



24 October 2014

ASX ANNOUNCEMENT

2014 Annual Report, Notice of Meeting and Proxy Form

Attached are electronic copies of the Marmota Energy Limited 2014 Annual Report, Notice of Annual General Meeting and Proxy Form which have been mailed to shareholders today.

Yours faithfully

Virginia Suttell
Company Secretary





ANNUAL REPORT 2014

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.

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting will be held at:

DMAW Lawyers,
Level 6, 80 King William Street
Adelaide, South Australia on 25th
November 2014 commencing at 11.00am.

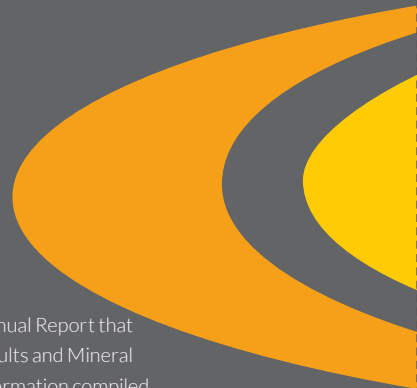
A formal notice is mailed to shareholders with the distribution of this report.

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 the Annual Report that relates to Exploration Results and Mineral Resources is based on information compiled by Daniel Gray as Senior Project Geologist of Marmota Energy, who is a Member of the Australian Institute of Geoscientists. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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CHAIRMAN'S REPORT



DEAR FELLOW SHAREHOLDERS

I present this seventh annual report of Marmota Energy Limited ("Marmota" or the "Company"). Whilst the Company has developed an enviable project portfolio that represents a high quality diversified commodity stance across the uranium, nickel, copper, gold and iron ore spaces the current state of the capital markets dictates the need for rationalisation. Since the last Annual Report a first stage rationalisation of tenement holdings has occurred with our joint venture partner Monax Mining Limited ("Monax"). The Company divested all rights to EL5123 (Phar Lap) and either it or its subsidiary acquired all rights to EL4510 (Ambrosia) and EL5124 (Mulyungarie), finally EL5209 and EL5122 (Melton) Joint Venture ("JV") moved from a 50:50 JV Marmota:Monax to a 75:25 JV Marmota:Monax. The acquisition of the additional equity interests in the Ambrosia and Melton projects is considered a significant milestone for Marmota.

Melton has confirmed copper, gold and silver mineralisation from exploration completed previously by Marmota. The Melton projects are located in the highly prospective southern part of the Olympic Domain iron oxide copper gold (IOCG) province. The Melton tenements are co-located with Marmota's 100% owned West Melton copper-gold project on South Australia's Yorke Peninsula.

A program of infill geochemical sampling and geophysical surveys on the West Melton Copper-Gold Project on SA's Yorke Peninsula was completed during the year and defined a significant geochemical target which resulted in a new South Australian copper discovery with high

grade copper assay results from the first holes drilled. Follow up drilling resulted in new high grade copper mineralisation being intercepted at shallow depths at the Champion Prospect, with grades ranging up to 2.92% copper. There is significant scope further mineralisation at this Prospect. Subsequent to balance date an independent geophysical review was conducted of the entire Melton Project providing a clearer understanding of depth to basement, the structural and geological setting for the mineralisation and highlighted new targets for further exploration in what is now called Melton Central (mostly EL5209 and borders EL4648). A ground based magnetic survey is underway and will be completed once access to ground is granted later in the year. The Company believes, that given the high grade of copper occurring at very shallow depths within the project, an EM or IP survey could be cost effective and greatly aid in drill targeting.

The Ambrosia project is part of Marmota's co-located Gawler Craton projects in South Australia. The Ambrosia tenement has a number of potential IOCG targets defined from previous exploration. Ambrosia borders the Muckanippie tenement which contains a copper and zinc occurrence and the Pundinya tenement containing the Pundinya uranium and Durkin nickel prospects.

The Mulyungarie uranium project is located adjacent to Marmota's flagship Junction Dam uranium project. Previous exploration by Marmota has intercepted uranium mineralisation on the Mulyungarie tenement adjacent to the Junction Dam tenement boundary. The tenement is also prospective for Broken Hill style mineralisation. The completion of the Sale

and Purchase Agreement with Monax now provides Marmota with 100% of all mineral rights on this strategic project area.

The Company maintains its flagship project Junction Dam, located adjacent to the Honeymoon uranium mine. Marmota announced in November 2013 that it has achieved its full earn-in for all the uranium rights at Junction Dam, successfully diluting the other joint venture partners since the start of the project in late 2009. Because of its strategic location and high grades it is the Company's view that at the appropriate time the development of this project has the potential to be fast tracked.

Whilst the short term outlook for production has been affected by the mothballing of the Honeymoon mine and processing facility the long-term outlook for the uranium market in general remains strong. Annual global uranium consumption is expected to continue to exceed annual global mine production by a significant margin over the next decade.

The expanding economies of China and India are showing a huge appetite for nuclear power. With nuclear power the cornerstone of their low emission domestic electricity supply plans, this will be the major driver for the uranium market. The Australian Government has recently commenced an agreement with India which will allow the sale of uranium to that country. Japan's utilities incurred losses of US\$34 billion over the last 3 years when all 48 of Japan's nuclear reactors were gradually taken offline and remain idle after an earthquake and tsunami set off a nuclear crisis at the Fukushima Daiichi plant in March 2011. It is likely the restart of Japan's nuclear reactors will be delayed

until 2015 but when they do the demand for U_3O_8 will increase and with demand increasing it should have an effect on prices.

Continued successful uranium drilling completed during 2012 significantly expanded the zone of mineralisation potential adjacent to the key Junction Dam resource zone. In 2013 Marmota achieved another milestone for the project with analysis concluding that approximately 98% of the uranium mineralisation is available for potential extraction. Further work will be conducted to continue to prove up extractability of the uranium resource at Junction Dam, which is seen as a high priority for the project's continued development. The current Inferred Resource at the Saffron Deposit is 4.36 million tonnes containing 3.33 million pounds of U_3O_8 . (Please refer to ASX announcement dated 18 November 2011 for more information.)

This will enable Marmota to be well positioned for what we believe to be a recovery in uranium commodity pricing during 2014.

The Company's Joint Venture with Apollo Minerals Limited ("Apollo") on its EL4433 Aurora Tank Tenement (where Apollo is earning up to 75%) resulted in target identification by Apollo of a large-scale, high priority IOCG target largely contained on the Company's tenement. Apollo have concluded that the target has a setting similar to the Prominent Hill IOCG deposit. Strongly anomalous Fe (Iron), Cu (Copper), Au (Gold) and Ag (Silver) has been intersected in shallow RAB drillholes focused on Au anomalism above an intense, discrete magnetic body. Apollo completed a RAB drilling program and induced

polarisation program in July this year and commenced an RC and diamond drill core ("DDC") drilling program over 2300m in September with preliminary assay results expected late September and final assays by early November.

A further stage of rationalisation is currently underway with the appointment of our new Managing Director Mr David Williams and we will report on that rationalisation once David has had the opportunity to review the potential for Joint Ventures or Farmouts of those tenements and commodities that do not fit the narrower context of rationalisation.

I welcome David Williams as Managing Director and thank our Directors, officers and staff for their tireless hard work during 2014 and their support of the Company goals and look forward to their continuing commitment in 2015. I also acknowledge the support of our shareholders over the last year.



R M KENNEDY
CHAIRMAN

REVIEW OF OPERATIONS

WEST MELTON COPPER-GOLD PROJECT

- » Calcrete geochemical surveys confirmed large scale copper and gold anomalism
- » Ground based magnetic and gravity surveys highlighted anomalies modelled at shallow depths and coincident with the calcrete geochemical anomaly
- » Air core drilling program discovered high grade copper with grades up to 2.92% Cu. Mineralisation is shallow and over large intervals with copper intersections starting at just below the surface
- » 19 of the 29 drill holes from the maiden drilling program intercepted copper mineralisation greater than 0.1% Cu
- » New Champion copper prospect identified

LAKE ANTHONY IRON ORE PROJECT

- » Samples taken from outcrops contain high grades of up to 58% Fe, mainly hematite
- » Ground based gravity survey undertaken which defined dense anomalies highlighted within the iron outcrop region
- » Aboriginal heritage surveys undertaken over high priority target areas, which were cleared for drilling and further low impact ground based exploration

JUNCTION DAM URANIUM PROJECT

- » Marmota completed its final earn-in of the joint venture and now has 100% uranium rights on the project



Marmota Energy project location map

The information in the Annual Report that relates to Exploration Results and Mineral Resources is based on information compiled by Daniel Gray as Senior Project Geologist of Marmota Energy, who is a Member of the Australian Institute of Geoscientists. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

TENEMENT STATUS

AS AT 30 SEPTEMBER 2014

SOUTH AUSTRALIA

Project	Tenement	No	Area (km²)	Status	Details	Tenure holder
Junction Dam	Junction Dam	EL 4509	341	Granted	JV with Teck, Variscan Mines, Eaglehawk Geological Consulting P/L	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		Marmosa P/L
	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
Aurora Tank	Aurora Tank	EL 4433	48	Granted	JV with Southern Exploration	Marmota Energy
Indooroopilly / Lake Anthony	Indooroopilly	EL 4702	570	Granted		Marmota Energy
	Mt Christie	EL 4995	620	Granted		Marmota Energy
	Lake Anthony	EL 5060	981	Granted		Marmota Energy
	Cudyea	EL 5377	145	Granted		Marmota Energy
Lake Frome	Lake Callabonna North	EL 5416	48	Granted		Marmota Energy
	Lake Callabonna South	EL 5415	21	Granted		Marmota Energy
	Poontana	EL 5438	30	Granted		Marmota Energy
	Mudguard Swamp West	EL 4319	24	Granted		Marmota Energy
	Mudguard Swamp West	ELA 2014/ 00107	24	Subsequent licence application		Marmota Energy
	Lake Frome	EL 4320	316	Granted		Marmota Energy
	Lake Frome	ELA 2014/ 00108	316	Subsequent licence application		
	Billeroo	EL 4383	166	Granted		Marmota Energy
	Billeroo	ELA 2014/ 00184	166	Subsequent licence application		
	Moolawatana	EL 4412	116	Granted		Marmota Energy
	Yandama Creek	EL 4521	28	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
Mulyungarie	Old Moolawatana	EL 5318	54	Granted		Marmota Energy
	Mulyungarie	EL 5124	17	Granted		Marmosa P/L

WESTERN AUSTRALIA

Project	Tenement	No	Area (hectares)	Status	Details	Tenure holder
Rudall East	Rudall East	E45 / 3088	63077	Application	JV with Teck	Teck
		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

WEST MELTON COPPER-GOLD PROJECT

(MARMOTA ENERGY LIMITED 100%)

Initial phase of drilling discovered shallow high grade copper at the Champion prospect located on the Yorke Peninsula in South Australia. Excellent copper assay results were encountered from surface and over large intervals up to 73m thick in multiple drill holes. A high of 2.92% Cu was returned from WMAC025. The Champion prospect is located less than 50 kilometres north of Rex Minerals' Hillside copper deposit and along the same eastern part of the mineral rich Olympic Copper Gold Province.

