



# Marmota Energy Limited and Controlled Entities

## Consolidated Half-Year Financial Report

31 December 2013

### CORPORATE DIRECTORY

**Marmota Energy Limited**

ACN 119 270 816  
ABN 38 119 270 816  
Incorporated in SA

**Registered Office**

140 Greenhill Road  
UNLEY SA 5061  
Telephone: (08) 8373 6271 / (08) 8373 5588  
Facsimile: (08) 8373 5917  
Email: [info@marmotaenergy.com.au](mailto:info@marmotaenergy.com.au)

**Share Registrar**

Computershare Investor Services Pty Ltd  
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](mailto:info@computershare.com.au)

**Auditor**

Grant Thornton  
Chartered Accountants  
67 Greenhill Road  
Wayville SA 5034

The directors present their report together with the half-year financial report of Marmota Energy Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2013 and the auditor's independent review report thereon.

### ***Directors***

The directors of the Company at any time during or since the end of the half-year are:

Robert M Kennedy (*Chairman*)

Glenn S Davis

Dr Neville F Alley

Domenic J Calandro (*Managing Director*)

### ***Principal activities***

The consolidated entity's principal activity is mineral exploration.

### ***Review and results of operations***

During the period, Marmota continued to focus on exploration activities that were considered the most prospective with the greatest opportunity to build shareholder wealth. The Company continues to hold its uranium interests and apply its successful exploration strategies to progress these assets, positioning the company strongly for the anticipated revival in uranium commodity pricing. In addition to its uranium assets, the Company turned its attention to the West Melton copper-gold and Lake Anthony iron projects.

Key target zones were defined on the West Melton and Melton Exploration Licenses and further low cost follow up exploration is planned. 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 mines, Carrapateena, Hillside projects and the historic Moonta-Wallaroo mines. Drill testing of copper targets is scheduled to commence early March 2014.

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.

The net loss after income tax for the half-year was \$11,985,931 (Dec 2012 loss of \$525,462).

### ***Competent person statement***

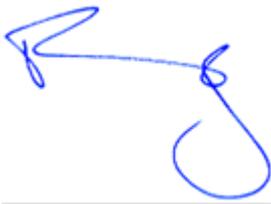
The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dom Calandro as Managing Director of Marmota Energy Limited who is a member of the Australasian Institute of Geoscientists. He has sufficient experience which is relevant to the 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 Calandro consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

***Auditors independence declaration***

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton, to provide the directors of Marmota Energy Limited with an Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out on the following page and forms part of this Directors' Report.

Dated at .....Adelaide..... this .....12th..... day of .....March..... 2014.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in blue ink, enclosed in a thin blue rectangular border. The signature is stylized and appears to be "R. Kennedy".

Robert Michael Kennedy  
*Director*

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**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 review of Marmota Energy Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S J Gray  
Partner – Audit & Assurance

Adelaide, 12 March 2014

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**Marmota Energy Limited and Controlled Entities**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the half-year ended 31 December 2013**

	Note	Consolidated	
		Dec 2013	Dec 2012
		\$	\$
Other revenues from ordinary activities	3	54,509	76,536
Total other revenue		54,509	76,536
Administrative expenses		179,325	181,522
Consultancy expenses		43,262	143,163
Depreciation		16,158	4,152
Employment expenses		155,569	135,424
Service fees		45,788	88,707
Occupancy expenses		41,193	-
Impairment expense		11,559,145	-
<b>Loss before income tax expense</b>		<b>(11,985,931)</b>	<b>(476,432)</b>
Income tax (expense)		-	(49,030)
<b>Loss for the period</b>		<b>(11,985,931)</b>	<b>(525,462)</b>
Loss attributed to members of the parent entity		(11,985,931)	(525,462)
Items that may be reclassified to profit or loss:			
Changes in fair value of available for sale financial assets		(2,000)	2,500
Income tax relating to these items		-	-
		(2,000)	2,500
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(11,987,931)</b>	<b>(522,962)</b>
Basic earnings per share (cents)		(4.54)	(0.27)
Diluted earnings per share (cents)		(4.54)	(0.27)

The accompanying notes form part of these financial statements.

