal'. Critical metals are defined as those metals with a critical risk to supply, on which humans are highly dependent for survival, and which are necessary for the continuation of a modern way of life. With the current high contract price for tungsten and with demand increasing this provides a favourable environment for new discoveries.

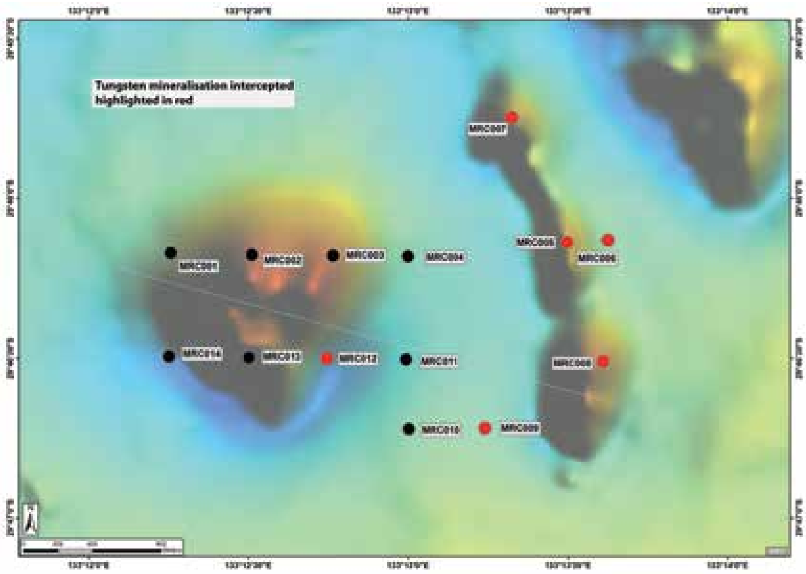


FIGURE 4: Moonbi target, drill hole locations over processed magnetic image.

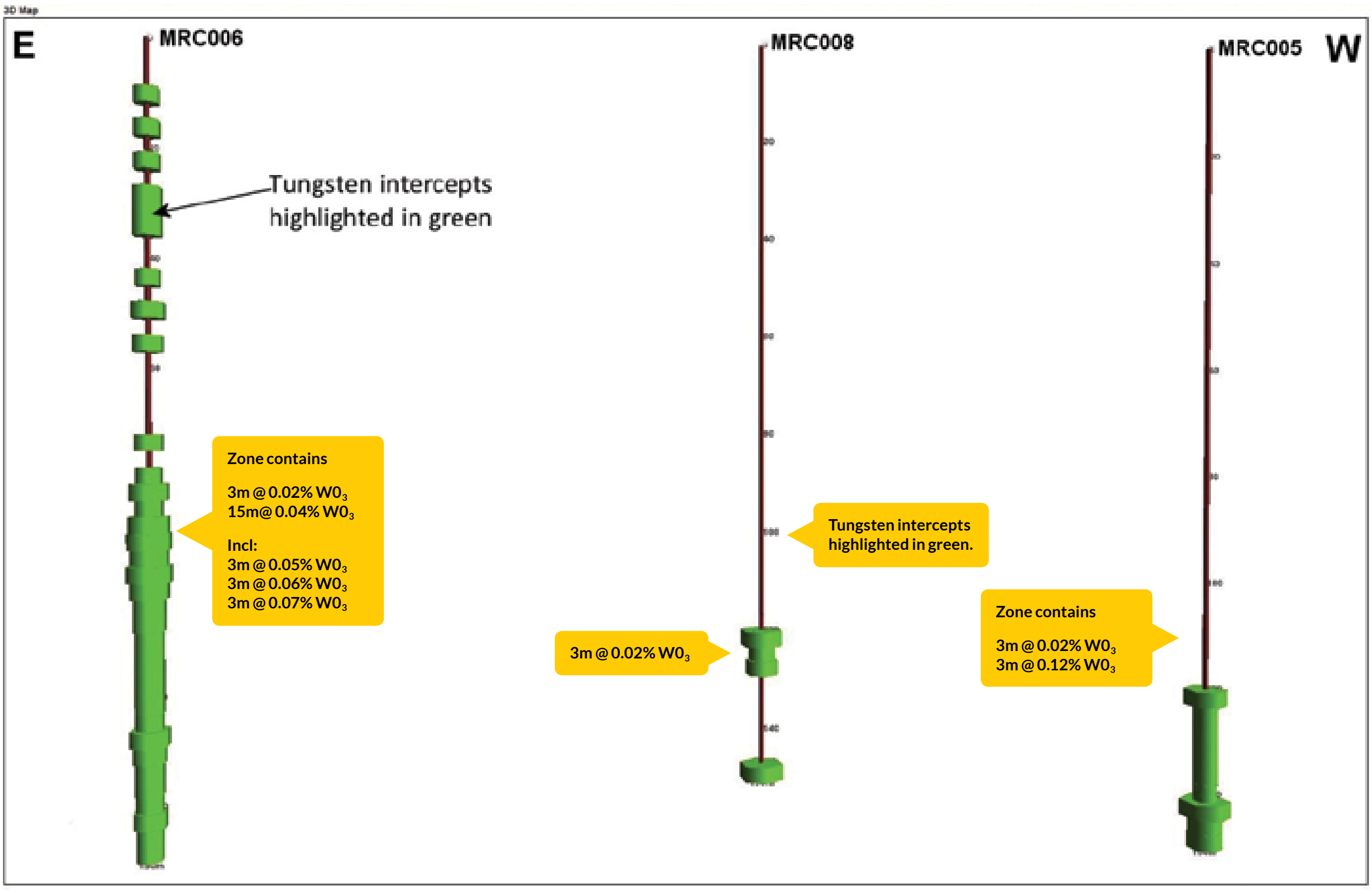


FIGURE 5: Drill hole schematic diagram with all tungsten intercepts highlighted in green. View is east to west looking back to south. MRC008 is located approximately 800 metres south of MRC005 and 6.

BROAD ZONE OF NICKEL SULPHIDE INTERCEPTED

Mafic intrusions were logged in several drillholes, and in MRC010 the mafic unit revealed elevated Ni, Cr, Co mineralisation.

39 metres of anomalous nickel sulphide in mafic rock was intercepted in drill hole MRC010. The upper intervals of the hole were barren until the depth of 111 metres where a sudden increase in nickel and sulphur concentrations occur until end of hole. This is considered unusual, as this part of the Gawler Craton is not known for its nickel potential.

Further detailed investigation of the nickel mineralisation intercepted in this hole is currently underway. This will involve the resubmission of individual one metre intervals to be analysed for nickel along with other elements, including platinum and palladium not completed in this first round.

The interception of broad zones of tungsten mineralisation, along with a strong likelihood of further mineralisation nearby is considered a high priority for Marmota. The close proximity of the mineralisation to existing mining infrastructure and ease of access make this a high priority for low cost follow up exploration.

Cautionary Statement: Early stage exploration at the Moonbi prospect is underway and thus, there has been insufficient exploration to define the extent of exploration potential at the target area. It is uncertain if further exploration will result in the determination of a Mineral Resource.

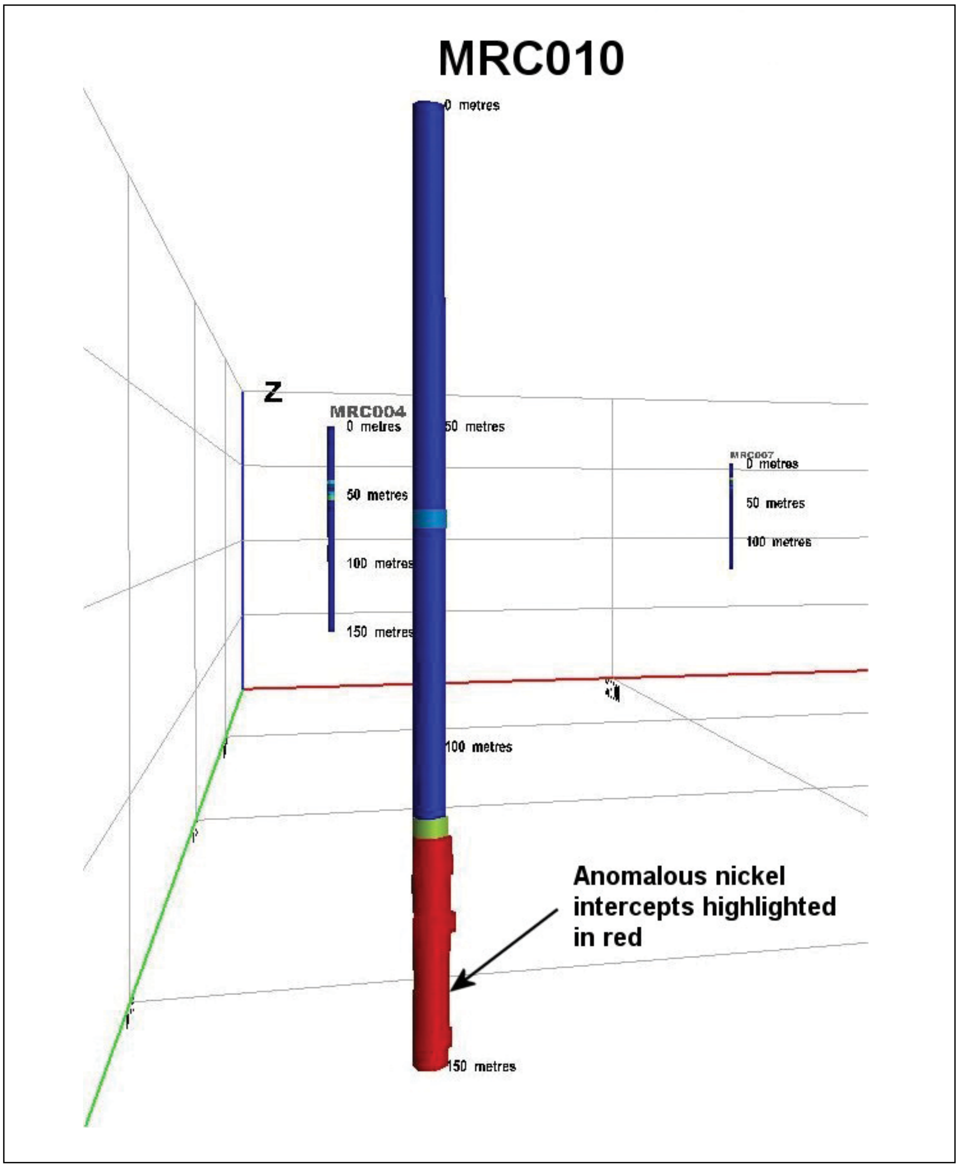


FIGURE 6: MRC010 drill hole schematic diagram with anomalous Ni and S intercepts highlighted in red. View is from south to north.

