



Marmota Limited

Consolidated Financial Report

Half-year ended

31 December 2017

CORPORATE DIRECTORY

Marmota Limited

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

Registered Office

Marmota Limited

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Facsimile: (08) 8376 8633
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Share Registrar

Link Market Services Limited

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Telephone: +61 1300 554 474
Facsimile: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Web: www.linkmarketservices.com.au

Auditor

Grant Thornton

Chartered Accountants
Level 3
170 Frome Street
Adelaide
SA 5000

Directors' Report

The directors present their report together with the half-year financial report of Marmota Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2017 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:

		Date Appointed	Date Resigned
Dr Colin Rose	<i>Executive Chairman</i> ¹	1 May 2015	-
Mr Peter Thompson	<i>Non-Executive Director</i>	26 May 2015	-
Dr Kevin Wills	<i>Executive Director – Exploration</i>	5 June 2017	-

Principal activities

The consolidated entity's principal activity is minerals exploration.

Review and results of operations

The net loss after income tax for the half-year was \$129,359 (Dec 2016 loss: \$182,913).

During the half year ended 31 December 2017, Marmota focused its exploration efforts on its highly prospective gold tenements in the Gawler Craton, with two successful drilling programs carried out during the half-year period at Aurora Tank.

Gold exploration update: Aurora Tank 100% ownership

- Aurora Tank (EL 5589) is located 50km NE of the Challenger Gold Mine (ASX:WPG); the latter has produced over 1 million ounces of gold (more than \$1.7 billion at current prices)
- In September 2017, Marmota reported **outstanding 1m intersections** including **101 g/t gold** (with duplicate samples at 85 g/t and 93 g/t, averaging 93 g/t). Highlights include:
 - 2m at **67 g/t** gold from 32m – Hole 17AT021 (incl 1m @ **93 g/t** gold from 32m)
 - 5m at **13 g/t** gold from 41m – Hole 17AT022 (incl 1m @ **44 g/t** gold from 45m)
 - 4m at **14 g/t** gold from 32m – Hole 17AT011 (incl 1m @ **42 g/t** gold from 33m)
 - 10m at **6 g/t** gold from 17m – Hole 17AT042 (incl 1m @ **42 g/t** gold from 18m)
 - 4m at **9 g/t** gold from 28m – Hole 17AT026 (incl 1m @ **26 g/t** gold from 31m)
 - 3m at **10 g/t** gold from 22m – Hole 17AT035 (incl 1m @ **19 g/t** gold from 23m)
 - 3m at **12 g/t** gold from 29m – Hole 17AT045 (incl 1m @ **20 g/t** gold from 30m)
 - 3m at **11 g/t** gold from 22m – Hole 16AT019 (incl 1m @ **23 g/t** gold from 22m)
 - 4m at **9 g/t** gold from 25m – Hole 16AT043 (incl 1m @ **34 g/t** gold from 27m)
 - 1m at **30 g/t** gold from 17m – Hole 17AT029
 - 1m at **23 g/t** gold from 35m – Hole 16AT061
 - 1m at **20 g/t** gold from 17m – Hole 17AT024
 - 1m at **22 g/t** gold from 20m – Hole 17AT044

In October 2017, Marmota reported the first metallurgical testwork from Aurora Tank returned **94% to 97% gold recoveries**. In November 2017, a short diamond drilling programme was completed which also yielded excellent grades (received in January) including **5m @ 9 g/t gold** from 43m.

Marmota is now examining different avenues to bring Aurora Tank into production.

¹ Changed from Non-Executive Chairman to Executive Chairman on 5 June 2017

Corporate

Strategic Alliance with WPG

In November 2017, Marmota and WPG Resources (ASX:WPG) (owner of the nearby Challenger Gold processing plant) executed a Memorandum of Understanding (MoU) to investigate cooperating for the development of Marmota's Aurora Tank gold project and the treatment of Aurora Tank gold ore through the Challenger plant [ASX:MEU [24 Nov 2017](#)].

