



## Marmota Limited

Consolidated Entity

ABN 38 119 270 816

**Consolidated Financial Statements for the year ended 30 June 2020**

### CORPORATE DIRECTORY

**Marmota Limited**  
ABN 38 119 270 816  
Incorporated in SA

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**Auditor**  
Grant Thornton Audit Pty Ltd  
Chartered Accountants  
Level 3, 170 Frome Street  
Adelaide SA 5000  
Australia

The Directors present their report on Marmota Limited and controlled entities ('Group') for the financial year ended 30 June 2020 and the auditor's report thereon.

### Directors

The Directors of Marmota Limited ('the Company') at any time during or since the end of the financial year are as set out below. Details of Directors' qualifications, experience and special responsibilities are as follows:

**Dr Colin Rose** Executive Chairman  
*PhD (Economics)*

#### Experience and expertise

Dr Rose has been non-executive Chairman of Marmota since 1 May 2015 and Executive Chairman since 5 June 2017. Dr Rose holds a PhD in Economics from the University of Sydney. He is a long-term fundamentals investor in the mining and exploration sector, with particular exposure to gold and copper. He has extensive business experience as the founder and director of a technology company whose software is used in over 55 countries. He has been invited to speak to the Reserve Bank of Australia, the Bank of England, the National Bureau of Economic Research (USA), and the London School of Economics (Financial Markets Group).

#### Responsibilities

Special responsibilities include Chairman of the Board of Directors, and Chairman of the Audit, Governance and Remuneration Committee.

*Interests in Shares and Options (as at 18 August 2020):*

- 92,945,187 ordinary shares

**Dr Kevin Wills** Executive Director – Exploration  
*BSc, PhD, ARSM, FAusIMM*

#### Experience and expertise

Dr Wills was acting Managing Director for the period 14 November 2016 to 30 January 2017, and Executive Director (Exploration) since 5 June 2017. He is a geologist with significant experience in multi-commodity mineral exploration including feasibility studies, mine operations and corporate activities in Australasia. He has been closely involved in the discovery and evaluation of economic mineral deposits of: diamonds (Argyle, WA), base metals (Thalanga & Waterloo QLD), gold (Murchison WA and Challenger SA), mineral sands (Burekup, WA) and iron ore (Blacksmith WA). Dr Wills was Managing Director of Flinders Mines Limited for over ten years. He is an Associate of the Royal School of Mines, past Chairman of the Adelaide Branch and a Fellow of the Australian Institute of Mining and Metallurgy. Between 2010 and 2015, he was an Adjunct Associate Professor at the University of Adelaide engaging in teaching economic geology and mineral exploration. He founded the SA Exploration and Mining Conference in 2004 and was Chairman of the organising committee until early 2018. In 2016, he was awarded the GSA's Joe Harms Medal for excellence in mineral exploration, and in 2017, the AusIMM's Institute Service Award.

#### Responsibilities

Dr Wills also acts as Head of Exploration and as a competent person on JORC resource reporting matters. He is also a member of the Audit, Governance and Remuneration Committee.

#### Current and former directorships in the last 3 years

Dr Wills was a Director of Tychean Resources Limited from 1 September 2015 to 18 December 2017.

*Interests in Shares and Options (as at 18 August 2020):*

- 930,062 fully paid ordinary Shares
- 2,000,000 unlisted 3 cent Options expiring 9 November 2021 issued under the Director & Employee Share Option Plan (DESOP).

**Mr Shane Barker** Executive Director – Production (appointed 1 September 2019)  
*BAppSc (Metallurgy)*

**Experience and expertise**

Mr Barker joined the Board on 1 September 2019 in the new role of: Executive Director (Production). He is a metallurgist with extensive production experience over more than 30 years at companies such as BHP (Olympic Dam Expansion Study, Kalgoorlie and Kambalda), Evolution Mining, WMC, Ross Mining, Sons of Gwalia, ALCOA, Coolgardie Gold etc. Mr Barker was the principal metallurgist and Manager of the Processing team operating the highly successful White Dam gold heap leach mine in South Australia. He has worked both within Australia and internationally. His experience has encompassed most metallurgical unit processes such as crushing, grinding, flotation, CIL/CIP, heap leaching, BiOX, thickening, filtration and tailings management.

**Responsibilities**

Mr Barker will be providing part-time consulting services as Head of Production.

*Interests in Shares and Options (as at 18 August 2020):*

- 371,087 fully paid ordinary Shares

**Mr Peter Thompson** Non-Executive Director (ceased 1 September 2019)  
*BSc Hons (Geology), MSc (Mineral Exploration and Mining Geology)*

**Experience and expertise**

Mr Thompson has been a Board member since 26 May 2015. He is a Geologist with significant industry experience in both Exploration and Mining roles. Educated at Trinity College Dublin (BSc Hons – Geology) and Leicester University (MSc – Mineral Exploration and Mining Geology), he has worked in exploration for gold, copper, nickel and platinoids, and in open pit and underground gold mines. Over a career of 29 years, Mr Thompson has worked for BCD Resources NL as CEO, at St Barbara Mines Limited as General Manager Exploration, as well as holding senior exploration and project development roles with Jubilee Mines NL, Anaconda Nickel Ltd and Western Mining Corporation. At St Barbara Mines, Mr Thompson's responsibility included managing a team of 22 geoscientists. In addition to being responsible for the discovery of several nickel and gold deposits, he has extensive mining and corporate development experience.

**Responsibilities**

Special responsibilities included Chair of the Audit, Governance and Remuneration Committee until resignation.

**Current and former directorships in the last 3 years**

Mr Thompson was CEO and Managing Director of Central Asia Resources NL (ASX:CVR) from 4 July 2014 to 8 February 2016 and a Non-Executive Director from that time until 5 September 2016. Peter was CEO and Managing Director of Capricorn Metals Ltd (ASX: CMM) from 3 February 2016 until 14 March 2017.

*Interests in Shares and Options (as at 18 August 2020)*

- 700,000 ordinary shares

### **Directors' meetings**

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company (including committees of Directors) during the financial year were as follows:

<b>Director</b>	<b>Directors' Meetings</b>		<b>Audit, Governance and Remuneration Committee Meetings</b>	
	<i>Number Eligible to attend</i>	<i>Number attended</i>	<i>Number Eligible to attend</i>	<i>Number attended</i>
	Dr Colin Rose	4	4	2
Dr Kevin Wills	4	4	2	2
Shane Barker	3	3	-	-
Peter Thompson	1	1	-	-

### **Company Secretary**

Lisa Askham-Levy (CGMA) was appointed Company Secretary, effective 18 January 2018.

Ms Askham-Levy is a Member of the Chartered Institute of Management Accountants. She has over 10 years of accounting experience, including accounting positions in a number of listed companies. Lisa has worked within the healthcare, finance and not-for-profit industries.

### **Principal activities**

The Group's principal activity is minerals exploration.

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

During the Financial Year, Marmota focused its exploration efforts on its highly prospective gold tenements in the Gawler Craton that are yielding excellent results.