**Marmota Energy Limited and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2013**

	Note	Consolidated	
		Dec 2013	Jun 2013
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	6	2,547,692	3,476,757
Trade and other receivables		82,003	333,124
Other assets		49,527	29,959
<b>Total current assets</b>		<u>2,679,222</u>	<u>3,839,840</u>
<b>Non-current assets</b>			
Plant and equipment		272,415	224,538
Investments in associates	8	1	1
Available for sale financial assets		20,000	22,000
Exploration and evaluation expenditure	9	7,909,183	18,782,963
<b>Total non-current assets</b>		<u>8,201,599</u>	<u>19,029,502</u>
<b>Total assets</b>		<u>10,880,821</u>	<u>22,869,342</u>
<b>Current liabilities</b>			
Trade and other payables		125,376	132,140
Provisions		38,446	48,436
<b>Total current liabilities</b>		<u>163,822</u>	<u>180,576</u>
<b>Non-current liabilities</b>			
Provisions		108,891	92,727
<b>Total non-current liabilities</b>		<u>108,891</u>	<u>92,727</u>
<b>Total liabilities</b>		<u>272,713</u>	<u>273,303</u>
<b>Net assets</b>		<u>10,608,108</u>	<u>22,596,039</u>
<b>Equity</b>			
Issued capital	11	31,239,006	31,239,006
Reserves		2,709,650	2,711,650
Retained losses		(23,340,548)	(11,354,617)
<b>Total equity</b>		<u>10,608,108</u>	<u>22,596,039</u>

The accompanying notes form part of these financial statements.

**Marmota Energy Limited and Controlled Entities**  
**Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2013**

	Issued capital \$	Reserves \$	Retained losses \$	Total \$
<b>Balance at 1 July 2012</b>	26,112,440	2,683,921	(10,451,158)	18,345,203
Transactions with owners in their capacity as owners:				
Shares issued during the period	3,035,690	-	-	3,035,690
Cost associated with shares issued during period	(116,502)	-	-	(116,502)
Options issued during the period	-	20,823	-	20,823
	29,031,628	2,704,744	(10,451,158)	21,285,214
Total comprehensive income	-	2,500	(525,462)	(522,962)
<b>Balance as at 31 December 2012</b>	<b>29,031,628</b>	<b>2,707,244</b>	<b>(10,976,620)</b>	<b>20,762,252</b>
<b>Balance at 1 July 2013</b>	31,239,006	2,711,650	(11,354,617)	22,596,039
Transactions with owners in their capacity as owners:				
Shares issued during the period	-	-	-	-
Cost associated with shares issued during period	-	-	-	-
Options issued during the period	-	-	-	-
	31,239,006	2,711,650	(11,354,617)	22,596,039
Total comprehensive income	-	(2,000)	(11,985,931)	(11,987,931)
<b>Balance as at 31 December 2013</b>	<b>31,239,006</b>	<b>2,709,650</b>	<b>(23,340,548)</b>	<b>10,608,108</b>

The accompanying notes form part of these financial statements.

**Marmota Energy Limited and Controlled Entities****Consolidated Statement of Cash Flows****For the half-year ended 31 December 2013**

	Consolidated	
	Dec 2013	Dec 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Cash payments in the course of operations	(419,631)	(475,641)
Cash receipts in the course of operations	-	7,718
Interest received	60,097	41,866
Finance costs	-	(7,244)
<b>Net cash (used in) operating activities</b>	<u>(359,534)</u>	<u>(433,301)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(91,611)	(9,610)
Loans to related parties	162,761	(26,206)
Payments for mining tenements and exploration	(640,681)	(1,671,578)
<b>Net cash (used in) investing activities</b>	<u>(569,531)</u>	<u>(1,707,394)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	3,036,500
Payments associated with capital raising	-	(166,342)
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>2,870,158</u>
<b>Net (decrease)/increase in cash held</b>	(929,065)	729,463
<b>Cash at the beginning of the half-year</b>	<u>3,476,757</u>	<u>2,238,934</u>
<b>Cash at the end of the half-year</b>	<u>2,547,692</u>	<u>2,968,397</u>

The accompanying notes form part of these financial statements.

## **1 Basis of preparation of interim report**

Marmota Energy Limited (Marmota or the Company) is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the consolidated entity).

The consolidated annual financial report of the consolidated entity for the year ended 30 June 2013 is available upon request from the Company's registered office at 140 Greenhill Road, Unley SA or at [www.marmotaenergy.com.au](http://www.marmotaenergy.com.au).

The interim consolidated financial statements are a general purpose report prepared in accordance with AASB 134 Interim Financial Reporting, and the Corporations Act 2001. This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, this interim financial report does not include full disclosures of the type normally included in the annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Marmota during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

## **2 Significant accounting policies**

The half-year financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements; and
- AASB 119 Employee Benefits (September 2011)

Management has reviewed the new requirements of the above standards and has concluded that there is no effect on the classification or presentation of balances as the group has no arrangements within the scope of the above standards.

In addition to the above, the following mandatory accounting standards were required to be adopted by the consolidated entity during the current period and their effect on the half-year financial statements as below:

- AASB 112 Disclosure of Interests in Other Entities; 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; 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 14.

Other mandatory accounting standards issued and required to be adopted by the consolidated entity have not been included above as they are not expected to have a material impact on the Consolidated half-year Financial Statements.

