



Marmota Limited

Consolidated Half-Year Financial Report

31 December 2016

CORPORATE DIRECTORY

Marmota Limited

ACN 119 270 816

ABN 38 119 270 816

Incorporated in SA

Registered Office

Marmota Limited

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Glenelg SA 5045

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Auditor

Grant Thornton

Chartered Accountants

Level 3

170 Frome Street

Adelaide

SA 5000

Directors' Report

The directors present their report together with the half-year financial report of Marmota Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2016 and the auditor's independent review report thereon.

Directors

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

		Date Appointed	Date Resigned
Dr Colin Rose	<i>Non Executive Chairman</i>	1 May 2015	-
Mr Peter Thompson	<i>Non Executive Director</i>	26 May 2015	-
Mr David Williams	<i>Managing Director</i>	9 September 2014	13 November 2016
Dr Kevin Wills	<i>Acting Managing Director</i>	14 November 2016	30 January 2017
Mr Ian Warland	<i>Managing Director</i>	30 January 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 \$182,913 (Dec 2015 loss: \$246,476).

During the half year ended 31 December 2016, Marmota focused its exploration efforts on its highly prospective gold tenements in the Gawler Craton Basin, with two successful drilling programs carried out during the half-year period at Aurora Tank.

Corporate

Change of Name

At the AGM held on Tuesday 8 November 2016, shareholders approved the change of name from 'Marmota Energy Limited' to 'Marmota Limited' to better reflect the Company's multi-commodity exposure to gold, copper and uranium.

Change of MD

David Williams resigned as MD and Company Secretary with effect on 13 November 2016. Marmota's Chief Consulting Geologist, Dr Kevin Wills, took on the additional role of Acting MD from 14 November 2016. The Board is very grateful to Dr Wills for his expert assistance during a particularly active period for the Company.

Ian Warland appointed as new MD

Subsequent to the end of the period, Marmota is very pleased to announce the appointment of highly-experienced geologist, Ian Warland, as Managing Director, commencing 30 January 2017.

Company Secretary

Victoria Allinson was appointed Company Secretary, effective 14 November 2016.

Gold exploration update: Aurora Tank 100% ownership

In July 2016, the Company negotiated an agreement with Apollo Minerals under which it assumed full control and 100% ownership of Aurora tank, EL 5589..

Phase 1 completed

In September 2016, Marmota commenced its first drilling program at Aurora Tank, at the Goshawk Gold Prospect (approximately 50km NE of the Challenger Gold mine):

- 98 angled aircore drill holes for a total of 4,385metres drilled

Directors' Report (continued)

- The drilling has already yielded excellent results with 31 intersections greater than 1 g/t gold, all close to surface, including:

3m at	11.3 g/t	gold	from 22m	– Hole 16AT019	incl 1m @ 23 g/t	from 22m
4m at	9.0 g/t	gold	from 25m	– Hole 16AT043	incl 1m @ 34 g/t	from 27m
4m at	3.7 g/t	gold	from 24m	– Hole 16AT044	and 1m @ 11 g/t	from 20m
4m at	6.2 g/t	gold	from 35m	– Hole 16AT061	incl 1m @ 23 g/t	from 35m
4m at	3.9 g/t	gold	from 20m	– Hole 16AT062		
4m at	3.3 g/t	gold	from 36m	– Hole 16AT028		
- Significant gold mineralisation over 750m strike length
- Mineralisation consistently within 50m of the surface

Phase 2 commences

On 30 November 2016, Marmota commenced **Phase 2** drilling at Aurora Tank. Drilling stopped on 18 December 2016.

- 14 new intersections greater than 1 g/t gold (over 4m composite samples) including:

4m at	5.0 g/t	gold	from 32m	– Hole 16AT100	(8m @ 3.6 g/t gold from 32m)
4m at	3.1 g/t	gold	from 16m	– Hole 16AT107	
4m at	3.2 g/t	gold	from 12m	– Hole 16AT115	
4m at	2.8 g/t	gold	from 16m	– Hole 16AT118	
4m at	3.2 g/t	gold	from 44m	– Hole 16AT124	
4m at	9.4 g/t	gold	from 40m	– Hole 16AT126	
4m at	2.7 g/t	gold	from 28m	– Hole 16AT128	(12m @ 1.6 g/t gold from 20m)
- 31 angled RC drill holes have been completed
- Total Phase 2 drilling to date: 2,604m

Copper exploration update: Champion Prospect (Copper Coast) 100% ownership

- Drilling Program Access Granted
In a judgment handed down on 22 December 2016 in the Environment, Resources and Development (ERD) Court of South Australia, pursuant to an application by the Company under s9AA of the Mining Act 1971, Marmota has been granted a waiver to carry out its designated exploration program on its Champion copper prospect, at West Melton on the Copper Coast (Yorke Peninsula).