#### **Gold Discovery at Aurora Tank**

During the financial year, Marmota obtained its highest ever 1m gold intersection of 120 g/t gold just 21m from surface [ ASX:MEU [19 Sept 2019](#) ] at Aurora Tank, surpassing Marmota's previous best 1m intersections at Aurora Tank of 105 g/t gold (located 120m to the North; 38m from surface) and 93 g/t gold (located 200m to the NE; 32m from surface). The subsequent December 2019 / January 2020 RC extensional drilling program (7,228m for 84 holes) yielded multiple outstanding high-grade 1m intersections including **74 g/t gold** [with duplicate samples (via different spear) of up to **104 g/t**] [ Hole 20ATRC200 ] [ ASX [27 Feb 2020](#), [8 April 2020](#) ], and doubling the length of the new NW Flank.

#### **R&D Program and Biogeochem Exploration Program**

Marmota's exploration success and innovative methodology including the use of biogeochemical sampling (tree sampling) again received substantial media coverage on radio, TV, in mainstream newspapers, and in international media including a feature article in *New Scientist* (August 2019). The biogeochemical sampling program has recently been further boosted by a \$225,000 grant from the South Australian Government under the *Accelerated Discovery Initiative* (ADI) [ ASX:MEU [24 June 2020](#) ].

#### **Metallurgy: Excellent Column Leach Recoveries and the Heap Leach Pathway**

Marmota previously carried out bottle roll metallurgical tests to provide an estimate of gold recoveries that may be achievable by processing ore through a mill. The bottle roll tests for Aurora Tank ore consistently

returned excellent gold recovery rates over 90% [ ASX:MEU 20 Aug 2018 ]. In a most important result for the Company [ ASX:MEU 10 Oct 2019 ], during the financial year, the first *column leach* test, using diamond core ore sampled from Aurora Tank, returned excellent gold recoveries of 83% ... which is considered very high by industry standards for column leach metallurgy. The excellent column leach test gold recoveries suggest that Aurora Tank is amenable to low-cost low-capex heap leach techniques. A heap leach would mean that Marmota would not need to construct a mill, nor share revenue with external parties for toll treatment in a mill. This is a highly desirable outcome for both the Company and our shareholders.

#### **COVID-19**

The COVID-19 pandemic has had minimal impact on the Company's operations. In part, this is because the Company's exploration ground and activities are located in remote and largely uninhabited areas of South Australia, and in part because the incidence of COVID-19 in South Australia itself has been minimal. Even if that were not the case, the Company can easily adapt to a distributed model of operation. While the number of physical Board meetings has reduced, we have instead transformed to a model with frequent Board interactions by telephone. Both of the Company's core underlying fundamentals (gold and uranium) have seen significant strength over the course of the year.

#### **Corporate**

Non-executive director Peter Thompson departed in September 2019 to pursue a new position in Mongolia. Peter has been on the Board since 2015 and the Company is very grateful indeed for his most valued contribution and support. In September 2019, we welcomed Shane Barker into the new position of *Executive Director – Production*. Shane has extensive production experience, and in particular with heap-leach production methods.

On the capital side, the Company raised \$2.5 million (before costs) via a heavily oversubscribed Share Purchase Plan (SPP) in December 2019. The Company is very grateful for the support of our shareholders, and is equally working hard to reward that support. Shortly after the end of the financial year, in July 2020, the Company raised a further \$6.5 million via a heavily oversubscribed placement to sophisticated and professional investors.

In summary, in the last year, the Company has recorded its best gold exploration results ever, is fortunate to be in its strongest financial position in many years, at the same time that underlying fundamental gold prices are showing considerable upside, so placing the Company in a very strong position to maximise value for our shareholders.

We look forward to the year ahead!

#### **Competent person statement**

The information in this report that relates 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 the report of the matters based on his information in the form and context in which they appear.

Where results from previous announcements are quoted, Marmota confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

## **Results**

During the year, total cash expenditure on exploration and evaluation activities totalled \$999,033.

The net loss of the Group after income tax was \$2,272,190 (2019: loss \$317,753), consisting of (i) an operating loss of \$208,394 (June 2019 loss: \$317,753) and (ii) an impairment write-off of \$2,063,796 (June 2019: \$0). The impairment write-off reflects the Company relinquishing tenements on the Yorke Peninsula that lie outside the Company's focus/prospectivity matrix.

The net assets of the Group have increased by \$232,680 during the financial year from \$8,874,181 at 30 June 2019 to \$9,106,861 at 30 June 2020.

## **Dividends**

No dividends have been paid or provided by the Group since the end of the previous financial year (2019: nil).

## **Junior Mineral Exploration Incentive (JMEI) Credits**

Marmota distributed \$363,000 of JMEI Taxation Credits back to eligible shareholders in December 2019, relating to new investments made by those eligible shareholders in Marmota during the year to 30 June 2019.

## **State of affairs**

There have been no significant changes in the state of affairs of the Group during the year.

## **Events subsequent to reporting date**

In July 2020, subsequent to the end of the financial year, Marmota raised \$6,500,000 (before costs) via a placement to professional and sophisticated investors at 5.3c per share.

## **Likely developments**

The Group's strategy is to explore for gold, base metals and uranium within the Company's highly prospective portfolio of projects. The Board of Marmota Limited is pursuing a balance of direct self-funded exploration and exploration via strategic partnerships and funding arrangements. The primary focus of exploration is directed at progressing the Company's Gawler Craton gold project which is yielding excellent results.

## **Environmental regulation and performance statement**

The Group's operations are subject to significant environmental regulations under both Commonwealth and South Australian legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Group on any of its tenements. To date, the Group has only carried out exploration activities and there have been no known breaches of any environmental obligations.

## **Indemnification and insurance of officers**

### **Indemnification**

The Company is required to indemnify the Directors and other Officers of the Company against any liabilities incurred by the Directors and Officers that may arise from their position as Directors and Officers of the Company. No costs were incurred during the year pursuant to this indemnity.

The Company has entered into deeds of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each Director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

### **Insurance premiums**

Since the end of the previous year, the Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts.

The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

## **Options**

At the reporting date, unissued ordinary shares of Marmota Limited under option are:

<b>Expiry date*</b>	<b>Exercise price</b>	<b>Number of Options</b>	<b>Vested</b>	<b>Unvested</b>	<b>Amount paid/payable by recipient (\$)</b>
06/10/2021	\$0.03	500,000	500,000	-	-
09/11/2021	\$0.03	2,000,000	2,000,000	-	-

\* All options may be exercised at any time before expiry subject to escrow restrictions. Option holders will receive one ordinary share in the capital of the Company for each option exercised.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During the financial year, 1,000,000 ordinary shares were issued by the Company as a result of the exercise of options (2019: nil). There were no amounts unpaid on shares issued.

## **Proceedings on behalf of the Company**

No person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

## **Corporate Governance Statement**

The Company's Corporate Governance Statement for the year ended 30 June 2020 may be accessed from the Company's website at: [www.marmota.com.au/corporate/policies](http://www.marmota.com.au/corporate/policies)

## **Non-audit services**

There were no non-audit services provided by the external auditors of the Parent or its related entities during the year ended 30 June 2020.

## **Auditor of the Company**

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

## **Auditor's independence declaration**

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2020 is set out immediately following the end of the Directors' report.

