



# Marmota Energy Limited and Controlled Entities

## Consolidated Half-Year Financial Report

31 December 2014

### CORPORATE DIRECTORY

**Marmota Energy Limited**

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

**Registered Office**

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UNLEY SA 5061  
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**Share Registrar**

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5000  
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Facsimile: +61 8 8236 2305

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**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 2014 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

L David Williams (*Managing Director*)(*appointed 9 September 2014*)

### ***Principal activities***

The consolidated entity's principal activity is mineral exploration.

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

The net loss after income tax for the half-year was \$496,292 (Dec 2013 loss of \$11,985,931).

During the half year ended 31 December 2014, Marmota continued to focus its exploration efforts on a small range of projects that were considered to be the most prospective. The Company made the decision to pursue sale, farm in arrangements or relinquishment for a number of projects, which were considered to be beyond the scope of the entity's ability to undertake an effective exploration program on due to working capital and resource constraints. As a result, the Company focused its primary efforts on the Junction Dam uranium project, the Melton copper project and the Aurora Tank gold project..

Lithological analysis and bottle roll leach tests were conducted on samples from a previously conducted sonic drilling program at the Junction Dam uranium project and results demonstrated the Saffron deposit is well suited to in-situ recovery (ISR) mining. The lithological analysis concluded that 61% of the intersected mineralisation was contained in clean, fine to coarse grained sands, which are ideally suited to ISR mining. A further 26% of the intersected mineralisation was moderately amenable to ISR mining as a result of a higher clay content. These results are consistent with the industry standard values for total uranium recovery by ISR methods of around 70%. The results from the bottle roll leach tests were generally higher than are typically achieved in ISR mining and demonstrated that once oxidised the uranium in the Saffron deposit dissolves very easily in mildly acidic leaching solution. Results ranged from 81% at pH 2.5 in one sample through to 97% at pH 1.5 in another sample.

On the Melton copper project, during the period detailed lithological logging of drill samples from the drilling undertaken on the Champion prospect was completed and which confirmed the presence of copper mineralisation and the presence of sulphides. A ground based magnetometer survey was partially completed over the Melton Central target area. A ground based magnetometer survey was partially completed over the Melton Central target area. Planning was undertaken for an airborne electromagnetic (EM) over the Champion prospect as well as the Melton Central target. A previous historical regional airborne EM (GeoTEM) survey conducted by BHP in 1998 was reviewed by an independent geophysicist indicating evidence of conductive responses from basement lithologies leading to the potential for conductive sulphide bodies that may host copper mineralisation on the project.

Apollo Minerals Limited conducted its maiden drilling program on the Aurora Tank project as part of its earning an interest in the tenement. Three RC holes were drilled totalling 597 metres and one hole (14AT003). Apollo reported intersected high grade gold near the surface including 5.0 g/t Au over 4 metres.

***Competent person statement***

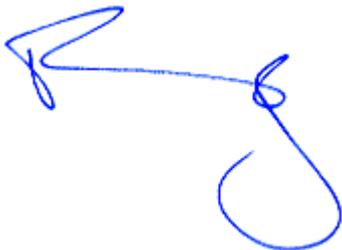
The information in this release that relates to Exploration Results and Mineral Resources is based on information compiled by Dan Gray as Senior Project Geologist of Marmota Energy Limited who is a member of the Australasian Institute of Geoscientists. He has sufficient experience which is relevant to 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.

***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 .....11th..... day of .....March..... 2015.

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

A handwritten signature in blue ink, appearing to be "Robert Michael Kennedy". The signature is stylized with a large loop at the end and a horizontal stroke extending to the left.

Robert Michael Kennedy  
*Director*

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

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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 review of Marmota Energy Limited for the half-year ended 31 December 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S.J. Gray  
Partner – Audit & Assurance

Adelaide, 11 March 2015

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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 2014**

	Note	Consolidated	
		Dec 2014	Dec 2013
		\$	\$
Other revenues from ordinary activities	3	21,220	54,509
Total other revenue		21,220	54,509
Administrative expenses		114,952	179,325
Consultancy expenses		27,464	43,262
Depreciation		17,868	16,158
Employment expenses		241,143	155,569
Service fees		69,089	45,788
Occupancy expenses		5,478	41,193
Impairment expense		387	11,559,145
Other		20,871	-
<b>Loss before income tax expense</b>		<b>(476,032)</b>	<b>(11,985,931)</b>
Income tax (expense)		(20,260)	-
<b>Loss for the period</b>		<b>(496,292)</b>	<b>(11,985,931)</b>
Loss attributed to members of the parent entity		(496,292)	(11,985,931)
Items that may be reclassified to profit or loss:			
Changes in fair value of available for sale financial assets		-	(2,000)
Income tax relating to these items		-	-
		-	(2,000)
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(496,292)</b>	<b>(11,987,931)</b>
Basic earnings per share (cents)		(0.19)	(4.54)
Diluted earnings per share (cents)		(0.19)	(4.54)

The accompanying notes form part of these financial statements.