JUNCTION DAM URANIUM PROJECT

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

URANIUM MINERALOGY

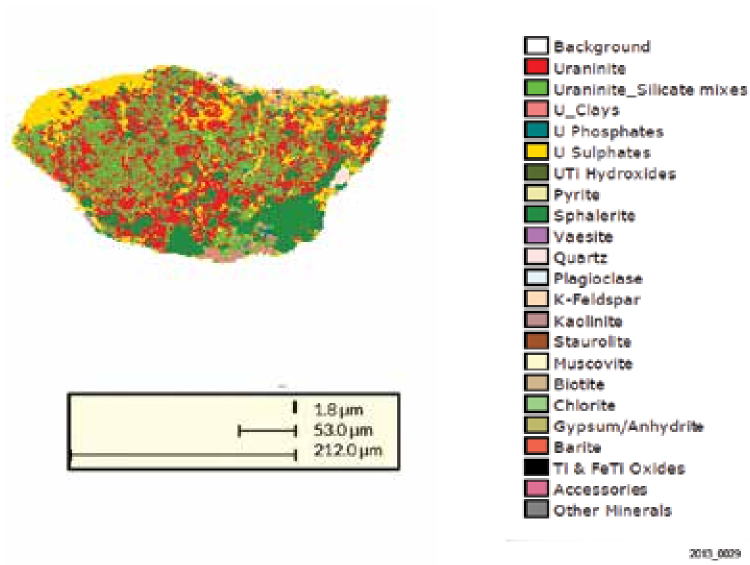
During the year, Marmota completed QEMSCAN (an electron microscopy technique, service provided by SGS Lakefield Oretest Pty Ltd) mineralogical analysis of sample from its cored drill holes completed across the Saffron and Bridget prospects located on the Junction Dam project.

Uranium mineralisation contained within the previously announced Saffron deposit and adjoining Bridget prospect is predominantly contained in the minerals uraninite and autinite. This is a very encouraging outcome as these two minerals are readily leachable and are the predominant constituent of the other significant in-situ recovery uranium mining operations in South Australia and also around the world.

Samples from the core drilling program were analysed using QEMSCAN. The dominant component of the samples was sub-angular quartz grains with uranium mineralisation present as uraninite/autinite at the grain margins and surface, and in fractures within the grains as fine grained intergrowths of uraninite/autinite. The analysis also indicated that only 2% of the uranium mineralisation appears to be locked in the grain, with the remaining 98% potentially open for processing and extraction.

This mineralogical assemblage is very encouraging and indicates the mineralisation should be readily leachable with further metallurgical testing planned.

Planning is underway to drill several wide diameter bore holes to obtain 10 kg bulk samples to submit for bottle roll testing. Bottle roll testing will be used to confirm what optimal solution can be used for extraction along with how much metal can be extracted.



ABOUT THE JUNCTION DAM URANIUM PROJECT

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

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

Drilling completed at Junction Dam has confirmed high grades of up to 8143 ppm U_3O_8 from assay. Results from assays indicate that radiometric logging at Saffron and Bridget significantly understate uranium grade by a factor ranging between 1.22 and 2.25, signifying that the deposit is in positive disequilibrium*. During the 2011 and 12 drilling programs additional zones of uranium mineralisation to the north and south of the Saffron prospect were defined. A zone of uranium mineralisation extending for approximately 15 km has been defined open to the north and south.

The mineralisation inventory at Bridget and Yolanda to the north and south of Saffron offers significant expansion potential, increasing the exploration target for Junction Dam from 15Mt to 25Mt @ approx 400 to 700 parts per million (ppm) U_3O_8, for 10,000t to 15,000t U_3O_8 or 22Mlb to 33Mlb U_3O_8. ~

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

**The Disequilibrium Factor (DEF), which measures the ratio between the grades of U_3O_8 recorded using the assay (ppm U_3O_8), as compared to measurements recorded using a standard gamma-ray probe (ppm eU_3O_8). The laboratory assay measures the actual uranium content, as compared to the gamma-ray probe, which measures an equivalent grade based on calibration. A DEF of >1.0 indicates there is more uranium contained in the mineralised zone than recorded by the gamma-ray probe.

*Disequilibrium is an imbalance between the actual uranium content and the radioactivity emitted by a given volume of rock. It is caused by differential mobilisation (or precipitation) of uranium or its daughter isotopes from the deposition site or by a lack of time for the accumulation of the daughter isotopes to reach a state of equilibrium after the uranium has been deposited. Disequilibrium is considered positive when there is a higher proportion of uranium present compared to its daughters. Positive disequilibrium has a disequilibrium factor which is greater than 1.

CORPORATE GOVERNANCE STATEMENT

The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year and how those practices relate to the revised Corporate Governance Principles and Recommendations issued by the Australian Stock Exchange Corporate Governance Council ("ASX Recommendations").

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

In ensuring the highest standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2013.

PRINCIPLE 1

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION 1.1 – RECOMMENDATION FOLLOWED

The Board is governed by the Corporations Act 2001, ASX Listing Rules and a formal constitution adopted by the company in 2004 and amended in 2011.

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

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

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

(Effective 16 August 2012, the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee were amalgamated to form a single Audit, Governance and Remuneration Committee chaired by Mr Glenn Davis a non-executive director.)

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

RECOMMENDATION 1.2 AND 1.3 – RECOMMENDATIONS FOLLOWED

The Audit, Governance and Remuneration Committee meets at least annually and 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. During the financial year the Board considered and reviewed the performance of and recommended appropriate remuneration for Executive Director's and senior management including any equity participation by such Executive Directors and senior management. The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development.

PRINCIPLE 2

STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1 – RECOMMENDATION NOT FOLLOWED

During the financial year, the composition of the Board consisted of four directors (five prior to the resignation of Mr Nelson effective 1 August 2012) of whom two, including the Chairman, were non-executives. Messrs Kennedy 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 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

Effective 16 August 2012, the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee were amalgamated to form a single Audit, Governance and Remuneration Committee. The Audit, Governance and Remuneration Committee, consisted of two non-executive Board directors, Messrs Davis and Kennedy. Mr Davis acted 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 2013, 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.

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 AND 3.3 – RECOMMENDATIONS NOT FOLLOWED

The Company is committed to creating a diverse working environment and promoting a culture which embraces diversity.

Given the size of the Company and scale of its operations, however, the Board is of the view that a written diversity policy with measurable objectives for achieving gender diversity is not required at this time. Further as the Company has not established measureable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.

RECOMMENDATION 3.4 - RECOMMENDATION FOLLOWED

The following table provides details of the proportion of women employees in the Company and in senior executive positions and on the Board.

	Women	Total	Proportion of women
Organisation	4	10	40%
Senior executives	1	3	33.33%
Directors	0	4	0%

RECOMMENDATION 3.5 – RECOMMENDATION FOLLOWED

The departure from the recommendations has been explained. A summary of the policy is available on the Company's website.

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 , Governance and Remuneration Committee has been established to oversee corporate governance, internal controls, ethical standards, financial reporting, and external accounting and compliance procedures. (Effective 16 August 2012, the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee were amalgamated to form a single Audit, Governance and Remuneration Committee.)

The responsibilities of the Audit, Governance and Remuneration Committee include:

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

RECOMMENDATION 4.2 – RECOMMENDATION NOT FOLLOWED

During the financial year, the Audit, Governance and Remuneration Committee consisted of two non-executive Board directors, Messrs Davis and Kennedy, and was chaired by Mr Davis. Mr Kennedy is a qualified Chartered Accountant. 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, Governance and Remuneration 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 governance activities of the Audit ,Governance and Remuneration Committee. The Charter details the Committee's role and responsibilities, composition and membership requirement.

RECOMMENDATION 4.4 – RECOMMENDATION FOLLOWED

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

The Committee meets at least 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

PRINCIPLE 6 (CONT.)

RESPECT THE RIGHTS OF SHAREHOLDERS (CONT.)

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, Governance and Remuneration 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

Effective 16 August 2012, the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee were amalgamated to form a single Audit, Governance and Remuneration Committee. The Committee is responsible for the monitoring of the composition of the Board and reviewing the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance. The Committee makes recommendations to the Board who is ultimately responsible for the Company's remuneration policy.

During the financial year the Audit, Governance and Remuneration Committee consisted of two Non-executive Directors, Messrs Davis and Kennedy. Mr Davis acted 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 Audit, Governance and Remuneration 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 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.

From time to time, the responsibility for conducting the review of the composition of the Board and the compensation of the executive directors and senior management is undertaken solely by the Board.

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 Audit, Governance and Remuneration 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 2013 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.

RECOMMENDATION 8.4 - RECOMMENDATION FOLLOWED

In accordance with Recommendation 8.4, the relevant material is included in the Corporate Governance Statement.

2013 FINANCIAL REPORT

DIRECTORS' REPORT

The Directors present their report on Marmota Energy Limited – consolidated entity ('Group') for the year ended 30 June 2013 and the auditor's report thereon.

DIRECTORS

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

Mr Robert Michael Kennedy

ASAIT, Grad. Dip (Systems Analysis), FCA, ACIS, Life member AIM, FAICD

Independent Non-Executive Chairman

Experience and expertise

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

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

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

He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy leads the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings Mr Kennedy leads the Board's external engagement of the Company meeting with Government, investors and is engaged with the media. He is a regular attendee of Audit Committee functions of the major accounting firms and is a regular presenter on topics relating to directors with the AICD and the CSA. During the 2012 year he attended the Masterclass of the Australian Institute of Directors with members of top ASX200 company boards.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Flinders Mines Limited (since 2001), Ramelius Resources Limited (since listing in March 2003), Maximus Resources Limited (since 2004), Tychean Resources Limited (formerly ERO Mining Limited) (since 2006), Monax Mining Limited (since 2004) and formerly Beach Energy Limited (since 1991 until November 2012), Somerton Energy Limited (from 2010 to 2012), Impress Energy Limited (from 2011 to 2012) and Adelaide Energy Limited (from 2011 to 2012). He was appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources in 2008.