## **Remuneration Report**

### **Remuneration policy**

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

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

### **Remuneration and Nomination**

The Audit, Governance and Remuneration Committee oversees remuneration matters and makes recommendations to the Board on remuneration policy, fees and remuneration packages for non-executive directors and senior executives. Details of the committee's members and its responsibilities are set out in the Corporate Governance Statement.

### **Non-executive Remuneration Policies**

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of Non-executive Directors has been set at \$400,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The fees paid to Non-executive Directors are not incentive or performance based but are fixed amounts that are determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of board committees. The fees are set by the Audit, Governance and Remuneration Committee which consults independent advice from time to time.

Non-executive Directors do not receive bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

### **Executive Remuneration Policies**

The remuneration of the Executive Chairman is determined by the Audit, Governance and Remuneration Committee and approved by the Board as part of the terms and conditions of his/her employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Executive Chairman subject to the approval of the Board.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Audit, Governance and Remuneration Committee is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The remuneration structure and packages offered to executives are summarised below:

- Short-term incentive - The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Marmota Limited given the nature of the Company's business as a mineral exploration entity and the current status of its activities. However, the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

**Marmota Limited and Controlled Entities**  
**Directors' Report (continued)**  
**Remuneration Report – Audited**



- Long-term incentive – equity grants, which may be granted annually at the discretion of the Board. From time to time, the Company may grant retention rights as considered appropriate by the Audit, Governance and Remuneration Committee and the Board, as a long-term incentive for key management personnel. These rights are subject to shareholder approval at the Annual General Meeting in the year of grant. The intention of this remuneration is to facilitate the retention of key management personnel in order that the goals of the business and shareholders can be met. Under the terms of the issue of the retention rights, the rights will vest over a period of time, with a proportion of the rights vesting each year.

The Company also has a Director & Employee Share Option Plan approved by shareholders that will enable the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options for ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long-term performance of the Company.

At this time, the remuneration that is paid to Key Management Personnel is not related to the Company's financial performance over the last five years.

**Remuneration Consultants**

The company did not use any remuneration consultants during the year.

**Shares issued on exercise of remuneration options**

1,000,000 shares were issued to Directors as a result of the exercise of remuneration options during the financial year.

**Remuneration of Directors and key management personnel**

This report details the nature and amount of remuneration for each key management personnel of the consolidated entity and for the executives receiving the highest remuneration.

**(a) Directors and key management personnel**

The names and positions held by Directors and key management personnel of the consolidated entity during the whole of the financial year are:

<b>Directors</b>	<b>Position</b>		
Dr C Rose	Chairman	Executive	from 5 June 2017
Dr K Wills	Head of Exploration Executive Director		from 8 March 2016 from 5 June 2017
Mr Shane Barker	Head of Production	Executive Director	from 1 September 2019
Mr P Thompson	Director	Non-executive	from 26 May 2015 to 1 September 2019
<b>Key Management Personnel</b>			
Ms L Askham-Levy	Company Secretary and CFO		from 18 January 2018

**Marmota Limited and Controlled Entities  
Directors' Report (continued)  
Remuneration Report – Audited**



**(b) Directors' remuneration**

	Short Term Employee Benefits		Post-Employee Benefits	Long Term Employee Benefits	Share-based payments			
	Directors' fees	Fixed Remuneration	Non-Monetary Benefits	Super contributions	Change in LSL Provision	Option based benefits	Share based payments	Total
<b>2020 primary benefits</b>	\$	\$	\$	\$	\$	\$	\$	\$
<b>Directors</b>								
Dr C Rose	1	72,999		12,000	-	-	-	85,000
Dr K Wills*	-	52,298	-	-	-	-	-	52,298
Mr Shane Barker**	-	9,311	-	-	-	-	-	9,311
Mr P Thompson***	5,667	-	-	-	-	-	-	5,667
	5,668	134,608	-	12,000	-	-	-	152,276

	Short Term Employee Benefits		Post-Employee Benefits	Long Term Employee Benefits	Share-based payments			
	Directors' fees	Fixed Remuneration	Non-Monetary Benefits	Super contributions	Change in LSL Provision	Option based benefits	Share based payments	Total
<b>2019 primary benefits</b>	\$	\$	\$	\$	\$	\$	\$	\$
<b>Directors</b>								
Dr C Rose	1	72,151	-	12,848	-	-	-	85,000
Dr K Wills*	-	69,383	-	-	-	-	-	69,383
Mr P Thompson***	34,000	-	-	-	-	-	-	34,000
	34,001	141,534	-	12,848	-	-	-	188,383

There were no cash bonuses paid in 2020 or 2019.

\* Director's fees for Dr Wills are paid to a related entity of the Director.

\*\* Director's fees for Mr Barker are paid to a related entity of the Director.

\*\*\* Director's fees for Mr Thompson are paid to a related entity of the Director.

**Marmota Limited and Controlled Entities  
Directors' Report (continued)  
Remuneration Report – Audited**



**(c) Key management personnel remuneration**

	Short Term Employee Benefits		Post-Employee Benefits	Long Term Employee Benefits		Total	Proportion of remuneration related to performance
	Invoiced	Fixed Remuneration	Super contributions	Option based benefits	Share based payments		
	\$	\$	\$	\$	\$		
<b>2020 primary benefits</b>							
<b>Key management personnel excluding Directors</b>							
L Askham-Levy*	31,400	11,324	1,076	-	-	43,800	-
	31,400	11,324	1,076	-	-	43,800	-

	Short Term Employee Benefits		Post-Employee Benefits	Long Term Employee Benefits		Total	Proportion of remuneration related to performance
	Invoiced	Fixed Remuneration	Super contributions	Option based benefits	Share based payments		
	\$	\$	\$	\$	\$		
<b>2019 primary benefits</b>							
<b>Key management personnel excluding Directors</b>							
L Askham-Levy*	43,800	-	-	-	-	43,800	-
	43,800	-	-	-	-	43,800	-

There were no cash bonuses paid in 2020 or 2019.

\* Ms Askham-Levy was appointed as Company Secretary and Chief Financial Officer on 18 January 2018.

**(d) Share based payments**

Share-based payments are in line with the Marmota Limited Director & Employee Share Option Plan. Listed below are summaries of options granted:

*(i) Options issued to directors and key management personnel*

No options were issued to directors and key management personnel during the year.

*(ii) Share based payments to key management personnel*

There were no share based payments to key management personnel in the current or prior year.

**(e) Service agreements**

Dr Rose moved from the role of non-executive Chairman to Executive Chairman on 5 June 2017. The salary under the terms of his employment was set at \$85,000 per annum inclusive of superannuation guarantee contributions and included a one-month notice period.

Dr Wills was appointed Executive Director on 5 June 2017. In accordance with this agreement, Dr Wills is remunerated as follows:

- From 1 July 2019, Dr Wills' remuneration amounts to \$4,358 per month (excluding GST) as Executive Director. The amount of hours varies if Dr Wills is required to work additional days.

Mr Barker was appointed Executive Director on 1 September 2019. In accordance with this agreement, Mr Barker is remunerated as follows:

- From 1 September 2019, Mr Barkers' remuneration amounts to \$931 per month (excluding GST) as Executive Director. The amount of hours varies if Mr Barker is required to work additional days.