CALCRETE SURVEY AND GROUND BASED GEOPHYSICAL RESULTS

Regional surface calcrete geochemical results highlighted highly anomalous copper and gold within the West Melton project area. Infill calcrete surveys were carried out over anomalous areas. A high priority target that returned strongly anomalous coincident copper and gold in calcrete was identified, with values up to 197ppm Cu. The highest priority target area was named the Champion prospect after nearby historical copper workings. The nearby Areena mine shaft was worked in 1863 where it was reported in a local newspaper at the time, that 'very good quality yellow and grey ore with green carbonate intermixed' was extracted. This ore zone was named the Champion Load.

Follow up exploration comprising infill ground based magnetic and gravity surveys were conducted over the Champion prospect, where the calcrete geochemical anomaly was coincident with gravity and magnetic features (Figure 1). Geophysical modelling undertaken on the gravity and magnetic data indicated that potential mineralised bodies could be as shallow as 15 metres deep.

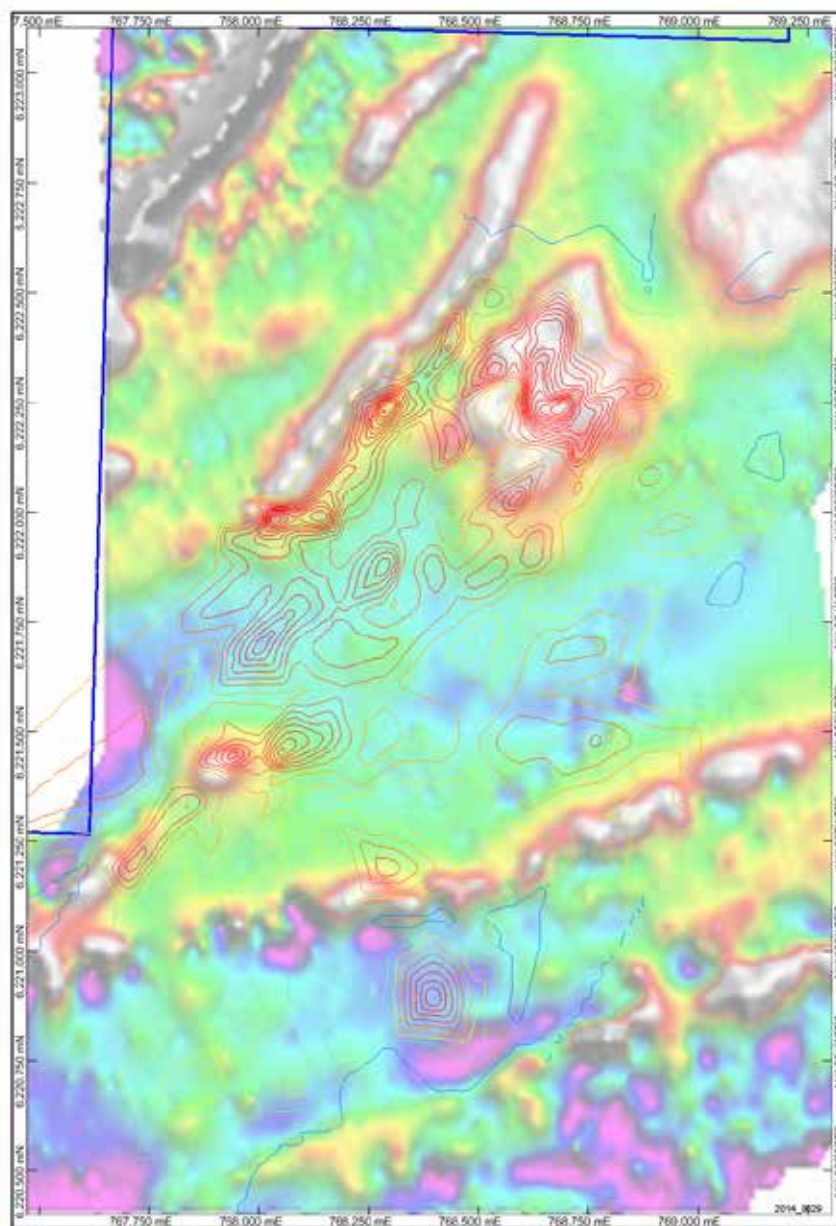


FIGURE 1: Ground magnetic data acquired over the Champion prospect. Contours show the copper in calcrete, highlighting the geochemical anomaly coincident with the magnetic features.

DRILLING PROGRAM RESULTS

Outstanding results were produced by the initial phase of drilling at the Champion prospect consisting of 29 aircore drill holes. Copper grades of up to 2.92% Cu were achieved, with mineralisation encountered from just below surface and extending over large intervals of up to 73 metres. 19 of the 29 drill holes intercepted copper mineralisation greater than 0.1% (Figure 2), which is an economically mineable level of Cu. Table 1 highlights some of the outstanding results achieved from the drilling program.

Geological logging of the drill samples observed copper mineralisation in the forms of supergene malachite (see photo 1) and the primary sulphide chalcopyrite. In addition, pyrite was common across the prospect, which is commonly noted on the edge of mineralising systems.

Up to 43 metres of disseminated sulphides (both pyrite and chalcopyrite) were logged in drill hole WMAC011 with the hole ending in sulphides. 8 holes intercepted significant grades of copper from just below the surface, and 4 drill holes ended in copper mineralisation (Figure 3 and Figure 4).

Assessment of the rock lithologies encountered, show the host bedrock to be broadly metasediments of the Wandearah Formation, with minor occurrences of felsic and mafic intrusives. The Wandearah Formation hosts copper and gold mineralisation at the Wallaroo mines. Weathered basement rocks were encountered in all drillholes from depths as shallow as 2 metres.

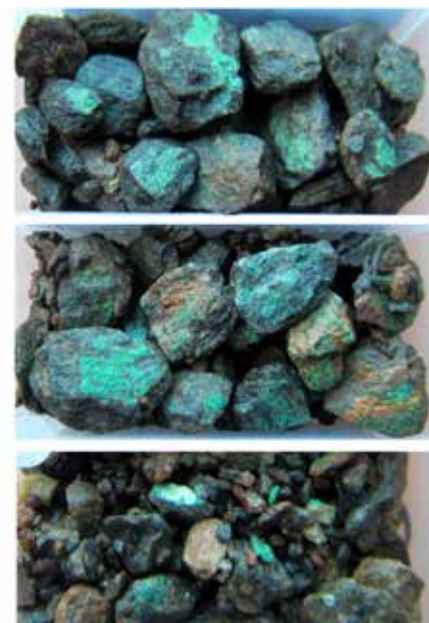


PHOTO 1: Abundant green malachite noted in 15 of the holes drilled.



FIGURE 2: West Melton project with the Champion prospect where the phase 1 of drilling was undertaken shown by the red box. Drill hole locations of holes intercepting greater than 0.1% Cu denoted by red dots. Holes ending in copper mineralisation denoted by green halo.

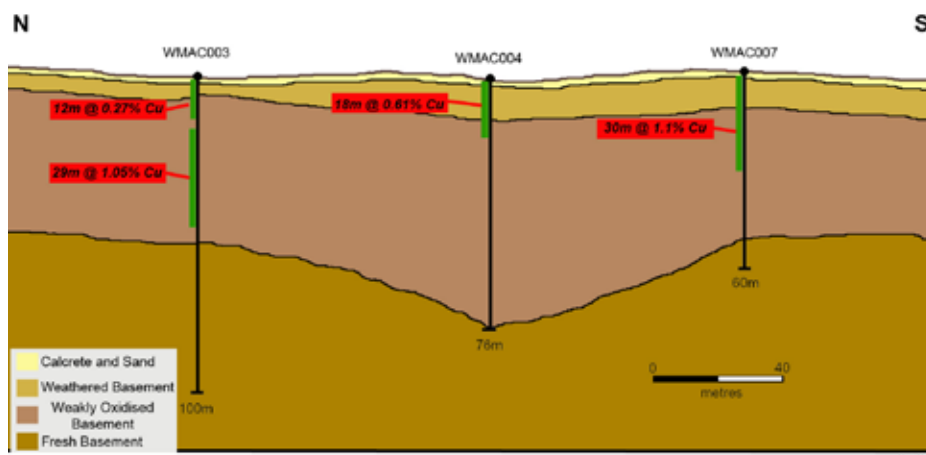


FIGURE 3: Champion prospect Section 1 looking east (refer to figure 2). High grade zones of copper intercepted highlighted by green zones.

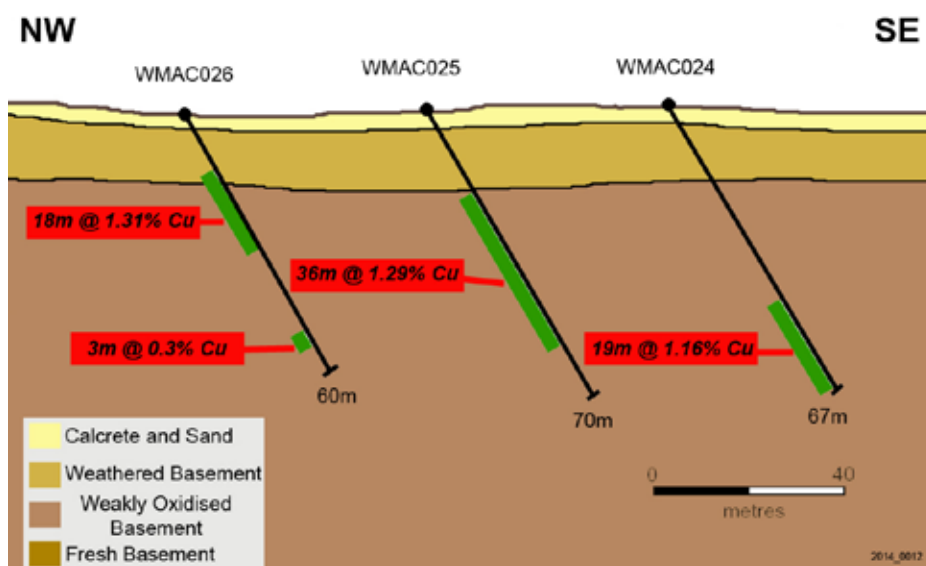


FIGURE 4: Champion prospect Section 2 looking northeast (refer to figure 2). High grade zones of copper intercepted highlighted by green zones.

Hole ID	Easting GDA94 Z53	Northing GDA94 Z53	Dip	Azimuth	Depth (m)		From (m)	To (m)	Interval (m)	Cu %	Au g/t
WMAC002	768736	6222454	-90	~	103		3	15	12	0.55	
WMAC003	768654	6222407	-90	~	100		0	44	44	0.73	
						incl	19	24	5	1.55	
						and	29	43	14	1.3	
WMAC007	768707	6222248	-90	~	60		0	30	30	1.1	
						incl	24	27	3	2.1	0.11
WMAC011	768129	6222011	-60	135	88		6	42	36	0.14	
WMAC022	767982	6221519	-60	135	63		33	63	30	0.19	
WMAC024	768337	6222226	-60	135	67		48	67	19	1.16	
WMAC025	768301	6222262	-60	135	70		21	57	36	1.29	
						incl	24	42	18	1.76	
						and	27	33	6	2.56	
WMAC026	768267	6222299	-60	135	60		15	33	18	1.31	
						incl	24	33	9	1.5	
WMAC028	768052	6222017	-60	135	76		3	76	73	0.67	
						incl	42	57	15	1.52	
WMAC029	768077	6221977	-60	135	80		3	33	30	1.3	

TABLE 1: Best copper intercepts from the phase 1 of drilling at the Champion prospect.