Responsibilities

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

Interests in Shares and Options – 5,661,764 ordinary shares of Marmota Energy Limited.

Mr Glenn Stuart Davis

LLB, BEc

Non-executive Director

Experience and expertise

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

Responsibilities

Special responsibilities include membership of the Audit, Governance and Remuneration Committee.

Current and former directorships in the last 3 years

Beach Energy Limited (Chairman since November 2012 and a director since July 2007) and Monax Mining Limited (since 2004).

Interests in Shares and Options – 3,277,731 ordinary shares of Marmota Energy.

DIRECTORS' REPORT (CONT.)

Dr Neville Foster Alley
Phd, PSM

Executive Technical Director

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

Current and former directorships in the last 3 years
Beach Energy Limited (since July 2007 until November 2012), Monax Mining Limited (since 2005 until November 2011) and ERO Mining Limited (from January 2011 until June 2011) and is a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.

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

Mr Domenic Joseph Calandro
BSc, AIG, ASEG

Managing Director

Experience and expertise
Board member since 9 July 2007. Experience of 16 years in the management, processing, and provision of geophysical data and information with a strong record of project outcome delivery. He has significant geoscience expertise, with experience advising mineral explorers on appropriate geophysical methods and tools to use in exploration for a variety of commodities. He has previously held the position of Chief Mineral Geophysicist for the South Australian Government where he was responsible for the design and management of a variety of large-scale Government geophysical acquisition programs, which were successfully completed as part of the SAEI and TEISA initiatives. As Manager of the geoscience data and information systems for the South Australian Government, he contributed to the reduction of exploration risk for mineral explorers in the state. Mr Calandro was also the Manager of the highly successful PACE initiative, which featured a collaborative drilling program, large-scale geophysical acquisition projects and innovative data management and delivery improvement programs.

Interests in Shares and Options – 3,580,000 ordinary shares of Marmota Energy Limited and options to acquire a further 375,000 ordinary shares.

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

Non-executive Director

Experience and expertise
Board member since 28 April 2006 until August 2012. Mr Nelson is an exploration geophysicist with a career spanning four decades in the petroleum and minerals industries. He was awarded honorary Life Membership of the Society of Exploration Geophysicists in 1989 and the Prime Minister's Centenary Medal in 2002 for services to mining. He has wide experience in technical, corporate and government affairs. He was Chairman of the Australian Petroleum Production and Exploration Association (APPEA) from 2004 to 2006. He was awarded the Reg Sprigg Medal for outstanding contribution to the oil and gas industry in 2009.

Responsibilities
Special responsibilities included membership of the Remuneration and Nomination Committee.

Current and former directorships in the last 3 years
Managing Director of Beach Energy Limited (since 1992), Ramelius Resources Limited (since 1995 until August 2012), Monax Mining Limited (since 2004 until August 2012) and Sundance Energy Australia Limited (since 2010 until March 2012).

Interests in Shares and Options – 1,881,428 ordinary shares of Marmota Energy Limited.

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, Governance and Remuneration Committee Meetings		Due Diligence Committee Meetings	
	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended
Director						
Robert Michael Kennedy	11	11	3	3	1	1
Reginald George Nelson	1	-	-	-	1	1
Glenn Stuart Davis	11	11	3	3	-	-
Neville Foster Alley	11	11	-	-	-	-
Domenic Joseph Calandro	11	11	-	-	1	1

Messrs Davis and Kennedy are members of the Audit, Governance and Remuneration 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 20 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 financial year, Marmota continued to focus on exploration activities that were considered the most prospective with the greatest opportunity to build shareholder wealth. The Company continues to hold its uranium interests and apply its successful exploration strategies to progress these assets. In addition to its uranium assets, the Company turned its attention to the Durkin copper/nickel prospect and the Indooroopilly project.

Exploration at Junction Dam during the period saw the completion of QEMSCAN uranium mineralogy analysis for the Saffron resource zone and adjoining Bridget prospect. Results determined that the predominant minerals were uraninite and autinite, both of which are readily leachable and are the predominant mineral in other significant in-situ recovery uranium mining operations in South Australia and elsewhere in the world. The analysis also revealed that 98% of the uranium mineralisation was potentially open for processing and extraction.

Exploration at Durkin saw a first pass RC drilling program conducted as follow up to rock sampling and geophysical analysis of the prospect. The drilling samples tested positive for copper and nickel mineralisation. Thirteen drill holes were completed to various depths up to 300 m, totalling 2200 metres of drilling. Seven of the thirteen holes reported intervals of nickel and copper along with common associated elements from three metre composite samples. Nickel grades of up to 1.38% Ni were returned from assay with shallow mineralisation starting at 22 metres depth.

First pass exploration drilling was completed at the Moonbi prospect on the Indooroopilly tenement where the Company was pleased to report that large intervals of tungsten mineralisation had been intercepted. Tungsten was intercepted in six widely spaced drill holes at shallow depths. The bulk of the drill holes that have intercepted tungsten lie along a large geophysical target extending for approximately 1.6 km.

During the first half of the year, the Company through a rights issue and subsequent placement of shortfall raised \$3.03 million. This resulted in the issue of 75,824,745 shares. In the second half of the financial year, the Company raised a further \$2.25 million through the conduct of a Share Purchase Plan and placements resulting in the issue of 33,160,000 shares.

DIRECTORS' REPORT (CONT.)

RESULTS

During the year, the Group continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled $2,984,459.

The net profit/(loss) of the group after income tax was a loss of $903,459 (2012: loss $9,210,725).

The net assets of the group have increased by $4,250,836 during the financial year from $18,345,203 at 30 June 2012 to $22,596,039 at 30 June 2013.

DIVIDENDS

No dividends have been paid or provided by the Group since the end of the previous financial year (2012: nil).

STATE OF AFFAIRS

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

EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2013, 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.

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

The Group's strategy is to explore for high grade base metals and uranium within the Company's highly prospective portfolio of projects.

The Board of Marmota Energy Limited considers in the current environment of constrained capital, the best interests of shareholders in the company will be served by employing a balanced approach between direct self-funded exploration and exploration via strategic partnerships and funding arrangements.

The primary focus of exploration will be directed at further progressing the Durkin nickel project and the Junction Dam and Lake Frome uranium projects. The Company believes that these projects can be progressed by the prudent application of funds and have a good chance of delivering successful outcomes for shareholders.

ENVIRONMENTAL REGULATION AND PERFORMANCE STATEMENT

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

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

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

Insurance premiums

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

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

OPTIONS

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

Expiry date*	Exercise price	Number of Options	Vested	Unvested	Amount paid/ payable by recipient ($)
23/12/2013	$0.04	250,000	250,000	-	-
05/03/2015	$0.1016	325,000	325,000	-	-
21/12/2015	$0.083	125,000	125,000	-	-
29/07/2016	$0.073	250,000	250,000	-	-
24/07/2017	$0.036	125,000	125,000	-	-

*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 of the Parent or its related entities during the year ended 30 June 2013.

AUDITOR OF THE COMPANY

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

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 2013 is set out immediately following the end of the Directors' report.

REMUNERATION POLICY

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

The Company's policy for determining the nature and amounts of emoluments of board members and other key management personnel of the Company is as follows.

Remuneration and Nomination

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

Non-executive Remuneration Policies

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of Non-executive Directors has been set at $400,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine.

Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The fees paid to Non-executive Directors are not incentive or performance based but are fixed amounts that are determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of board committees. The fees are set by the Audit, Governance and Remuneration Committee which consults independent advice from time to time.

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

Executive Remuneration Policies

The remuneration of the Managing Director is determined by the Non-executive Directors on the Audit, Governance and Remuneration Committee and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

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

» Fixed remuneration

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

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

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

Service Agreements

The employment conditions of the Managing Director, Mr Calandro are formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Director's contract may be terminated at any time by mutual agreement. Ms Suttell is employed by Groundhog Services Partnership to act as Chief Financial Officer and Company Secretary of Monax Mining Limited and Marmota Energy Limited. The employment conditions are set out in a contract of employment and include a three month notice period.

SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

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

DIRECTORS' INTERESTS IN SHARES, RIGHTS AND OPTIONS

Directors' relevant interests in shares, rights and options of the Company are disclosed in Note 5 of the Financial Report.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

This report details the nature and amount of remuneration for each key management personnel of the consolidated entity and for the executives receiving the highest remuneration.

(a) Directors and key management personnel

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

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

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONT.)

(b) Directors' remuneration

2013 primary benefits	Directors' fees $	Salary, fees and leave $	Non cash items $	Super contributions $	Options/ rights $	Total $	Proportion of remuneration related to performance
Directors							
Mr RM Kennedy	77,064	-	-	6,936	-	84,000	-
Mr RG Nelson	3,673	-	-	331	-	4,004	-
Mr GS Davis*	48,030	-	-	-	-	48,030	-
Dr NF Alley	-	86,520	-	7,787	-	94,307	-
Mr DJ Calandro	-	263,237	1,483	16,470	15,208	296,398	5.1%
	128,767	**349,757**	**1,483**	**31,524**	**15,208**	**526,739**	**2.8%**

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

There were no cash bonuses paid in 2013 or 2012.

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

(c) Key management personnel remuneration

2013 primary benefits	Salary, fees and leave $	Non cash items $	Super contributions $	Options/ rights $	Total $	Proportion of remuneration related to performance
Key management personnel excluding Directors						
Ms VK Suttell*	105,341	4,897	7,888	17,320	135,446	12.7%
	105,341	**4,897**	**7,888**	**17,320**	**135,446**	**12.7%**

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

There were no cash bonuses paid in 2013 or 2012.