These financial statements were authorised for issue by the board of directors on 12 March 2014.

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2013**



	Consolidated	
	Dec 2013	Dec 2012
	\$	\$
<b>3 Other revenues from ordinary activities</b>		
Included in other revenues from ordinary activities:		
Interest: other parties	54,509	68,819
Other revenue	-	7,717
	<u>54,509</u>	<u>76,536</u>

**4 Contingent liabilities**

There have been no material changes to the aggregate of contingent liabilities since 30 June 2013.

**5 Commitments**

There have been no material changes to commitments disclosed in the 30 June 2013 annual report.

**6 Cash on hand**

	Consolidated	
	Dec 2013	Jun 2013
	\$	\$
Cash and cash equivalents	297,692	226,757
Deposits at call	2,250,000	3,250,000
	<u>2,547,692</u>	<u>3,476,757</u>

Cash on hand represents cash at bank and cash invested in term deposits. Bank Guarantees are in place to the value of \$10,000.

**7 Controlled entities**

(a) Entities forming part of the Marmota Energy Limited consolidated group are as follows:

	Country of incorporation	Percentage owned (%)	
		Dec 2013	Jun 2013
<b>Parent entity:</b>			
Marmota Energy Limited	Australia	-	-
<b>Subsidiaries of Marmota Energy Limited:</b>			
Marmosa Pty Ltd	Australia	100	100

**8 Investment in associates**

Interests are held in the following associated companies:

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

Groundhog Services Pty Ltd is in the process of being wound up and the assets have been transferred to Groundhog Services Partnership and its Partners, Monax Mining Limited and Marmota Energy Limited.

**9 Exploration and evaluation expenditure**

	Consolidated	
	Dec 2013	Jun 2013
	\$	\$

**Movement:**

Carrying amount at beginning of year	18,782,963	16,190,408
Additional costs capitalised during the year	685,365	2,592,555
Impairment	(11,559,145)	-
Carrying amount at end of year	7,909,183	18,782,963

**Closing balance comprises:**

Exploration and evaluation		
- 100% owned	5,429,556	3,742,041
Exploration and evaluation phase		
- Joint Venture	2,479,627	15,040,922
	7,909,183	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.

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2013**



**10 Operating 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, North America and Curnamona 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.

Details of the performance of each of these operating segments for the six month periods ended 31 December 2013 and 31 December 2012 are set out below:

	North America	Gawler Craton	Curnamona	Western Australia	Total
<b>December 2013</b>	\$	\$	\$	\$	\$
<b>Segment revenue</b>	-	-	-	-	-
<b>Segment results</b>					
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	-
Depreciation and amortisation	(1,480,294)	(8,321,592)	(1,709,240)	(48,019)	(11,559,145)
	(1,480,294)	(8,321,592)	(1,709,240)	(48,019)	(11,559,145)
Interest income	-	-	-	-	54,509
Other revenue	-	-	-	-	-
Other expenses	-	-	-	-	(481,295)
<b>Profit/(loss) before tax</b>	(1,480,294)	(8,321,592)	(1,709,240)	(48,019)	(11,985,931)
Income tax benefit/(expense)	-	-	-	-	-
<b>Net profit/(loss) after tax</b>	(1,480,294)	(8,321,592)	(1,709,240)	(48,019)	(11,985,931)

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2013**



**10 Operating segments (continued)**

	North America	Gawler Craton	Curnamona	Western Australia	Total
<b>December 2012</b>	\$	\$	\$	\$	\$
<b>Segment revenue</b>	-	-	7,717	-	7,717
<b>Segment results</b>					
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	7,717
Depreciation and amortisation	-	-	-	-	-
	-	-	7,717	-	7,717
Interest income	-	-	-	-	68,819
Other expenses	-	-	-	-	(552,968)
<b>Profit/(loss) before tax</b>	-	-	7,717	-	(476,432)
Income tax benefit/(expense)	-	-	-	-	(49,030)
<b>Net profit/(loss) after tax</b>	-	-	7,717	-	(525,462)