There were no post-employment, retirement or termination benefits previously approved by members of the Company in a general meeting, nor any such benefits paid to Directors of the Company.

**Marmota Limited and Controlled Entities**  
**Directors' Report (continued)**  
**Remuneration Report – Audited**



**(f) Director related entities**

**Directors' transactions with the Company**

A number of Directors of the Company, or their Director related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with Directors and their Director related entities were no more favourable to the Directors and their Director related entities than those available, or which might reasonably be expected to be available, on similar transactions to Non-director related entities on an arm's length basis.

There are no amounts recognised during the year or the prior year (excluding remuneration and reimbursement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities.

Amounts receivable from and payable to Directors and their Director related entities at reporting date arising from these transactions were as follows:

	Consolidated	
	2020	2019
	\$	\$
Current payables		
Amounts payable to directors <sup>(1)</sup>	5,849	28,749
Accrued directors fees <sup>(1)</sup>	7,083	-
	<u>12,932</u>	<u>28,749</u>

(1) FY20 amount is amount payable for Director's fees to the director or (related entity) of:

- Dr C Rose \$7,083 (FY19 \$21,250); and
- Mr P Thompson \$0 (FY19 \$3,117); and
- Dr K Wills \$5,849 (FY19 \$4,382).

**(g) Post-employment/retirement and termination benefits**

Other than superannuation contributions, there were no post-employment retirement and termination benefits paid or payable to directors and key management personnel.

**Marmota Limited and Controlled Entities**  
**Directors' Report (continued)**  
**Remuneration Report – Audited**



**(h) Directors and key management personnel equity remuneration, holdings and transactions**

*(i) Share holdings*

The number of shares in the company held during the financial year by each director of Marmota Limited and other key management personnel of the group, including their personal related parties, are set out below. There were no shares granted to directors or key management personnel during the financial year.

Shares	Balance 1/07/19	Received as remuneration	Options exercised	Net change Other <sup>(1)</sup>	Balance 30/06/20	Total held in escrow 30/06/20
<b>Held by Directors in own name</b>						
Dr C Rose	87,114,523	-	-	4,979,348	92,093,871	-
Dr K Wills	-	-	-	-	-	-
Mr S Barker	-	-	-	371,087	371,087	-
Mr P Thompson	-	-	-	-	-	-
<b>Held by Directors' personally related entities</b>						
Dr C Rose	851,316	-	-	-	851,316	-
Dr K Wills	930,062	-	-	-	930,062	-
Mr S Barker	-	-	-	-	-	-
Mr P Thompson <sup>(2)</sup>	3,919,963	-	1,000,000 <sup>(3)</sup>	(4,219,963)	700,000	-
<b>Total held by Directors</b>	<b>92,815,864</b>	<b>-</b>	<b>1,000,000</b>	<b>1,130,472</b>	<b>94,946,336</b>	<b>-</b>

(1) Net changes represent securities purchased during the financial year.

(2) Mr Thompson's role as director ended on 1 September 2019.

(3) The fair value of the options exercised on 2 March 2020 is \$2,000 (calculated as the difference between the share price and the exercise price on that date).

Shares	Balance 1/07/19	Received as remuneration	Options exercised	Net change Other	Balance 30/06/20	Total held in escrow 30/06/20
<b>Held by Key management personnel in own name</b>						
Mrs Lisa Askham-Levy	-	-	-	250,000	250,000	-
<b>Held by Key management personnel in personally related entities</b>						
Mrs Lisa Askham-Levy	-	-	-	-	-	-
<b>Total held by Key management personnel</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>250,000</b>	<b>-</b>

**Marmota Limited and Controlled Entities**  
**Directors' Report (continued)**  
**Remuneration Report – Audited**



*(ii) Option holdings*

The number of options over ordinary shares in the company held during the financial year by each director of Marmota Limited and any other key management personnel of the group, including their personal related parties, are set out below.

Options	Balance 1/07/19	Received as remuneration	Options exercised	Lapsed	Balance 30/06/20	Total vested 30/06/20	Total exercisable 30/06/20
<b>Held by Directors in own name</b>							
Dr C Rose	-	-	-	-	-	-	-
Dr K Wills	-	-	-	-	-	-	-
Mr S Barker	-	-	-	-	-	-	-
Mr P Thompson	-	-	-	-	-	-	-
<b>Directors' personally related entities</b>							
Dr C Rose	-	-	-	-	-	-	-
Dr K Wills	2,000,000	-	-	-	2,000,000	-	2,000,000
Mr S Barker	-	-	-	-	-	-	-
Mr P Thompson	3,000,000	-	(1,000,000)	(2,000,000)	-	-	-
<b>Total held by Director</b>	<b>5,000,000</b>	<b>-</b>	<b>(1,000,000)</b>	<b>(2,000,000)</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>

*(iii) Share rights holdings*

No rights over ordinary shares in the company were held during the financial year by any director of Marmota Limited or by any other key management personnel of the group, including their personal related parties. No share rights were granted to directors or key management personnel during the financial year.

**End of Remuneration Report**

The Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors:

Dr Colin Rose  
*Chairman*

Dated at Sydney this 29<sup>th</sup> day of September 2020

## 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 audit of Marmota Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B K Wundersitz  
Partner – Audit & Assurance

Adelaide, 29 September 2020

**Consolidated Statement of Profit and Loss and Other Comprehensive Income**  
**For the year ended 30 June 2020**

	Note	Consolidated	
		2020 \$	2019 \$
Interest revenue		27,398	13,690
Other income	2	30,112	-
<b>Total revenue</b>		<b>57,510</b>	<b>13,690</b>
Administration expenses	3	149,079	129,461
Consulting expenses	3	5,180	55,670
Depreciation expense	3	5,022	1,777
Employment expenses	3	106,623	138,874
Occupancy expenses	3	-	5,661
Impairment of assets	3	2,063,796	-
<b>(Loss) before income tax expense</b>		<b>(2,272,190)</b>	<b>(317,753)</b>
Income tax (expense)	4	-	-
<b>(Loss) for the year</b>		<b>(2,272,190)</b>	<b>(317,753)</b>
<b>Loss attributable to members of the parent entity</b>		<b>(2,272,190)</b>	<b>(317,753)</b>
<b>Other comprehensive income</b>			
Fair value movement on other financial assets		1,000	-
<b>Total comprehensive income for the year</b>		<b>(2,271,190)</b>	<b>(317,753)</b>
Basic earnings per share (cents)	6	(0.285 cents)	(0.048 cents)
Diluted earnings per share (cents)	6	(0.285 cents)	(0.048 cents)

The accompanying notes form part of these financial statements.