**Marmota Energy Limited and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2014**

	Note	Consolidated	
		Dec 2014	Jun 2014
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	6	959,296	1,614,782
Trade and other receivables		39,120	62,520
Other assets		45,332	27,651
<b>Total current assets</b>		<b>1,043,748</b>	<b>1,704,953</b>
<b>Non-current assets</b>			
Plant and equipment		195,340	233,794
Investments in associates	8	1	1
Available for sale financial assets		8,000	8,000
Exploration and evaluation expenditure	9	2,749,477	2,369,086
<b>Total non-current assets</b>		<b>2,952,818</b>	<b>2,610,881</b>
<b>Total assets</b>		<b>3,996,566</b>	<b>4,315,834</b>
<b>Current liabilities</b>			
Trade and other payables		238,448	260,883
Provisions		101,335	27,746
<b>Total current liabilities</b>		<b>339,783</b>	<b>288,629</b>
<b>Non-current liabilities</b>			
Provisions		2,192	56,821
<b>Total non-current liabilities</b>		<b>2,192</b>	<b>56,821</b>
<b>Total liabilities</b>		<b>341,975</b>	<b>345,450</b>
<b>Net assets</b>		<b>3,654,591</b>	<b>3,970,384</b>
<b>Equity</b>			
Issued capital	11	31,409,345	31,239,006
Reserves		2,719,810	2,709,650
Retained losses		(30,474,564)	(29,978,272)
<b>Total equity</b>		<b>3,654,591</b>	<b>3,970,384</b>

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 2014**

	Issued capital \$	Reserves \$	Retained losses \$	Total \$
<b>Balance at 1 July 2013</b>	31,239,006	2,711,650	(11,354,617)	22,596,039
<b>Transactions with owners in their capacity as owners:</b>				
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>
<b>Balance at 1 July 2014</b>	31,239,006	2,709,650	(29,978,272)	3,970,384
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period	210,675	-	-	210,675
Cost associated with shares issued during period	(40,336)	-	-	(40,336)
Options issued during the period	-	10,160	-	10,160
	31,409,345	2,719,810	(29,978,272)	4,150,883
Total comprehensive income	-	-	(496,292)	(496,292)
<b>Balance as at 31 December 2014</b>	<b>31,409,345</b>	<b>2,719,810</b>	<b>(30,474,564)</b>	<b>3,654,591</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 2014**

	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
<b>Cash flows from operating activities</b>		
Cash payments in the course of operations	(495,988)	(419,631)
Cash receipts in the course of operations	4,049	-
Interest received	19,499	60,097
Income tax	(2,974)	-
<b>Net cash (used in) operating activities</b>	<u>(475,414)</u>	<u>(359,534)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(1,264)	(91,611)
Loans to related parties	4,165	162,761
Payments for mining tenements and exploration	(367,195)	(640,681)
<b>Net cash (used in) investing activities</b>	<u>(364,294)</u>	<u>(569,531)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	210,675	-
Payments associated with capital raising	(26,453)	-
<b>Net cash provided by financing activities</b>	<u>184,222</u>	<u>-</u>
<b>Net (decrease)/increase in cash held</b>	(655,486)	(929,065)
<b>Cash at the beginning of the half-year</b>	<u>1,614,782</u>	<u>3,476,757</u>
<b>Cash at the end of the half-year</b>	<u>959,296</u>	<u>2,547,692</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 2014 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 2014 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 2014 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 2014, except for the application of the following standards as of 1 July 2014:

*AASB 1031: Materiality*

*AASB 1055: Budgetary Reporting*

*AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*

*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 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements*

*AASB 2014-1, Amendments to Australian Accounting Standards Part A, B and C*

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.

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.

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 11 March 2015.

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2014**



	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
<b>3 Other revenues from ordinary activities</b>		
Included in other revenues from ordinary activities:		
Interest: other parties	17,171	54,509
Other revenue	4,049	-
	<u>21,220</u>	<u>54,509</u>

**4 Contingent liabilities**

There have been no material changes to the aggregate of contingent liabilities since 30 June 2014.

**5 Commitments**

There have been no material changes to commitments disclosed in the 30 June 2014 annual report.