Competent person statement

The information in this Release relating to Exploration Results and Mineral Resources is based on information compiled by Dr Kevin Wills who is a Fellow of the Australasian Institute of Mining and Metallurgy. 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". Dr Wills consents to the inclusion in this 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 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 Sydney this 5th day of March 2018

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

A handwritten signature in blue ink, appearing to read "Colin Rose".

Dr Colin Rose
Chairman

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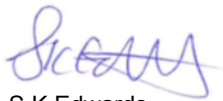
Auditor's Independence Declaration To The Directors of Marmota Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Marmota Limited for the half-year ended 31 December 2017, 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 K Edwards
Partner – Audit & Assurance

Adelaide, 5 March 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	Note	Consolidated	
		Dec 2017	Dec 2016
		\$	\$
Other revenues from ordinary activities	3	5,922	30,017
Total other revenue		5,922	30,017
Administrative expenses		(54,095)	(57,877)
Consultancy expenses		(22,741)	(12,359)
Depreciation		(1,956)	(2,127)
Employment expenses		(53,161)	(132,662)
Occupancy expenses		(3,328)	(2,209)
Loss before income tax expense		(129,359)	(177,217)
Income tax (expense)		-	(5,696)
Loss for the period		(129,359)	(182,913)
Loss attributed to members of the parent entity		(129,359)	(182,913)
Other comprehensive income		-	-
Total comprehensive income for the period		(129,359)	(182,913)
Basic earnings per share (cents)		(0.03)	(0.04)
Diluted earnings per share (cents)		(0.03)	(0.04)

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2017



	Note	Consolidated	
		Dec 2017	Jun 2017
		\$	\$
Current assets			
Cash and cash equivalents	7	1,233,975	530,706
Trade and other receivables		70,226	95,957
Other assets		36,921	11,649
Total current assets		1,341,122	638,312
Non-current assets			
Plant and equipment		53,297	66,008
Investments in associates	9	1	1
Available for sale financial assets		8,000	8,000
Exploration and evaluation expenditure	11	5,838,079	5,289,305
Total non-current assets		5,899,377	5,363,314
Total assets		7,240,499	6,001,626
Current liabilities			
Trade and other payables		133,264	201,297
Provisions		5,185	4,747
Total current liabilities		138,449	206,044
Non-current liabilities			
Provisions		123	123
Total non-current liabilities		123	123
Total liabilities		138,572	206,167
Net assets		7,101,927	5,795,459
Equity			
Issued capital	12	36,351,825	34,909,527
Reserves	13	15,669	22,140
Retained losses		(29,265,567)	(29,136,208)
Total equity		7,101,927	5,795,459

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2017

	Issued capital \$	Reserves \$	Retained losses \$	Total \$
Balance at 1 July 2016	33,064,883	50,802	(28,793,983)	4,321,702
Transactions with owners in their capacity as owners:				
Shares issued during the period	530,000	-	-	530,000
Cost associated with shares issued during period	(13,291)	-	-	(13,291)
Share based payment	62,285	-	-	62,285
Options issued during the period	-	24,247	-	24,247
Options expired during the period	-	(47,432)	-	(47,432)
	33,643,877	27,617	(28,793,983)	4,877,511
Total comprehensive income	-	-	(182,913)	(182,913)
Balance as at 31 December 2016	33,643,877	27,617	(28,973,896)	4,694,598
Balance at 1 July 2017	34,909,527	22,140	(29,136,208)	5,795,459
Transactions with owners in their capacity as owners:				
Shares issued during the period	1,517,000	-	-	1,517,000
Cost associated with shares issued during period	(74,702)	-	-	(74,702)
Options expired during the period	-	(6,471)	-	(6,471)
	36,351,825	15,669	(29,136,208)	7,231,286
Total comprehensive income	-	-	(129,359)	(129,359)
Balance as at 31 December 2017	36,351,825	15,669	(29,265,567)	7,101,927

