

Marginbet Limited ABN 95 112 425 788

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18 December 2007

Australian Stock Exchange  
Companies Announcement Centre  
20 Bond Street  
Sydney NSW 2000

Dear Sir/Madam,

**UPDATE ON GAMING OPERATIONS**

The Directors of Marginbet Limited ("the Company") wish to advise that gaming operations have been discontinued. The Company will now focus exclusively on its mining interests.

All staff at the Company's wholly owned subsidiary Portlandbet Pty Ltd, with the exception of the Managing Director, who shall be retained in the short term to assist with administrative matters, have been terminated with one months notice and accrued entitlements.

Unaudited management accounts to 9 December 2007 follow. These accounts exclude the termination payments referred to above which will amount to approximately \$42,000.

The Company has initiated discussions with several of its business partners to seek relief from supply contracts and will advise of any material outcomes in due course.

The Company is currently holding undecided bets that carry a maximum payout figure of approximately \$178,000. Some of these bets will not be decided until as late as 2011, although the Company will offer clients the opportunity to cancel these bets at face value. The Company is in regular contact with the ACT Gaming Commission and intends to maintain its gaming licence in good standing through this process.

The Company will retain its premises in Canberra in the short term, the approximate cost is \$150 per week, and all computer hardware, and will continue to seek a purchaser for the Portlandbet Pty Ltd business.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Mathew Walker".

Mathew Walker  
Director

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**MARGINBET LTD - Parent****PROFIT & LOSS STATEMENT TO 9/12/2007**

Interest income	5,317
Employee benefits expense	(98,847)
Consultants	(57,501)
Accounting fees	(36,460)
Audit fees	(24,873)
Company secretarial fees	(22,476)
Share registry and listing fees	(18,350)
Other expenses	(35,945)

**(Net Loss)** (289,135)

**BALANCE SHEET as at 9/12/2007****CURRENT ASSETS**

Cash and cash equivalents	315,969
Trade and other receivables	37,599
<b>TOTAL CURRENT ASSETS</b>	<u><u>353,568</u></u>

**NON CURRENT ASSETS**

Investment in subsidiary	1,498,541
Exploration and evaluation assets	25,000
<b>TOTAL NON CURRENT ASSETS</b>	<u><u>1,523,541</u></u>

**TOTAL ASSETS** 1,877,109

**CURRENT LIABILITIES**

Trade and other payables	39,273
Provisions (CL)	10,936
<b>TOTAL CURRENT LIABILITIES</b>	<u><u>50,209</u></u>

**NON CURRENT LIABILITIES**

**TOTAL NON CURRENT LIABILITIES** -

**TOTAL LIABILITIES** 50,209

**NET ASSETS** 1,826,900

**EQUITY**

Contributed equity	5,705,722
Retained earnings	(4,092,997)
Reserves	214,175

**TOTAL EQUITY** 1,826,900

**PORTLANDBET PTY LTD - Subsidiary****PROFIT & LOSS STATEMENT TO 9/12/07**

Interest income	8,593
Bookmaking loss	(122,809)
Information technology & communications	(108,481)
Consultants	(19,339)
Employee benefits expense	(360,256)
Depreciation expense	(39,265)
Finance costs	(10,726)
License fees	(10,785)
Marketing	(154,677)
Foreign currency loss	(40,147)
Bad debts	(32,222)
Turnover costs	(36,763)
Other expenses	(33,597)
<b>(Net Loss)</b>	<b><u>(960,474)</u></b>

**BALANCE SHEET as at 9/12/2007****CURRENT ASSETS**

Cash and cash equivalents	826,933
Trade and other receivables	23,029
<b>TOTAL CURRENT ASSETS</b>	<b><u>849,962</u></b>

**NON CURRENT ASSETS**

Property, plant and equipment	198,887
<b>TOTAL NON CURRENT ASSETS</b>	<b><u>198,887</u></b>

**TOTAL ASSETS****1,048,849****CURRENT LIABILITIES**

Trade and other payables	481,772
Provisions (CL)	29,010
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>510,782</u></b>

**NON CURRENT LIABILITIES**

<b>TOTAL NON CURRENT LIABILITIES</b>	<b><u>-</u></b>
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**TOTAL LIABILITIES****510,782****NET ASSETS****538,067****EQUITY**

Contributed equity	3,500,000
Retained earnings	(2,961,934)

**TOTAL EQUITY****538,066****Notes:**

1) Included in "Trade and other receivables" is a GST receivable of \$14,627. This amount is the GST on gross bookmaking losses and is not refundable from the ATO but can be netted off against GST on gross bookmaking sales.