LAKE ANTHONY IRON PROJECT

(MARMOTA ENERGY LIMITED 100%)

Iron rich outcrops were sampled with high grade iron returned from geochemical assay. Laboratory results of up to 58% Fe were returned from the initial sampling program. Petrological analysis of outcrop samples confirmed the presence of massive coarse crystalline hematite.

IRON OUTCROP RESULTS

Outcrops of iron discovered during a reconnaissance field trip by Marmota, produced grades of iron of up to 58% from geochemical assay. Petrological analysis of the samples confirmed the presence of up to 70% massive coarse crystalline hematite in the thin section view (Figure 5). The iron may be from a banded iron formation (BIF) within the Archaean Christie Gneiss, which are common across the region.

Several iron rich outcrops have been discovered, with large areas of ground yet to be covered.

GROUND BASED GEOPHYSICAL RESULTS

Ground based regional gravity surveys were conducted over the project area and surrounding tenements. Dense geophysical features were highlighted from the survey, especially within the region of the iron-rich outcrops. These dense features are also associated with large scale magnetic anomalies, highlighted by regional scale government surveys. It is not uncommon for hematite mineralisation to contain residual magnetite, which is potentially responsible for the underlying magnetic signature. Magnetite was also identified in the petrological analysis of the field samples.

The geophysical interpretation also has highlighted an additional area for a possible iron-oxide-copper-gold target (Figure 6). Coincident gravity and magnetic features in the additional target area are clearly visible.

TRADITIONAL OWNER HERITAGE SURVEYS

Traditional owners from the Antakirinja Matu-Yankunytjatjara Aboriginal group were taken to various high priority target areas across the Company's Central Gawler Craton project area. The clearances focused on high priority targets highlighted by geophysics, calcrete surveys and the outcrop sampling conducted on the Lake Anthony project. Targets on the Lake Anthony project were cleared for further low impact ground based surveys and follow up drill testing. The iron outcrop where the geochemical and petrological analysis has been conducted is also cleared for drill testing.

Marmota is proud to have a good working relationship with the traditional owners in this region, and has conducted several heritage clearance surveys over the recent years.

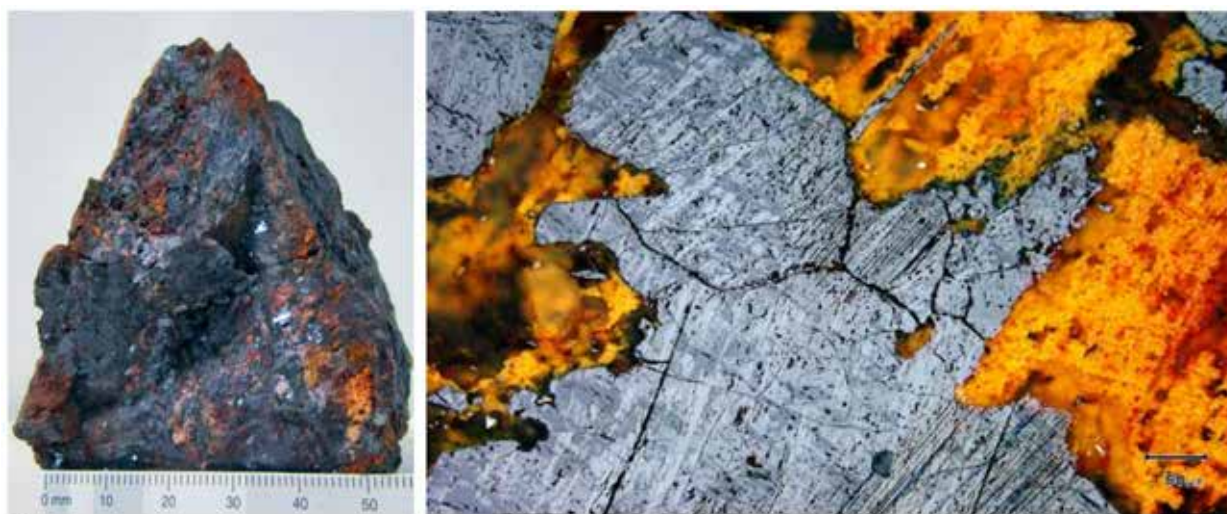


FIGURE 5: Thin section from hematite sample (left). Bright to mid-grey crystals of what was hematite converted to magnetite, now martite, which has diagnostic cross-hatch fabric. Orange-reddish internal reflections within ex-Fe-silicates, oxidised to earthy goethite-limonite.

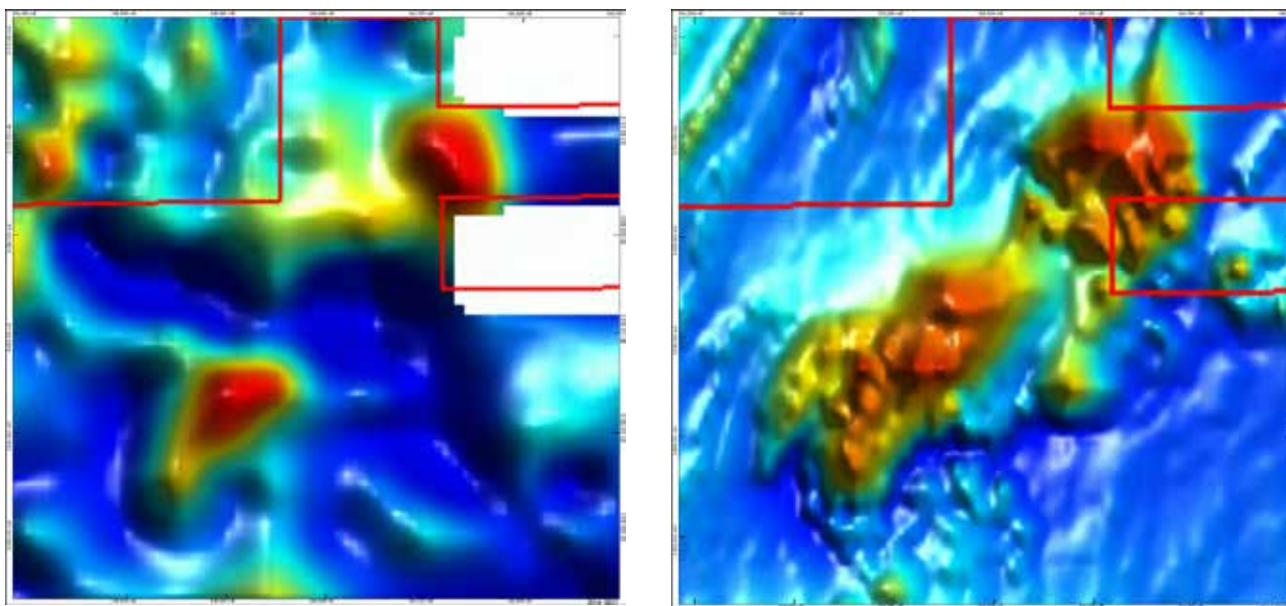


FIGURE 6: Geophysical interpretation has highlighted an additional area that could be a possible iron-oxide-copper-gold (IOCG) target. Coincident gravity (left image) and magnetic (right image) features are clearly visible.

AURORA TANK IRON-OXIDE-COPPER-GOLD PROJECT

(MARMOTA ENERGY LIMITED 100%, APOLLO MINERALS LIMITED GROUP EARNING UP TO 75%)

Through a joint venture agreement with Apollo Minerals Limited (ASX:AON), exploration is underway at large scale IOCG targets that have been identified by Apollo. Apollo believe the targets identified by geophysical acquisition programs, have similar characteristics to the Prominent Hill IOCG deposit.

APOLLO MINERALS LIMITED JOINT VENTURE

Exploration undertaken by Apollo Minerals as part of the joint venture agreement with Marmota Energy on the project begun during the period. Geophysical surveys conducted have highlighted large scale IOCG targets, similar in characteristic to the Prominent Hill IOCG deposit 110km to the east of the project. The target is interpreted to represent structurally controlled zones of high density material immediately west of

a high intensity magnetic zone. Historical drilling of the magnetic zone provided grades of up to 52% iron (oxide), 700ppm copper, 2 g/t gold and 4 g/t silver over 4 metre down-hole composite widths.

Weathered outcrop sampling identified an age date of 1584Ma, supporting the interpretation of a significant Hiltaba age geological event - the same geological period as mineralisation at the Prominent Hill, Olympic Dam and Carrapateena IOCG deposits.

Apollo undertook a shallow rotary air blast (RAB) drilling program consisting of 195 holes totalling 1176m of drilling. Anomalous results of copper, gold and light rare earth geochemistry suggests a possible IOCG style of mineralisation. An induced polarisation (IP) survey was also conducted within the region of the possible IOCG target.

The IP survey identified a number of strongly chargeable bodies indicative of potential sulphide mineralisation, close to the anomalous RAB drilling program geochemistry. Follow up deeper drilling has been planned to test the strong chargeable anomaly possibly associated with highly anomalous surface gold geochemistry as well as a non-magnetic dense body in proximity to historical drilling.

JUNCTION DAM URANIUM PROJECT

(MARMOTA ENERGY LIMITED 100%, URANIUM RIGHTS ONLY)

The Junction Dam uranium project is strategically located west of the major regional centre of Broken Hill and is approximately 10 km east from the Honeymoon ISL uranium mine. Three uranium prospects have been discovered by Marmota on the project. An inferred resource of *5.4 million pounds at an average grade of 557ppm U₃O₈ and with grades of up to 8143ppm has been identified at one of the prospects and the project has significant resource expansion potential from the remaining two prospects.

100% EARN IN OF URANIUM RIGHTS

Marmota successfully achieved an increase in its interest on the project to 100% in the uranium rights. The three year exploration strategy saw the Company initially move from holding 51% of the uranium rights in 2010, with further exploration and drilling completed during this period taking Marmota's interest

in the project to 100% of the uranium rights. This is a significant achievement and Marmota believes there is further resource expansion potential on this, its flagship uranium project.

In 2011 Marmota defined a maiden *5.4Mlb inferred resource with an average grade of 557ppm U₃O₈ at the Saffron prospect. A positive disequilibrium factor ranging between 1.22 and 2.25 for the deposit with high grades of up to 8143ppm U₃O₈ were returned from assay. Drilling completed from the most recent exploration program confirmed uranium mineralisation present at both the Bridget and Yolanda prospects adjoining Saffron to the north and south respectively. The presence of mineralisation within a 15km strike length open to the north and south offers substantial expansion potential to existing mineralisation already defined at Saffron.

Mineralogical analysis of samples taken from the Saffron deposit and the adjoining Bridget prospect, indicate that the uranium minerals present are uraninite and autinite (Figure 7). These uranium minerals are readily leachable and are the predominant constituent of other significant in-situ recovery uranium mining operations in South Australia and also around the world.

In addition, the analysis indicated that up to 98% of the uranium mineralisation is potentially open for processing and extraction. Further leachability testing will confirm this.

*Upward revision of the Saffron deposit inferred resource size as indicated above follows the application of an average positive disequilibrium factor of 1.63. This is an indicative result and further assessment is underway



FIGURE 7: Mineralogical analysis (left) indicates the uranium minerals present at Junction Dam are dominantly uraninite and autinite. Sonic core sample showing a typical example of the mineralised zone at the Saffron deposit (right).