The exploration drilling program approved by the Court includes:

- » IP survey
 - » Two Phase drilling program, including a
 - » Diamond drilling component
- As announced on 13 and 21 February 2017, the drilling program has commenced and will be carried out in February, March and April 2017.
 - Drilling program is expected to result in an Inferred Resource being able to be reported in accordance with the JORC Code.

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 14th day of March 2017

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

A handwritten signature in blue ink, appearing to read "Colin Rose". The signature is fluid and cursive, with a long horizontal stroke at the bottom.

Dr Colin Rose
Chairman

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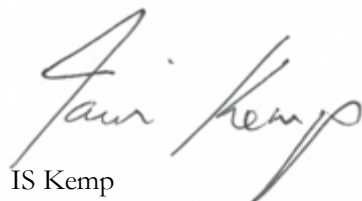
Auditor's Independence Declaration To The Directors of Marmota Energy Limited

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 2016, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



IS Kemp
Partner - Audit & Assurance

Adelaide, 14 March 2017

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2016

	Note	Consolidated	
		Dec 2016 \$	Dec 2015 \$
Other revenues from ordinary activities	3	30,017	25,880
Total other revenue		30,017	25,880
Administrative expenses		57,877	79,150
Consultancy expenses		12,359	18,779
Depreciation		2,127	12,053
Employment expenses		132,662	136,147
Service fees		-	-
Occupancy expenses		2,209	3,194
Impairment expense		-	21,400
Other		-	-
Loss before income tax expense		(177,217)	(244,843)
Income tax (expense)		(5,696)	(1,633)
Loss for the period		(182,913)	(246,476)
Loss attributed to members of the parent entity		(182,913)	(246,476)
Other comprehensive income		-	-
Total comprehensive income for the period		(182,913)	(246,476)
Basic earnings per share (cents)		(0.04)	(0.06)
Diluted earnings per share (cents)		(0.04)	(0.06)

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2016



	Note	Consolidated	
		Dec 2016	Jun 2016
		\$	\$
Current assets			
Cash and cash equivalents	7	480,475	635,121
Trade and other receivables		32,928	32,741
Other assets		25,533	11,538
Total current assets		538,936	679,400
Non-current assets			
Plant and equipment		76,465	90,087
Investments in associates	9	1	1
Available for sale financial assets		8,000	8,000
Exploration and evaluation expenditure	11	4,318,878	3,661,339
Total non-current assets		4,403,344	3,759,427
Total assets		4,942,280	4,438,827
Current liabilities			
Trade and other payables		243,177	99,744
Provisions		4,182	16,144
Total current liabilities		247,359	115,888
Non-current liabilities			
Provisions		323	1,237
Total non-current liabilities		323	1,237
Total liabilities		247,682	117,125
Net assets		4,694,598	4,321,702
Equity			
Issued capital	12	33,643,877	33,064,883
Reserves	13	27,617	50,802
Retained losses		(28,976,896)	(28,793,983)
Total equity		4,694,598	4,321,702

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 2016



	Issued capital \$	Reserves \$	Retained losses \$	Total \$
Balance at 1 July 2015	31,577,896	2,719,810	(31,060,144)	3,237,562
Transactions with owners in their capacity as owners:				
Shares issued during the period	969,499	-	-	969,499
Cost associated with shares issued during period	(3,811)	-	-	(3,811)
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)
Balance as at 31 December 2015	<u>32,543,584</u>	<u>2,719,810</u>	<u>(31,306,620)</u>	<u>3,956,774</u>
Balance at 1 July 2016	33,064,883	50,802	(28,793,983)	4,321,702
Transactions with owners in their capacity as owners:				
Shares issued during the period	530,000	-	-	530,000
Cost associated with shares issued during period	(13,291)	-	-	(13,291)
Share based payment	62,285	-	-	62,285
Options issued during the period	-	24,247	-	24,247
Option expired during the period	-	(47,432)	-	(47,432)
	<u>33,643,877</u>	<u>27,617</u>	<u>(28,793,983)</u>	<u>4,877,511</u>
Total comprehensive income	-	-	(182,913)	(182,913)
Balance as at 31 December 2016	<u>33,643,877</u>	<u>27,617</u>	<u>(28,976,896)</u>	<u>4,694,598</u>

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 2016



	Consolidated	
	Dec 2016	Dec 2015
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(190,790)	(236,403)
Cash receipts in the course of operations	12,500	21,141
Interest received	3,516	4,739
Income tax	-	-
Net cash (used in) operating activities	(174,774)	(210,523)
Cash flows from investing activities		
Receipts from sale of plant and equipment	14,000	3,255
Loans to related parties	-	(6,819)
Payments for mining tenements and exploration	(504,884)	(352,395)
Net cash (used in) investing activities	(490,884)	(355,959)
Cash flows from financing activities		
Proceeds from issue of shares	530,000	937,417
Payments associated with capital raising	(18,988)	(31,338)
Net cash provided by financing activities	511,012	906,079
Net (decrease)/increase in cash held	(154,646)	339,597
Cash at the beginning of the half-year	635,121	261,200
Cash at the end of the half-year	480,475	600,797

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 2016 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 2016 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 2016 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 2016.