**Marmota Limited and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2020**



		Consolidated	
	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	7	2,411,717	1,374,131
Short term investments		37,500	-
Trade and other receivables	8	11,563	36,924
Other assets	10	17,021	16,771
<b>Total current assets</b>		<u>2,477,801</u>	<u>1,427,826</u>
<b>Non-current assets</b>			
Trade and other receivables	8	30,000	30,000
Plant and equipment	11	34,193	24,336
Right of use assets	9	107,630	-
Investments in associates		-	1
Other financial assets	12	5,000	4,000
Exploration and evaluation assets	15	6,735,962	7,800,725
<b>Total non-current assets</b>		<u>6,912,785</u>	<u>7,859,062</u>
<b>Total assets</b>		<u>9,390,586</u>	<u>9,286,888</u>
<b>Current liabilities</b>			
Trade and other payables	16	148,110	391,170
Provisions	17	11,547	10,162
Lease liabilities	18	35,051	-
<b>Total current liabilities</b>		<u>194,708</u>	<u>401,332</u>
<b>Non-current liabilities</b>			
Provisions	17	16,438	11,375
Lease liabilities	18	72,579	-
<b>Total non-current liabilities</b>		<u>89,017</u>	<u>11,375</u>
<b>Total liabilities</b>		<u>283,725</u>	<u>412,707</u>
<b>Net assets</b>		<u>9,106,861</u>	<u>8,874,181</u>
<b>Equity</b>			
Issued capital	19	41,120,619	38,616,749
Reserves	27	(2,731)	10,356
Retained losses		(32,011,027)	(29,752,924)
<b>Total equity</b>		<u>9,106,861</u>	<u>8,874,181</u>

The accompanying notes form part of these financial statements.

**Marmota Limited and Controlled Entities**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2020**



	Issued capital (Note 19) \$	Share option reserve (Note 27) \$	FVOCI reserve (Note 27) \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2018</b>	37,344,550	21,856	(7,500)	(29,435,171)	7,923,735
Loss attributable to the members of the parent entity	-	-	-	(317,753)	(317,753)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	(317,753)	(317,753)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the year	1,320,000	-	-	-	1,320,000
Options expired or exercised	-	-	-	-	-
Transaction costs associated with the issue of shares net of tax	(47,801)	-	-	-	(47,801)
Equity instruments at fair value through OCI			(4,000)		(4,000)
	1,272,199	-	(4,000)	-	1,268,199
<b>Balance at 30 June 2019</b>	38,616,749	21,856	(11,500)	(29,752,924)	8,874,181
<b>Balance at 1 July 2019</b>	38,616,749	21,856	(11,500)	(29,752,924)	8,874,181
Loss attributable to the members of the parent entity	-	-	-	(2,272,190)	(2,272,190)
Other comprehensive income	-	-	1,000	-	1,000
<b>Total comprehensive income</b>	-	-	1,000	(2,272,190)	(2,271,190)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the year	2,530,000	-	-	-	2,530,000
Options issued during the year	-	-	-	-	-
Options expired or exercised	-	(14,087)	-	14,087	-
Transaction costs associated with the issue of shares net of tax	(26,130)	-	-	-	(26,130)
	2,503,870	(14,087)	-	14,087	2,503,870
<b>Balance at 30 June 2020</b>	41,120,619	7,769	(10,500)	(32,011,027)	9,106,861

The accompanying notes form part of these financial statements.

**Marmota Limited and Controlled Entities**  
**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2020**



		Consolidated	
	Note	2020	2019
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		29,658	-
Cash payments in the course of operations		(472,383)	(273,520)
Interest received		27,398	13,690
<b>Net cash (used in) operating activities</b>	23(b)	<b>(415,327)</b>	<b>(259,830)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(14,878)	-
Payments for exploration and evaluation assets		(999,033)	(1,193,597)
Payments for short term investments		(37,500)	-
Cash receipts from sale of assets		454	
<b>Net cash (used in) investing activities</b>		<b>(1,050,957)</b>	<b>(1,193,597)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,530,000	1,365,000
Payment of transaction costs associated with capital raisings		(26,130)	(61,667)
<b>Net cash provided by financing activities</b>		<b>2,503,870</b>	<b>1,303,333</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,037,586</b>	<b>(150,094)</b>
<b>Cash at the beginning of the financial year</b>		<b>1,374,131</b>	<b>1,524,225</b>
<b>Cash at the end of the financial year</b>	23(a)	<b>2,411,717</b>	<b>1,374,131</b>

The accompanying notes form part of these financial statements.

**1 Statement of significant accounting policies**

The financial report includes the consolidated financial statements and notes of Marmota Limited and controlled entities ('consolidated group' or 'Group').

**(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporation Act 2001. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for the purposes of preparing financial statements.

The following report covers the consolidated entity, Marmota Limited, a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(b) New accounting standards and interpretations****AASB 16 Leases**

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. Operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of this new Standard had no impact on the financial position of the Group at 1 July 2019 because leases in effect at 1 July 2019 had a remaining lease term of less than 12 months from the date of initial application and the Group applied the practical expedient to account for these leases as short term and just recognise a lease expense.

**Other amended standards adopted by the Group which do not have a material impact on the financial statements:**

- Interpretation 23 Uncertainty over Income Tax Treatments
- AASB 9 Prepayment Features with Negative Compensation (Amendments to AASB 9)
- AASB 128 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 128)
- Annual Improvements to IFRS 2015-2017 Cycle

**Accounting standards issued but not yet effective and not been adopted early by the Company**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

**(c) Principles of consolidation**

The Group financial statements consolidate those of the Parent and all of its subsidiaries as of 30 June 2020. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

**(d) Income tax**

The income tax expense/(benefit) for the year comprises current income tax expense/(income) and deferred income tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted at reporting date.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (expense)/benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(e) Plant and equipment**

Each class of plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

*Plant and equipment*

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

*Depreciation*

All fixed assets are depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Plant and equipment	5% – 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

**(f) Right of use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of

costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**(g) *Exploration and evaluation expenditure***

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

**(h) *Lease liabilities***

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

*Previous Policy*

*Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.*

**(i) Other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are de-recognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments that the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**(j) Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell

and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

**(k) Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be wholly settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

*Equity settled compensation*

The Group operates equity settled share-based payment employee share option schemes. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions. The fair value of retention rights is ascertained using the binomial valuation model.

**(l) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(m) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

**(n) Interest revenue**

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All revenue is stated net of goods and services tax (GST).

**(o) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the Statement of Financial Position inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(p) Interests in joint operations**

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

**(q) Investments in associates**

Associate companies are companies in which the group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the initial investment at cost and adjusted thereafter for the Group's share of post-acquisition reserves and profits/ (losses) of its associates.

**(r) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

**(s) Earnings per share****(i) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(t) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(u) Critical accounting estimates and judgements**

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

**Key estimates – impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

**Key judgements - exploration and evaluation expenditure**

The group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

**Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any

significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**(v) Parent entity financial information**

The financial information for the parent entity, Marmota Limited, disclosed in Note 29 has been prepared on the same basis as the consolidated financial statements.

**(w) Foreign currency translation**

Functional and presentational currency

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

**(x) Authorisation for issue of financial statements**

The financial statements were authorised for issue by the Board of Directors on 29 September 2020.