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 2014.

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.

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.

The Board has not adopted a formal statement of matters reserved to them or a formal board charter that details their functions and responsibilities nor a formal statement of the areas of authority delegated to senior executives.

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 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 until 9 December 2013. 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 until 9 December 2013.

The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Chairman's expertise and experience adds considerable value to the Company.

Recommendation 2.3 – Recommendation followed

Mr Kennedy's role as Chairman of the Board is separate from that of the Managing Director who is responsible for the day to day management of the Company and is in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

Recommendation 2.4 – Recommendation followed

The 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 2014, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

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 measurable 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	9	45%
Senior executives	1	2	50%
Directors	0	3	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.

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 these Directors' qualifications and attendance at meetings are set out in the Directors' Report section of this report.

The Committee meets at least three times per annum and reports to the Board. The Managing Director, Company Secretary and external auditor may, by invitation, attend meetings at the discretion of the Committee.

PRINCIPLE 5

MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 and 5.2 – Recommendations not followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, the Board does not believe a formal policy for continuous disclosure is required. However, a summary describing how the Company will ensure its compliance with continuous disclosure requirements is posted on the Company's website www.marmotaenergy.com.au.

PRINCIPLE 6

RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1 and 6.2 – Recommendations not followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the Australian Stock Exchange and Australian Securities and Investments Commission and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website at www.marmotaenergy.com.au; and
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's website.

PRINCIPLE 6 (CONT.)

RESPECT THE RIGHTS OF SHAREHOLDERS

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, the Board does not believe a formal policy for shareholder communication is required. However, a summary describing how the Company will communicate with its shareholders is posted on the Company's website www.marmotaenergy.com.au.

PRINCIPLE 7

RECOGNISE AND MANAGE RISKS

Recommendation 7.1, 7.2 & 7.4 – Recommendations not followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, heritage and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, and the inherent risks associated with the industry it operates in, the Board does not believe formal policies for oversight and management of risk are required. The Board with the assistance of the Audit, 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

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

The Company also has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The non-executive directors are not eligible to participate in the Plan. Details of options issued to employees during the 2014 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 - Recommendations followed

In accordance with Recommendation 8.4, the relevant material is included in the corporate governance statement.

2014 FINANCIAL REPORT



DIRECTORS' REPORT

The Directors present their report on Marmota Energy Limited – consolidated entity ('Group') for the year ended 30 June 2014 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.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Ramelius Resources Limited (since listing in March 2003), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), Tychean Resources Limited (since 2006), Monax Mining Limited (since 2004), Tellus Resources Limited (since 2013) and formerly Beach Energy Limited (from 1991 until November 2012), Somerton Energy Limited (from 2010 to 2012), Adelaide Energy Limited (from 2011 to 2012) and Impress 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 and his term ended early in 2014.

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, FAICD

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 (from July 2007 until November 2012), Monax Mining Limited (from 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 Lindsay David Hale Williams

MAICD, LLB BComm

Managing Director

Experience and expertise

Board member since 9 September 2014. Mr Williams has held the position of Managing Director of a number of ASX listed and unlisted companies in various sectors and brings 20 years of experience in the energy and resource industry.

This has included a number of minerals companies in exploration, production, developing new mines and reviewing commerciality of existing operations. Energy sector experience has ranged from operation and expansion of gas transport infrastructure, buying and selling gas, exploration and production of oil and gas. He has demonstrated ability to develop and implement major strategic directional changes including capital raisings, acquisitions and mergers, cost and labour reductions.

Mr Williams was Chairman of Lithex Resources Limited (ASX: LTX), a graphite and nickel explorer, and President of Heathgate Resources Pty Ltd, the owner and operator of the Beverley uranium mine in South Australia.

Interests in Shares and Options – nil

Mr Domenic Joseph Calandro

BSc, AIG, ASEG

Managing Director

Experience and expertise

Board member from 9 July 2007 until 30 May 2014. 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 125,000 ordinary shares.

DIRECTORS' MEETINGS

The Company held 12 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	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Director				
Robert Michael Kennedy	9	9	3	3
Glenn Stuart Davis	9	9	3	3
Neville Foster Alley	9	8	-	-
Domenic Joseph Calandro	8	8	-	-

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.

company strongly for the anticipated revival in uranium commodity pricing. Despite the presence of an inferred resource of mineralisation estimated to contain 5.43 million pounds of U₃O₈ due to the low commodity price it has been decided to impair this asset fully. In no way does this diminish the value of the resource to the company when uranium prices recover.

During the year, Marmota and Monax Mining Limited ("Monax") executed a Sale and Purchase Agreement, which involved a combination of the transfer of tenement ownership and mineral rights between the two companies across their South Australian holdings. As part of the transaction, Marmota has secured the transfer of all ownership and mineral rights relating to the highly promising Ambrosia and Mulyungarie tenements and increased its interest in the Melton tenements from 50% to 75% in exchange for the transfer of Marmota's interest in the Phar Lap tenement to Monax.

Also during the year key target zones were defined on the West Melton and Melton Exploration Licences. The West Melton copper-gold project is located on the northern Yorke Peninsula in South Australia adjacent to recent copper-gold discoveries. The project is situated at the southern end

of the world class, Olympic Copper Gold Province. The province is highly prospective for Iron Oxide Copper Gold (IOCG) deposits, with Olympic Dam, Prominent Hill, Carrapateena, Hillside and the historic Moonta-Wallaroo mines, all located within this province. Drill testing of copper targets highlighted by coincident copper and gold surface geochemical anomalism and shallow modelled geophysical features, produced significant copper results. Copper grades of up to 2.92% intercepted from just below surface and over large intervals up to 73 metres thick, were encountered in multiple holes from the initial phase of drilling. 19 of the 29 holes drilled, intercepted copper mineralisation greater than 0.1% Cu.

Exploration at the Company's Lake Anthony project defined a zone of outcropping hematite iron mineralisation. Petrological analysis confirmed the presence of massive coarse crystalline hematite in outcrop located on the project. This followed on from high grade iron assay results from outcrop samples with low levels of impurities. Geophysical surveys indicated the presence of possible dense bodies from within the zone of outcropping iron mineralisation, and traditional owner heritage clearance surveys undertaken, cleared the area for further low impact exploration and follow up drill testing.

PRINCIPAL ACTIVITIES

The Group's principal activity is minerals exploration.

REVIEW AND RESULTS OF OPERATIONS

Marmota has continued to focus on exploration activities that were considered the most prospective with the greatest opportunity to build shareholder wealth.

At the Company's Junction Dam project, Marmota completed its final earn-in of the joint venture. Marmota now has 100% of the uranium rights on the project where the Company continues to hold its uranium interests and when applicable apply its successful exploration strategies to progress these assets, positioning the

DIRECTORS' REPORT (CONT.)

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Daniel Gray as Senior Exploration Geologist of Marmota Energy Limited who is a member of the Australasian Institute of Geoscientists. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

RESULTS

During the year, the Group continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled \$1,410,434.

The net profit/(loss) of the group after income tax was a loss of \$18,623,655 (2013: loss \$903,459).

The net assets of the group have decreased by \$18,625,655 during the financial year from \$22,596,039 at 30 June 2013 to \$3,970,384 at 30 June 2014.

DIVIDENDS

No dividends have been paid or provided by the Group since the end of the previous financial year (2013: 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

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 Melton Copper project and the Junction Dam 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 (\$)
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.

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 2014 is set out immediately following the end of the Directors' report.

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 2014.

AUDITOR OF THE COMPANY

The auditor of the Company for the financial year was Grant Thornton Audit Pty Ltd.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED

REMUNERATION POLICY

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

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

Remuneration and Nomination

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.

At this time, there is no relationship between remuneration of Key Management Personnel and the Company's performance over the last five years.

Service Agreements

The employment conditions of 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. Mr Calandro's employment ceased effective 30 May 2014. 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.

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 (until May 2014)
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONT.)

(b) Directors' remuneration

2014 primary benefits	Short term employee benefits		Long term employee benefits	Termination payments	Share-based payments		
	Directors' fees \$	Fixed remuneration \$	Super contributions \$	Termination payments \$	Options/ rights \$	Total \$	Proportion of remuneration related to performance
Directors							
Mr RM Kennedy	76,888	-	7,112	-	-	84,000	-
Mr GS Davis*	48,038	-	-	-	-	48,038	-
Dr NF Alley	-	59,490	34,980	-	-	94,470	-
Mr DJ Calandro	-	243,164	16,294	164,028	-	423,486	-
	124,926	302,654	58,386	164,028	-	649,994	-

2013 primary benefits	Short term employee benefits		Long term employee benefits	Termination payments	Share-based payments		
	Directors' fees \$	Fixed remuneration \$	Super contributions \$	Termination payments \$	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	-	264,720	16,470	-	15,208	296,398	5.1%
	128,767	351,240	31,524	-	15,208	526,739	2.8%

There were no cash bonuses paid in 2014 or 2013.

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

(c) Key management personnel remuneration

	Short term employee benefits	Long term employee benefits	Share-based payments		
2014 primary benefits	Fixed remuneration \$	Super contributions \$	Options/ rights \$	Total \$	Proportion of remuneration related to performance
Key management personnel excluding Directors					
MS VK Suttell*	111,228	10,442	-	121,670	-
	111,228	10,442	-	121,670	-

	Short term employee benefits	Long term employee benefits	Share-based payments		
2013 primary benefits	Fixed remuneration \$	Super contributions \$	Options/ rights \$	Total \$	Proportion of remuneration related to performance
Key management personnel excluding Directors					
MS VK Suttell*	110,238	7,888	17,320	135,446	12.7%
	110,238	7,888	17,320	135,446	12.7%

There were no cash bonuses paid in 2014 or 2013.

* 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

Mr Calandro 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. Mr Calandro's employment ceased effective 30 May 2014 and a termination payment made of \$164,028.

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 \$86,520 per annum plus 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 23 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 other than paid to Mr Calandro as disclosed.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONT.)

Directors and key management personnel equity remuneration, holdings and transactions

(i) 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 to directors or key management personnel during the financial year.

Shares	Balance 1/07/13	Received as remuneration	Options exercised	Net change other ¹	Balance 30/06/14	Total held in escrow 30/06/14
Held by Directors in own name						
Mr RM Kennedy	1	-	-	-	1	-
Mr GS Davis	1	-	-	-	1	-
Dr NF Alley	1	-	-	-	1	-
Mr DJ Calandro	-	-	-	-	-	-
	3	-	-	-	3	-

Held by Directors' personally related entities

Mr RM Kennedy	5,661,763	-	-	-	5,661,763	-
Mr GS Davis	3,277,730	-	-	-	3,277,730	-
Dr NF Alley	2,977,857	-	-	-	2,977,857	-
Mr DJ Calandro	3,080,000	-	500,000	-	3,580,000	-
Total held by Directors	14,997,353	-	500,000	-	15,497,353	-

Key management personnel excluding Directors

Ms VK Suttell	555,000	-	200,000	-	755,000	-
Total held by Directors	15,552,353	-	700,000	-	16,252,353	-

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

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

(ii) 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. No options were granted to directors or key management personnel during the financial year.