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2013**



**10 Operating segments (continued)**

	North America	Gawler Craton	Curnamona	Western Australia	Total
<b>December 2013</b>					
	\$	\$	\$	\$	\$
Segment assets	-	2,066,531	5,842,652	-	7,909,183
Segment asset increases for the period:					
Capital expenditure	132,089	172,415	377,306	3,555	685,365
Impairment	(1,480,294)	(8,321,592)	(1,709,240)	(48,019)	(11,559,145)
	<u>(1,348,205)</u>	<u>(8,149,177)</u>	<u>(1,331,934)</u>	<u>(44,464)</u>	<u>(10,873,780)</u>
Reconciliation of segment assets to group assets					
Cash and cash equivalents	-	-	-	-	2,547,692
Trade and other receivables	-	-	-	-	82,003
Other current assets	-	-	-	-	49,527
Plant and equipment	-	-	-	-	272,415
Available for sale financial asset	-	-	-	-	20,000
Investment in associate	-	-	-	-	1
<b>Total consolidated assets</b>	<u>-</u>	<u>2,066,531</u>	<u>5,842,652</u>	<u>-</u>	<u>10,880,821</u>
<b>June 2013</b>					
	\$	\$	\$	\$	\$
<b>Segment assets</b>	1,348,205	10,215,708	7,174,586	44,464	18,782,963
Segment asset increases for the period:					
Capital expenditure	326,953	1,565,517	690,431	9,654	2,592,555
Impairment	-	-	-	-	-
	<u>326,953</u>	<u>1,565,517</u>	<u>690,431</u>	<u>9,654</u>	<u>2,592,555</u>
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
<b>Total consolidated assets</b>	<u>1,348,205</u>	<u>10,215,708</u>	<u>7,174,586</u>	<u>44,464</u>	<u>22,869,342</u>

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2013**



**11 Issued capital**

	<b>Dec 2013</b>	<b>Jun 2013</b>
	<b>\$</b>	<b>\$</b>
Issued and paid-up share capital 263,759,235 (June 2013: 263,059,235) ordinary shares, fully paid	<u>31,239,006</u>	<u>31,239,006</u>
<b>Ordinary shares</b>		
<b>Balance at the beginning of the period</b>	<b>31,239,006</b>	<b>26,112,440</b>
Shares issued during the period		
- 700,000 (June 2013: 700,000) shares issued to rightsholders as part of an Employee Incentive Scheme	-	-
- Nil (June 2013: 125,000) shares issued to option holders on exercise of options to \$0.036	-	4,500
- Nil (June 2013: 6,017,960) shares issued as part of a 1:2 rights issue	-	240,718
- Nil (June 2013: 69,806,785) shares issued as part of the placement of shortfall from 1:2 rights issue	-	2,792,272
- Nil (June 2013: 22,060,000) shares issued as part of a placement at \$0.068	-	1,500,080
- Nil (June 2013: 11,100,000) shares issued as part of a share purchase plan	-	754,800
- Nil (June 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)
<b>Balance at end of period</b>	<b><u>31,239,006</u></b>	<b><u>31,239,006</u></b>

As at 31 December 2013, there were 875,000 (June 2013: 1,775,000) unissued shares for which the following options and rights were outstanding.

- o 325,000 unlisted options exercisable at \$0.1016 by 5 March 2015
- o 125,000 unlisted options exercisable at \$0.083 by 21 December 2015
- o 250,000 unlisted options exercisable at \$0.073 by 29 July 2016
- o 175,000 unlisted options exercisable at \$0.036 by 24 July 2017

**12 *Events subsequent to reporting date***

There has not arisen in the interval between 31 December 2013 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

**13 *Going concern***

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

The Consolidated Entity incurred a net loss before tax of \$11,985,931 during the period ending 31 December 2013, had a net cash outflow of \$929,065 from operations and investing activities, and its planned expenditure exceeds its current cash held. The directors have identified a current shortfall in available funds to meet the ongoing requirements of the Group. The Group continues to be reliant on the completion of a capital raising for continued operations and the provision of working capital.

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

**14 *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:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) 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.

**Directors' Declaration**

**For the half-year ended 31 December 2013**

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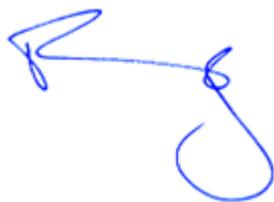
**Directors' Declaration**

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 5 to 16, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2013 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting;
- (b) 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.

Dated at ...Adelaide..... this .....12th..... day of ...March..... 2014.

This declaration is made in accordance with a resolution of the directors:

A handwritten signature in blue ink, appearing to be "Robert Michael Kennedy", written over a horizontal line.

Robert Michael Kennedy  
*Director*

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

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

We have reviewed the accompanying half-year financial report of Marmota Energy Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

### **Directors’ responsibility for the half-year financial report**

The directors of Marmota Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Marmota Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Marmota Energy Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

### **Material uncertainty regarding continuation as a going concern**

Without qualifying our conclusion expressed above, we draw attention to Note 13 of the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$11,985,931 during the period ended 31 December 2013. In addition, the Group incurred a net cash outflow of \$929,065 from operating and investing activities. These conditions, along with other matters as set forth in Note 13, 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 half-year financial report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S J Gray  
Partner – Audit & Assurance

Adelaide, 12 March 2014