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

(d) Service agreements

The Managing Director was appointed in 2007 on an ongoing employment basis. The salary was reviewed in July 2012 and set at $281,000 per annum inclusive of superannuation guarantee contributions and includes a three month notice period. There were neither post employment retirement or termination benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

The Executive Director was appointed in 2007. The Executive Director's employment is on an ongoing employment basis. The Executive Director's remuneration was reviewed effective 1 July 2012 and set at $94,300 per annum inclusive of superannuation guarantee contributions and includes a four week notice period. There were neither post employment retirement or termination benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

(e) Director related entities

Information of amounts paid to director related entities is set out in Note 25 to the financial statements.

(f) Post-employment/retirement and termination benefits

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

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONT.)

OPTIONS AND RIGHTS GRANTED

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

Options	Grant Details			For the financial year ended 30 June 2013					Overall		
	Date	No.	Value $	Exercised No.	Exercised $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Group key management personnel			(Note 1)	(Note 2)	(Note 3)		(Note 4)				
Mr DJ Calandro	21.12.2010	125,000	9,000	-	-	-	-	125,000	100	-	-
		125,000	**9,000**	**-**	**-**	**-**	**-**	**125,000**			

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

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

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

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

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

Retention Rights	Grant Details			For the financial year ended 30 June 2013					Overall		
	Date	No.	Value $	Exercised No.	Exercised $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Group key management personnel											
Mr DJ Calandro*	19.11.2010	1,500,000	136,500	1,000,000	91,000	-	-	1,000,000	66.67	33.33	-
Ms V Suttell*	19.11.2010	600,000	54,600	400,000	36,400	-	-	400,000	66.67	33.33	-
		2,100,000	**191,100**	**1,400,000**	**127,400**	**-**	**-**	**1,400,000**			

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

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

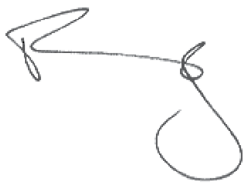
Details of the options and rights granted as remuneration to those key management personnel listed in the previous table are as follows:

Grant date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price	Value per option/right at grant date	Amount paid/payable by recipient
Options						
23.12.2008	Marmota Energy Limited	1:1 Ordinary shares in Marmota Energy Limited	From issue date to 23.12.2013	$0.04	$0.038	-
05.03.2010	Marmota Energy Limited	1:1 Ordinary shares in Marmota Energy Limited	From issue date to 05.03.2015	$0.1016	$0.063	-
21.12.2010	Marmota Energy Limited	1:1 Ordinary shares in Marmota Energy Limited	From issue date to 21.12.2015	$0.083	$0.072	-
Rights						
19.11.2010	Marmota Energy Limited	1:1 Ordinary shares in Marmota Energy Limited	One third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013	$nil	$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 30th day of September 2013.

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 2013, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 30 September 2013

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Other revenues from ordinary activities	2	151,021	465,251
Total revenue		**151,021**	**465,251**
Administration expenses	3	313,505	302,563
Consulting expenses	3	190,924	94,463
Depreciation expense	3	6,315	8,326
Employment expenses	3	258,055	335,310
Service fees	3	172,625	154,808
Impairment of exploration and evaluation assets	17	-	8,769,591
(Loss)/profit before income tax expense		**(790,403)**	**(9,199,810)**
Income tax (expense)/benefit	4	(113,056)	(10,915)
(Loss)/profit for the period		**(903,459)**	**(9,210,725)**
Loss attributable to members of the parent entity		(903,459)	(9,210,725)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Changes in fair value of available for sale financial assets		(5,500)	-
		(5,500)	**-**
Total comprehensive income for the period		**(908,959)**	**(9,210,725)**
Basic earnings per share (cents)	7	(4.15)	(6.08)
Diluted earnings per share (cents)	7	(4.15)	(6.08)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Current assets			
Cash and cash equivalents	8	3,476,757	2,218,934
Trade and other receivables	9	333,124	273,803
Other current assets	10	29,959	25,317
Financial assets	11	-	20,000
Total current assets		**3,839,840**	**2,538,054**
Non-current assets			
Plant and equipment	12	224,538	266,603
Investments in associates	13	1	1
Available for sale financial assets	14	22,000	-
Exploration and evaluation assets	17	18,782,963	16,190,408
Total non-current assets		**19,029,502**	**16,457,012**
Total assets		**22,869,342**	**18,995,066**
Current liabilities			
Trade and other payables	18	132,140	567,716
Short term provisions	19	48,436	36,755
Total current liabilities		**180,576**	**604,471**
Non-current liabilities			
Long term provisions	19	92,727	45,392
Total non-current liabilities		**92,727**	**45,392**
Total liabilities		**273,303**	**649,863**
Net assets		**22,596,039**	**18,345,203**
Equity			
Issued capital	20	31,239,006	26,112,440
Reserves	28	2,711,650	2,683,921
Retained losses		(11,354,617)	(10,451,158)
Total equity		**22,596,039**	**18,345,203**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated	Issued capital (Note 20) $	Reserves (Note 28) $	Retained losses $	Total $
Balance at 1 July 2011	**26,107,908**	**2,609,092**	**(1,240,433)**	**27,476,567**
Total comprehensive income	-	-	(9,210,725)	(9,210,725)
	-	**-**	**(9,210,725)**	**(9,210,725)**
Transactions with owners in their capacity as owners:				
Shares issued during the period	30,000	-	-	30,000
Options issued during the period	-	74,829	-	74,829
Transaction costs associated with the issue of shares net of tax	(25,468)	-	-	(25,468)
	4,532	**74,829**	**-**	**79,361**
Balance at 30 June 2012	**26,112,440**	**2,683,921**	**(10,451,158)**	**18,345,203**
Total comprehensive income	-	(5,500)	(903,459)	(908,959)
	-	**(5,500)**	**(903,459)**	**(908,959)**
Transactions with owners in their capacity as owners:				
Shares issued during the period	5,392,370	-	-	5,392,370
Options issued during the period	-	33,229	-	33,229
Transaction costs associated with the issue of shares net of tax	(265,804)	-	-	(265,804)
	5,126,566	**33,229**	**-**	**5,159,795**
Balance at 30 June 2013	**31,239,006**	**2,711,650**	**(11,354,617)**	**22,596,039**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated	
		2013 $	2012 $
Cash flows from operating activities			
Cash receipts in the course of operations		18,890	5,125
Cash payments in the course of operations		(881,049)	(832,069)
Interest received		115,319	372,626
Net cash (used in) operating activities	**24(b)**	**(746,840)**	**(454,318)**
Cash flows from investing activities			
Payments for plant and equipment		(23,750)	(2,939)
Payments for exploration and evaluation assets		(2,984,459)	(3,122,155)
Loans from related entities		1,894	92,818
Loans repaid to related entities		(24,385)	(17,145)
Net cash (used in) investing activities		**(3,030,700)**	**(3,049,421)**
Cash flows from financing activities			
Proceeds from issue of shares		5,292,370	-
Payment of transaction costs associated with capital raising		(277,007)	(36,384)
Net cash provided/(used in) by financing activities		**5,015,363**	**(36,384)**
Net increase/(decrease) in cash held		**1,237,823**	**(3,540,123)**
Cash at the beginning of the financial year		**2,238,934**	**5,779,057**
Cash at the end of the financial year	**24(a)**	**3,476,757**	**2,238,934**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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 Standards 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 Company is a for-profit entity for the purposes of preparing financial statements.

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 2013 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 16 to the financial statements.

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

(c) Income tax

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

(d) Plant and equipment

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

Plant and equipment

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

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

Depreciation

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

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

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

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

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

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

(e) Exploration and evaluation expenditure

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

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

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

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

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

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

(f) Leases

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

(g) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

(i) Loans and receivables

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

(g) Financial instruments (cont.)

(ii) Financial liabilities

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

(iii) Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They compromise the investments in the equity of other entities where there is neither a fixed maturity nor determinable payments.

Impairment

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

(h) Impairment of non- financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other 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 15.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

(p) Trade and other payables

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

(q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(r) Comparative figures

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

(s) Critical accounting estimates and judgements

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

Key estimates – impairment

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

Key judgements - exploration and evaluation expenditure

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

(t) New and amended standards adopted by the Group

AASB 2010-8 Amendments to Australian Accounting Standard – Deferred Tax: Recovery of Underlying Assets (Applies to annual reporting periods beginning on or after 1 January 2012)

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment properties are measured using the fair value model in AASB 140 Investment Properties. It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment should always be based on recovery through sale.

These amendments have had no impact on the Group.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (Applies annual reporting periods beginning on or after 1 July 2012)

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially re-classifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its financial statements.

(u) Recently issued accounting standards to be applied in future accounting periods

The Group notes the following Accounting Standards which have been issued but are not yet effective at 30 June 2013. These standards have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)*

(u) Recently issued accounting standards to be applied in future accounting periods (continued)

- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
- The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and;
- The remaining change is presented in profit or loss.

There will be no impact on the Group's accounting for financial assets or liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)

- AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

  The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

  When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the financial statements.

- AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.

  In addition, AASB 11 removes the option to account for jointly-controlled entities using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations for liabilities are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method.

  When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the joint arrangements in place relate to joint operations.

- AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.

  Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

  As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

(u) Recently issued accounting standards to be applied in future accounting periods (continued)

The Group is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 January 2013.

iv) Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The AASB released a revised standard on accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively.

The Group does not have any defined benefit plans. Therefore, these amendments will have no impact on the Group.

(v) AASB Interpretation 20 Stripping Costs in the Production Phase of Surface Mining

This interpretation clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories, if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, (if certain recognition criteria are met, as an addition to, or enhancement of, an existing asset).

The Group does not operate a surface mine. Therefore, there will be no impact on the financial statements when this interpretation is first adopted for reporting periods commencing from 1 January 2013.

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

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the Group.

(viii) AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

(ix) Recoverable Amount Disclosures for Non-Financial Assets (Amendments to AASB 36)

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

(u) Recently issued accounting standards to be applied in future accounting periods (continued)

(x) Interpretation 21 Levies

Interpretation 21 addressed how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

IFRIC 21 is an interpretation of AASB 37 Provisions, Contingent Liabilities and Contingent Assets. AASB 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is adopted for the first time on 1 January 2014, there will be no significant impact on the financial statements as the Group is not subject any levies addressed by this interpretation.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Parent entity financial information

The financial information for the parent entity, Marmota Energy Limited, disclosed in Note 29 has been prepared on the same basis as the consolidated financial statements.