**6 Cash on hand**

	Consolidated	
	Dec 2014	Jun 2014
	\$	\$
Cash and cash equivalents	909,296	131,423
Deposits at call	50,000	1,483,359
	<u>959,296</u>	<u>1,614,782</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 2014	Jun 2014
<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 2014	Jun 2014	Dec 2014	Jun 2014
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 2014	Jun 2014
	\$	

**Movement:**

Carrying amount at beginning of year	2,369,086	18,782,963
Additional costs capitalised during the year	380,778	1,438,888
Impairment	(387)	(17,852,765)
Carrying amount at end of year	2,749,477	2,369,086

**Closing balance comprises:**

Exploration and evaluation		
- 100% owned	846,077	512,397
Exploration and evaluation		
- Joint Venture	1,903,400	1,856,689
	2,749,477	2,369,086

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 2014**



**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 2014 and 31 December 2013 are set out below:

	North America	Gawler Craton	Curnamona	Western Australia	Total
<b>December 2014</b>	\$	\$	\$	\$	\$
<b>Segment revenue</b>	-	-	-	-	-
<b>Segment results</b>					
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Impairment	3,752	-	-	(4,139)	(387)
	3,752	-	-	(4,139)	(387)
Interest income	-	-	-	-	17,171
Other revenue	-	-	-	-	4,049
Other expenses	-	-	-	-	(496,865)
<b>Profit/(loss) before tax</b>	3,752	-	-	(4,139)	(476,032)
Income tax benefit/(expense)	-	-	-	-	(20,260)
<b>Net profit/(loss) after tax</b>	3,752	-	-	(4,139)	(496,292)

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2014**



**10 Operating segments (continued)**

December 2013	\$	\$	\$	\$	\$
<b>Segment revenue</b>	-	-	-	-	-
<b>Segment results</b>					
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	-
Depreciation and Amortisation	-	-	-	-	-
Impairment	(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 2014**



**10 Operating segments (continued)**

	North America	Gawler Craton	Curnamona	Western Australia	Total
<b>December 2014</b>					
	\$	\$	\$	\$	\$
Segment assets	-	2,586,433	163,044	-	2,749,477
Segment asset increases for the period:					
Capital expenditure	(3,752)	217,347	163,044	4,139	380,778
Impairment	3,752	-	-	(4,139)	(387)
	-	217,347	163,044	-	380,391
<i>Reconciliation of segment assets to group assets</i>					
Cash and cash equivalents	-	-	-	-	959,296
Trade and other receivables	-	-	-	-	39,120
Other current assets	-	-	-	-	45,332
Plant and equipment	-	-	-	-	195,340
Available for sale financial asset	-	-	-	-	8,000
Investment in associate	-	-	-	-	1
<b>Total consolidated assets</b>	-	2,586,423	163,044	-	3,996,566
<b>June 2014</b>					
<b>Segment assets</b>	-	2,369,086	-	-	2,369,086
<i>Segment asset increases for the period:</i>					
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)
<i>Reconciliation of segment assets to group assets</i>					
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
<b>Total consolidated assets</b>	-	2,369,086	-	-	4,315,834

**11 Issued capital**

	<b>Dec 2014</b>	<b>Jun 2014</b>
	<b>\$</b>	<b>\$</b>
Issued and paid-up share capital 284,826,681 (June 2014: 263,759,235) ordinary shares, fully paid	31,409,345	31,239,006
<b>Ordinary shares</b>		
<b>Balance at the beginning of the period</b>	<b>31,239,006</b>	<b>31,239,006</b>
Shares issued during the period		
- Nil (June 2014: 700,000) shares issued to rights holders as part of an Employee Incentive Scheme	-	-
- 21,067,446 (June 2014: Nil) shares issued as part of a 1:2 rights issue	210,675	-
Less transaction costs arising from issue of shares net of tax	(40,336)	-
<b>Balance at end of period</b>	<b>31,409,345</b>	<b>31,239,006</b>

As at 31 December 2014, there were 12,378,757 (June 2014: 825,000) unissued shares for which the following options and rights were outstanding.

- o 10,533,757 listed options exercisable at \$0.02 by 9 December 2015
- o 250,000 unlisted options exercisable at \$0.1016 by 5 March 2015
- o 225,000 unlisted options exercisable at \$0.073 by 29 July 2016
- o 100,000 unlisted options exercisable at \$0.036 by 24 July 2017
- o 1,270,000 unlisted options exercisable at \$0.018 by 16 December 2019

**12 Events subsequent to reporting date**

There has not arisen in the interval between 31 December 2014 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 \$476,032 during the period ending 31 December 2014, had a net cash outflow of \$839,708 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 2014**

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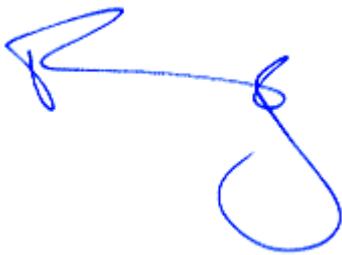
**Directors' Declaration**

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 2014 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 .....11th..... day of ...March..... 2015.

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

A handwritten signature in blue ink, appearing to be "Robert Michael Kennedy". The signature is stylized with a large loop at the end and a horizontal stroke extending to the left.

Robert Michael Kennedy  
*Director*

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## **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 2014, 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 Marmota Energy Limited consolidated entity’s financial position as at 31 December 2014 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 2014 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 before tax of \$476,032 during the period ended 31 December 2014. In addition, the Group incurred a net cash outflow of \$839,708 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, 11 March 2015