Options	Option class	Balance 1/07/13	Received as remuneration	Options exercised	Net change other ¹	Balance 30/06/14	Total vested 30/06/14	Total exercisable 30/06/14
Held by Directors in own name								
Mr RM Kennedy	-	-	-	-	-	-	-	-
Mr GS Davis	-	-	-	-	-	-	-	-
Dr NF Alley	-	-	-	-	-	-	-	-
Mr DJ Calandro	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Directors' personally related entities								
Mr RM Kennedy	-	-	-	-	-	-	-	-
Mr GS Davis	-	-	-	-	-	-	-	-
Dr NF Alley	-	-	-	-	-	-	-	-
Mr DJ Calandro	-	-	-	-	-	-	-	-
Mr DJ Calandro	(a)	250,000	-	-	(250,000)	-	-	-
Mr DJ Calandro	(c)	125,000	-	-	-	125,000	125,000	125,000
		375,000	-	-	(250,000)	125,000	125,000	125,000
Key management personnel excluding Directors								
Ms VK Suttell	(b)	75,000	-	-	-	75,000	75,000	75,000
		450,000	-	-	(250,000)	200,000	200,000	200,000

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

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

(c) Unlisted options exercisable at \$0.083 by 21/12/2015.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONT.)

(iii) Share right 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. No options were granted to directors or key management personnel during the financial year.

Rights 2014	Opening balance	Received as remuneration	Vested	Net change other	Balance period end	Total vested period end	Total exercisable period end
Held by Directors in own name							
Mr RM Kennedy	-	-	-	-	-	-	-
Mr GS Davis	-	-	-	-	-	-	-
Dr NF Alley	-	-	-	-	-	-	-
Mr DJ Calandro	500,000	-	(500,000)	-	-	-	-
Ms VK Suttell	200,000	-	(200,000)	-	-	-	-
Total	700,000	-	(700,000)	-	-	-	-

During the financial year ended 30 June 2014, Marmota used the legal services of DMAW Lawyers, a legal firm of which Mr Davis is a partner. Marmota paid \$19,540 during the financial year (2013 \$79,571) to DMAW Lawyers for legal and advisory services. As at 30 June 2014, \$5,053 is payable for invoices received but not yet paid.

During the financial year ended 30 June 2014, Marmota received from Monax Mining Limited, a company that Mr Kennedy and Mr Davis are directors, an amount of \$4,190 (2013 \$9,578) for exploration and joint logistics.

During the financial year ended 30 June 2014, Marmota paid Groundhog Services Pty Ltd and the Groundhog Services Partnership, a company that Mr Calandro was a director, \$207,177 (2013 \$399,891) for the provision of administration and logistical services.

During the financial year, Marmota paid Ramelius Resources Limited, a Company that Mr Kennedy is a director, \$127,096 (2013 \$334,891) for exploration expenses on a joint project.

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 24th day of September 2014.

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 2014, 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.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to read "S.J. Gray".

S.J. Gray
Partner – Audit & Assurance

Adelaide, 24 September 2014

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Other revenues	2	88,751	151,021
Total revenue		88,751	151,021
Administration expenses	3	242,866	313,505
Consulting expenses	3	67,768	190,924
Depreciation expense	3	33,671	6,315
Employment expenses	3	371,764	258,055
Occupancy expenses	3	8,364	-
Service fees	3	123,208	172,625
Impairment of assets	3	17,864,765	-
(Loss)/profit before income tax expense		(18,623,655)	(790,403)
Income tax (expense)/benefit	4	-	(113,056)
(Loss)/profit for the year		(18,623,655)	(903,459)
Loss attributable to members of the parent entity		(18,623,655)	(903,459)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Changes in fair value of available for sale financial assets		(2,000)	(5,500)
		(2,000)	(5,500)
Total comprehensive income for the period		(18,625,655)	(908,959)
Basic earnings per share (cents)	6	(7.06)	(0.415)
Diluted earnings per share (cents)	6	(7.06)	(0.415)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Current assets			
Cash and cash equivalents	7	1,614,782	3,476,757
Trade and other receivables	8	62,520	333,124
Other assets	9	27,651	29,959
Total current assets		1,704,953	3,839,840
Non-current assets			
Plant and equipment	10	233,794	224,538
Investments in associates	11	1	1
Available for sale financial assets	12	8,000	22,000
Exploration and evaluation assets	15	2,369,086	18,782,963
Total non-current assets		2,610,881	19,029,502
Total assets		4,315,834	22,869,342
Current liabilities			
Trade and other payables	16	260,883	132,140
Provisions	17	27,746	48,436
Total current liabilities		288,629	180,576
Non-current liabilities			
Provisions	17	56,821	92,727
Total non-current liabilities		56,821	92,727
Total liabilities		345,450	273,303
Net assets		3,970,384	22,596,039
Equity			
Issued capital	18	31,239,006	31,239,006
Reserves	26	2,709,650	2,711,650
Retained losses		(29,978,272)	(11,354,617)
Total equity		3,970,384	22,596,039

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Issued capital (Note 18) \$	Reserves (Note 26) \$	Retained losses \$	Total \$
Balance at 1 July 2012	26,112,440	2,683,921	(10,451,158)	18,345,203
Loss attributable to the members of the parent entity	-	-	(903,459)	(903,459)
Other comprehensive income	-	(5,500)	-	(5,500)
Total comprehensive income	-	(5,500)	(903,459)	(908,959)
Transactions with owners in their capacity as owners:				
Shares issued during the year	5,392,370	-	-	5,392,370
Options issued during the year	-	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
Loss attributable to the members of the parent entity	-	-	(18,623,655)	(18,623,655)
Other comprehensive income	-	(2,000)	-	(2,000)
Total comprehensive income	-	(2,000)	(18,623,655)	(18,625,655)
Transactions with owners in their capacity as owners:				
Shares issued during the year	-	-	-	-
Options issued during the year	-	-	-	-
	-	-	-	-
Balance at 30 June 2014	31,239,006	2,709,650	(29,978,272)	3,970,384

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Cash flows from operating activities			
Cash receipts in the course of operations		-	18,890
Cash payments in the course of operations		(647,036)	(881,049)
Interest received		107,872	115,319
Net cash (used in) operating activities	22(b)	(539,164)	(746,840)
Cash flows from investing activities			
Payments for plant and equipment		(93,155)	(23,750)
Payments for exploration and evaluation assets		(1,410,434)	(2,984,459)
Loans from related entities		180,778	1,894
Loans repaid to related entities		-	(24,385)
Net cash (used in) investing activities		(1,322,811)	(3,030,700)
Cash flows from financing activities			
Proceeds from issue of shares		-	5,292,370
Payment of transaction costs associated with capital raising		-	(277,007)
Net cash provided by financing activities		-	5,015,363
Net (decrease)/ increase in cash held		(1,861,975)	1,237,823
Cash at the beginning of the financial year		3,476,757	2,238,934
Cash at the end of the financial year	22(a)	1,614,782	3,476,757

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 Group financial statements consolidate those of the Parent and all of its subsidiaries as of 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(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.

(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 Profit or Loss and Other 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 Profit or Loss and Other 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. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

(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 wholly 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 operations

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation. Details of the Group's interests are shown at Note 13.

(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 interests in associates is shown at Note 11.

(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

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period as shown below.

- AASB 10 Consolidated Financial Statements which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 10 provides a revised approach to determining which investees should be consolidated. The standard changes the requirements for determining whether an entity is consolidated by revising the definition of control and adding further guiding principles. The application of AASB 10 does not have any impact on the amounts recognised in the consolidated entity's Financial Statements.
- AASB 11 Joint Arrangements which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 11 removes the

option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method. The application of AASB 11 does not have any impact on the consolidated entity's Financial Statements.

- AASB 12 Disclosure of Interests in Other Entities which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 12 includes all of the disclosures that were previously in AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interest in Joint Ventures. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The revised standard requires a number of disclosures which are consistent with previous disclosures made by the consolidated entity and has no impact on the consolidated entity's financial position or performance
- AASB 13 Fair value measurement, which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 13 establishes a single source of guidance under accounting standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASBs when fair value is required or permitted. The required additional disclosures relating to AASB 13 are provided in Note 28.
- AASB 119 Employee Benefits which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The revised standard has no material impact on the consolidated entity's financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

(t) New and amended standards adopted by the Group (cont.)

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] which has been issued and is effective for accounting periods beginning on or after 1 July 2013. It removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The adoption of 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 financial year although it has resulted in minor changes to the group's presentation of its financial statements.

Accounting policies have been consistently applied with those of the previous financial year, unless otherwise stated.

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

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group:

The accounting standards that have not been early adopted for the year ended 30 June 2014, but will be applicable to the group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the group. At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Year ended 30 June 2015:

AASB 1031: Materiality

AASB 2013-4, Novation of Derivatives and Continuation of Hedge Accounting

AASB 2013-5, Investment Entities

AASB 2013-9, Conceptual Framework, Materiality and Financial Instruments

AASB 2014-1, Amendments to Australian Accounting Standards

These standards make changes to a number of existing Australian Accounting Standards and are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

Year ended 30 June 2017: Amendments to AASB 116 and AASB 138, Clarification of acceptable methods of depreciation and amortisation

This standard will clarify that revenue based methods to calculate depreciation and amortisation are not considered appropriate. This will not result in a change to the manner in which the Group's financial result is determined as no such method is currently in use.

Year ended 30 June 2018: IFRS 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. IFRS 15 requires an entity to recognise revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. Management are currently assessing the impact of the

new standard but it is not expected to have a material impact on the financial performance or financial position of the consolidated entity.

Year ended 30 June 2019: AASB 9: Financial Instruments

This standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- 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 by presenting changes in credit risk in other comprehensive income (OCI) and the remaining change in the statement of profit or loss.

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

- This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports although the Group will quantify the effect of the application of AASB 9 when the final standard, including all phases, is issued.

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 27 has been prepared on the same basis as the consolidated financial statements.