(w) Foreign currency translation

(i) Functional and presentational currency

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

(ii) Transactions and balances

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

(x) Going Concern

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

The cash flow projections of the Group indicate that it will require positive cash flows from additional capital for continued operations. The Group incurred a loss of $903,459 (2012: loss $9,210,725) and operations were funded by a net cash outlay of $3,775,540 before capital raised during the period.

The Group's ability to continue as a going concern is contingent on obtaining additional capital. If additional capital is not obtained, the going concern basis may not be appropriate, with the results that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(y) Authorisation for issue of financial statements

The financial statements were authorised for issue by the Board of Directors on 30 September 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

	Consolidated	
	2013 $	2012 $
2 REVENUE FROM ORDINARY ACTIVITIES		
Other revenues:		
From operating activities		
Interest received from other parties	132,131	228,451
Administration fees – joint ventures	18,890	138,488
Other income	-	98,312
Total revenue from ordinary activities	**151,021**	**465,251**

3 (LOSS)/PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE HAS BEEN DETERMINED AFTER

	2013 $	2012 $
EXPENSES		
Administration expenses		
ASX fees	42,247	25,293
Share registry fees	61,846	33,119
Insurance	51,078	47,182
Audit and other services	32,320	32,570
Travel	22,590	44,352
Marketing	20,595	45,737
Software licences and IT services	16,247	22,037
Other	66,582	52,273
	313,505	**302,563**
Consulting expenses		
Legal fees	96,744	12,229
Corporate consulting	83,830	72,486
Accounting and secretarial services	10,350	9,748
	190,924	**94,463**
Depreciation expense		
Plant and equipment	**6,315**	**8,326**
Employment expenses		
Salaries and wages	761,822	612,313
Directors fees	136,040	171,500
Superannuation	65,822	49,967
Provisions	22,150	19,355
Share-based payments	33,229	74,829
Other	52,973	61,399
Reallocation to exploration costs	(813,981)	(654,053)
	258,055	**335,310**
Service fees	**172,625**	**154,808**

	Consolidated	
	2013 $	2012 $
4 INCOME TAX BENEFIT/ (EXPENSE)		
The components of tax expense comprise:		
Current income tax	-	-
Deferred tax	-	-
Tax portion of capital raising costs	(113,056)	(10,915)
Income tax benefit/ (expense) reported in the Statement of Profit or Loss and Other Comprehensive Income	**(113,056)**	**(10,915)**
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 (2012: 30%)	(237,121)	2,759,943
Tax effect of:		
Deferred tax asset in respect of tax losses not brought to account	237,121	(129,066)
Impairment expense previously brought to account	-	(2,630,877)
Tax portion of capital raising costs	(113,056)	(10,915)
Income tax benefit/(expense) attributable to loss from ordinary activities	**(113,056)**	**(10,915)**
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%	6,175,961	5,286,885
Temporary differences	7,229	24,644

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

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 2013. The totals of remuneration paid to key management personnel during the year are as follows:

	Consolidated	
	2013 $	2012 $
Short term employee benefits	590,245	612,581
Post employment benefits	39,412	41,605
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	32,528	60,621
	662,185	**714,807**

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 GS Davis	Director – Non-executive
Dr NF Alley	Director – Executive
Mr DJ Calandro	Managing Director – Executive
Mr RG Nelson	Director – Non-executive (until August 2012)
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 1/07/12	Received as remuneration	Options exercised	Net change other[1]	Balance 30/06/13	Total held in escrow 30/06/13
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	-	-	2,093,671	5,661,763	-
Mr RG Nelson	1,154,284	-	-	727,143	1,881,427	-
Mr GS Davis	3,057,142	-	-	220,588	3,277,730	-
Dr NF Alley	2,727,857	-	-	-	2,727,857	-
Mr DJ Calandro	2,580,000	-	500,000	-	3,080,000	-
Total held by Directors	13,087,379	-	500,000	3,041,402	16,628,781	-
Key management personnel excluding Directors						
Ms VK Suttell	405,000	-	200,000	(50,000)	555,000	-
Total	13,492,379	-	700,000	2,991,402	17,183,781	-

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

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 2013

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 1/07/12	Received as remuneration	Options exercised	Net change other	Balance 30/06/13	Total vested 30/06/13	Total exercisable 30/06/13
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)	-	-	-
Mr RG Nelson	(a)	450,000	-	-	(450,000)	-	-	-
Mr GS Davis	(a)	1,350,000	-	-	(1,350,000)	-	-	-
Dr NF Alley	(a)	1,350,000	-	-	(1,350,000)	-	-	-
Mr DJ Calandro	(a)	1,000,000	-	-	(1,000,000)	-	-	-
Mr DJ Calandro	(b)	250,000	-	-	-	250,000	250,000	250,000
Mr DJ Calandro	(d)	125,000	-	-	-	125,000	125,000	125,000
Total held by Directors		**5,875,000**	**-**	**-**	**(5,500,000)**	**375,000**	**375,000**	**375,000**
Key management personnel excluding Directors								
Ms VK Suttell	(c)	75,000	-	-	-	75,000	75,000	75,000
Total		**5,950,000**	**-**	**-**	**(5,500,000)**	**450,000**	**450,000**	**450,000**

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

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

Options	Option class	Balance 1/07/11	Received as remuneration	Options exercised	Net change other	Balance 30/06/12	Total vested 30/06/12	Total exercisable 30/06/12
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr DJ Calandro		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Directors' personally related entities								
Mr RM Kennedy	(a)	1,350,000	-	-	-	1,350,000	1,350,000	1,350,000
Mr RG Nelson	(a)	450,000	-	-	-	450,000	450,000	450,000
Mr GS Davis	(a)	1,350,000	-	-	-	1,350,000	1,350,000	1,350,000
Dr NF Alley	(a)	1,350,000	-	-	-	1,350,000	1,350,00	1,350,000
Mr DJ Calandro	(a)	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000
Mr DJ Calandro	(b)	250,000	-	-	-	250,000	250,000	250,000
Mr DJ Calandro	(d)	125,000	-	-	-	125,000	125,000	125,000
Total held by Directors		**5,875,000**	**-**	**-**	**-**	**5,875,000**	**5,875,000**	**5,875,000**
Key management personnel excluding Directors								
Ms VK Suttell	(c)	75,000	-	-	-	75,000	75,000	75,000
Total		**5,950,000**	**-**	**-**	**-**	**5,950,000**	**5,950,000**	**5,950,000**

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

(iv) Share rights holdings

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

Rights	Period	Opening balance	Received as remuneration	Vested	Net change other	Balance period end	Total vested period end	Total exercisable period end
Mr RM Kennedy	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Mr RG Nelson	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Mr GS Davis	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Dr NF Alley	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Mr DJ Calandro	2013	1,000,000	-	(500,000)	-	500,000	-	-
	2012	1,500,000	-	(500,000)	-	1,000,000	-	-
Ms VK Suttell	2013	400,000	-	(200,000)	-	200,000	-	-
	2012	600,000	-	(200,000)	-	400,000	-	-
Total	**2013**	**1,400,000**	**-**	**(700,000)**	**-**	**700,000**	**-**	**-**
	2012	**2,100,000**	**-**	**(700,000)**	**-**	**1,400,000**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

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 25: Related parties.

	Consolidated	
	2013 $	**2012 $**
6 AUDITORS' REMUNERATION		
Audit services:		
Auditors of the Group – Grant Thornton South Australian Partnership		
Audit and review of the financial reports	32,250	32,500
	32,250	**32,500**

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

- 250,000 unlisted options exercisable at $0.04 by 23/12/2013
- 325,000 unlisted options exercisable at $0.1016 by 05/03/2015
- 125,000 unlisted options exercisable at $0.083 by 21/12/2015
- 250,000 unlisted options exercisable at $0.073 by 29/07/2016
- 125,000 unlisted options exercisable at $0.036 by 24/07/2017

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	
	2013 $	**2012 $**
(c) Earnings used in the calculation of earnings per share		
(Loss)/profit after income tax expense	(903,459)	(9,210,725)
Weighted average number of shares outstanding during the year in calculating earnings per share		
Number for basic and diluted earnings per share		
Ordinary shares	217,882,544	151,449,490

	Consolidated	
	2013 $	2012 $
8 CASH AND CASH EQUIVALENTS		
Cash at bank	226,757	188,934
Deposits at call	3,250,000	2,030,000
	3,476,757	**2,218,934**
9 TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	127,576	92,640
Loan to related parties	420	355
Loan to associate	205,128	180,808
	333,124	**273,803**

Other receivables represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired. (2012: nil)

10 OTHER CURRENT ASSETS		
Prepayments	**29,959**	**25,317**
11 FINANCIAL ASSETS		
Held-to-maturity investments		
Fixed interest short term deposit	**-**	**20,000**
12 PLANT AND EQUIPMENT		
Plant and equipment		
At cost	708,010	684,260
Accumulated depreciation	(483,472)	(417,657)
Net book value	**224,538**	**266,603**

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	266,603	379,294
Additions	23,750	2,936
Disposals	-	-
Depreciation	(65,815)	(115,627)
Carrying amount at end of year	**224,538**	**266,603**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

13 INVESTMENTS IN ASSOCIATES

Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
Unlisted				**2013**	**2012**	**2013 $**	**2012 $**
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

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

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

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

	Consolidated	
	2013 $	**2012 $**
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	374,980	371,221
Non-current assets	47,299	108,166
Total assets	**422,279**	**479,387**
Current liabilities	(339,292)	(425,920)
Non-current liabilities	(82,985)	(53,465)
Total liabilities	**(422,277)**	**(479,385)**
Net assets	**2**	**2**

14 AVAILABLE FOR SALE INVESTMENTS

	Consolidated	
	2013 $	**2012 $**
Available for sale investments	**22,000**	**-**

15 INTERESTS IN UNINCORPORATED JOINT VENTURES

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

No	State	Agreement name	Parties	Summary
1	SA	Ambrosia Farm-in & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MOX gives MSA the right to explore for all minerals in the area covered by Exploration Licence EL 4510 (formerly EL 3358). MSA has achieved its second earn in and has a 50% interest.
2	SA	Mineral Rights Transfer & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MSA transfers to MOX 100% of its interests in minerals other than uranium and 30% of its interests in uranium for areas covered by the following Exploration Licences: EL 5123 (formerly EL 3909) and EL 5124 (formerly 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). MEU achieved its 87.3% earn in.
4	SA	Melton Joint Venture	Monax Mining Limited (MOX) and Marmota Energy Limited (MEU)	MEU will have the right to explore for all minerals in the area covered by Exploration Licences EL 5209 (formerly EL 4000) and EL 5122 (formerly 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. MEU has withdrawn interest in the Big Blue Gold Project.
6	WA	Rudall East Project	Teck Australia Pty Ltd and Marmota Energy Limited (MEU)	MEU will have the right to explore for uranium, spending $1m over three years to earn a 51% interest in the uranium rights.
7	SA	Farm in Agreement – Aurora Tank Tenement	Southern Exploration Pty Ltd (Southern) and Marmota Energy (MEU)	Under the terms of the Agreement, Southern will have the right to explore for all minerals to earn up to 75% interest in the tenement by sole funding the greater of: a) a minimum of $900,00 of exploration and development activities over a period of up to three years, or b) all exploration and development costs to the Bankable Feasibility Study stage.