3 *Other revenues from ordinary activities*

	Consolidated	
	Dec 2016	Dec 2015
	\$	\$
Included in other revenues from ordinary activities:		
Interest: other parties	3,516	4,739
Sale of property, plant & equipment	14,000	-
Other revenue	12,501	21,141
	30,017	25,880

4 *Contingent liabilities*

There have been no material changes to the aggregate of contingent liabilities since 30 June 2016.

5 *Commitments*

There have been no material changes to commitments disclosed in the 30 June 2016 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 2016.

Marmota Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2016



7 Cash on hand

	Consolidated	
	Dec 2016	Jun 2016
	\$	\$
Cash and cash equivalents	464,975	619,621
Deposits at call	15,500	15,500
	480,475	635,121

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 Limited consolidated group are as follows:

	Country of incorporation	Percentage owned (%)	
		Dec 2016	Jun 2016
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	Jun	Dec	Jun
				2016	2016	2016	2016
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

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

Marmota Limited and Controlled Entities
Condensed Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2016



10 Interests in unincorporated joint operations

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

State	Agreement name	Parties	Summary
SA	Melton Joint Venture	Monax Mining Limited (MOX) and Marmota Limited (MEU)	MEU will have the right to explore for all minerals in the area covered by Exploration Licences EL 5209 and EL 5122. MEU and MOX operate a 75:25 joint venture.
SA	Junction Dam Uranium Agreement	Teck Australia Pty Ltd, PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd (TPE) and Marmota Limited (MEU)	MEU have the right to explore for uranium in the area covered by Exploration Licence EL 4509 (formerly EL 3328). MEU holds 100% of the uranium rights under the terms of the Agreement. TPE retains a NSR of 5%.
Prior year			
SA	Farm-in Agreement – Aurora Tank tenement	Southern Exploration Pty Ltd (Southern) and Marmota Energy Limited (MEU)	During the current period Marmota reached an agreement with Southern pursuant to which Marmota assumed 100% control and ownership (prior year 75%).

11 Exploration and evaluation expenditure

	Consolidated	
	Dec 2016 \$	Jun 2016 \$
Movement:		
Carrying amount at beginning of year	3,661,339	2,948,901
Additional costs capitalised during the year	657,539	733,838
Impairment	-	(21,400)
Carrying amount at end of year	<u>4,318,878</u>	<u>3,661,339</u>
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	2,202,418	1,527,142
Exploration and evaluation		
- Joint Venture	<u>2,116,460</u>	<u>2,134,197</u>
	<u>4,318,878</u>	<u>3,661,339</u>

In July 2016, the Company negotiated an agreement with Apollo Minerals under which Marmota assumed full control and 100% ownership of Aurora Tank, EL 5589.

12 Issued capital

	Consolidated	
	Dec 2016	Jun 2016
	\$	\$
Issued and paid-up share capital		
451,715,801 (June 2016: 412,798,354) ordinary shares, fully paid	33,643,877	33,064,883
Ordinary shares		
Balance at the beginning of the period	33,064,883	31,577,895
Shares issued during the period		
- 1,000,000 shares issued under tenement acquisition agreement at \$0.018	18,000	-
- 1,280,916 shares issued as part of a placement at non-cash consideration of \$0.01629	20,861	-
- 35,333,371 shares issued pursuant to a Share Purchase Plan at \$0.015 per share	530,000	-
- 388,160 shares issued in lieu of consultants fees at \$0.01655 per share	6,424	-
- 915,000 shares issued in lieu of Director's fees at \$0.01858	17,000	-
Shares issued during the prior period		
- 8,960,817 shares issued on exercise of listed options	-	179,216
- 47,473,750 shares issued as part of a Share Purchase Plan	-	451,001
- 17,250,000 shares issued as part of a placement \$0.015	-	258,750
- 15,750,000 shares issued as part of a placement \$0.017	-	267,750
- 493,197 shares issued as part of a placement \$0.0183	-	9,026
- 400,000 shares issued on exercise of employee share options	-	7,200
- 13,254,118 shares issued as part of a placement at \$0.02	-	265,082
- 1,666,666 shares issued as part of a placement at \$0.03	-	50,000
- 1,700,000 shares issued in lieu of Director's fees	-	17,000
Less transaction costs arising from issue of shares net of tax	(13,291)	(18,037)
Balance at end of period	33,643,877	33,064,883

At 31 December 2016, there were 6,875,000 (June 2016: 3,100,000) unissued shares for which the following options/rights were outstanding.