(w) Foreign currency translation

(i) Functional and presentational currency

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

(ii) Transactions and balances

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

(x) 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 \$18,623,655 (2013: loss \$903,459) and operations were funded by a net cash outlay of \$1,861,975 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 24th September 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014 \$	2013 \$
2 REVENUE		
Other revenues:		
From operating activities		
Interest received from other parties	88,751	132,131
Administration fees – joint operations	-	18,890
Total revenue	88,751	151,021
3 (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE HAS BEEN DETERMINED AFTER		
EXPENSES		
Administration expenses		
ASX fees	30,096	42,247
Share registry fees	32,971	61,846
Insurance	45,230	51,078
Audit and other services	28,570	32,320
Travel	4,643	22,590
Marketing	7,215	20,595
Software licences and IT services	25,494	16,247
Other	68,647	66,582
	242,866	313,505
Consulting expenses		
Legal fees	20,948	96,744
Corporate consulting	40,548	83,830
Accounting and secretarial services	6,272	10,350
	67,768	190,924
Depreciation expense		
Plant and equipment	33,671	6,315
Employment expenses		
Salaries and wages	808,098	761,822
Directors fees	132,038	136,040
Superannuation	93,504	65,822
Provisions	(56,018)	22,150
Share-based payments	-	33,229
Other	41,512	52,973
Reallocation to exploration costs	(647,370)	(813,981)
	371,764	258,055
Occupancy expenses	8,364	-
Service fees	123,208	172,625
Impairment expenses		
Impairment of exploration assets	17,852,765	-
Impairment of available for sale assets	12,000	-
	17,864,765	-

	Consolidated	
	2014 \$	2013 \$
4 INCOME TAX (EXPENSE)		
The components of tax expense comprise:		
Current income tax	-	-
Deferred tax	-	-
Tax portion of capital raising costs	-	(113,056)
Income tax benefit/ (expense) reported in the Statement of Profit or Loss and Other Comprehensive Income	-	(113,056)

The prima facie tax on profit before income tax is reconciled to the income tax as follows:

Prima facie income tax (expense)/benefit calculated at 30% on loss (2013: 30%)	(5,587,096)	(237,121)
Tax effect of:		
Deferred tax asset in respect of tax losses not brought to account	227,667	237,121
Impairment expense previously brought to account	5,359,429	-
Tax portion of capital raising costs	-	(113,056)
Income tax benefit/(expense) attributable to loss	-	(113,056)
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%	6,960,466	6,175,961
Temporary differences	(7,044)	7,229

5 AUDITORS' REMUNERATION

Audit services:

Auditors of the Group – Grant Thornton		
Audit and review of the financial reports	28,500	32,250
	28,500	32,250

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

6 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	
	2014 \$	2013 \$
(c) Earnings used in the calculation of earnings per share		
(Loss)/profit after income tax expense	(18,623,655)	(903,459)
Weighted average number of shares outstanding during the year in calculating earnings per share		
Number for basic and diluted earnings per share		
Ordinary shares	263,759,235	217,882,544

	Consolidated	
	2014 \$	2013 \$
7 CASH AND CASH EQUIVALENTS		
Cash at bank	131,423	226,757
Deposits at call	1,483,359	3,250,000
	1,614,782	3,476,757

8 TRADE AND OTHER RECEIVABLES

Current

Other receivables	51,899	127,576
Loan to related parties	-	420
Loan to associate	10,621	205,128
	62,520	333,124

Other receivables represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired (2013: nil).

	Consolidated	
	2014 \$	2013 \$

9 OTHER CURRENT ASSETS

Prepayments	27,651	29,959
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10 PLANT AND EQUIPMENT

Plant and equipment

At cost	801,165	708,010
Accumulated depreciation	(567,371)	(483,472)
Net book value	233,794	224,538

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	224,538	266,603
Additions	93,155	23,750
Disposals	-	-
Depreciation	(83,899)	(65,815)
Carrying amount at end of year	233,794	224,538

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

11 INVESTMENTS IN ASSOCIATES

Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2014	2013	2014 \$	2013 \$
Unlisted							
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	
	2014 \$	2013 \$
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	2	374,980
Non-current assets	-	47,299
Total assets	2	422,279
Current liabilities	-	(339,292)
Non-current liabilities	-	(82,985)
Total liabilities	-	(422,277)
 Net assets	 2	 2

12 AVAILABLE FOR SALE INVESTMENTS

	Consolidated	
	2014 \$	2013 \$
Available for sale investments	8,000	22,000

13 INTERESTS IN UNINCORPORATED JOINT OPERATIONS

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

No	State	Agreement name	Parties	Summary
1	SA	Junction Dam Uranium Agreement	Teck Australia Pty Ltd, Variscan Mines Ltd (previously 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 90% earn in and now holds 100% of the uranium rights under the terms of the Agreement. TPE retains a NSR of 5%.
2	SA	Melton Joint Venture	Marmota Energy Limited (MEU) and Monax Mining Limited (MOX)	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). MEU and MOX operate a 75:25 joint venture.
3	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.
4	SA	Farm in Agreement – Aurora Tank Tenement	Southern Exploration Pty Ltd (Southern) a subsidiary of Apollo Minerals Limited (AON) 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.

14 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 (%)	
		2014	2013
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 2014

15 EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2014 \$	2013 \$
Movement:		
Carrying amount at beginning of year	18,782,963	16,190,408
Additional costs capitalised during the year	1,438,888	2,592,555
Impairment ¹	(17,852,765)	-
Carrying amount at end of year	2,369,086	18,782,963
Closing balance comprises:		
Exploration and evaluation		
-100% owned	512,397	3,742,041
Exploration and evaluation phase		
-Joint Venture	1,856,689	15,040,922
	2,369,086	18,782,963

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.

¹The impairment of the exploration asset in 2014 relates to the impairment of the North American Area of Interest \$1,475,301 as exploration discontinued in that area, \$8,442,053 in the Gawler Craton, \$7,883,971 in the Curnamona area and \$51,440 in Western Australia as the company refined its exploration strategy within each Area of Interest and considered recoverability of expenditure to date.

16 TRADE AND OTHER PAYABLES

Trade payables	42,387	43,655
Other payables and accruals	213,443	69,283
Amounts payable to Director related entities*	5,053	19,202
	260,883	132,140

* Details of amounts payable to Director related entities are detailed in Note 23.

17 PROVISIONS

Current

Employee benefits	27,746	48,436
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Non-current

Employee benefits	56,821	92,727
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Provision for long service leave

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

Provisions

Opening balance at beginning of year	141,163	82,147
Additional provisions	(56,596)	59,016
Balance at end of year	84,567	141,163

18 ISSUED CAPITAL

	Consolidated	
	2014 \$	2013 \$
Issued and paid-up share capital		
263,759,235 (2013: 263,059,235) ordinary shares, fully paid	31,239,006	31,239,006
(a) Ordinary shares		
Balance at the beginning of year	31,239,006	26,112,440
Shares issued during the year:		
Nil (2013: 125,000) shares issued to employees on exercise of options at \$0.036	-	4,500
700,000 (2013: 700,000) shares issued to employees on vesting of share rights	-	-
Nil (2013: 6,017,960) shares issued as part of a 1:2 rights issue	-	240,718
Nil (2013: 69,806,785) shares issued as part of the placement of shortfall from 1:2 rights issue	-	2,792,272
Nil (2013: 22,060,000) shares issued as part of a placement at \$0.068	-	1,500,080
Nil (2013: 11,100,000) shares issued as part of a share purchase plan	-	754,800
Nil (2013: 1,600,000) shares issued pursuant to a drilling contract	-	100,000
Less transaction costs arising from issue of shares net of tax	-	(265,804)
Balance at end of year	31,239,006	31,239,006

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

There were no share options/retention rights issued to Executive Directors during the financial year.

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 19.

At 30 June 2014, there were 825,000 (2013: 1,775,000) unissued shares for which the following options/rights were outstanding.

- 325,000 unlisted option 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

(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 2014

19 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	2014			2013		
	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life
Outstanding at the beginning of the year	1,075,000	0.072		950,000		
Granted – July 2012	-			250,000	0.036	
Forfeited	-			-		
Exercised	-			(125,000)	0.36	
Expired	(250,000)	0.04		-		
Outstanding at year-end	825,000	0.08	579 days	1,075,000	0.072	485 days
Exercisable at year-end	825,000			1,075,000		

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 were exercisable on or before 23 December 2013. 375,000 of these options have been exercised. The remaining options expired.

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.

19 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, vested over three years with one third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013, at which time shares were issued to the executives. The fair value of these rights at grant date was \$191,100 all of which was recognised by the end of the June 2013 financial year in the share based payments reserve. 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 was issued for no consideration. Once exercised, a right entitled the holder to one fully paid ordinary share in Marmota Energy Limited.

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	
	2014 \$	2013 \$
Options issued under employee option plan	-	8,750
Retention rights issued	-	24,479
	-	33,229

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

20 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	
	2014 \$	2013 \$
Financial assets		
Cash and cash equivalents	1,614,782	3,476,757
Loans and receivables	62,520	333,124
Available for sale investments	8,000	22,000
	1,685,302	3,831,881
Financial liabilities		
Trade and other payables	260,883	132,140
	260,883	132,140

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.

(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.

20 FINANCIAL RISK MANAGEMENT (CONT.)

(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 2014 approximately 91.9% of group deposits are fixed.

(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	
	2014 \$	2013 \$
Change in loss		
Increase in interest rates by 2%	32,296	69,535
Decrease in interest rates by 2%	(32,296)	(69,535)
Change in equity		
Increase in interest rates by 2%	32,296	69,535
Decrease in interest rates by 2%	(32,296)	(69,535)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

21 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 \$1,955,000 (2013: \$2,575,000) 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

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 2014	59,719	-	-	59,719
June 2013	54,167	68,250	-	122,417

(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 \$33,000 (2013: \$38,000). These bank guarantees are fully secured by cash on term deposit.

(d) Contingent liabilities

As at 30 June 2014, there were no contingent liabilities (2013: nil).

	Note	Consolidated	
		2014 \$	2013 \$

22 NOTES TO THE STATEMENTS OF CASH FLOW

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

Cash at bank and at call	7	1,614,782	3,476,757
		1,614,782	3,476,757

(b) Reconciliation of (loss) after

income tax to net cash outflow from operating activities

(Loss) after income tax	(18,623,655)	(903,459)
<i>Add/ (less) non cash items</i>		
Depreciation	33,671	6,315
Share-based payments	-	33,229
Exploration administration fee income	-	(11,724)
Impairment of assets	17,864,765	-
Income tax expense	-	113,056
<i>Changes in operating assets and liabilities</i>		
(Increase)/decrease in other assets	2,308	(4,642)
(Increase)/decrease in trade and other receivables	89,826	(59,321)
(Decrease)/increase in trade and other payables	150,517	20,690
(Decrease)/increase in provisions	(56,596)	59,016
Net cash (used in) operating activities	(539,164)	(746,840)

23 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	
			2014 \$	2013 \$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		19,540	79,571
Related entity	Payments from a Director related entity for logistical support and exploration expenditure under joint venture agreements.	(i)	4,190	9,578
Associated entity	Payments to a Director related entity for Company Secretarial services, tenement management and office administration and logistical support.	(ii)	207,177	399,186
RM Kennedy	Payments to a Director related entity for exploration on the Nevada tenements.	(iii)	127,096	334,891

(i) This amount relates to the exploration undertaken by Marmota Energy Limited on behalf of Monax Mining for projects in South Australia and joint logistics.