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2017



	Consolidated	
	Dec 2017	Dec 2016
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(218,476)	(190,790)
Cash receipts in the course of operations	2,500	12,500
Interest received	3,422	3,516
Income tax	-	-
Net cash (used in) operating activities	(212,554)	(174,774)
Cash flows from investing activities		
Receipts from sale of plant and equipment	-	14,000
Payments for mining tenements and exploration	(509,475)	(504,884)
Net cash (used in) investing activities	(509,475)	(490,884)
Cash flows from financing activities		
Proceeds from issue of shares	1,500,000	530,000
Payments associated with capital raising	(74,702)	(18,988)
Net cash provided by financing activities	1,425,298	511,012
Net (decrease)/increase in cash held	703,269	(154,646)
Cash at the beginning of the half-year	530,706	635,121
Cash at the end of the half-year	1,233,975	480,475

The accompanying notes form part of these financial statements.

1 *Basis of preparation of interim report*

Marmota 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 2017 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 2017 is available upon request from the Company's registered office at Unit 6, 79-81 Brighton Road, Glenelg SA or at: www.marmota.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 2017 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 2017.

3 *Other revenues from ordinary activities*

	Consolidated	
	Dec 2017	Dec 2016
	\$	\$
Included in other revenues from ordinary activities:		
Interest: other parties	3,422	3,516
Sale of property, plant & equipment	-	14,000
Other revenue	2,500	12,501
	5,922	30,017

4 *Contingent liabilities*

There have been no material changes to the aggregate of contingent liabilities since 30 June 2017.

5 *Commitments*

There have been no material changes to commitments disclosed in the 30 June 2017 annual report.

6 *Estimates*

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

Marmota Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2017



7 Cash on hand

	Consolidated	
	Dec 2017	Jun 2017
	\$	\$
Cash and cash equivalents	1,196,475	493,206
Deposits at call	37,500	37,500
	<u>1,233,975</u>	<u>530,706</u>

Cash on hand represents cash at bank and cash invested in term deposits. Bank Guarantees are in place to the value of \$37,500.

8 Controlled entities

Entities forming part of the Marmota Limited consolidated group are as follows:

	Country of incorporation	Percentage owned (%)	
		Dec 2017	Jun 2017
Parent entity:			
Marmota Limited	Australia	-	-
Subsidiaries of Marmota Limited:			
Marmosa Pty Ltd	Australia	100	100

9 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 2017	Jun 2017	Dec 2017	Jun 2017
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 Limited.

Marmota Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2017



10 Interests in unincorporated joint operations

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

State	Agreement name	Parties	Summary
SA	Melton Joint Venture	Monax Mining Limited (MOX) and Marmota Limited (MEU)	MEU will have the right to explore for all minerals in the area covered by Exploration Licences EL 5209 and EL 5122. MEU and MOX operate a 75:25 joint venture.
SA	Junction Dam Uranium Agreement	Teck Australia Pty Ltd, PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd (TPE) and Marmota Limited (MEU)	MEU have the right to explore for uranium in the area covered by Exploration Licence EL 4509 (formerly EL 3328). MEU holds 100% of the uranium rights under the terms of the Agreement. TPE retains a NSR of 5%.

11 Exploration and evaluation expenditure

	Consolidated	
	Dec 2017	Jun 2017
	\$	\$
Movement:		
Carrying amount at beginning of year	5,289,305	3,661,339
Additional costs capitalised during the year	548,774	1,667,650
Impairment	-	(39,684)
Carrying amount at end of year	<u>5,838,079</u>	<u>5,289,305</u>
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	3,703,201	3,164,509
Exploration and evaluation		
- Joint Venture	<u>2,134,878</u>	<u>2,124,796</u>
	<u>5,838,079</u>	<u>5,289,305</u>