	Consolidated	
	2020	2019
	\$	\$
<b>2 Other income</b>		
<b>Other income:</b>		
<b>From operating activities</b>		
Profit on sale of asset	454	-
ATO cash boost payment	29,658	-
<b>Total revenues</b>	<b>30,112</b>	<b>-</b>
<b>3 (Loss)/profit before income tax expense has been determined after</b>		
<b>Expenses</b>		
Administration expenses		
ASX fees	35,810	31,439
Share registry fees	15,030	15,448
Insurance	12,872	16,358
Audit and other services	31,170	30,750
Travel	1,688	3,394
Marketing	6,660	7,000
Software licences and IT services	3,410	3,481
Other	42,439	21,591
	<b>149,079</b>	<b>129,461</b>
Consulting expenses		
Legal fees	(20,000)	20,920
Accounting and secretarial services	25,180	34,750
	<b>5,180</b>	<b>55,670</b>
Depreciation expense		
Plant and equipment	18,047	18,925
Reallocation to exploration costs	(15,108)	(17,148)
Right of use assets	2,083	-
	<b>5,022</b>	<b>1,777</b>
Employment expenses		
Salaries and wages	272,814	274,659
Directors fees	5,667	34,000
Superannuation	22,895	20,782
Provisions	6,447	2,504
Share-based payments - directors	-	-
Other	4,339	4,698
Reallocation to exploration costs	(205,539)	(197,769)
	<b>106,623</b>	<b>138,874</b>
Occupancy expenses	-	5,661
Impairment expenses		
Impairment of exploration assets	2,063,796	-

#### 4 Income tax

	Consolidated	
	2020	2019
	\$	\$
The components of tax expense comprise:		
Current income tax		-
Deferred tax		-
Tax portion of capital raising costs	-	-
Income tax (expense) reported in the Statement of Profit or Loss and Other Comprehensive Income	-	-
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie income tax (expense) calculated at 27.50% on loss (2019: 27.50%)	(624,852)	(87,382)
Tax effect of:		
Deferred tax asset in respect of tax losses not brought to account	339,245	465,243
Exploration expenditure s40-730	(274,734)	(372,476)
Tax effect in amounts not deductible	(7,203)	(5,385)
Impairment expense previously brought to account	567,544	-
Income tax (expense) attributable to loss	-	-
<b>Income tax losses</b>		
Deferred tax asset arising from carried forward tax losses not recognised at reporting date as the asset is not regarded as meeting the probable criteria		
- tax losses at 27.5%	7,598,429	7,614,406
- tax losses distributed as JMEI/EDI credits	(363,000)	(275,000)
Total deferred tax asset	7,235,429	7,339,406
Temporary differences	(19)	2,459

	Consolidated	
	2020	2019
	\$	\$
<b>5 Auditors' remuneration</b>		
Audit services:		
Auditors of the Group – Grant Thornton		
Audit and review of the financial reports	31,170	30,750
	<u>31,170</u>	<u>30,750</u>

No non audit services are provided.

## 6 Earnings per share

### (a) Classification of securities

All ordinary shares have been included in basic earnings per share.

### (b) Classification of securities as potential ordinary shares

- 0 unlisted options exercisable at \$0.018 by 16/12/2019 (2019: 550,000)
- 500,000 unlisted options exercisable at \$0.03 by 6/10/2021 (2019: 500,000)
- 2,000,000 unlisted options exercisable at \$0.03 by 9/11/2021 (2019: 5,000,000)

Options granted to employees under the Marmota Limited Director & Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

	Consolidated	
	2020	2020
	\$	\$

### (c) Earnings used in the calculation of earnings per share

(Loss) after income tax expense	<u>(2,272,190)</u>	<u>(317,753)</u>
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### Weighted average number of shares outstanding during the year in calculating earnings per share

#### Number for basic and diluted earnings per share

Ordinary shares	<u>796,908,540</u>	<u>664,408,781</u>
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	Consolidated	
	2020	2019
	\$	\$
<b>7 Cash and cash equivalents</b>		
Cash at bank	2,411,717	1,335,298
Deposits at call	-	38,833
	<u>2,411,717</u>	<u>1,374,131</u>
<b>8 Trade and other receivables</b>		
<b>Current</b>		
Other receivables	11,563	36,924
	<u>11,563</u>	<u>36,924</u>
<b>Non-Current</b>		
Other receivables	30,000	30,000
	<u>30,000</u>	<u>30,000</u>
Other receivables represent accrued interest receivable, bond deposits, and GST refunds. Receivables are not considered past due and/or impaired.		
<b>9 Right of use assets</b>		
<b>Right of use assets</b>		
At cost	112,211	-
Accumulated depreciation	(4,581)	-
	<u>107,630</u>	<u>-</u>
Net book value		
	<u>107,630</u>	<u>-</u>
<b>Reconciliations</b>		
Reconciliations of the carrying amounts for each Right of use asset are set out below:		
<i>Right of use assets</i>		
Carrying amount at beginning of year	-	-
Additions	112,211	-
Disposals	-	-
Depreciation	(4,581)	-
	<u>107,630</u>	<u>-</u>
Carrying amount at end of year		
	<u>107,630</u>	<u>-</u>
<b>10 Other current assets</b>		
Prepayments	17,021	16,773
	<u>17,021</u>	<u>16,773</u>
<b>11 Plant and equipment</b>		
<b>Plant and equipment</b>		
At cost	757,289	734,386
Accumulated depreciation	(723,096)	(710,050)
	<u>34,193</u>	<u>24,336</u>
Net book value		
	<u>34,193</u>	<u>24,336</u>

**Reconciliations**

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

**Plant and equipment**

Carrying amount at beginning of year	24,336	43,261
Additions	27,903	-
Disposals	-	-
Depreciation	(18,046)	(18,925)
Carrying amount at end of year	34,193	24,336

**12 Financial Assets**

	Consolidated	
	2020	2019
	\$	\$
Equity investments at fair value through other comprehensive income – shares in listed companies	5,000	4,000

**13 Interests in unincorporated joint operations**

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

No	State	Agreement name	Parties	Summary
1	SA	Junction Dam Uranium Agreement	Teck Australia Pty Ltd, PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd (TPE) and Marmota Limited (MEU)	MEU has the right to explore for uranium in the area covered by Exploration Licence EL 5682 (formerly EL 4509). MEU has achieved its 100% earn-in and holds 100% of the uranium rights under the terms of the Agreement. TPE retains a NSR of 5%.

**14 Controlled entities****(a) Controlled entities consolidated**

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entity in accordance with the accounting policy described in Note 1(b):

	Country of incorporation	Percentage owned (%)	
		2020	2019
<b>Parent entity:</b>			
Marmota Limited	Australia		
Marmosa Pty Ltd	Australia	100	100

**15 Exploration and evaluation assets**

	Consolidated	
	2020	2019
	\$	\$
<b>Movement:</b>		
Carrying amount at beginning of year	7,800,725	6,446,266
Additional costs capitalised during the year	999,033	1,354,459
Impairment <sup>(1)</sup>	(2,063,796)	-
Carrying amount at end of year	6,735,962	7,800,725

- (1) 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. During the year, a number of tenements expired and were not renewed. All of the associated costs with these tenements were written off during the year.