16 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 (%)	
		2013	2012
Parent entity:			
Marmota Energy Limited	Australia		
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

17 EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2013 $	2012 $
Movement:		
Carrying amount at beginning of year	16,190,408	21,287,215
Additional costs capitalised during the year	2,592,555	3,672,784
Impairment	-	(8,769,591)
Carrying amount at end of year	**18,782,963**	**16,190,408**
Closing balance comprises:		
Exploration and evaluation		
-100% owned	3,742,041	2,153,280
Exploration and evaluation phase		
-Joint Venture	15,040,922	14,037,128
	18,782,963	**16,190,408**

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.

18 TRADE AND OTHER PAYABLES

Trade payables	43,655	161,462
Other payables and accruals	69,283	294,060
Amounts payable to Director related entities*	19,202	112,194
	132,140	**567,716**

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

19 PROVISIONS

Current		
Employee benefits	**48,436**	**36,755**
Non-current		
Employee benefits	**92,727**	**45,392**

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	82,147	62,792
Additional provisions	59,016	19,355
Balance at end of year	**141,163**	**82,147**

20 ISSUED CAPITAL

	Consolidated	
	2013 $	2012 $
Issued and paid-up share capital		
263,059,235 (2012: 151,649,490) ordinary shares, fully paid	**31,203,004**	**26,112,440**
(a) Ordinary shares		
Balance at the beginning of year	26,112,440	26,107,908
Shares issued during the year:		
125,000 (2012: Nil) shares issued to employees on exercise of options at $0.036	4,500	-
700,000 (2012: 700,000) shares issued to employees on vesting of share rights	-	-
6,017,960 (2012: Nil) shares issued as part of a 1:2 rights issue	240,718	-
69,806,785 (2012: Nil) shares issues as part of the placement of shortfall from 1:2 rights issue	2,792,272	-
22,060,000 (2012: Nil) shares issues as part of a placement at $0.068	1,500,080	-
11,100,000 (2012: Nil) shares issues as part of a share purchase plan	754,800	-
1,600,000 (2012: Nil) shares issued pursuant to a drilling contract	100,000	-
Nil (2012: 500,000) shares issued for acquisition of mineral tenement	-	30,000
Less transaction costs arising from issue of shares net of tax	(265,804)	(25,468)
Balance at end of year	**31,239,006**	**26,112,440**

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

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

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

(b) Options/rights

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

For information relating to the Marmota Energy Limited Employee Share Option Plan including details of any options issued, exercised and lapsed during the financial year, refer to Note 21.

At 30 June 2013, there were 1,775,000 (2012: 30,350,000) unissued shares for which the following options/rights were outstanding.

- 250,000 unlisted options exercisable at $0.04 by 23/12/2013
- 325,000 unlisted option exercisable at $0.1016 by 05/03/2015
- 125,000 unlisted options exercisable at $0.083 by 21/12/2015
- 700,000 retention rights vesting 01/07/2013
- 250,000 unlisted options exercisable at $0.073 by 29/07/2016
- 125,000 unlisted options exercisable at $0.036 by 24/07/2017

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

21 SHARE-BASED PAYMENTS

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

(i) Options

Marmota Energy Limited	2013 Number of options	2013 Weighted average exercise price $	2012 Number of options	2012 Weighted average exercise price $
Outstanding at the beginning of the year	950,000		775,000	
Granted – July 2012	250,000	$0.036	250,000	$0.073
Granted – December 2010	-		-	
Forfeited	-		(75,000)	
Exercised	(125,000)		-	
Expired	-		-	
Outstanding at year-end	**1,075,000**		**950,000**	
Exercisable at year-end	**1,075,000**		**950,000**	

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

On 24 July 2012, 250,000 share options were granted to employees under the Marmota Energy Limited Employer Share Option Plan to take up ordinary shares at an exercise price of $0.036 each. These options are exercisable on or before 24 July 2017. 125,000 of these options have been exercised.

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

On 5 March 2010, 400,000 share options were granted to employees under the Marmota Energy Limited Employer Share Option Plan to take up ordinary shares at an exercise price of $0.1016 each. These options are exercisable on or before 5 March 2015. 75,000 of these options have lapsed.

On 23 December 2008, 625,000 share options were granted to employees under the Marmota Energy Limited Employer Share Option Plan to take up ordinary shares at an exercise price of $0.04 each. These options are exercisable on or before 23 December 2013. 375,000 of these options have been exercised.

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.

21 SHARE-BASED PAYMENTS (CONT.)

(i) Options (cont.)

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

	July 2012 issue	July 2011 issue	December 2010 issue	March 2010 issue	December 2008 issue
Weighted average fair value	$0.035	$0.045	$0.072	$0.063	$0.038
Weighted average exercise price	$0.036	$0.073	$0.083	$0.1016	$0.04
Weighted average life of the option	1,826 days	1,826 days	1,825 days	1,825 days	1,825 days
Underlying share price	$0.039	$0.06	$0.09	$0.09	$0.04
Expected share price volatility	136%	102%	105%	90%	181%
Risk free interest rate	2.31%	4.25%	4.75%	4.0%	4.25%

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

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

Grant Date	Number
23 December 2008	425,000
5 March 2010	75,000
21 December 2010	125,000

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

(ii) Retention Rights

On 19 November 2010, a total of 2,100,000 retention rights were granted to two senior executives/key management personnel subsequent to shareholder approval at the Annual General Meeting. The retention rights, being an entitlement to shares in the Company, will vest over three years with one third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013, at which time shares will be issued to the executives. The fair value of these rights at grant date was $191,100 of which $24,479 was recognised during the 2013 financial year in the share based payments reserve and Statement of Profit or Loss and Other Comprehensive Income. At reporting date, 1,400,000 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 $24,479 was expensed in the 2013 financial year. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The notional value of equity instruments which do not vest during the reporting period is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest. The notional value of rights as at grant date has been determined in accordance with AASB 2. The calculations are performed using the binomial valuation methodology. The total minimum value of rights if vesting conditions are not met is nil.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

21 SHARE-BASED PAYMENTS (CONT.)

Expense arising from share-based payment transactions

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

	Consolidated	
	2013 $	2012 $
Options issued under employee option plan	8,750	11,250
Retention rights issued	24,479	63,579
	33,229	**74,829**

22 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	
	2013 $	2012 $
Financial assets		
Cash and cash equivalents	3,476,757	2,218,934
Held-to-maturity investments		
- Fixed interest securities	-	20,000
Loans and receivables	333,124	273,803
	3,809,881	**2,512,737**
Financial liabilities		
Trade and other payables	132,140	567,716
	132,140	**567,716**

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.

22 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 2013 approximately 93.5% 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	
	2013 $	2012 $
Change in loss		
Increase in interest rates by 2%	69,535	44,779
Decrease in interest rates by 2%	(69,535)	(44,779)
Change in equity		
Increase in interest rates by 2%	69,535	44,779
Decrease in interest rates by 2%	(69,535)	(44,779)

(e) Net fair values of financial assets and liabilities

The financial assets and liabilities of the group are recognised on the Consolidated Statement of Financial Position at their fair value in accordance with the accounting policies in Note 1. Measurement of fair value is grouped into levels based on the degree to which fair value is observable in accordance with AASB 7 Financial Instruments: Disclosures.

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability , either directly (as prices) or indirectly (derived from prices).

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

22 FINANCIAL RISK MANAGEMENT (CONT.)

(e) Net fair values of financial assets and liabilities (cont.)

The following is an analysis of financial instruments measured subsequent to initial recognition at fair value

Available for sale financial assets are measured at fair value using the closing price on the reporting dates as listed on the Australian Securities Exchange Limited (ASX). Available for sale financial assets are recognised as a Level 1 in the fair value hierarchy as defined under AASB 7 Financial Instruments: Disclosures.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

23 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 2014 amounts of approximately $2,575,000 (2013: 2,574,000) 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.

(b) Operating leases as lessee

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. This lease expired August 2013.

The Group leases as lessee an office and warehouse facility under an operating lease. The future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year $	1 to 5 years $	After 5 years $	Total $
June 2013	54,167	68,250	-	122,417
June 2012	-	-	-	-

(c) Guarantees

The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is $38,000 (2012: $15,000). These bank guarantees are fully secured by cash on term deposit.