12 Issued capital

	Consolidated	
	Dec 2017	Jun 2017
	\$	\$
Issued and paid-up share capital		
597,640,897 (June 2017: 517,257,703) ordinary shares, fully paid	36,351,825	34,909,527
Ordinary shares		
Balance at the beginning of the period	34,909,527	33,064,883
Shares issued during the period		
- 29,411,765 shares issue placement at \$0.017	500,000	-
- 971,429 shares issued in lieu of Director's fees at \$0.0175	17,000	-
- 50,000,000 shares issue placement at \$0.02	1,000,000	-
Shares issued during the prior period		
- 1,000,000 shares: tenement acquisition agreement at \$0.018	-	18,000
- 1,280,916 shares: placement - non-cash consideration at 0.01629	-	20,861
- 35,333,371 shares: pursuant to a Share Purchase Plan at \$0.015	-	530,000
- 388,160 shares: in lieu of consultant's fees at \$0.01655	-	6,424
- 915,000 shares: in lieu of Director's fees at \$0.01858	-	17,000
- 65,000,000 shares: pursuant to a placement at \$0.02	-	1,300,000
- 541,902 shares: in lieu of consultant's fees at \$0.0159	-	8,632
- Less transaction costs arising from issue of shares net of tax	(74,702)	(56,278)
Balance at end of period	36,351,825	34,909,527

At 31 December 2017, there were 31,550,000 (June 2017: 6,875,000) unissued shares for which the following options/rights were outstanding.

- 550,000 unlisted options exercisable at \$0.018 by 16 December 2019
- 1,000,000 unlisted options exercisable at \$0.05 by 6 October 2021
- 5,000,000 unlisted options exercisable at \$0.03 by 9 November 2021
- 25,000,000 unlisted options exercisable at \$0.03 by 14 June 2019

13 Reserves**(a) Share options reserve**

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

(b) Available for sale reserve

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

	Consolidated	
	Dec 2017	Jun 2017
	\$	\$
Reserves		
<i>(a) Share option reserve</i>		
Opening balance at beginning of period	29,639	58,302
Fair value of options issued to employees	-	18,768
Options exercised or expired	(6,470)	(47,431)
Balance at end of period	<u>23,169</u>	<u>29,639</u>
<i>(b) Available for sale reserve</i>		
Opening balance at beginning of period	(7,500)	(7,500)
Revaluation of available for sale asset	-	-
Balance at end of period	<u>(7,500)</u>	<u>(7,500)</u>
Total Reserves	<u>15,669</u>	<u>22,139</u>

During the year, the following options expired/cancelled:

- 25,000 options with an exercise price of \$0.036 expired; and
- 300,000 options with an exercise price of \$0.05 expired

14 Operating segments

The Directors have considered the requirements of AASB8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

15 Events subsequent to reporting date

In the interval between 31 December 2017 and the date of this report there are no items, transactions or events 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.

16 *Going concern*

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

The Consolidated Entity incurred a net loss of \$129,359 for the half-year. For the half-year ended 31 December 2017, there was a total net cash inflow of \$703,269, which consists of a cash inflow of \$1,500,000 from capital raising (prior to costs), and an outflow of \$722,029 from operating and investing activities. The Consolidated Entity continues to be reliant on the completion of a capital raising for continued exploration and operations and for the provision of working capital. If the additional capital is not obtained or expenditure is not reduced, then the going concern basis may not be appropriate with the result 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.

17 *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 (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 2017

Directors' Declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 6 to 14, 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 2017 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 Sydney this 5th day of March 2018.

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

A handwritten signature in blue ink, appearing to read "Colin Rose".

Dr Colin Rose
Chairman

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Independent Auditor's Review Report To the Members of Marmota Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Marmota Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Marmota Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Material Uncertainty Related to Going Concern

We draw attention to Note 16 in the financial report, which indicates that the Group incurred a net loss of \$129,359 during the half year ended 31 December 2017. In addition, the Group incurred a net cash outflow of \$722,029 from operating and investing activities. These conditions, along with other matters as set forth in Note 16, 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. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Company 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 internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with 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 Group's financial position as at 31 December 2017 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 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

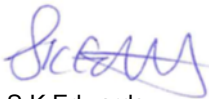
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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 have complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S K Edwards

Partner – Audit & Assurance

Adelaide, 5 March 2018