Marmota Limited

Consolidated Half-Year Financial Report

31 December 2018

CORPORATE DIRECTORY

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

Registered Office
Marmota Limited
Unit 6, 79-81 Brighton Road
Glenelg SA 5045
Telephone: (08) 8294 0899
Facsimile: (08) 8376 8633
Email: info@marmota.com.au
Web: www.marmota.com.au

Share Registrar
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: +61 1300 554 474
Facsimile: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Web: www.linkmarketservices.com.au

Auditor
Grant Thornton
Chartered Accountants
Level 3
170 Frome Street
Adelaide
SA 5000

The directors present their report together with the half-year financial report of Marmota Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2018 and the auditor's independent review report thereon.

Directors

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

		Date Appointed	Date Resigned
Dr Colin Rose	*Executive Chairman* [1]	1 May 2015	-
Mr Peter Thompson	*Non-Executive Director*	26 May 2015	-
Dr Kevin Wills	*Executive Director – Exploration*	5 June 2017	-

Principal activities

The consolidated entity's principal activity is minerals exploration.

Review and results of operations

The net loss after income tax for the half-year was $189,824 (Dec 2017 loss: $129,359).

During the half-year ended 31 December 2018, Marmota focused exploration on its highly prospective gold tenements in the Gawler Craton. Two successful drilling programs were carried out during the half-year period, namely at Aurora Tank (approximately 50km NE of the Challenger gold mine), and at a new gold prospect at CAR (approximately 70km SE of Challenger).

Gold exploration update: Aurora Tank 100% ownership
Drilling at Aurora Tank yielded an outstanding high-grade gold intersection of 1m @ 88 g/t [ASX:MEU 17 Jan 2019]. The new gold intersection (just 38m from surface) snaps on the heels of Marmota's best 1m intersection of 93 g/t gold located approximately 200m to the east (and 32m from surface). Importantly, the 88 g/t result is not just a 1m highlight, but is followed downhole by high-grade gold averaging 24 g/t gold over 5m (commencing 38m from surface).

The company was partly guided to this location by a new innovative biogeochem (tree sampling) program. This program has received considerable interest, including in the mainstream press, with articles featured in the ABC News (7 Aug 2018), The Australian (20 Nov 2018), Adelaide Advertiser (15 Nov 2018), Australian Mining Review (Dec 2018) *etc*.

The new intersections have further increased the lateral footprint of gold mineralisation at Aurora Tank that is close to surface and potentially amenable to low-cost open-pittable mining. Phase 2 Metallurgy results yielded excellent overall gold recoveries of 96% and 93% on supergene and transitional samples respectively.

Gold exploration update: CAR Prospect 100% ownership
The CAR Prospect is located about 70km SE of the Challenger gold mine. It features a coherent gold-in-calcrete anomaly [ASX:MEU 30 July 2018] which Marmota tested for the first-time by shallow air-core drilling. This is essentially the same method that led to the discovery of both the Challenger Gold Mine and the Aurora Tank Gold discovery. Out of 23 reconnaissance holes tested at CAR, 20 returned anomalous gold mineralisation.

Fundamentals: underlying fundamentals of gold and uranium spot prices both improved substantially over the half-year period.

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

Competent person statement

The information in this Release relating to Exploration Results and Mineral Resources is based on information compiled by Dr Kevin Wills who is a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Wills consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Auditors independence declaration

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

Dated at Sydney this 13th day of March 2019

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

Dr Colin Rose
Chairman

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Marmota Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Marmota Limited for the half-year ended 31 December 2018, 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

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 13 March 2019

Marmota Limited and Controlled Entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	Note	Consolidated Dec 2018 $	Consolidated Dec 2017 $
Other revenues from ordinary activities	3	10,635	5,922
Total other revenue		10,635	5,922
Administrative expenses		(84,284)	(54,095)
Consultancy expenses		(38,940)	(22,741)
Depreciation		(1,179)	(1,956)
Employment expenses		(73,246)	(53,161)
Occupancy expenses		(2,810)	(3,328)
Loss before income tax expense		**(189,824)**	**(129,359)**
Income tax (expense)		-	-
Loss for the period		**(189,824)**	**(129,359)**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Loss on equity instruments designated at fair value through other comprehensive income		(4,500)	-
Total comprehensive income for the period		**(194,324)**	**(129,359)**
Basic earnings per share (cents)		(0.03 cents)	(0.03 cents)
Diluted earnings per share (cents)		(0.03 cents)	(0.03 cents)

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	Consolidated Dec 2018 $	Jun 2018 $
Current assets			
Cash and cash equivalents	7	664,962	1,524,225
Trade and other receivables		39,633	84,958
Other assets		29,606	24,593
Total current assets		**734,201**	1,633,776
Non-current assets			
Plant and equipment		33,270	43,261
Investments in associates	9	1	1
Financial assets	10	3,500	8,000
Trade and other receivables		30,000	30,000
Exploration and evaluation expenditure	12	7,120,037	6,446,266
Total non-current assets		**7,186,808**	6,527,528
Total assets		**7,921,009**	8,161,304
Current liabilities			
Trade and other payables		170,452	218,536
Provisions		12,746	12,908
Total current liabilities		**183,198**	231,444
Non-current liabilities			
Provisions		8,400	6,125
Total non-current liabilities		**8,400**	6,125
Total liabilities		**191,598**	237,569
Net assets		**7,729,411**	7,923,735
Equity			
Issued capital	13	37,344,550	37,344,550
Reserves	14	9,856	14,356
Retained losses		(29,624,995)	(29,435,171)
Total equity		**7,729,411**	7,923,735

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2018

	Issued capital $	Share option reserve (Note 14) $	FVOCI reserve (Note 14) $	Retained losses $	Total $
Balance at 1 July 2017	**34,909,527**	**29,640**	**(7,500)**	**(29,136,208)**	**5,795,459**
Transactions with owners in their capacity as owners:					
Shares issued during the period	1,517,000	-	-	-	1,517,000
Cost associated with shares issued during period	(74,702)	-	-	-	(74,702)
Options expired during the period	-	(6,471)	-	-	(6,471)
	36,351,825	(6,471)	-	(29,136,208)	7,231,286
Total comprehensive income	-	-	-	(129,359)	(129,359)
Balance as at 31 December 2017	**36,351,825**	**23,169**	**(7,500)**	**(29,265,567)**	**7,101,927**
Balance at 1 July 2018	**37,344,550**	**21,856**	**(7,500)**	**(29,435,171)**	**7,923,735**
Transactions with owners in their capacity as owners:					
Shares issued during the period	-	-	-	-	-
Cost associated with shares issued during period	-	-	-	-	-
Options expired during the period	-	-	-	-	-
	-	-	-	-	-
Total comprehensive income	-	-	(4,500)	(189,824)	(194,324)
Balance as at 31 December 2018	**37,344,550**	**21,856**	**(12,000)**	**(29,624,995)**	**7,729,411**

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	Consolidated Dec 2018 $	Consolidated Dec 2017 $
Cash flows from operating activities		
Cash payments in the course of operations	(153,579)	(218,476)
Cash receipts in the course of operations	-	2,500
Interest received	10,635	3,422
Income tax	-	-
Net cash (used in) operating activities	**(142,944)**	**(212,554)**
Cash flows from investing activities		
Payments for mining tenements and exploration	(747,451)	(509,475)
Net cash (used in) investing activities	**(747,451)**	**(509,475)**
Cash flows from financing activities		
Proceeds from issue of shares	45,000	1,500,000
Payments associated with capital raising	(13,868)	(74,702)
Net cash provided by financing activities	**31,132**	**1,425,298**
Net (decrease)/increase in cash held	**(859,263)**	**703,269**
Cash at the beginning of the half-year	**1,524,225**	**530,706**
Cash at the end of the half-year	**664,962**	**1,233,975**

The accompanying notes form part of these financial statements.

1 *Basis of preparation of interim report*

Marmota Limited (Marmota or the Company) is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2018 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 2018 is available upon request from the Company's registered office at Unit 6, 79-81 Brighton Road, Glenelg SA or at: www.marmota.com.au

The interim consolidated financial statements are a general purpose report prepared in accordance with AASB 134 Interim Financial Reporting, and the Corporations Act 2001. This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, this interim financial report does not include full disclosures of the type normally included in the annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Marmota during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 13 March 2019.

2 *Significant accounting policies*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. As required by AASB 134, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

New standards, interpretations and amendments adopted by the Group

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The reclassifications and adjustments arising from the introduction of AASB 9 have not been reflected in the statement of financial position as at 30 June 2018, but are recognised in the opening balance sheet from 1 July 2018. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the change have not been included.

Statement of Financial Position Extract

	30 June 2018 as originally presented	AASB 9	1 July 2018
	$	$	$
Non-Current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	-	8,000	(8,000)
Available-for-sale financial assets	8,000	(8,000)	-

On 1 July 2018 (the date of initial application of AASB 9), the group's management assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories.

The impact of these changes on the Group's equity is as follows:

	Effect on AFS reserve	Effect on FVOCI reserve
	$	$
Closing Balance 30 June 2018 - AASB 139	(7,500)	-
Reclassify non trading equities from available-for-sale to FVOCI	7,500	(7,500)
Opening Balance 1 July 2018 - AASB 9	-	(7,500)

Equity investments previously classified as available-for-sale

The group elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in OCI, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of $8,000 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value losses of $7,500 were reclassified from the available-for-sale financial assets reserve to the FVOCI reserve on 1 July 2018.

(a) Classification and Measurement

Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria:

- the Group's business model for managing the assets; and
- whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables.

Financial assets are classified and subsequently measured, as follows:

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition.

The Group classified its quoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under AASB 9. Under AASB 139, the Group's quoted equity instruments were classified as AFS financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under AASB 139. Similar to the requirements of AASB 139, AASB 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Contract assets and Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets (i.e., loans and debt securities at FVOCI), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when its contractual payment is 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of AASB 9 have not materially impacted the expected recoverability of financial assets and accordingly no adjustment or restatement was required to be recognised by the Group.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 January 2018. There is no impact to the Group's historical financial results given the company is not currently in production.

3 *Other revenues from ordinary activities*

	Consolidated	
	Dec 2018 $	Dec 2017 $
Included in other revenues from ordinary activities:		
Interest: other parties	10,635	3,422
Other revenue	-	2,500
	10,635	5,922

4 *Contingent liabilities*

There have been no material changes to the aggregate of contingent liabilities since 30 June 2018.

5 *Commitments*

There have been no material changes to commitments disclosed in the 30 June 2018 annual report.

6 *Estimates*

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

7 *Cash on hand*

	Consolidated	
	Dec 2018 $	Jun 2018 $
Cash and cash equivalents	626,418	1,485,967
Deposits at call	38,544	38,258
	664,962	1,524,225

Cash on hand represents cash at bank and cash invested in term deposits. Bank Guarantees are in place to the value of $38,544.

8 *Controlled entities*

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

	Country of incorporation	Percentage owned (%)	
		Dec 2018	Jun 2018
Parent entity:			
Marmota Limited	Australia	-	-
Subsidiaries of Marmota Limited:			
Marmosa Pty Ltd	Australia	100	100

9 *Investment in associates*

Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				Dec 2018	Jun 2018	Dec 2018	Jun 2018
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

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

10 *Financial Assets*

	Consolidated	
	Dec 2018 $	Jun 2018 $
Equity instruments at fair value through OCI – shares in listed companies		
Opening balance	8,000	8,000
Fair value movement	(4,500)	-
Balance at end of period	**3,500**	**8,000**

11 *Interests in unincorporated joint operations*

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

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

12 *Exploration and evaluation expenditure*

	Consolidated	
	Dec 2018 $	Jun 2018 $
Movement:		
Carrying amount at beginning of the period	6,446,266	5,289,305
Additional costs capitalised during the period	673,771	1,156,961
Impairment	-	-
Carrying amount at end of the period	7,120,037	6,446,266
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	4,921,940	4,269,861
Exploration and evaluation		
- Joint Venture	2,198,097	2,176,405
	7,120,037	6,446,266

13 *Issued capital*

	Consolidated	
	Dec 2018 $	Jun 2018 $
Issued and paid-up share capital		
653,196,452 (June 2018: 653,196,452) ordinary shares, fully paid	37,344,550	37,344,550
Ordinary shares		
Balance at the beginning of the period	**37,344,550**	**34,909,527**
Shares issued during the current period		
Shares issued during the prior period		
- 29,411,765 shares: pursuant to a placement at $0.017	-	500,000
- 971,429 shares: in lieu of Director's fees at $0.0175	-	17,000
- 50,000,000 shares: pursuant to a placement at $0.02	-	1,000,000
- 55,555,555 shares: pursuant to a placement at $0.018	-	1,000,000
- Less transaction costs arising from issue of shares net of tax	-	(81,977)
Balance at end of period	**37,344,550**	**37,344,550**

At 31 December 2018, there were 31,050,000 (June 2018: 31,050,000) unissued shares for which the following options/rights were outstanding.

- 550,000 unlisted options exercisable at $0.018 by 16 December 2019
- 500,000 unlisted options exercisable at $0.03 by 6 October 2021
- 5,000,000 unlisted options exercisable at $0.03 by 9 November 2021
- 25,000,000 unlisted options exercisable at $0.03 by 14 June 2019

14 Reserves

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

(b) 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	
	Dec 2018 **$**	**Jun 2018** **$**
Reserves		
(a) Share option reserve		
Opening balance at beginning of period	21,856	29,639
Fair value of options issued to employees	-	-
Options exercised or expired	-	(7,783)
Balance at end of period	21,856	21,856
(b) FVOCI reserve (previously available for sale reserve)		
Opening balance at beginning of period	-	(7,500)
Reclassification of financial instruments under AASB 9	(7,500)	-
Fair value movement	(4,500)	-
Balance at end of period	(12,000)	(7,500)
Total Reserves	**9,856**	**14,356**

15 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 31 December 2018 and 30 June 2018 on a recurring basis are as follows:

31 December 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value	**-**	**-**	**-**	**-**
Equity instruments designated at FVOCI	-	-	-	-
Listed securities	3,500	-	-	3,500
Net fair value	3,500	-	-	3,500

30 June 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value	**-**	**-**	**-**	**-**
Equity instruments classified as available for sale	-	-	-	-
Listed securities	8,000	-	-	8,000
Net fair value	8,000	-	-	8,000

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.

16 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.

17 Events subsequent to reporting date

In the interval between 31 December 2018 and the date of this report there are no items, transactions or events of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

18 Going concern

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

The Consolidated Entity incurred a net loss of $189,824 for the half-year. For the half-year ended 31 December 2018, there was a net cash outflow of $859,263. The Consolidated Entity continues to be reliant on the completion of a capital raising for continued exploration and operations and for the provision of working capital. If the additional capital is not obtained or expenditure is not reduced, then the going concern basis may not be appropriate with the result that the company and consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

Directors' Declaration

The Directors of the Company declare that:

(a) the half-year financial statements and notes, set out on pages 5 to 16, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 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 13th day of March 2019.

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

Dr Colin Rose
Chairman

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of Marmota Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Marmota Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Marmota Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 18 in the financial report, which indicates that the Group incurred a net loss of $189,824 during the half year ended 31 December 2018 and, as of that date, the group incurred a net cash outflow of $859,263. As stated in Note 18, these events or conditions, along with other matters as set forth in Note 18, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Marmota Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 13 March 2019