



# Marmota Energy Limited

## Consolidated Half-Year Financial Report

31 December 2015

### CORPORATE DIRECTORY

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

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**Auditor**  
Grant Thornton  
Chartered Accountants  
67 Greenhill Road  
Wayville SA 5034

**Directors' Report**

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The directors present their report together with the half-year financial report of Marmota Energy Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2015 and the auditor's independent review report thereon.

**Directors**

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

Dr Colin Rose (Non Executive Chairman)  
Mr Peter Thompson (Non Executive Director)  
Mr David Williams (Managing Director & Company Secretary)

**Principal activities**

The consolidated entity's principal activity is mineral exploration.

**Review and results of operations**

The net loss after income tax for the half-year was \$246,476 (Dec 2014 loss of \$496,292).

During the half year ended 31 December 2015, Marmota focused its exploration efforts on its highly prospective gold tenements in the Gawler Craton Basin with an intensive program undertaken across most of the tenements. On the corporate side, major cost cutting measures were implemented which led to savings estimated to be around \$700,000 per annum when compared to the year to June 2015. In addition, over \$950,000 in capital was raised (before costs) through a combination of a Share Purchase Plan (which was doubly oversubscribed), placements (including a \$250,000 placement to Yandal Investments, the investment vehicle of Mr Mark Creasy) and the exercise of listed and unlisted options.

In July, Marmota launched an aggressive gold exploration program across its prime tenement holdings around the Challenger gold mine. The program produced a number of exceptional results. Marmota has adopted the same calcrete sampling methodology that was used to find Challenger — to highlight areas of gold anomalism with the potential for Challenger-style gold mineralisation. Calcrete sampling via auger drilling was carried out at the Widgety prospect (50km SE of Challenger) on a fine 50m x 50m grid pattern, in-filling existing anomalous data. Assay results returned strong gold anomalous assay results, defining several anomalous gold clusters, each around 250m wide. 96 sample locations at Widgety returned anomalous gold-in-calcrete readings  $\geq 20$  ppb (out of 331 samples taken at Widgety). (For comparison: a gold-in-calcrete result of 20ppb is better than 98.4% of all calcrete sampling data recorded in the South Australian Government database of 192,677 samples.)

Subsequently, Marmota undertook a calcrete sampling program at Westpoint Hill which is located about 25km west of the Challenger gold mine. Calcrete sampling was conducted on an 800m x 800m grid on almost virgin territory. Assay results from target calcrete sampling yielded exceptional results including a gold-in-calcrete result of 107ppb. (For comparison: a gold-in-calcrete result of 100ppb is better than 99.9% of all calcrete samples (including all in-fill samples) ever recorded in the South Australian Government database of 192,677 calcrete samples.). Not one, but three contiguous high values were returned... spanning 2km and mirrored nearby coincident magnetic and gravity anomalisms. There are strong similarities between the discovery of Challenger and the discovery of the anomalism at Westpoint Hill.

Late in the period, Marmota conducted ground geophysical surveys over the Widgety prospect and then an angled RC drilling program was completed at the Widgety prospect on schedule with 1,652 metres drilled, testing 3 areas of interest identified by an independent geophysicist review of the data. Finally Marmota carried out a high detail comprehensive infill calcrete sampling program via auger drilling at Westpoint Hill with this substantial program completed on schedule. 1,530 calcrete samples (out of 1,580 targets) were successfully acquired, and sent to laboratory for assay.

Marmota submitted a new exploration licence application (ELA 2015/00175) for areas immediately adjacent to, or close to, the Company's Widgety prospect. This is in the process of being finalised as an Exploration Licence which is anticipated to occur during the first half of 2016.

On 4 November 2015, Marmota made a formal open offer of \$2 million for the Challenger Gold Mine, owned by Kingsgate Consolidated Limited (ASX: KCN). The terms of the offer are identical (as disclosed) to the offer

**Directors' Report (continued)**

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made by WPG Resources Limited (ASX: WPG), but at twice the price. Kingsgate did not accept the offer, noting that the offer was unfunded (as indeed was the WPG offer).

On 7 December 2015, Marmota entered into a binding Heads of Agreement with Asymmetric Investment Management Pty Ltd (a WA based hedge fund) to effect that Marmota's \$2m offer for the Challenger Gold Mine (and related assets) is fully funded. Marmota also announced underground mining specialists, Byrnegut Australia Pty Ltd, as preferred contract operator to operate the mine, contingent on Marmota's bid being successful. Byrnegut are the existing operator for Kingsgate of the underground mine at Challenger, and so bring with them unparalleled knowledge and experience of the existing operations. Marmota and Byrnegut believe that there are further synergies to be obtained by Byrnegut running both the underground operations and the above ground plant. By utilising Byrnegut as operator, a successful Marmota offer will ensure that any mine downtime during the transition of ownership will be minimised. Marmota has not yet received a reply from Kingsgate to same. Kingsgate has announced that they have agreed to sell Challenger to WPG, at half the price offered by Marmota, in the March 2016 Quarter

***Competent person statement***

The information in this release that relates to Exploration Results and Mineral Resources is based on information compiled by Dan Gray as Senior Project Geologist of Marmota Energy Limited who is a member of the Australasian Institute of Geoscientists. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

***Auditors independence declaration***

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

Dated at Sydney this 10th day of March 2016.

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

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

Dr Colin Rose  
*Chairman*



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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF MARMOTA ENERGY LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Marmota Energy Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



SK Edwards  
Partner - Audit & Assurance

Adelaide, 10 March 2016

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**Marmota Energy Limited and Controlled Entities**

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

**For the half-year ended 31 December 2015**

	Note	Consolidated	
		Dec 2015	Dec 2014
		\$	\$
Other revenues from ordinary activities	3	25,880	21,220
Total other revenue		25,880	21,220
Administrative expenses		79,150	114,952
Consultancy expenses		18,779	27,464
Depreciation		12,053	17,868
Employment expenses		136,147	241,143
Service fees		-	69,089
Occupancy expenses		3,194	5,478
Impairment expense		21,400	387
Other		-	20,871
<b>Loss before income tax expense</b>		<b>(244,843)</b>	<b>(476,032)</b>
Income tax (expense)		(1,633)	(20,260)
<b>Loss for the period</b>		<b>(246,476)</b>	<b>(496,292)</b>
Loss attributed to members of the parent entity		(246,476)	(496,292)
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(246,476)</b>	<b>(496,292)</b>
Basic earnings per share (cents)		(0.06)	(0.19)
Diluted earnings per share (cents)		(0.06)	(0.19)

The accompanying notes form part of these financial statements.

**Marmota Energy Limited and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2015**

	Note	Consolidated	
		Dec 2015	Jun 2015
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	7	600,797	261,200
Trade and other receivables		32,202	39,153
Other assets		26,344	20,661
<b>Total current assets</b>		<b>659,343</b>	<b>321,014</b>
<b>Non-current assets</b>			
Plant and equipment		118,800	156,778
Investments in associates	9	1	1
Available for sale financial assets		8,000	8,000
Exploration and evaluation expenditure	10	3,303,700	2,948,901
<b>Total non-current assets</b>		<b>3,430,501</b>	<b>3,113,680</b>
<b>Total assets</b>		<b>4,089,844</b>	<b>3,434,694</b>
<b>Current liabilities</b>			
Trade and other payables		89,420	147,566
Provisions		42,413	24,661
<b>Total current liabilities</b>		<b>131,833</b>	<b>172,227</b>
<b>Non-current liabilities</b>			
Provisions		1,237	24,905
<b>Total non-current liabilities</b>		<b>1,237</b>	<b>24,905</b>
<b>Total liabilities</b>		<b>133,070</b>	<b>197,132</b>
<b>Net assets</b>		<b>3,956,774</b>	<b>3,237,562</b>
<b>Equity</b>			
Issued capital	12	32,543,584	31,577,896
Reserves		2,719,810	2,719,810
Retained losses		(31,306,620)	(31,060,144)
<b>Total equity</b>		<b>3,956,774</b>	<b>3,237,562</b>

The accompanying notes form part of these financial statements.

**Marmota Energy Limited and Controlled Entities**  
**Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2015**

	Issued capital	Reserves	Retained losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>31,239,006</b>	<b>2,709,650</b>	<b>(29,978,272)</b>	<b>3,970,384</b>
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period	210,675	-	-	210,675
Cost associated with shares issued during period	(40,336)	-	-	(40,336)
Options issued during the period	-	10,160	-	10,160
	<u>31,409,345</u>	<u>2,719,810</u>	<u>(29,978,272)</u>	<u>4,150,883</u>
Total comprehensive income	-	-	(496,292)	(496,292)
<b>Balance as at 31 December 2014</b>	<b><u>31,409,345</u></b>	<b><u>2,719,810</u></b>	<b><u>(30,474,564)</u></b>	<b><u>3,654,591</u></b>
<b>Balance at 1 July 2015</b>	<b>31,577,896</b>	<b>2,719,810</b>	<b>(31,060,144)</b>	<b>3,237,562</b>
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period	969,499	-	-	969,499
Cost associated with shares issued during period	(3,809)	-	-	(3,809)
Options issued during the period	-	-	-	-
	<u>32,543,584</u>	<u>2,719,810</u>	<u>(31,060,144)</u>	<u>4,203,250</u>
Total comprehensive income	-	-	(246,476)	(246,476)
<b>Balance as at 31 December 2015</b>	<b><u>32,543,584</u></b>	<b><u>2,719,810</u></b>	<b><u>(31,306,620)</u></b>	<b><u>3,956,774</u></b>

The accompanying notes form part of these financial statements.

**Marmota Energy Limited and Controlled Entities****Consolidated Statement of Cash Flows****For the half-year ended 31 December 2015**

	<b>Consolidated</b>	
	<b>Dec 2015</b>	<b>Dec 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash payments in the course of operations	(236,403)	(495,988)
Cash receipts in the course of operations	21,141	4,049
Interest received	4,739	19,499
Income tax	-	(2,974)
<b>Net cash (used in) operating activities</b>	<b>(210,523)</b>	<b>(475,414)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	3,255	(1,264)
Loans to related parties	(6,819)	4,165
Payments for mining tenements and exploration	(345,885)	(367,195)
<b>Net cash (used in) investing activities</b>	<b>(355,959)</b>	<b>(364,294)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	937,417	210,675
Payments associated with capital raising	(31,338)	(26,453)
<b>Net cash provided by financing activities</b>	<b>906,079</b>	<b>184,222</b>
<b>Net (decrease)/increase in cash held</b>	<b>339,597</b>	<b>(655,486)</b>
<b>Cash at the beginning of the half-year</b>	<b>261,200</b>	<b>1,614,782</b>
<b>Cash at the end of the half-year</b>	<b>600,797</b>	<b>959,296</b>

The accompanying notes form part of these financial statements.

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2015**



**1 Basis of preparation of interim report**

Marmota Energy Limited (Marmota or the Company) is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the consolidated entity).

The consolidated annual financial report of the consolidated entity for the year ended 30 June 2015 is available upon request from the Company's registered office at Unit 6, 79-81 Brighton Road, Glenelg SA or at [www.marmotaenergy.com.au](http://www.marmotaenergy.com.au).

The interim consolidated financial statements are a general purpose report prepared in accordance with AASB 134 Interim Financial Reporting, and the Corporations Act 2001. This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, this interim financial report does not include full disclosures of the type normally included in the annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Marmota during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

**2 Significant accounting policies**

The half-year financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

**3 Other revenues from ordinary activities**

	<b>Consolidated</b>	
	<b>Dec 2015</b>	<b>Dec 2014</b>
	<b>\$</b>	<b>\$</b>
Included in other revenues from ordinary activities:		
Interest: other parties	4,739	17,171
Other revenue	21,141	4,049
	<u>25,880</u>	<u>21,220</u>

**4 Contingent liabilities**

There have been no material changes to the aggregate of contingent liabilities since 30 June 2015.

**5 Commitments**

There have been no material changes to commitments disclosed in the 30 June 2015 annual report.

**6 Estimates**

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

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2015**



The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2015.

**7 Cash on hand**

	<b>Consolidated</b>	
	<b>Dec 2015</b>	<b>Jun 2015</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	562,297	222,700
Deposits at call	38,500	38,500
	<u>600,797</u>	<u>261,200</u>

Cash on hand represents cash at bank and cash invested in term deposits. Bank Guarantees are in place to the value of \$15,500.

**8 Controlled entities**

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

	<b>Country of incorporation</b>	<b>Percentage owned (%)</b>	
		<b>Dec 2015</b>	<b>Jun 2015</b>
<b>Parent entity:</b>			
Marmota Energy Limited	Australia	-	-
<b>Subsidiaries of Marmota Energy Limited:</b>			
Marmosa Pty Ltd	Australia	100	100

**9 Investment in associates**

Interests are held in the following associated companies:

<b>Name</b>	<b>Principal activities</b>	<b>Country of incorporation</b>	<b>Shares</b>	<b>Ownership interest</b>		<b>Carrying amount of investment</b>	
				<b>Dec 2015</b>	<b>Jun 2015</b>	<b>Dec 2015</b>	<b>Jun 2015</b>
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

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

**10 Exploration and evaluation expenditure**

	Consolidated	
	Dec 2015	Jun 2015
	\$	\$
<b>Movement:</b>		
Carrying amount at beginning of year	2,948,901	2,369,086
Additional costs capitalised during the year	376,199	692,657
Impairment	(21,400)	(112,842)
Carrying amount at end of year	3,303,700	2,948,901
<b>Closing balance comprises:</b>		
Exploration and evaluation		
- 100% owned	1,195,142	869,248
Exploration and evaluation		
- Joint Venture	2,108,558	2,079,653
	3,303,700	2,948,901

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.

**11 Operating segments**

Following a change to the Board's composition during the year ended 30 June 2015, the internal reporting to chief operating decision makers has changed. 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.

In prior periods, the consolidated entity had identified its operating segments to be Gawler Craton, North America and Curnamona based on the different geological regions and the similarity of assets within those regions.

**Marmota Energy Limited and Controlled Entities**  
**Condensed Notes to the Consolidated Financial Statements**  
**For the half-year ended 31 December 2015**



**12 Issued capital**

	<b>Dec 2015</b>	<b>Jun 2015</b>
	<b>\$</b>	<b>\$</b>
Issued and paid-up share capital 379,305,157 (June 2015: 305,849,806) ordinary shares, fully paid	<u>32,543,584</u>	<u>31,577,895</u>
<b>Ordinary shares</b>		
<b>Balance at the beginning of the period</b>	<b>31,577,895</b>	<b>31,239,006</b>
Shares issued during the period		
- Nil (June 2015: 20,000,000) shares issued as part of a placement at \$0.01	-	200,000
- Nil (June 2015: 1,000,000) shares issued pursuant to a capital raising mandate	-	10,000
- Nil (June 2015: 21,067,446) shares issued as part of a 1:4 rights issue	-	210,674
- 8,960,817 (June 2015: 23,125) shares issued on exercise of listed options	179,216	463
- 47,473,750 (June 2015: Nil) shares issued as part of a Share Purchase Plan	451,000	-
- 400,000 (June 2015: Nil) shares issued on exercise of employee share options	7,200	-
- 13,254,118 (June 2015: Nil) shares issued as part of a placement at \$0.02	265,082	-
- 1,666,666 (June 2015: Nil) shares issued as part of a placement at \$0.03	50,000	-
- 1,700,000 (June 2015: Nil) shares issued in lieu of Director's fees	17,000	-
Less transaction costs arising from issue of shares net of tax	(3,809)	(82,248)
<b>Balance at end of period</b>	<b><u>32,543,584</u></b>	<b><u>31,577,895</u></b>

As at 31 December 2015, there were 1,195,000 (June 2015: 12,105,630) unissued shares for which the following options and rights were outstanding.

- 225,000 unlisted options exercisable at \$0.073 by 29 July 2016
- 100,000 unlisted options exercisable at \$0.036 by 24 July 2017
- 870,000 unlisted options exercisable at \$0.018 by 16 December 2019

### **13 Events subsequent to reporting date**

In the interval between 31 December 2015 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

### **14 Going concern**

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

The Consolidated Entity incurred a net loss of \$246,476 during the period ending 31 December 2015, had a net cash outflow of \$566,482 from operations and investing activities, offset by \$906,079 in capital raisings, and its planned expenditure exceeds its current cash held. The directors have identified a current shortfall in available funds to meet the ongoing requirements of the Group including its planned exploration program, noting that such exploration expenditure is discretionary. The Group continues to be reliant on the completion of a capital raising for continued exploration and operations and for the provision of working capital.

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

### **15 Fair value measurement of assets and liabilities**

#### **Fair value hierarchy**

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

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

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

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

## **Directors' Declaration**

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 5 to 13, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2015 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting;
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 10th day of March 2016.

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

A handwritten signature in blue ink, appearing to read "Colin", with a flourish underneath.

Dr Colin Rose  
*Chairman*



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

We have reviewed the accompanying half-year financial report of Marmota Energy Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

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

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Marmota Energy Limited consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Marmota Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

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

**Conclusion**

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**Material uncertainty regarding Going concern**

Without qualifying our conclusion expressed above, we draw attention to Note 14 of the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$246,476 and a net cash outflow of \$566,482 from operating and investing activities during the period ended 31 December 2015. These conditions, along with other matters as set forth in Note 14, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half-year financial report.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Sheenagh Edwards  
Partner - Audit & Assurance

Adelaide, 10 March 2016