	Consolidated	
	2020	2019
	\$	\$
<b>Closing balance comprises:</b>		
Exploration and evaluation		
- 100% owned	6,537,019	5,567,909
Exploration and evaluation		
- Joint operation	198,943	2,232,816
	6,735,962	7,800,725

**16 Trade and other payables**

Trade payables	63,076	225,414
Other payables and accruals	72,102	137,007
Amounts payable to Director related entities*	12,932	28,749
	<u>148,110</u>	<u>391,170</u>

\* Details of amounts payable to Director related entities are detailed in Note 24.

**17 Provisions****Current**

Employee benefits	<u>11,547</u>	<u>10,162</u>
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**Non-current**

Employee benefits	<u>16,438</u>	<u>11,375</u>
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**Provision for long service leave**

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

**18 Lease liabilities****Current**

Lease liabilities	<u>35,051</u>	<u>-</u>
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**Non-current**

Lease liabilities	<u>72,579</u>	<u>-</u>
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	Consolidated	
	2020	2019
	\$	\$
<b>19 Issued capital</b>		
<b>Issued and paid-up share capital</b>		
845,392,180 (2019: 735,696,452) ordinary shares, fully paid	38,616,749	38,616,749
<b>(a) Ordinary shares</b>		
<b>Balance at the beginning of year</b>	<b>38,616,749</b>	<b>37,344,550</b>
Shares issued during the year:		
108,695,728 shares: pursuant to SPP (9 Dec 2019) at \$0.023	2,500,000	-
1,000,000 shares: exercise of options (28 Feb 2020) at \$0.03	30,000	-
<b>Shares issued during the prior year:</b>		
62,500,000 shares: pursuant to a placement at \$0.016	-	1,000,000
20,000,000 shares: pursuant to a placement at \$0.016	-	320,000
Less transaction costs arising from issue of shares net of tax	(26,130)	(47,801)
<b>Balance at end of year</b>	<b>41,120,619</b>	<b>38,616,749</b>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

In the event of winding up of the Group, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

#### (b) Options/rights

There were no share options/retention rights issued to Executive Directors during the financial year. For information relating to the Marmota Limited Director & Employee Share Option Plan including details of any options issued, exercised and lapsed during the financial year, refer to Note 20.

At 30 June 2020, there were 2,500,000 unissued shares for which the following options were outstanding.

- 500,000 unlisted options exercisable at \$0.03 by 06/10/2021
- 2,000,000 unlisted options exercisable at \$0.03 by 09/11/2021

At 30 June 2019, there were 6,050,000 unissued shares for which the following options were outstanding.

- 550,000 unlisted options exercisable at \$0.018 by 16/12/2019
- 500,000 unlisted options exercisable at \$0.03 by 06/10/2021
- 5,000,000 unlisted options exercisable at \$0.03 by 09/11/2021

#### (c) Capital Management

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure accordingly. These responses include share issues. There have been no

changes in the strategy adopted by management to control the capital of the Group since the prior year. The Group's capital is shown as issued capital in the Statement of Financial Position.

## 20 Share-based payments

Share-based payments are in line with the Marmota Limited Employee Share Option Plan, details of which are outlined in the Directors' Report. Listed below are summaries of options granted:

### (i) Options

Marmota Limited	Number of options	2020		2019		
		Weighted average exercise price	Weighted average remaining contractual life	Number of options	Weighted average exercise price	Weighted average remaining contractual life
Outstanding at the beginning of the year	6,050,000	\$0.029		6,050,000	\$0.029	
Granted				-	-	
Forfeited/Lapsed	(2,000,000)	-		-	-	
Exercised	(1,000,000)	-		-	-	
Expired	550,000	-		-	-	
Outstanding at year-end	<u>2,500,000</u>	\$0.030	490 days	<u>6,050,000</u>	\$0.029	797 days
Exercisable at year-end	<u>2,500,000</u>			<u>6,050,000</u>		

On 17 December 2014, 1,270,000 share options were granted to former employees under the Marmota Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.018 each. These options were exercisable on or before 16 December 2019. Of these options, 400,000 were exercised and 320,000 lapsed in prior years; the remaining 550,000 expired during the year ending 30 June 2020.

On 6 October 2016, 1,000,000 share options were granted to employees under the Marmota Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.03 each. These options are exercisable on or before 6 October 2021. During the 2018 year, 500,000 options were forfeited, leaving 500,000 at 30 June 2020.

On 9 November 2016, 5,000,000 share options were granted to directors and employees under the Marmota Limited Director & Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.03 each. During the 2020 year, 1,000,000 options were exercised and 2,000,000 lapsed, leaving 2,000,000 at 30 June 2020. These options are exercisable on or before 9 November 2021.

The options are non-transferable except as allowed under the Director & Employee Share Option Plan and are not quoted securities. At the reporting date, other than as disclosed in the table above, no share options had been exercised. All options granted to key management personnel are over ordinary shares in Marmota Limited, which confer a right of one ordinary share for every option held.

**21 Financial risk management**

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries and related entities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	2,449,217	1,374,131
Loans and receivables	41,563	66,924
Equity investments at FVOCI	5,000	4,000
	<u>2,495,780</u>	<u>1,445,055</u>
Financial liabilities		
Trade and other payables	148,110	371,170
	<u>148,110</u>	<u>371,170</u>

**Financial risk management policies**

The Board of Directors are responsible for monitoring and managing financial risk exposures of the group.

**Specific financial risk exposures and management**

The main financial risks the group is exposed to include liquidity risk, credit risk and interest rate risk.

**(a) Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows, only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the consolidated group in managing its cash flows.

Financial liabilities are expected to be settled within 12 months.

**(b) Credit risk exposures**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the entity which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

No receivables are considered past due or impaired at reporting date.

**(c) Interest rate risk**

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Group has no long term financial liabilities upon which it pays interest. Cash is held in an interest yielding cheque account and on short term call deposit where the interest rate is both fixed and variable according to the financial asset. Interest rate risk is managed with a mixture of fixed and floating rate cash deposits.

**(d) Sensitivity analysis***Interest rate*

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. It should be noted that the Group does not have borrowings and any impacts would be in relation to deposit yields on cash investments.

*Interest rate sensitivity analysis*

At reporting date, the effect on profit/ (loss) and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2020	2019
	\$	\$
Change in loss		
Increase in interest rates by 2%	48,984	27,483
Decrease in interest rates by 2%	(48,984)	(27,483)
Change in equity		
Increase in interest rates by 2%	48,984	27,483
Decrease in interest rates by 2%	(48,984)	(27,483)

**22 Commitments & contingent liabilities****(a) Exploration expenditure commitments**

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay in the year ending 30 June 2020 amounts of approximately \$1,300,000 (2019: \$1,600,000) to meet minimum expenditure requirements pursuant to various joint venture requirements and those specified by the State Government of South Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

**(b) Guarantees**

The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is \$37,500 (2019: \$37,500). These bank guarantees are fully secured by cash on term deposit.

## Notes to the financial statements

## For the year ended 30 June 2020

**(c) Contingent liabilities**

As at 30 June 2020, there was a contingent liability of \$66,434:

- \$47,915 for the Groundhog Services Partnership (being Marmota 50% share) assessment received from Revenue SA for payroll tax relating to 2010 – 2015 financial years in respect of a disputed change in grouping.
- \$18,519 for Marmota Ltd's assessment from Revenue SA for payroll tax relating to 2012-2015 financial years in respect of the disputed change in grouping.