(d) Contingent liabilities

As at 30 June 2013, there were no contingent liabilities. (2012: nil)

	Note	Consolidated	
		2012 $	2011 $
24 NOTES TO THE STATEMENTS OF CASH FLOWS			
(a) Cash at the end of the financial year consists of the following:			
Cash at bank and at call	8	3,476,757	2,218,934
Financial assets	11	-	20,000
		3,476,757	**2,238,934**
(b) Reconciliation of (loss)/profit from ordinary activities after income tax to net cash outflow from operating activities			
(Loss)/profit from ordinary activities after income tax		(903,459)	(9,210,725)
Add/(less) non cash items			
Depreciation		6,315	8,326
Share-based payments		33,229	74,829
Exploration administration fee income		(11,724)	(222,088)
Impairment of assets		-	8,769,591
Income tax expense		113,056	10,915
Changes in operating assets and liabilities			
(Increase)/decrease in other assets		(4,642)	(4,614)
(Increase)/decrease in trade and other receivables		(59,321)	181,184
(Decrease)/increase in trade and other payables		20,690	(81,089)
(Decrease)/increase in provisions		59,016	19,353
Net cash (used in) operating activities		**(746,840)**	**(454,318)**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

25 RELATED PARTIES

Directors' transactions with the Company

A number of Directors of the Company, or their Director related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with Directors and their Director related entities were no more favourable to the Directors and their Director related entities than those available, or which might reasonably be expected to be available, on similar transactions to Non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year (excluding 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 2013 $	Consolidated 2012 $
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		79,571	25,965
Related entity	Payments from a Director related entity for logistical support and exploration expenditure under joint venture agreements.	(i)	9,578	2,696
Associated entity	Payments to a Director related entity for Company Secretarial services, tenement management and office administration and logistical support.	(ii)	399,186	371,060
RM Kennedy and RG Nelson	Payments to a Director related entity for exploration on the Nevada tenements.	(iii)	334,891	513,831

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

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

	Consolidated 2013 $	Consolidated 2012 $
Current receivables		
Loan to director related entity*	420	355
Loan to associate*	205,128	180,808
	205,548	**181,163**
Current payables		
Amounts payable to director related entities**	19,202	112,194
Amounts payable to directors**	-	-
	19,202	**112,194**

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

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

26 OPERATING SEGMENTS

Segment information

Description of segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The consolidated entity has identified its operating segments to be Gawler Craton, Curnamona, Western Australia and North America based on the different 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 2013 and 30 June 2012 are set out below:

	North America	Gawler Craton	Curnamona	Western Australia	Total
June 2013	**$**	**$**	**$**	**$**	**$**
Segment revenue	**-**	**5,891**	**12,999**	**-**	**18,890**
Segment results					
Gross segment result before depreciation, amortisation and impairment	-	5,891	12,999	-	18,890
Depreciation and amortisation	-	-	-	-	-
Impairment expense	-	-	-	-	-
	-	**5,891**	**12,999**	**-**	**18,890**
Interest income	-	-	-	-	132,131
Other expenses	-	-	-	-	(941,424)
(Loss) before tax	**-**	**5,891**	**12,999**	**-**	**(790,403)**
Income tax benefit/(expense)	-	-	-	-	(113,056)
(Loss) after tax	**-**	**5,891**	**12,999**	**-**	**(903,459)**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

26 OPERATING SEGMENTS (CONT.)

Accounting policies adopted (cont.)

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

26 OPERATING SEGMENTS (CONT.)

June 2013	North America $	Gawler Craton $	Curnamona $	Western Australia $	Total $
Segment assets	**1,348,205**	**10,215,708**	**7,174,586**	**44,464**	**18,782,963**
Segment asset increases for the period:					
Capital expenditure	326,953	1,565,517	690,431	9,654	2,592,555
Impairment	-	-	-	-	-
	326,953	**1,565,517**	**690,431**	**9,654**	**2,592,555**
Reconciliation of segment assets to group assets					
Cash and cash equivalents	-	-	-	-	3,476,757
Trade and other receivables	-	-	-	-	333,124
Other current assets	-	-	-	-	29,959
Plant and equipment	-	-	-	-	224,538
Investment in associate	-	-	-	-	1
Available for sale financial asset	-	-	-	-	22,000
Total assets	**1,348,205**	**10,215,708**	**7,174,586**	**44,464**	**22,869,342**

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2013

26 OPERATING SEGMENTS (CONT.)

June 2013	North America $	Gawler Craton $	Curnamona $	Western Australia $	Total $
Segment liabilities	12,641	22,754	352	703	36,450
Reconciliation of segment liabilities to group liabilities					
Trade and other payables	-	-	-	-	95,690
Short term provisions	-	-	-	-	48,436
Long term provisions	-	-	-	-	92,727
Total consolidated liabilities	12,641	22,754	352	703	273,303

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

27 EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2013, 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.

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.

28 RESERVES

Share options reserve

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

Available for sale reserve

The available for sale reserve comprises gains and losses relating to these types of financial instruments.

29 MARMOTA ENERGY LIMITED COMPANY INFORMATION

	2013 $	2012 $
Parent entity		
Assets		
Current assets	3,895,153	2,634,859
Non-current assets	18,932,697	16,360,207
Total assets	**22,827,850**	**18,995,066**
Liabilities		
Current liabilities	164,810	604,471
Non-current liabilities	67,001	45,392
Total liabilities	**231,811**	**649,863**
Equity		
Issued capital	31,239,006	26,112,440
Retained losses	(11,354,617)	(10,451,158)
Reserves	2,711,650	2,683,921
Total equity	**22,596,039**	**18,345,203**
Financial performance		
(Loss) for the year	(903,459)	(9,210,725)
Other comprehensive income	(5,500)	-
Total comprehensive income	**(908,959)**	**(9,210,725)**
Guarantees in relation to the debts of subsidiaries	-	-
Contingent liabilities	-	-
Contractual commitments	122,417	-

30 COMPANY DETAILS

The registered office of the Company is:
140 Greenhill Road
UNLEY SA 5061

The principal place of business is:
15 Adam Street
HINDMARSH SA 5007

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

1 The Directors of Marmota Energy Limited declare that

(a) the financial statements and notes, as set out on pages 31 to 65, are in accordance with the Corporations Act 2001, and:

(i) giving a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated entity; and

(ii) complying with Accounting Standards; and

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

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

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

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

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

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

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

Dated at Adelaide this 30th day of September 2013.

Robert Michael Kennedy
Director

INDEPENDANT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2013

GrantThornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001
T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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

Report on the financial 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 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

Grant Thornton South Australian Partnership ABN 27 244 906 724
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion:

a the financial report of Marmota Energy Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

Material uncertainty regarding continuation as a going concern
Without qualifying our opinion, we draw attention to Note 1(x) in the financial report which indicates that the company incurred a net loss of $903,459 during the year ended 30 June 2013 and net cash outlay from operating and investing activities of $3,775,540. These conditions, along with other matters as set forth in Note 1(x), indicate the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 30 September 2013

SHAREHOLDER INFORMATION

AS AT 20 SEPTEMBER 2013

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 2013.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Share Capital

Fully paid ordinary shares are held by 2,660 individual shareholders.

Options

Options are held by 8 individual option holders.

Substantial shareholders

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

Substantial shareholder	Number of fully paid ordinary shares held
Monax Mining Limited	20,573,297

VOTING RIGHTS

Fully paid ordinary shares

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

Distribution of equity security holders

Category	Holders of Ordinary shares	Holders of 23/12/2013 $0.04 Options	Holders of 05/03/2015 $0.1016 Options	Holders of 21/12/2015 $0.083 Options	Holders of 29/07/2016 $0.073 Options	Holders of 24/07/2017 $0.036 Options
1 – 1,000	195	-	-	-	-	-
1,001 – 5,000	176	-	-	-	-	-
5,001 – 10,000	448	-	-	-	-	-
10,001 – 100,000	1,389	-	5	-	3	3
100,001 and over	452	1	-	1	1	-
Total Number of security holders	**2,660**	**1**	**5**	**1**	**4**	**3**

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,366.

On market buy-back

There is no current on-market buy-back.

SHAREHOLDER INFORMATION (CONT.)

AS AT 20 SEPTEMBER 2013

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 2013 are as follows:

Name	Number of fully paid ordinary shares held	Percentage held
Monax Mining Limited	20,573,297	7.80
Campbelltown Trading Co Pty Ltd < Marco De Corso Family A/C>	5,550,011	2.10
Mr Joseph Richard Mistarz	4,729,790	1.79
Dr Colin Rose	4,708,000	1.78
RMK Super Pty Ltd <RMK Personal S/F A/C >	4,479,160	1.70
Mr Domenic Calandro + Mrs Karyn Calandro <J & K A/C>	3,580,000	1.36
Aloren (No 148) Pty Ltd	3,277,730	1.24
Mr William Edward Holmes <W + H Holmes Super Fund A/C>	3,000,000	1.14
N & B New Horizons Pty Ltd <N&B New Horizons S/F A/C>	2,950,000	1.12
Tawitawi Pty Ltd <Tawitawi Super Fu d A/C>	2,550,000	0.97
BBY Nominees Limited <Settle A/C>	1,937,710	0.73
Mr James Richard Hersey + Mr Todd Anthony Hersey	1,650,000	0.63
Buratu Pty Ltd <Connolly Super Fund A/C>	1,646,000	0.62
Cadex Petroleum Pty Limited	1,600,000	0.61
DJ Coughlan Drilling Pty Ltd	1,600,000	0.61
Mr Matthew Jon Liddy	1,600,000	0.61
Mr Mark James Morgan + Mrs Renatta Morgan <Mark James Morgan's S/F A/C>	1,558,566	0.59
Mr Parmjit Singh	1,385,000	0.53
Icon Holdings Pty Ltd	1,379,872	0.52
Mr James Harry Lovell + Mrs Rosalie Janet Lovell	1,200,000	0.45
	70,955,136	**26.90**

UNQUOTED EQUITY SECURITIES

Options

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

Expiry date	Exercise price	Number of Options	Number Unquoted	Number of holders
23/12/2013	$0.04	250,000	250,000	1
05/03/2015	$0.1016	325,000	325,000	5
21/12/2015	$0.083	125,000	125,000	1
29/07/2016	$0.073	250,000	250,000	4
24/07/2017	$0.036	125,000	125,000	3

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

15 Adam Street
HINDMARSH SA 5007

Telephone: (08) 8245 4000
Facsimile: (08) 8245 4099

POSTAL ADDRESS

15 Adam Street
HINDMARSH SA 5007

DIRECTORS & SENIOR MANAGEMENT

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

DOMENIC JOSEPH CALANDRO
BSc, ASEG
Managing Director

NEVILLE FOSTER ALLEY
Phd
Executive Technical Director

GLENN STUART DAVIS
LLB, BEc
Non-executive Director

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

STOCK EXCHANGE CODE

Marmota Energy Limited shares are listed on the Australian Securities Exchange

ASX: MEU
Home Exchange: Adelaide

SHARE REGISTRAR

Location of Share Register

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Telephone: 1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)
Facsimile: +61 8 8236 2305
Email: info@computershare.com.au

AUDITORS

Grant Thornton
Chartered Accountants
67 Greenhill Road
WAYVILLE SA 5034

LAWYERS

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

MARMOTA ENERGY
ABN 38 119 270 816

Notice of Annual General Meeting 2013

Notice is hereby given that the Annual General Meeting of Marmota Energy Limited (**Company**) will be held at Level 3, 80 King William Street, Adelaide, South Australia on Tuesday, 19 November 2013 at 11.00 am (Adelaide time).

AGENDA

ORDINARY BUSINESS

1. Financial Report

To receive and consider the financial report and reports of the Directors and Auditor for the year ended 30 June 2013.

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

2. Adoption of Remuneration Report

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

'That the Remuneration Report for the financial year ended 30 June 2013 be adopted.'

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

3. Re-election of Dr N F Alley as a Director

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

'That Dr NF Alley, being a director of the Company who retires by rotation in accordance with clause 47.1 of the Company's constitution, and being eligible, is re-elected as a director of the Company.'

OTHER BUSINESS

4. Appointment of Auditor

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

'That subject to the Australian Securities and Investments Commission granting its consent to the resignation of the Company's current auditor, Grant Thornton South Australian Partnership, for the purposes of section 327B of the Corporations Act 2001 (Cth) and for all other purposes, Grant Thornton Audit Pty Ltd, having been nominated and having consented in writing to act as auditor of the Company, be appointed as auditor of the Company and the directors be authorised to set its remuneration.'

5. Ratification of previous issue of shares

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

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 22,060,000 fully paid ordinary shares in the Company, on the terms described in the explanatory memorandum accompanying the notice convening this meeting, be approved.'

6. Ratification of previous issue of shares

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

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 4,551,907 fully paid ordinary shares in the Company, on the terms described in the explanatory memorandum accompanying the notice convening this meeting, be approved.'

7. Ratification of previous issue of shares

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

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 1,600,000 fully paid ordinary shares in the Company, on the terms described in the explanatory memorandum accompanying the notice convening this meeting, be approved.'

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

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

By order of the Board

Virginia Suttell
Company Secretary

Date: 9 October 2013

VOTING INFORMATION AND NOTES

1. **Voting exclusions**

Resolution 2 – Adoption of Remuneration Report

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

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

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

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

Voting exclusion required under the ASX Listing Rules

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

2. **Voting entitlement on a poll**

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

3. **Proxies**

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

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

A proxy need not be a shareholder of the Company.

To appoint a proxy, a proxy form must be signed by the shareholder or the shareholder's attorney duly authorised in writing. If the shareholder is a corporation, the proxy form must be signed in accordance with section 127 of the Corporations Act. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the meeting. Proxy form and authorities may be sent to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, or in person to Computershare at Level 5, 115 Grenfell Street, Adelaide SA 5000, or by facsimile to Computershare on (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555 or the Company on +61 8 8245 4099.

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

Undirected proxies

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

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

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

4. Custodian voting

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

5. Entitlement to vote at the meeting

For the purpose of the meeting, shares in the Company will be taken to be held by those persons who are registered holders at 7.00 pm (Sydney time) on Friday, 15 November 2013. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

6. **Quorum**

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

7. **Appointing a corporate representative**

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

8. **Appointment of an attorney**

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

ABN 38 119 270 816

EXPLANATORY MEMORANDUM

ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING TO BE HELD ON 19 NOVEMBER 2013.

1. **Financial Report**

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

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

2. **Remuneration Report**

The Company has included in the 2013 Annual Report a detailed Remuneration Report which provides prescribed information relating to remuneration.

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

The Remuneration Report is set out on pages 24 to 29 of the 2013 Annual Report and is available from the Company's website www.marmotaenergy.com.au .

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

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

3. **Re-election of Dr N F Alley as a Director**

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

Biographical details of Dr Alley are as follows:

Dr Neville Foster Alley *Phd, PSM*

Executive Technical Director

Experience and expertise

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

Current and former directorships in the last 3 years

Beach Energy Limited (since July 2007 until November 2012), Monax Mining Limited (since 2005 until November 2011) and ERO Mining Limited (from January 2011 until June 2011) and is a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.

The Directors (with Dr Alley abstaining) recommend shareholders vote in favour of the resolution.

4. Appointment of Auditor

Grant Thornton has recently combined from a state based federation of firms into a single national firm. Accordingly, they are transferring all of their audit appointments into a new single national audit entity (Grant Thornton Audit Pty Ltd) to replace their various state based audit entities. For public companies the appointment of a new audit entity requires a resolution of shareholders at the Annual General Meeting.

The Audit, Governance and Remuneration Committee has considered and agreed to this change and the Board has agreed to this resolution being presented to the shareholders of the Company for formal vote. To give effect to the change the current Grant Thornton audit entity has requested the Australian Securities and Investments Commission ('ASIC') consent to resign in favour of their new national Authorised Audit Company, Grant Thornton Audit Pty Ltd. The resolution is conditional upon ASIC's consent to the resignation of Grant Thornton South Australian Partnership, and the Company anticipates that this consent will be forthcoming.

In accordance with section 328B of the Corporations Act, notice in writing nominating Grant Thornton Audit Pty Ltd has been given to the Company by a shareholder. A copy of this notice is included in this Notice of Meeting. The appointment of Grant Thornton Audit Pty Ltd will be by vote of shareholders as an ordinary resolution.

Subject to approval by shareholders, the appointment of Grant Thornton Audit Pty Ltd will be effective for the 2014 financial year. Grant Thornton South Australian Partnership remained responsible for the audit for the 2013 financial year.

The Directors recommend shareholders vote in favour of this resolution.

5. Ratification of issue of shares

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

Resolution 5

The issue of the shares detailed in Resolution 5 did not exceed the 15% limit referred to above.

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

Resolution 5 proposes the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

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

- 22,060,000 ordinary fully paid shares were issued on 5 April 2013 without shareholder approval;
- the shares were issued at an issue price of 6.8 cents per share;
- the shares were issued in a placement to sophisticated and professional investors and sophisticated and professional investor clients of GMP Securities Australia Pty Ltd;
- the proceeds from the placement will be used to fund the Company's exploration program and for working capital;
- the shares rank equally in all respects with the Company's existing ordinary shares on issue; and
- $1,500,080 funds were raised by issue of the shares.

Voting exclusion statement

The Company will disregard any votes cast in relation to Resolution 5 by any of the persons that were allotted shares referred to in Resolution 5 above and their associates. However, the Company need not disregard a vote if:

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

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

Resolution 6

The issue of the shares detailed in Resolution 6 did not exceed the 15% limit referred to above.

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

Resolution 6 proposes the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

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

- 4,551,907 ordinary fully paid shares were issued on 10 May 2013 without shareholder approval;
- the shares were issued at an issue price of 6.8 cents per share;

- the shares were issued by way of placement to sophisticated and professional investors of the shortfall under the Company's Share Purchase Plan which closed on 26 April 2013;
- the proceeds from the placement will be used to fund the Company's exploration program and for working capital;
- the shares rank equally in all respects with the Company's existing ordinary shares on issue; and
- $309,529 funds were raised by issue of the shares.

Voting exclusion statement

The Company will disregard any votes cast in relation to Resolution 6 by any of the persons that were allotted shares referred to in Resolution 6 above and their associates. However, the Company need not disregard a vote if:

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

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

Resolution 7

The issue of the shares detailed in Resolution 7 did not exceed the 15% limit referred to above.

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

Resolution 7 proposes the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

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

- 1,600,000 ordinary fully paid shares were issued on 14 May 2013 without shareholder approval;
- the shares were issued at a notional issue price of 6.25 cents per share;
- the shares were issued as consideration for drilling services provided by Coughlan Drilling;
- the shares rank equally in all respects with the Company's existing ordinary shares on issue; and
- No funds were raised by issue of the shares.

Voting exclusion statement

The Company will disregard any votes cast in relation to Resolution 7 by any of the persons that were allotted shares referred to in Resolution 7 above and their associates. However, the Company need not disregard a vote if:

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

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

The Directors recommend shareholders vote in favour of Resolution 5, 6 and 7. The Chairman intends to vote undirected proxies in favour of the resolutions.

NOTICE OF NOMINATION OF AUDITOR

MARMOTA ENERGY LIMITED

ACN 119 270 816

Appointment of auditors

Following the resignation of Grant Thornton South Australian Partnership subject to ASIC consent, I wish to nominate Grant Thornton Audit Pty Ltd as auditor of Marmota Energy Limited at the forthcoming annual general meeting.

I request that a copy of this nomination is sent to all persons entitled to receive notice of the AGM and Grant Thornton Audit Pty Ltd.

Signed:

NICHOLAS JOHN SMART

9/10/2013

Date

MARMOTA ENERGY

ABN 38 119 270 816

Lodge your vote:

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

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

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

For all enquiries call:

(within Australia) 1300 136 309
(outside Australia) +61 3 9415 4295

Proxy Form

For your vote to be effective it must be received by 11:00am (Adelaide time) Sunday 17 November 2013

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

Attending the Meeting

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

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

Turn over to complete the form ➔

View your securityholder information, 24 hours a day, 7 days a week:
www.investorcentre.com

☑ **Review your securityholding**
☑ **Update your securityholding**

Your secure access information is:

SRN/HIN:

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

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

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appointment a Proxy to Vote on Your Behalf

XX

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

☐ **the Chairman of the Meeting** **OR** ______________________

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Marmota Energy Limited to be held at **Level 3, 80 King William Street, Adelaide SA 5000, on Tuesday 19 November 2013** at **11:00am (Adelaide time)** and at any adjournment or postponement of that Meeting.

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

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

STEP 2 Items of Business

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

ORDINARY BUSINESS

		For	Against	Abstain
2	Adoption of Remuneration Report	☐	☐	☐
3	Re-election of Dr N F Alley as a Director	☐	☐	☐

OTHER BUSINESS

		For	Against	Abstain
4	Appointment of Auditor	☐	☐	☐
5	Ratification of Previous Issue of Shares	☐	☐	☐
6	Ratification of Previous Issue of Shares	☐	☐	☐
7	Ratification of Previous Issue of Shares	☐	☐	☐

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

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

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

Contact Name ______________________ **Contact Daytime Telephone** ______________________ **Date** ____ / ____ / ____

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