(ii) This amount relates to the provision of administration and logistical services by Groundhog Services Partnership and 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	
	2014 \$	2013 \$
Current receivables		
Loan to director related entity*	-	420
Loan to associate*	10,621	205,128
	10,621	205,548
Current payables		
Amounts payable to director related entities**	5,053	19,202
	5,053	19,202

* 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

23 RELATED PARTIES (CONT.)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2014. The totals of remuneration paid to key management personnel during the year are as follows:

	Consolidated	
	2014 \$	2013 \$
Short term employee benefits	538,808	590,245
Post employment benefits	68,828	39,412
Other long term benefits	-	-
Termination benefits	164,028	-
Share-based payments	-	32,528
	771,664	662,185

24 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 2014 and 30 June 2013 are set out below:

24 OPERATING SEGMENTS (CONT.)

	North America	Gawler Craton	Curnamona	Western Australia	Total
June 2014	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-
Segment results					
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Impairment expense	(1,475,301)	(8,442,053)	(7,883,971)	(51,440)	(17,852,765)
	(1,475,301)	(8,442,053)	(7,883,971)	(51,440)	(17,852,765)
Interest income	-	-	-	-	88,751
Other expenses	-	-	-	-	(859,641)
(Loss) before tax	(1,475,301)	(8,442,053)	(7,883,971)	(51,440)	(18,623,655)
Income tax benefit/(expense)	-	-	-	-	-
(Loss) after tax	(1,475,301)	(8,442,053)	(7,883,971)	(51,440)	(18,623,655)

	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 2014

24 OPERATING SEGMENTS (CONT.)

	North America	Gawler Craton	Curnamona	Western Australia	Total
June 2014	\$	\$	\$	\$	\$
Segment assets	-	2,369,086	-	-	2,369,086
Segment asset increases for the year:					
Capital expenditure	127,096	595,431	709,385	6,976	1,438,888
Impairment	(1,475,301)	(8,442,053)	(7,883,971)	(51,440)	(17,852,765)
	(1,348,205)	(7,846,622)	(7,174,586)	(44,464)	(16,413,877)
Reconciliation of segment assets to group assets					
Cash and cash equivalents	-	-	-	-	1,614,782
Trade and other receivables	-	-	-	-	62,520
Other current assets	-	-	-	-	27,651
Plant and equipment	-	-	-	-	233,794
Investment in associate	-	-	-	-	1
Available for sale financial asset	-	-	-	-	8,000
Total assets	-	2,369,086	-	-	4,315,834

	North America	Gawler Craton	Curnamona	Western Australia	Total
June 2013	\$	\$	\$	\$	\$
Segment assets	1,348,205	10,215,708	7,174,586	44,464	18,782,963
Segment asset increases for the year:					
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

24 OPERATING SEGMENTS (CONT.)

	North America	Gawler Craton	Curnamona	Western Australia	Total
June 2014	\$	\$	\$	\$	\$
Segment liabilities	-	15,062	1,423	1,262	17,747
Reconciliation of segment liabilities to group liabilities					
Trade and other payables	-	-	-	-	243,136
Short term provisions	-	-	-	-	27,746
Long term provisions	-	-	-	-	56,821
Total consolidated liabilities	-	15,062	1,423	1,262	345,450

	North America	Gawler Craton	Curnamona	Western Australia	Total
June 2013	\$	\$	\$	\$	\$
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

25 EVENTS SUBSEQUENT TO REPORTING DATE

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.

26 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.

Reserves	Consolidated	
	2014 \$	2013 \$
Share option reserve		
Opening balance at beginning of year	2,717,150	2,683,921
Fair value of options issued to employees	-	33,229
Balance at end of year	2,717,150	2,717,150
Available for sale reserve		
Opening balance at beginning of year	(5,500)	-
Revaluation of available for sale asset	(2,000)	(5,500)
Balance at end of year	(7,500)	(5,500)
Total reserves	2,709,650	2,711,650

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
27 MARMOTA ENERGY LIMITED COMPANY INFORMATION		
Parent entity		
Assets		
Current assets	1,762,208	3,895,153
Non-current assets	2,514,077	18,932,697
Total assets	4,276,285	22,827,850
Liabilities		
Current liabilities	267,088	164,810
Non-current liabilities	38,813	67,001
Total liabilities	305,901	231,811
Equity		
Issued capital	31,239,006	31,239,006
Retained losses	(29,978,272)	(11,354,617)
Share option reserve	2,717,150	2,717,150
Available for sale reserve	(7,500)	(5,500)
Total equity	3,970,384	22,596,039
Financial performance		
(Loss) for the year	(18,623,655)	(903,459)
Other comprehensive income	(2,000)	(5,500)
Total comprehensive income	(18,625,655)	(908,959)
Guarantees in relation to the debts of subsidiaries	-	-
Contingent liabilities	-	-
Contractual commitments	59,719	122,417

28 FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and

Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

All financial instruments were valued using level 1 valuation techniques. There were no changes in valuation techniques for financial instruments in the period.

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

29 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

1 The Directors of Marmota Energy Limited declare that:

(a) The financial statements and notes, as set out on pages 32 to 61, are in accordance with the Corporations Act 2001, and:

- (i) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated entity; and
- (ii) comply with Accounting Standards; and
- (iii) Marmota Energy Limited complies with International Financial Reporting Standards as disclosed in Note 1.

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

- (i) The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
- (ii) The financial statements and notes for the financial year comply with the accounting standards; and
- (iii) The financial statement and notes for the financial year give a true and fair view;

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

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

Dated at Adelaide this 24th day of September 2014.



Robert Michael Kennedy

Director

INDEPENDANT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2014



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

Report on the financial report

We have audited the accompanying financial report of Marmota Energy Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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.

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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 2014 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.

Emphasis of matter

Without qualification to the audit opinion expressed above, we draw attention to Note 1(x) to the financial report, which indicates that the consolidated entity incurred a net loss of \$18,623,655 during the year ended 30 June 2014. In addition, the Group incurred a net cash outflow of \$1,861,975 from operating and investing activities.

These conditions, along with other matters as set forth in Note 1(x), indicate the existence of a material uncertainty, which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Partner – Audit & Assurance

Adelaide, 24 September 2014

SHAREHOLDER INFORMATION

AS AT 19 SEPTEMBER 2014

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 19 September 2014.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Share Capital

Fully paid ordinary shares are held by 2,511 individual shareholders.

Options

Options are held by 8 individual option holders.

Substantial shareholders

There are no substantial holding notices given to the Company.

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 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	171	-	-	-	-
5,001 – 10,000	419	-	-	-	-
10,001 – 100,000	1,264	5	-	3	3
100,001 and over	462	-	1	1	-
Total Number of security holders	2,511	5	1	4	3

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,424.

On market buy-back

There is no current on-market buy-back.

SHAREHOLDER INFORMATION (CONT.)

AS AT 19 SEPTEMBER 2014

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 19 September 2014 are as follows:

Name	Number of fully paid ordinary shares held	Percentage held
Dr Colin Rose	9,847,499	3.73
Mr Joseph Richard Mistarz	7,950,000	3.01
Monax Mining Limited	7,073,297	2.68
RMK Super Pty Ltd <RMK Personal S/F A/C >	4,479,160	1.70
Aloren (No 148) Pty Ltd	3,277,730	1.24
Mr Domenic Calandro + Mrs Karyn Calandro <J & K A/C>	3,080,000	1.17
Mr William Edward Holmes <W + H Holmes Super Fund A/C>	3,000,000	1.14
Mr Matthew Jon Liddy	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 Fund A/C>	2,550,000	0.97
Mr Robert John Connolly	2,100,000	0.80
Mr Mark James Morgan + Mrs Renatta Morgan <Mark James Morgan's S/F A/C>	2,088,660	0.79
Mr Dean Adam Fitz-gerald	2,000,000	0.76
Mr James Richard Hersey + Mr Todd Anthony Hersey	1,650,000	0.63
Lawrence Crowe Consulting Pty Ltd <L C C Super Fund A/C>	1,650,000	0.63
Mr Kim Men Tran	1,635,387	0.62
Cadex Petroleum Pty Limited	1,600,000	0.61
DJ Coughlan Drilling Pty Ltd	1,600,000	0.61
Mr James Harry Lovell + Mrs Rosalie Janet Lovell	1,600,000	0.61
Berenes Nominees Pty Ltd <Berenes Super Fund A/C>	1,543,500	0.59
	64,675,233	24.52

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
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

LINDSAY DAVID HALE WILLIAMS
MAICD, LLB BComm
Managing Director

NEVILLE FOSTER ALLEY
Phd
Executive Technical Director

GLENN STUART DAVIS
LLB, BEc, FAICD
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

Notice of Annual General Meeting 2014

Notice is hereby given that the Annual General Meeting (**meeting**) of Marmota Energy Limited (**Company**) will be held at Level 3, 80 King William Street, Adelaide, South Australia on Tuesday, 25 November 2014 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 2014.

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 2014 be adopted.'

Voting Exclusion

In accordance with the Corporations Act, the Company will disregard any votes cast in relation to this resolution:

- by or on behalf of a member of the key management personnel (**KMP**), named in the Company's Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the KMP or their closely related parties.

However, the Company will not disregard a vote if the vote is cast as proxy for a person entitled to vote in respect of this resolution:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

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

3. Re-election of Mr R M Kennedy as a Director

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

'That Mr R M Kennedy, 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. Approval of Employee Share Option Plan

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

'That with effect from the closure of this meeting and for the purposes of Exception 9 of ASX Listing Rule 7.2, and for all other purposes, approval is given for the Company to issue securities under the employee incentive scheme called the Marmota Energy Limited Employee Share Option Plan summarised in the explanatory statement accompanying this notice.

Voting Exclusion

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast in relation to this resolution:

- by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); or
- as a proxy by a person who is a member of the KMP or their closely related parties.

However, the Company will not disregard a vote if the vote is cast as proxy for a person entitled to vote in respect of this resolution:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

5. Approval of an issue of performance rights to the Managing Director

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

"That approval be given for the purpose of ASX Listing Rule 10.11 and for all other purposes, to an issue of 2,400,000 performance rights to the Company's Managing Director, Mr David Williams on the terms set out in the explanatory memorandum accompanying this notice.

Voting Exclusion

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast in relation to this resolution:

- by Mr David Williams and any of his associates; or
- as a proxy by a person who is a member of the KMP or their closely related parties.

However, the Company will not disregard a vote if the vote is cast as proxy for a person entitled to vote in respect of this resolution:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

6. Insertion of Proportional Takeover Approval provisions into the constitution

To consider, and if thought fit, pass the following resolution as a special resolution:

"That for the purposes of section 648G of the *Corporations Act 2001* and pursuant to section 136(2) of the *Corporations Act 2001*, with effect from the closure of this meeting, the constitution of the Company be amended by inserting the proportional takeover approval provisions set out in Annexure A to the notice convening this meeting."

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

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

By order of the Board

Virginia Suttell
Company Secretary

Date: 8 October 2014

EXPLANATORY MEMORANDUM

ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING TO BE HELD ON 21 NOVEMBER 2014.

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.

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. Adoption of Remuneration Report

The Company has included in the 2014 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 30 of the 2014 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 adopting the Remuneration Report.

3. Re-election of Mr R M Kennedy as a Director

Mr Kennedy 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.

**Robert Michael Kennedy, ASAIT, Grad Dip (Systems Analysis),
FCA, ACIS, Life Member AIM, FAICD**

Mr Kennedy has been an independent non-executive Chairman of Marmota Energy Limited, since April 2006. Mr Kennedy 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.

Mr Kennedy is also a Director of ASX listed companies Flinders Mines Limited (since 2001), Ramelius Resources Limited (since 2003), Maximus Resources Limited (since 2004), Tychean Resources Limited (since 2006), Monax Mining Limited (since 2004) and Tellus Resources Limited (since 2013).

The Directors (except Mr Kennedy, who abstains) recommend shareholders vote in favour of the re-election of Mr Kennedy.

4. Approval of Employee Share Option Plan

ASX Listing Rule 7.1 provides that, except in limited circumstances, prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with 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. An exception to this rule exists under ASX Listing Rule 7.2 where a company has an employee incentive scheme approved by its ordinary security holders. Approval of this type lasts for 3 years from the date of approval at the meeting. At the Company's 2011 Annual General Meeting shareholders approved issues of securities under the Marmota Energy Limited Employee Share Option Plan (**ESOP**). Resolution 4 seeks shareholder approval to refresh the approval obtained in 2011 for a further 3 years under the same ESOP rules.