These assessments are currently being disputed. (2019: \$66,434).

		Consolidated	
	Note	2020	2019
		\$	\$

**23 Notes to the statements of cash flows****(a) Cash at the end of the financial year consists of the following:**

Cash at bank and at call	7	2,411,717	1,374,131
		<u>2,411,717</u>	<u>1,374,131</u>

**(b) Reconciliation of (loss) after income tax to net cash outflow from operating activities**

(Loss) after income tax		(2,272,190)	(317,753)
Add/(less) non-cash items			
Depreciation		5,022	18,923
Gain on sale of plant and equipment		(454)	-
Impairment of assets		2,063,796	-
Changes in operating assets and liabilities			
(Increase)/decrease in other assets		(250)	(45,000)
(Increase)/decrease in trade and other receivables		25,361	55,855
(Decrease)/increase in trade and other payables		(243,060)	25,639
(Decrease)/increase in provisions		6,448	2,506
Net cash (used in) operating activities		<u>(415,327)</u>	<u>(259,830)</u>

**24 Related parties****Directors' transactions with the Company**

A number of Directors of the Company, or their Director related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions with Directors and their Director related entities were no more favourable to the Directors and their Director related entities than those available, or which might reasonably be expected to be available, on similar transactions to Non-director related entities on an arm's length basis. There are no amounts recognised during the year or the prior year (excluding remuneration and re-imbursment of expenses incurred on behalf of the Company) relating to Directors and their Director related entities.

## Notes to the financial statements

## For the year ended 30 June 2020

Amounts receivable from and payable to Directors and their Director related entities at reporting date arising from these transactions were as follows:

	Consolidated	
	2020	2019
	\$	\$
Current payables		
Amounts payable to directors <sup>(1)</sup>	5,849	28,749
Accrued directors fees <sup>(1)</sup>	7,083	-
	<u>12,932</u>	<u>28,749</u>

(1) FY20 amount is amount invoiced for Director's fees by a related entity of:

- Dr C Rose \$7,083 (FY19 \$21,250); and
- Mr P Thompson \$0 (FY19 \$3,117); and
- Dr K Wills \$5,849 (FY19 \$4,382).

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2020.

The totals of remuneration paid to directors and key management personnel during the year are as follows:

	Consolidated	
	2020	2019
	\$	\$
Short term employee benefits	196,076	232,183
Share-based payments	-	-
	<u>196,076</u>	<u>232,183</u>

## 25 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.

## 26 Events subsequent to reporting date

In July 2020, Marmota raised \$6,500,000 (before costs) via a placement to professional and sophisticated investors at 5.3c per share.

## 27 Reserves

### Share options reserve

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

### Fair Value through Other Comprehensive Income (FVOCI) reserve (previously available for sale reserve)

The FVOCI reserve comprises gains and losses relating to these types of financial instruments.

	Consolidated	
	2020	2019
	\$	\$
<b>Reserves</b>		
<i>Share option reserve</i>		
Opening balance at beginning of year	21,856	21,856
Fair value of options issued to employees	-	-
Options exercised, forfeited or expired	(14,087)	-
Balance at end of year	7,769	21,856
<i>FVOCI reserve</i>		
Opening balance at beginning of year	11,500	(7,500)
Fair value movement	(1,000)	(4,000)
Balance at end of year	(10,500)	(11,500)
Total Reserves	(2,731)	10,356

## 28 Fair value measurement of financial instruments

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as sales prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The group's financial asset and financial liabilities measured and recognised at fair value at

	Level 1	Level 2	Level 3	Total
30 June 2020	\$	\$	\$	\$
<b>Financial assets at fair value</b>				
<i>Equity instruments designated at FVOCI</i>				
Listed securities	5,000	-	-	5,000
<b>Net fair value</b>	5,000	-	-	5,000
<b>Financial assets at fair value</b>				
<i>Equity instruments classified as available for sale</i>				
Listed securities	4,000	-	-	4,000
<b>Net fair value</b>	4,000	-	-	4,000

30 June 2020 and 30 June 2019 on a recurring basis are as follows:

**Measurement of fair value of financial instruments**

The methods and fair valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Listed securities

Fair values have been determined by reference to their quoted bid prices at the reporting date.

**Fair values of other financial assets and financial liabilities**

The carrying amounts of other current and non-current receivables and payables are considered to be a reasonable approximation of their fair value.

## Fair value hierarchy

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

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

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

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

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

Available for sale financial assets are measured at fair value using the closing price on the reporting dates as listed on the Australian Securities Exchange limited (ASX). The carrying value of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

**29 Marmota Limited company information**

	2020	2019
	\$	\$
<b>Parent entity</b>		
Assets		
Current assets	2,604,608	1,554,604
Non-current assets	6,966,737	7,732,256
Total assets	9,571,345	9,286,860
Liabilities		
Current liabilities	267,289	401,332
Non-current liabilities	16,438	11,375
Total liabilities	283,727	412,707
Equity		
Issued capital	41,120,619	38,616,749
Retained losses	(31,830,270)	(29,752,952)
Share option reserve	7,769	21,856
FVOCI reserve	(10,500)	(11,500)
Total equity	9,287,618	8,874,153
Financial performance		
(Loss) for the year	(2,077,318)	(317,813)
Other comprehensive income	-	-
Total comprehensive income	(2,077,318)	(317,813)
Guarantees in relation to the debts of subsidiaries:		
Contingent liabilities	66,434	66,434
Contractual commitments	-	32,446

**30 Company details**

The registered office and principal place of business of the Company is:

Marmota Limited  
Unit 6, 79–81 Brighton Road  
Glenelg SA 5045

## **Directors' declaration**

The Directors of Marmota Limited declare that

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, and:
  - (i) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated entity; and
  - (ii) comply with Accounting Standards; and
  - (iii) Marmota Limited complies with International Financial Reporting Standards as disclosed in Note 1.
  
- (b) The person holding the Chief Executive Officer and the Chief Financial Officer functions has declared that:
  - (i) The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
  - (ii) The financial statements and notes for the financial year comply with the accounting standards; and
  - (iii) The financial statement and notes for the financial year give a true and fair view;
  
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney this 29<sup>th</sup> day of September 2020

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

Dr Colin Rose  
*Chairman*

# Independent Auditor's Report

## To the Members of Marmota Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Marmota Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Exploration and evaluation assets – Note 15</b>	
<p>At 30 June 2020 the carrying value of exploration and evaluation assets was \$6,735,962.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgment.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;</li> <li>• Reviewing management’s area of interest considerations against AASB 6;</li> <li>• Conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> <li>– Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;</li> <li>– Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management’s budgeted expenditure;</li> <li>– Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;</li> </ul> </li> <li>• Evaluating the competence, capabilities and objectivity of management’s experts in the evaluation of potential impairment triggers</li> <li>• Assessing the completeness of impairment booked during the year; and</li> <li>• Assessing the appropriateness of the related financial statement disclosures.</li> </ul>

## Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company’s Director’s Report for the year end 30 June 2020, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Marmota Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B K Wundersitz  
Partner – Audit & Assurance

Adelaide, 29 September 2020