- 25,000 unlisted options exercisable at \$0.036 by 24 July 2017
- 550,000 unlisted options exercisable at \$0.018 by 16 December 2019
- 300,000 unlisted options exercisable at \$0.05 by 12 January 2021
- 1,000,000 unlisted options exercisable at \$0.05 by 6 October 2021
- 5,000,000 unlisted options exercisable at \$0.03 by 9 November 2021

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

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

(b) Available for sale reserve

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

	Consolidated	
	Dec 2016	Jun 2016
	\$	\$
Reserves		
<i>(a) Share option reserve</i>		
Opening balance at beginning of period	58,302	2,727,310
Fair value of options issued to employees	16,165	42,902
Fair value of options issued to a consultant	8,082	-
Options exercised or expired	(47,432)	(2,711,910)
Balance at end of period	<u>35,117</u>	<u>58,302</u>
<i>(b) Available for sale reserve</i>		
Opening balance at beginning of period	(7,500)	(7,500)
Revaluation of available for sale asset	-	-
Balance at end of period	<u>(7,500)</u>	<u>(7,500)</u>
Total Reserves	<u>27,617</u>	<u>50,802</u>

During the year, the following options were issued;

- 500,000 options with a Black Scholes valuation of \$2,021 were issued to Rachael Wilson, a Company employee, under the Marmota Limited Employee Share Option Plan. The option exercise price is \$0.03 and they expire on 6 October 2021;
- 500,000 options with a Black Scholes valuation of \$2,021 were issued to Michael Beven, a Company employee, under the Marmota Limited Employee Share Option Plan. The option exercise price is \$0.03 and they expire on 6 October 2021;
- 3,000,000 options with a Black Scholes valuation of \$12,123 were issued to Peter Thompson, under the Marmota Limited Director and Employee Share Option Plan. The option exercise price is \$0.03 and they expire on 9 November 2021; and
- 2,000,000 options with a Black Scholes valuation of \$8,082 were issued to Dr Kevin Wills, a consulting geologist. The option exercise price is \$0.03 and they expire on 9 November 2021;

During the year, the following options expired/cancelled:

- 225,000 options with an exercise price of \$0.073 expired on 29 July 2016; and
- 2,000,000 options with an exercise price of \$0.05 were cancelled following redundancy of a Company employee.

14 Operating segments

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

15 Events subsequent to reporting date

In February 2017, the Company raised \$1,300,000 (before costs) from the issue of 65,000,000 shares at \$0.02 per share.

In the interval between 31 December 2016 and the date of this report there are no other items, transactions or events of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

16 Going concern

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

The Consolidated Entity incurred a net loss of \$182,913 for the half-year. For the half-year ended 31 December 2016, there was a net cash outflow of \$154,646. The Consolidated Entity's planned expenditure exceeds its current cash held and 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. Subsequent to 31 December 2016, the Company has raised \$1,300,000 in a placement at \$0.02 per share.

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.

17 Fair value measurement of assets and liabilities

Fair value hierarchy

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

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

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

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

Directors' Declaration

For the half-year ended 31 December 2016

Directors' Declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 6 to 15, 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 2016 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 14th day of March 2017.

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

A handwritten signature in blue ink, appearing to read "Colin Rose". The signature is fluid and cursive, with a long horizontal stroke at the bottom.

Dr Colin Rose
Chairman

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

We have reviewed the accompanying half-year financial report of Marmota Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, 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 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 Limited consolidated entity's financial position as at 31 December 2016 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.

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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*.

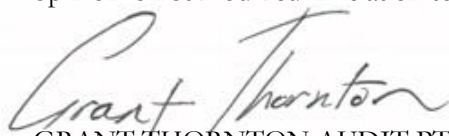
Conclusion

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 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 2016 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*.

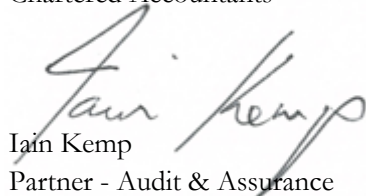
Material Uncertainty related to Going Concern

We draw attention to Note 16 of the half-year financial report, which indicates that the consolidated entity incurred a net loss before tax of \$182,913 during the period ended 31 December 2016. In addition, the Group incurred a net cash outflow of \$665,658 from operating and investing activities. These conditions, along with other matters as set forth in Note 16, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half-year financial report. Our opinion is not modified in relation to this matter.



GRANT THORNTON AUDIT PTY LTD

Chartered Accountants



Iain Kemp

Partner - Audit & Assurance

Adelaide, 14 March 2017