If approval for the ESOP is given here, approval for issues under the ESOP within the next 3 years will not be required under ASX Listing Rule 7.1.

Any securities issued under the ESOP to employees who are Directors will still require specific shareholder approval for that issue under ASX Listing Rule 10.14.

The ESOP contemplates the issue of options to subscribe for fully paid ordinary shares in the Company, to employees including executive Directors of the Company. The two main purposes of the ESOP are to give an incentive to employees to provide dedicated and ongoing commitment and effort to the Company and for the Company to reward employees for their efforts.

In accordance with Exception 9(b) of ASX Listing Rule 7.2, shareholders are provided with the following information.

Summary of terms and conditions of the ESOP

The key terms of the ESOP are as follows:

1. Employees of the Company will be eligible to participate in the ESOP. The Board, in their absolute discretion, will determine which employees may participate.
2. Options will be granted at no cost.
3. The exercise price of the options will be determined by the Board but will not be less than the market value of a share. For the purposes of the ESOP, "market value" means the average closing sale price per share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the day on which the Board resolves to offer an option.
4. The number of options offered to each employee will be determined by the Board. The Board in its absolute discretion may limit the number of options which may be offered in any one year.
5. Each option entitles the holder to subscribe for and be allotted one share.
6. All unexercised options expire 5 years from the date of grant (**Expiry Date**). Options may be exercised at any time during the period commencing after the date of grant and ending on the Expiry Date.
7. If at any time prior to the Expiry Date of any options an employee ceases to be an employee, all options held will, to the extent that they have not been exercised beforehand, automatically lapse on the first to occur of:
 - (a) the expiry of the period of six calendar months from the date of such occurrence; and
 - (b) the Expiry Date.

Since the 2011 meeting, the following options have been issued under the ESOP:

- 250,000 options on 24 July 2012.

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

Copies of the rules of the ESOP are available for inspection at the Company's registered office during business hours, or may be obtained free of charge by contacting the Company Secretary. The rules of the ESOP will also be made available at the meeting.

The Directors (except Mr Williams, who abstains) recommend shareholders vote in favour of approving the ESOP.

5. Approval of an issue of performance rights to the Managing Director

The Company proposes to issue performance rights to the Company's Managing Director, Mr David Williams. Resolution 5 seeks shareholder approval for the issue of performance rights for the purpose of ASX Listing Rule 10.11.

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue securities to a Director of the company or an associate of a Director without shareholder approval.

ASX Listing Rule 10.13 provides that the following information must be provided to the shareholders:

- The maximum number of performance rights to be issued is 2,400,000.
- The performance rights will be issued free of charge and subject to the other terms outlined below.
- The Company will issue the performance rights no more than 1 month after the date of the meeting to which this explanatory memorandum relates.
- Additional information regarding the offer of performance rights to Mr Williams.

Provided that Mr Williams is employed as Managing Director at the relevant time, he is eligible to exercise the performance rights and be issued:

- 1.2 million fully paid ordinary shares in the Company, if before 8 September 2016 the 30 day volume weighted average price of the Company's shares is equal to or greater than \$0.04 (4 cents).
- 1.2 million fully paid ordinary shares in the Company, if before 8 September 2016 the 30 day volume weighted average price of the Company's shares is equal to or greater than \$0.06 (6 cents).

The Directors (except Mr Williams, who abstains) recommend that shareholders vote in favour of the resolution to approve the issue of performance rights to the Managing Director.

6. Insertion of Proportional Takeover Approval provisions into the constitution

Introduction

The Directors consider that it is in the best interests of the shareholders of the Company for the Company constitution to contain provisions dealing with proportional takeovers.

Section 648G of the Corporations Act 2001 enables the Company to include in its constitution a clause to provide the Company with the ability to refuse to register shares acquired under a proportional takeover bid, unless a resolution is passed by the shareholders of the Company in a general meeting that approves the takeover bid.

A proportional takeover bid is an off-market takeover offer that is sent by the bidder to all shareholders of the Company, offering to acquire a portion of each shareholder's shares in the Company.

When it was adopted, the constitution of the Company contained proportional takeover provisions (at clause 44). By operation of section 648G(1)(a) of the Corporations Act 2001, these provisions expired three years from the date the constitution came into effect. Under section 648G(3) the proportional takeover provisions were deemed to be omitted from the constitution. The proportional takeover provisions were renewed for a further period of 3 years at the Company's 2011 Annual General Meeting, which renewal ceases to apply on 17 November 2014.

Clause 44 takeover provisions

The proportional takeover provisions proposed to be inserted back into the Company's constitution at clause 44 are attached to this explanatory memorandum at Annexure A.

Effect of proportional takeover provisions

Having proportional takeover provisions in the Company's constitution ensures that if a proportional takeover bid is made, it will need to be put to a shareholders vote. The shareholders of the Company would need to consider a resolution whether to accept or reject the takeover bid. The resolution can only be approved by shareholders if it is passed by a simple majority of votes.

If the resolution fails, the takeover bid will be treated as withdrawn by the bidder and no transfer of shares would be registered.

The provisions of the Corporations Act 2001 that are applicable to a general meeting of the Company are applicable to any meeting of shareholders convened to consider a resolution in relation to a proportional takeover bid, subject to whatever modifications the Directors consider necessary.

Reasons for proposing this resolution

Without proportional takeover provisions in the Company's constitution, there is a significant risk that control of the Company could change hands without the shareholders of the Company having the opportunity to dispose of all of their shares.

By including the proportional takeover provisions, shareholders of the Company will be able to decide whether a proportional takeover bid is acceptable to them.

Substantial Interest

As at the date of this explanatory memorandum, none of the Directors are aware of any proposal by any person to acquire or to increase the extent of a substantial interest in the Company.

Advantages and disadvantages of the takeover provisions for Directors

The Directors do not consider the takeover provisions to be reinserted as clause 44 to have any potential advantages or disadvantages for the Directors of the Company. Inclusion of the takeover provisions has no bearing on the ability of the Directors to recommend to shareholders whether a proportional takeover bid should be accepted or not.

Advantages for shareholders

By reinserting the proportional takeover provisions into the Company's constitution (at clause 44), shareholders will have the right to decide by majority vote whether to accept or reject a proportional takeover bid.

These provisions will also provide shareholders with bargaining power and may assist in ensuring that any proportional takeover bid is structured to be attractive to shareholders.

Disadvantages for shareholders

By inserting this clause 44 back into the Company's constitution, potential bidders for the shares of the Company may be discouraged.

There is also a potential risk that shareholders may not be able to sell their shares at a premium.

Advantages and disadvantages of the proportional takeover provisions for the period during which the proportional takeover provisions have been in effect

For the period during which the proportional takeover provisions have been in effect, there have been no proportional (or full) takeover bids for the Company. In the circumstances, as there has been no takeover bid, it is not possible to comment on the advantages and disadvantages of the proportional takeover provisions while the provisions have been in operation. The Board does not consider that there have been any disadvantages arising from the inclusion of the proportional takeover provisions in the Company's constitution.

Recommendation of Directors

The Directors consider the benefits of the takeover provisions to the Company and to shareholders outweighs any potential disadvantages that may arise.

The Directors recommend that shareholders vote in favour of the resolution to insert the clause 44 takeover provisions into the Company's constitution.

VOTING INFORMATION AND NOTES**1. 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.

2. 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, on a poll, each proxy may exercise half the votes.

A proxy can be either an individual or a body corporate and need not be a shareholder of the Company. If a shareholder appoints a body corporate as proxy, the body corporate will need to appoint an individual as its corporate representative and provide satisfactory evidence of this appointment.

If a shareholder's instruction is to abstain from voting for a particular item of business, the shareholders' votes will not be counted in computing the required majority on a poll.

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 lodged:

- by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, or;
- by facsimile to Computershare on (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555 or the Company on 8245 4099; or

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

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.

Chairman acting as proxy

Shareholders may appoint the Chairman of the meeting as their proxy.

Where the Chairman is appointed as a proxy by a shareholder entitled to cast a vote on a particular resolution and the proxy form specifies how the Chairman is to vote on the resolution (that is, a directed proxy), the Chairman must vote in accordance with that direction.

In respect of proxies where no voting direction has been given (undirected proxies), the Chairman intends to vote all available proxies in favour of each resolution.

In relation to resolutions 2, 4 and 5, if the shareholder has appointed the Chairman as their proxy and no voting direction has been given, the shareholder will be expressly authorising the Chairman to exercise the undirected proxy in respect of resolutions 2, 4 and 5 even though the resolution is connected with the remuneration of members of the KMP of the Company. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairman of the meeting as your proxy.

3. 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 (Adelaide time) on Sunday, 23 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

4. 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 a general meeting of the Company.

5. 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.

6. 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.

ANNEXURE A

Reinsert the following clause 44:

44. Proportional takeovers

- 44.1 If offers are made under a proportional takeover bid for securities of the Company:
- 44.1.1 the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution (an **approving resolution**) to approve the bid is passed in accordance with this clause;
 - 44.1.2 a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote on an approving resolution;
 - 44.1.3 the Directors may determine whether an approving resolution is voted on:
 - (a) at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution; or
 - (b) by means of a postal ballot conducted by the Company in accordance with the procedure set out in this clause;
 - 44.1.4 an approving resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- 44.2 The provisions that apply to a general meeting of the Company apply, with such modifications as the Directors decide are necessary, to a meeting convened under this clause.
- 44.3 In a postal ballot:
- 44.3.1 the Company must send a notice of postal ballot and ballot paper, to all persons holding bid class securities, at least 14 days (or any shorter period the Directors decide) before the date specified for the close of the postal ballot (**ballot closing date**);
 - 44.3.2 non-receipt of a notice of postal ballot or ballot paper, or accidental failure to give a notice of postal ballot or ballot paper to a shareholder entitled to receive them, does not invalidate the postal ballot and any resolution passed under the postal ballot;
 - 44.3.3 the notice of postal ballot must contain the text of the proposed resolution and the ballot closing date, and may contain any other information the Directors consider appropriate;
 - 44.3.4 each ballot paper must specify the name of the shareholder entitled to vote;
 - 44.3.5 a postal ballot is only valid if the ballot paper is properly completed and:
 - (a) if the shareholder is an individual, signed by the individual or a duly authorised attorney; or
 - (b) if the shareholder is a corporation, executed by the corporation in any way permitted by its constitution or the Corporations Act 2001 or by a duly authorised officer or duly authorised attorney;

- 44.3.6 a postal ballot is only valid if the Company receives the ballot paper (and any authority under which the ballot paper is signed or a certified copy of the authority) before the close of business on the ballot closing date at the registered office or share registry of the Company or any other place specified for that purpose in the notice of postal ballot;
- 44.3.7 a person may revoke a postal ballot vote by notice received by the Company before the close of business on the ballot closing date.



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 23 November 2014

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 or abstain as they choose (to the extent permitted by law). 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 help tab, "Printable Forms".

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

Turn over to complete the form ➔



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

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN:



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



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

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

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, South Australia 5000 on Tuesday 25 November 2014 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 **Items 2, 4 & 5** (except where I/we have indicated a different voting intention below) even though **Items 2, 4 & 5** are 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 **Items 2, 4 & 5** 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr R M Kennedy as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of an issue of Performance Rights to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Insertion of Proportional Takeover Approval provisions into the constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /