



## **Marmota Limited**

ABN 38 119 270 816

### **Consolidated Entity**

## **Consolidated Financial Statements for the year ended 30 June 2018**

### **CORPORATE DIRECTORY**

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

**Registered Office**  
Unit 6, 79-81 Brighton Road  
Glenelg SA 5045  
Telephone: (08) 8294 0899  
Facsimile: (08) 8376 8633

**Email:** [info@marmota.com.au](mailto:info@marmota.com.au)

**Share Registrar**  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Telephone: +61 1300 554 474  
Facsimile: +61 2 9287 0303  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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

The Directors present their report on Marmota Limited – consolidated entity ('Group') for the financial year ended 30 June 2018 and the auditor's report thereon.

## **Directors**

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

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

### **Experience and expertise**

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

### **Responsibilities**

Special responsibilities include membership of the Audit, Governance and Remuneration Committee.

*Interests in Shares and Options* (as at 10 September 2018):

- 71,007,704 ordinary shares

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

### **Experience and expertise**

Mr Thompson has been a Board member since 26 May 2015. He is a Geologist with significant industry experience in both Exploration and Mining roles. Educated at Trinity College Dublin (BSc Hons – Geology) and Leicester University (MSc – Mineral Exploration and Mining Geology), he has worked in exploration for gold, copper, nickel and platinoids, and in open pit and underground gold mines. Over a career of 28 years, Mr Thompson has worked for BCD Resources NL as CEO, at St Barbara Mines Limited as General Manager Exploration, as well as holding senior exploration and project development roles with Jubilee Mines NL, Anaconda Nickel Ltd and Western Mining Corporation. At St Barbara Mines, Mr Thompson's responsibility included managing a team of 22 geoscientists. In addition to being responsible for the discovery of several nickel and gold deposits, he has extensive mining and corporate development experience.

### **Responsibilities**

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

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

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

*Interests in Shares and Options* (as at 10 September 2018)

- 3,919,763 ordinary shares
- 3,000,000 unlisted 3 cent Options (expiring 9 November 2021) issued under the Director & Employee Share Option Plan (DESOP)

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

**Experience and expertise**

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

**Responsibilities**

Dr Wills also acts as Head of Exploration and as a competent person on JORC resource reporting matters.

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

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

*Interests in Shares and Options (as at 10 September 2018):*

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

**Directors' meetings**

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

Director	Directors' Meetings		Audit, Governance and Remuneration Committee Meetings	
	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended
	Dr Colin Rose	9	9	2
Peter Thompson	9	9	2	2
Dr Kevin Wills	9	9	-	-

**Company Secretary**

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

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

From 14 November 2016 to 17 January 2018, Ms Vicky Allinson held the position of Company Secretary.

## ***Principal activities***

The Group's principal activity is minerals exploration.

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

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

### ***Corporate***

The company continues to benefit from the major cost saving measures implemented in recent years, which have led to annual savings estimated to be around \$700,000 per annum. Those same funds saved are now targeted into active exploration, and that exploration has already yielded the Company and its shareholders a new gold discovery at Aurora Tank.

Immediately prior to the commencement of the financial year, in June 2017, Marmota announced a new management and Board structure which further simplified the Company's structure, effectively splitting the MD role into two pre-existing positions: Dr Rose moved from non-executive Chair to Executive Chairman (looking after the corporate side) and Dr Kevin Wills joined the Board as Executive Director – Exploration (looking after the exploration side). These changes provide a simple and elegant Board structure that has further saved the company around another \$100,000 per annum: Funds that are again targeted into active exploration.

Over the financial year, the Company raised \$2.5million in capital (before costs) via placement to sophisticated and professional investors, including cornerstone investors. The Company is very pleased to welcome our new shareholders on board, is very grateful for their support, and is equally working hard to reward that support!

With new capital and reduced costs, the net effect is that Marmota can operate as a nimble and effective explorer, able to carry out not just one, but multiple drilling programs in a year, dramatically speeding up the process of discovery, with a small highly-focused and professional team. That team, including directors and staff, now includes 4 experienced geologists! Most importantly, that team and these programs are already yielding our shareholders exploration success.

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

In September 2016, Marmota commenced its first ever gold drilling program at Aurora Tank, at the Goshawk gold prospect. Just one year later, in September 2017, Marmota was delighted to be able to report its best gold drilling results ever, featuring **outstanding 1m intersections** including **101 g/t gold** (with duplicate samples at **85 g/t** and **93 g/t**, averaging **93 g/t**) in Hole 17AT021 (see ASX:MEU 4 Sept 2017 ), just 32m from surface.

The good news continued in October 2017 when Marmota reported the first metallurgical testwork at Aurora Tank **returned 94% to 97% gold recoveries** [ASX:MEU 30 Oct 2017 ]. In November 2017, Marmota carried out the first diamond drilling program at Aurora Tank, enabling subsequent metallurgical and petrology analysis. In March 2018, that analysis yielded the first **visible gold** from Aurora Tank, by reflected light microscopy **across multiple samples of highly anomalous gold**. [ASX:MEU 22 March 2018 ]

Over the financial year, Marmota has carried out 3 drilling programs at Aurora Tank: 1 AC (air-core) program (87 holes for approx. 4,000m), 1 diamond program (6 holes), and 1 RC program (50 holes for another 4,000m). The pace does not slacken, and as this report is being written in September 2018, the next stage of drilling is about to commence at Aurora Tank.

### **Returning funds to shareholders**

Marmota is also very pleased to have again successfully participated in the Australian Government's Exploration Development Incentive (EDI) program under which Marmota distributed \$457,841 of Taxation Credits back to our shareholders in June 2018.

Finally, we were very pleased to welcome in Lisa Askham-Levy as new Company Secretary and Chief Financial Officer in January 2018. It is a pleasure to have Lisa on board.

We look forward to the year ahead!

### **Competent person statement**

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Kevin Wills who is a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Wills consents to the inclusion in the report of the matters based on his information in the form and context in which they appear. Where results from previous announcements are quoted, Marmota confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

### **Results**

During the year, the Group continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled \$1,135,999.

The net loss of the Group after income tax was \$306,747 (2017: loss \$389,655).

The net assets of the Group have increased by \$2,128,276 during the financial year from \$5,795,459 at 30 June 2017 to \$7,923,735 at 30 June 2018.

### **Dividends**

No dividends have been paid or provided by the Group since the end of the previous financial year (2017: nil).

### **Exploration Development Incentive (EDI) Credits**

Marmota distributed \$457,841 of EDI Taxation Credits back to our shareholders in June 2018 (2017: \$220,000).

### **State of affairs**

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

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

There has not arisen any matters or circumstances, since the end of the financial year, which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of the Group in future years.

### **Likely developments**

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

### **Environmental regulation and performance statement**

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

### **Indemnification and insurance of officers**

#### **Indemnification**

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

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

#### **Insurance premiums**

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

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

### **Options**

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

<b>Expiry date*</b>	<b>Exercise price</b>	<b>Number of Options</b>	<b>Vested</b>	<b>Unvested</b>	<b>Amount paid/payable by recipient (\$)</b>
14/06/2019	\$0.03	25,000,000	25,000,000	-	-
16/12/2019	\$0.018	550,000	550,000	-	-
06/10/2021	\$0.03	500,000	500,000	-	-
09/11/2021	\$0.03	5,000,000	5,000,000	-	-

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

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. During the financial year, no ordinary shares were issued by the Company as a result of the exercise of options (2017: nil). There were no amounts unpaid on shares issued.

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

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

### ***Corporate Governance Statement***

The Company's Corporate Governance Statement for the year ended 30 June 2018 may be accessed from the Company's website at: [www.marmota.com.au/site/corporate/policies](http://www.marmota.com.au/site/corporate/policies)

### ***Non-audit services***

There were no non-audit services provided by the external auditors of the Parent or its related entities during the year ended 30 June 2018.

### ***Auditor of the Company***

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

### ***Auditor's independence declaration***

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2018 is set out immediately following the end of the Directors' report.

## **Remuneration Report**

### **Remuneration policy**

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

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

### **Remuneration and Nomination**

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

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

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

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

### **Executive Remuneration Policies**

The remuneration of the Managing Director is determined by the Non-executive Directors on the Audit, Governance and Remuneration Committee and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

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

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

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



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



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

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

At this time, there is no relationship between remuneration of Key Management Personnel and the Company's performance over the last five years.

**Remuneration Consultants**

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

**Shares issued on exercise of remuneration options**

No shares were issued to Directors as a result of the exercise of remuneration options during the financial year.

**Remuneration of Directors and key management personnel**

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

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

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

<b>Directors</b>	<b>Position</b>		
<b>Dr C Rose</b>	Chairman	Non-executive	from 1 May 2015 to 4 June 2017
	Executive Chairman	Executive	from 5 June 2017
<b>Mr P Thompson</b>	Director	Non-executive	from 26 May 2015
<b>Dr K Wills</b>	Head of Exploration		from 8 March 2016
	Executive Director	Acting MD	from 14 November 2016 to 30 January 2017
		Executive Director	
<b>Key Management Personnel</b>			
Ms V Allinson	Company Secretary		from 14 November 2016 to 17 January 2018
Ms L Askham-Levy	Company Secretary and CFO		from 18 January 2018

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



**(b) Directors' remuneration**

	Short Term Employee Benefits		Post-Employee Benefits	Long Term Employee Benefits	Share-based payments			Total
	Directors' fees	Fixed Remuneration	Non-Monetary Benefits	Super contributions	Change in LSL Provision	Option based benefits	Share based payments	
<b>2018 primary benefits</b>	\$	\$	\$	\$	\$	\$	\$	\$
<b>Directors</b>								
Dr C Rose	1	72,151	-	12,848	-	-	-	85,000
Mr P Thompson*	18,417	-	-	-	-	-	17,000	35,417
Dr K Wills**	-	64,536	-	-	-	-	-	64,536
	18,418	136,687	-	12,848	-	-	17,000	184,953

	Short Term Employee Benefits		Post-Employee Benefits	Long Term Employee Benefits	Share-based payments			Total
	Directors' fees	Fixed Remuneration	Non-Monetary Benefits	Super contributions	Change in LSL Provision	Option based benefits	Share based payments	
<b>2017 primary benefits</b>	\$	\$	\$	\$	\$	\$	\$	\$
<b>Directors</b>								
Dr C Rose	1	5,207	-	847	-	-	-	6,055
Mr P Thompson*	17,000	-	-	-	-	9,687	17,000	43,687
Dr K Wills**	-	29,417	-	-	-	-	-	29,417
Mr L Williams	-	74,753	5,100	5,907	-	-	-	85,760
Mr I Warland	-	54,541	-	5,181	-	-	-	59,722
	17,001	163,918	5,100	11,935	-	9,687	17,000	224,641

There were no cash bonuses paid in 2018 or 2017.

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

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

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



**(c) Key management personnel remuneration**

	Short term employee benefits		Long term employee benefits		Total	Proportion of remuneration related to performance
	Invoiced	Option based benefits	Share based Payments			
<b>2018 primary benefits</b>	\$	\$	\$	\$		
<b>Key management personnel excluding Directors</b>						
L Askham-Levy*	20,200	-	-	20,200		-
V Allinson**	32,292	-	-	32,292		-
	52,492	-	-	52,492		-

	Short term employee benefits		Long term employee benefits		Total	Proportion of remuneration related to performance
	Invoiced	Option based benefits	Share based Payments			
<b>2017 primary benefits</b>	\$	\$	\$	\$		
<b>Key management personnel excluding Directors</b>						
Dr K Wills***	51,276	6,458	12,248	69,982		-
V Allinson**	20,430	-	-	20,430		-
	71,706	6,458	12,248	90,412		-

There were no cash bonuses paid in 2018 or 2017.

\* Ms Askham-Levy was appointed as Company Secretary and Chief Financial Officer on 18 January 2017. Ms Askham-Levy provides outsourced accounting services.

\*\* Ms Allinson was appointed as Company Secretary on 14 November 2016 and Chief Financial Officer on 14 January 2017. Ms Allinson and her team provided outsourced accounting services via a company she controls, Allinson Accounting Solutions Pty Ltd, from 14 January 2017 to 17 January 2018.

\*\*\*Dr Wills was Chief Geologist from 1 July 2016 to 12 November 2016 (then Acting MD in the period 13 November 2016 to 30 January 2017, see (b) above) and then resumed as Chief Geologist from 1 February 2017 to 4 June 2017 (and then Executive Director from 5 June 2017). His remuneration is paid to a related entity.

**(d) Share based payments**

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

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

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

Key management personnel Option based payments in the previous year:

- On 9 November 2016, 5,000,000 share options were granted to directors and employees under the Marmota Limited Director & Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.03 each. These options are exercisable on or before 9 November 2021, with Black Scholes valuation:
  - Mr P Thompson \$9,686
  - Dr K Wills \$6,458

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



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

The fair value of the options granted was calculated by using the Black-Scholes option pricing model applying the following inputs:

	<b>Nov 2016 issue</b>
Weighted average fair value	\$0.003
Weighted average exercise price	\$0.03
Weighted average life of the option	1,825
Underlying share price	\$0.016
Expected share price volatility	41.8%
Risk free interest rate	1.8%

The life of the option is based on the days remaining until expiry. Volatility is based on historical share prices.

The options hold no voting or dividends rights and are unlisted. The options lapse 6 months subsequent to the cessation of employment with the Group. There are no vesting conditions attached to the options.

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

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

**(e) Service agreements**

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

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

- From 5 June 2017, Dr Wills' remuneration amounts to \$5,378 per month (excluding GST) as Executive Director. The amount of hours varies if Dr Wills is required to work additional days.

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

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



**(f) Director related entities**

**Directors' transactions with the Company**

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

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

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

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

	Consolidated	
	2018	2017
	\$	\$
Current receivables		
Loan to director related entity	-	-
Loan to associate	-	-
Current payables		
Amounts payable to director related entities <sup>(1)</sup>	4,558	2,508
Accrued directors fees <sup>(1)</sup>	22,067	9,987
	<u>26,625</u>	<u>12,495</u>

(1) FY18 amount is amount for Director's fees (or related entities) of:

- Dr C Rose \$15,167 (FY17 \$nil); and
- Mr P Thompson \$4,391 (FY17 \$2,508); and
- Dr K Wills \$7,067 (FY17 \$9,987).

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

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

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



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

*(i) Share holdings*

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

Shares	Balance 1/07/17	Received as remuneration	Options exercised	Net change Other <sup>(1)</sup>	Balance 30/06/18	Total held in escrow 30/06/18
<b>Held by Directors in own name</b>						
Dr C Rose	62,391,982	-	-	7,764,406	70,156,388	-
Mr P Thompson	-	-	-	-	-	-
Dr K Wills	-	-	-	-	-	-
<b>Held by Directors' personally related entities</b>						
Dr C Rose	851,316	-	-	-	851,316	-
Mr P Thompson	2,948,334	971,429	-	-	3,919,763	-
Dr K Wills	930,061	-	-	-	930,061	-
<b>Total held by Directors</b>	<b>67,121,693</b>	<b>971,429</b>	<b>-</b>	<b>7,764,406</b>	<b>75,857,528</b>	<b>-</b>

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

*(ii) Option holdings*

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

Options	Balance 1/07/17	Received as remuneration	Options exercised	Net change other	Balance 30/06/18	Total vested 30/06/18	Total exercisable 30/06/18
<b>Held by Directors in own name</b>							
Dr C Rose	-	-	-	-	-	-	-
Mr P Thompson	-	-	-	-	-	-	-
Dr K Wills	-	-	-	-	-	-	-
<b>Directors' personally related entities</b>							
Dr C Rose	-	-	-	-	-	-	-
Mr P Thompson <sup>(1)</sup>	3,000,000	-	-	-	-	-	3,000,000
Dr K Wills <sup>(1)</sup>	2,000,000	-	-	-	-	-	2,000,000
<b>Total held by Director</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>

(1) 3 million unlisted 3 cent Options expiring 9 November 2021 were issued to Mr Thompson under the Director & Employee Share Option Plan (DESOP) on 9 November 2016, and 2 million of the same options to Dr Wills.

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

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*(iii) Share rights holdings*

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

No options previously granted to Directors or Director related entities were exercised during the year.

**End of Remuneration Report**

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

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

Dr Colin Rose  
*Chairman*

Dated at Sydney this 24<sup>th</sup> day of September 2018.

## Auditor's Independence Declaration

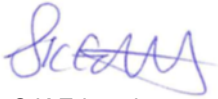
### To the Directors of Marmota Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Marmota Limited for the year ended 30 June 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton*

RANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 24 September 2018



**Consolidated Statement of Profit and Loss and Other Comprehensive Income**  
**For the year ended 30 June 2018**

	Note	Consolidated	
		2018 \$	2017 \$
Other revenues	2	15,186	49,915
Total revenue		15,186	49,915
Administration expenses	3	110,883	129,950
Consulting expenses	3	45,985	20,930
Depreciation expense	3	4,141	4,090
Employment expenses	3	123,710	218,371
Occupancy expenses	3	6,119	5,435
Impairment of assets	3	-	39,684
<b>(Loss) before income tax expense</b>		<b>(275,652)</b>	<b>(368,545)</b>
Income tax (expense)	4	(31,095)	(21,110)
<b>(Loss) for the year</b>		<b>(306,747)</b>	<b>(389,655)</b>
<b>Loss attributable to members of the parent entity</b>		<b>(306,747)</b>	<b>(389,655)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(306,747)</b>	<b>(389,655)</b>
Basic earnings per share (cents)	6	(0.054 cents)	(0.084 cents)
Diluted earnings per share (cents)	6	(0.054 cents)	(0.084 cents)

The accompanying notes form part of these financial statements.

**Marmota Limited and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2018**



	Note	Consolidated	
		2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	7	1,524,225	530,706
Trade and other receivables	8	114,958	95,956
Other assets	9	24,593	11,649
<b>Total current assets</b>		<b>1,663,776</b>	<b>638,311</b>
<b>Non-current assets</b>			
Plant and equipment	10	43,261	66,008
Investments in associates	11	1	1
Available for sale financial assets	12	8,000	8,000
Exploration and evaluation assets	15	6,446,266	5,289,305
<b>Total non-current assets</b>		<b>6,497,528</b>	<b>5,363,315</b>
<b>Total assets</b>		<b>8,161,304</b>	<b>6,001,626</b>
<b>Current liabilities</b>			
Trade and other payables	16	218,536	201,297
Provisions	17	12,908	4,747
<b>Total current liabilities</b>		<b>231,444</b>	<b>206,044</b>
<b>Non-current liabilities</b>			
Provisions	17	6,125	123
<b>Total non-current liabilities</b>		<b>6,125</b>	<b>123</b>
<b>Total liabilities</b>		<b>237,569</b>	<b>206,167</b>
<b>Net assets</b>		<b>7,923,735</b>	<b>5,795,459</b>
<b>Equity</b>			
Issued capital	18	37,344,550	34,909,527
Reserves	26	14,356	22,140
Retained losses		(29,435,171)	(29,136,208)
<b>Total equity</b>		<b>7,923,735</b>	<b>5,795,459</b>

The accompanying notes form part of these financial statements.

**Marmota Limited and Controlled Entities**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2018**



	Consolidated			
	Issued capital (Note 18) \$	Reserves (Note 26) \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2016</b>	33,064,884	50,802	(28,793,984)	4,321,702
Loss attributable to the members of the parent entity	-	-	(389,655)	(389,655)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	(389,655)	(389,655)
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the year	1,900,921	-	-	1,900,921
Options issued during the year	-	18,769	-	18,769
Options expired or exercised	-	(47,431)	47,431	-
Transaction costs associated with the issue of shares net of tax	(56,278)	-	-	(56,278)
	<b>1,844,643</b>	<b>(28,662)</b>	<b>47,431</b>	<b>1,863,412</b>
<b>Balance at 30 June 2017</b>	<b>34,909,527</b>	<b>22,140</b>	<b>(29,136,208)</b>	<b>5,795,459</b>
<b>Balance at 1 July 2017</b>	34,909,527	22,140	(29,136,208)	5,795,459
Loss attributable to the members of the parent entity	-	-	(306,747)	(306,747)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	(306,747)	(306,747)
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the year	2,517,000	-	-	2,517,000
Options issued during the year	-	-	-	-
Options expired or exercised	-	(7,784)	7,784	-
Transaction costs associated with the issue of shares net of tax	(81,977)	-	-	(81,977)
	<b>2,435,023</b>	<b>(7,784)</b>	<b>7,784</b>	<b>2,435,023</b>
<b>Balance at 30 June 2018</b>	<b>37,344,550</b>	<b>14,356</b>	<b>(29,435,171)</b>	<b>7,923,735</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows

For the year ended 30 June 2018

		Consolidated	
	Note	2018	2017
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		2,500	30,000
Cash payments in the course of operations		(238,431)	(420,218)
Interest received		12,686	10,915
<b>Net cash (used in) operating activities</b>	22(b)	<u>(223,245)</u>	<u>(379,303)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of for plant and equipment		-	14,000
Payments for plant and equipment		(1,988)	(3,497)
Payments for exploration and evaluation assets		(1,135,999)	(1,509,106)
Loans from related entities		-	-
Loans repaid to related entities		-	-
<b>Net cash (used in) investing activities</b>		<u>(1,137,987)</u>	<u>(1,498,603)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,455,000	1,850,867
Payment of transaction costs associated with capital raisings		(100,249)	(77,376)
<b>Net cash provided by financing activities</b>		<u>2,354,751</u>	<u>1,773,491</u>
<b>Net increase/(decrease) in cash held</b>		993,519	(104,415)
<b>Cash at the beginning of the financial year</b>		<u>530,706</u>	<u>635,121</u>
<b>Cash at the end of the financial year</b>	22(a)	<u><u>1,524,225</u></u>	<u><u>530,706</u></u>

The accompanying notes form part of these financial statements.

**1 Statement of significant accounting policies**

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

**(a) Basis of preparation**

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

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

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

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

**(b) Compliance with IFRS**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

There is no impact of new accounting standards and interpretations applied during the year.

**(c) New accounting standards and interpretations**

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2017. Information on the more significant standards is presented below.

**AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses**

AASB 2016-1 amends AASB 112 *Income Taxes* to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to the annual reporting periods beginning on or after 1 January 2017.

**AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107**

AASB 2016-2 amends AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

Adoption of these standards has not had a material impact on the Group.

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

New / revised pronouncement	Superseded pronouncement	Nature of change	Likely impact on initial application
AASB 9 Financial Instruments (December 2014)	AASB 139 Financial Instruments: Recognition and Measurement	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <p>a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.</p> <p>Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p>	<p>The entity has yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>
AASB 15 Revenue from Contracts with Customers	<p>AASB 118 Revenue</p> <p>AASB 111 Construction Contracts</p> <p>Int. 13 Customer Loyalty Programmes</p> <p>Int. 15 Agreements for the Construction of Real Estate</p> <p>Int. 18 Transfer of Assets from Customers</p> <p>Int. 131 Revenue – Barter Transactions Involving Advertising Services</p> <p>Int. 1042 Subscriber Acquisition Costs in the Telecommunications Industry</p>	<p>AASB 15:</p> <ul style="list-style-type: none"> <li>• replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: <ul style="list-style-type: none"> <li>- establishes a new revenue recognition model</li> <li>- changes the basis for deciding whether revenue is to be recognised over time or at a point in time</li> <li>- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)</li> <li>- expands and improves disclosures about revenue</li> </ul> </li> </ul>	<p>The entity has yet to undertake a detailed assessment of the impact of AASB 15 as the company currently has no contracts with customers. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>

<p>AASB 16 Leases</p>	<p>AASB 117 Leases Int. 4 Determining whether an Arrangement contains a Lease Int. 115 Operating Leases—Lease Incentives Int. 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</p>	<p>AASB 16:</p> <ul style="list-style-type: none"> <li>• replaces AASB 117 Leases and some lease-related Interpretations</li> <li>• requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases</li> <li>• provides new guidance on the application of the definition of lease and on sale and lease back accounting</li> <li>• largely retains the existing lessor accounting requirements in AASB 117</li> <li>• requires new and different disclosures about leases</li> </ul>	<p>The entity has yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.</p>
<p>AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p>	<p>None</p>	<p>AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.</p>	<p>Refer to the section on AASB 15 above.</p>
<p>AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</p>	<p>None</p>	<p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.</p>	<p>Refer to the section on AASB 9 above.</p>
<p>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</p> <p>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)</p>	<p>None</p>	<p>The amendments address a current inconsistency between AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>.</p> <p>The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 <i>Business Combinations</i>. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors’ interests is recognised when the assets or subsidiary do not constitute a business.</p> <p>This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding</p>	<p><i>When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.</i></p>

## Notes to the financial statements

For the year ended 30 June 2018

		amendments have also been made to AASB 128.	
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	None	AASB 2015-8 amends the mandatory application date of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. It also defers the consequential amendments that were originally set out in AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	Refer to the section on AASB 15 above.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	None	<p>The amendments clarify the application of AASB 15 in three specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. They will help companies:</p> <ol style="list-style-type: none"> <li>1 Identify performance obligations (by clarifying how to apply the concept of ‘distinct’);</li> <li>2 Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle);</li> <li>3 Determine whether a licence transfers to a customer at a point in time or over time (by clarifying when a company’s activities significantly affect the intellectual property to which the customer has rights).</li> </ol> <p>The amendments also create two additional practical expedients available for use when implementing AASB 15:</p> <ol style="list-style-type: none"> <li>1 For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying the performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.</li> <li>2 Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented.</li> </ol>	Refer to the section on AASB 15 above.

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective and has not yet assessed the impact of these standards.

**(d) Principles of consolidation**

The Group financial statements consolidate those of the Parent and all of its subsidiaries as of 30 June 2018. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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



**(e) Income tax**

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

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

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

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

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

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

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

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

**(f) Plant and equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

*Plant and equipment*

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

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

*Depreciation*

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

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

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

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

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

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

**(g) Exploration and evaluation expenditure**

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

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

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

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

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

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

**(h) Leases**

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

**(i) Financial instruments**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through the profit or loss', in which case the costs are expensed to the Statement of Profit or Loss and Other Comprehensive Income immediately.

*Classification and subsequent measurement*

Financial instruments are subsequently measured at either of fair value, amortised cost using the interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets except for those not expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

## (iii) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise the investments in the equity of other entities where there is neither a fixed maturity nor determinable payments.

*Impairment*

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

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

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

**(k) Employee benefits**

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

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

*Equity settled compensation*

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

**(l) Provisions**

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

**(m) Cash and cash equivalents**

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

**(n) Revenue**

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

**(o) Goods and services tax**

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

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

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

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

**(p) *Interests in joint operations***

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

**(q) *Investments in associates***

Associate companies are companies in which the group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the initial investment at cost and adjusted thereafter for the Group's share of post-acquisition reserves and profits/ (losses) of its associates. Details of the Group's interests in associates is shown at Note 11.

**(r) *Trade and other payables***

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

**(s) *Earnings per share***

*(i) Basic earnings per share*

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

*(ii) Diluted earnings per share*

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

**(t) *Comparative Figures***

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

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

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

*Key estimates – impairment*

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

*Key judgements - exploration and evaluation expenditure*

The group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been

extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

**(v) Parent entity financial information**

The financial information for the parent entity, Marmota Limited, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements.

**(w) Foreign currency translation**

Functional and presentational currency

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

**(x) Going Concern**

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

The Consolidated Entity incurred a net loss of \$306,747 and a total net cash inflow of \$993,519, which consists of a cash inflow of \$2,455,000 from capital raising (prior to costs), and an outflow of \$1,361,232 from operating and investing activities for the year ended 30 June 2018. The Consolidated Entity continues to be reliant on the completion of a capital raising for continued exploration and operations and for the provision of working capital. If the additional capital is not obtained or expenditure is not reduced, then the going concern basis may not be appropriate with the result that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

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

The financial statements were authorised for issue by the Board of Directors on 24 September 2018.

	Consolidated	
	2018	2017
	\$	\$
<b>2 Revenue</b>		
<b>Other revenues:</b>		
<b>From operating activities</b>		
Interest received from other parties	12,686	10,915
Government grants	2,500	25,000
Profit on Sale of Assets	-	14,000
<b>Total revenues</b>	<b>15,186</b>	<b>49,915</b>
<b>3 (Loss)/profit before income tax expense has been determined after</b>		
<b>Expenses</b>		
Administration expenses		
ASX fees	24,484	30,354
Share registry fees	14,254	28,813
Insurance	16,093	14,042
Audit and other services	27,000	27,000
Travel	1,849	5,828
Marketing	19,945	2,727
Software licences and IT services	4,924	2,351
Other	2,334	18,835
	<b>110,884</b>	<b>129,950</b>
Consulting expenses		
Legal fees	385	1,200
Accounting and secretarial services	45,600	19,730
	<b>45,985</b>	<b>20,930</b>
Depreciation expense		
Plant and equipment	24,736	27,575
Reallocation to exploration costs	(20,595)	(23,485)
Plant and equipment	4,141	4,090
Employment expenses		
Salaries and wages	220,356	320,512
Directors fees	18,417	17,000
Superannuation	14,296	26,825
Provisions	15,198	(12,548)
Share-based payments - directors	17,000	26,687
Share-based payments - other	-	18,975
Other	3,471	18,188
Reallocation to exploration costs	(165,028)	(197,268)
	<b>123,710</b>	<b>218,371</b>
Occupancy expenses	<b>6,119</b>	<b>5,435</b>
Impairment expenses		
Impairment of exploration assets	-	39,684

#### 4 Income tax (expense)

	Consolidated	
	2018	2017
	\$	\$
The components of tax expense comprise:		
Current income tax		-
Deferred tax		-
Tax portion of capital raising costs	(31,095)	(21,110)
Income tax (expense) reported in the Statement of Profit or Loss and Other Comprehensive Income	(31,095)	(21,110)
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie income tax (expense) calculated at 27.50% on loss (2017: 27.50%)	(75,804)	(110,350)
Tax effect of:		
Deferred tax asset in respect of tax losses not brought to account	427,086	640,361
Exploration expenditure s40-730	(319,724)	(500,295)
Tax effect in amounts not deductible	(31,558)	(41,621)
Impairment expense previously brought to account	-	11,905
Tax portion of capital raising costs	31,095	21,110
Income tax (expense) attributable to loss	(31,095)	(21,110)
<b>Income tax losses</b>		
Deferred tax asset arising from carried forward tax losses not recognised at reporting date as the asset is not regarded as meeting the probable criteria		
- tax losses at 27.5%	8,116,374	8,024,445
- tax losses distributed as EDI credits	(457,841)	(220,000)
Total deferred tax asset	7,658,533	7,804,445
Temporary differences	1,436	6,017

	Consolidated	
	2018	2017
	\$	\$
<b>5 Auditors' remuneration</b>		
Audit services:		
Auditors of the Group – Grant Thornton		
Audit and review of the financial reports	27,000	27,000
	<u>27,000</u>	<u>27,000</u>

**6 Earnings per share****(a) Classification of securities**

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

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

- 550,000 unlisted options exercisable at \$0.018 by 16/12/2019 (2017: 550,000)
- 500,000 unlisted options exercisable at \$0.03 by 6/10/2021 (2017: 1,000,000)
- 5,000,000 unlisted options exercisable at \$0.03 by 9/11/2021 (2017: 5,000,000)
- 25,000,000 unlisted options exercisable at \$0.03 by 14/06/2019 (2017: nil)

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

	Consolidated	
	2018	2017
	\$	\$

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

(Loss) after income tax expense	<u>(306,747)</u>	<u>(389,655)</u>
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**Weighted average number of shares outstanding during the year in calculating earnings per share****Number for basic and diluted earnings per share**

Ordinary shares	<u>568,986,418</u>	<u>464,433,208</u>
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	Consolidated	
	2018	2017
	\$	\$
<b>7 Cash and cash equivalents</b>		
Cash at bank	1,485,967	493,206
Deposits at call	38,258	37,500
	<u>1,524,225</u>	<u>530,706</u>
<b>8 Trade and other receivables</b>		
<b>Current</b>		
Other receivables	114,958	95,956
	<u>114,958</u>	<u>95,956</u>
Other receivables represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired.		
<b>9 Other current assets</b>		
Prepayments	24,593	11,538
	<u>24,593</u>	<u>11,538</u>
<b>10 Plant and equipment</b>		
<b>Plant and equipment</b>		
At cost	734,386	732,398
Accumulated depreciation	(691,125)	(666,390)
	<u>43,261</u>	<u>66,008</u>
Net book value	<u>43,261</u>	<u>66,008</u>
<b>Reconciliations</b>		
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:		
<b>Plant and equipment</b>		
Carrying amount at beginning of year	66,008	90,087
Additions	1,989	3,497
Disposals	-	-
Depreciation	(24,736)	(27,576)
	<u>43,261</u>	<u>66,008</u>
Carrying amount at end of year	<u>43,261</u>	<u>66,008</u>

## Notes to the financial statements

## For the year ended 30 June 2018

**11 Investments in associates**

Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2018	2017	2018	2017
Unlisted						\$	\$
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

**(a) Movements during the year in equity accounted investments in associated entities**

There have been no movements of equity accounted investments in associated entities during the year.

**(b) Equity accounted profits of associates are broken down as follows:**

	Consolidated	
	2018	2017
	\$	\$
Share of associate's profit before income tax	-	-
Share of associate's income tax expense	-	-
Share of associate's profit after income tax expense	-	-

**(c) Summarised presentation of aggregate assets, liabilities and performance associates**

The Group's share of the results of its principle associates and its aggregated assets and liabilities are as follows:

Current assets	2	2
Non-current assets	-	-
Total assets	2	2
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net assets	2	2

**12 Available for sale investments**

	Consolidated	
	2018	2017
	\$	\$
Available for sale investments	8,000	8,000

**13 Interests in unincorporated joint operations**

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

No	State	Agreement name	Parties	Summary
1	SA	Junction Dam Uranium Agreement	Teck Australia Pty Ltd, PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd (TPE) and Marmota Limited (MEU)	MEU has the right to explore for uranium in the area covered by Exploration Licence EL 5682 (formerly EL 45098). MEU has achieved its 100% earn-in and holds 100% of the uranium rights under the terms of the Agreement. TPE retains a NSR of 5%.
2	SA	Melton Joint Venture	Monax Mining Limited (MOX) and Marmota Limited (MEU)	MEU has the right to explore for all minerals in the area covered by Exploration Licences EL 5209 and ELA2017/00105 (formerly EL5122). MEU and MOX operate a 75:25 joint venture.

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

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

	Country of incorporation	Percentage owned (%)	
		2018	2017
<b>Parent entity:</b>			
Marmota Limited	Australia		
<b>Subsidiaries of Marmota Limited:</b>			
Marmosa Pty Ltd	Australia	100	100

**15 Exploration and evaluation assets**

	Consolidated	
	2018	2017
	\$	\$
<b>Movement:</b>		
Carrying amount at beginning of year	5,289,305	3,661,339
Additional costs capitalised during the year	1,156,961	1,667,650
Impairment <sup>(1)</sup>	-	(39,684)
Carrying amount at end of year	6,446,266	5,289,305

	Consolidated	
	2018	2017
	\$	\$
<b>Closing balance comprises:</b>		
Exploration and evaluation		
- 100% owned	4,269,861	3,164,509
Exploration and evaluation		
- Joint Venture	2,176,405	2,124,796
	<u>6,446,266</u>	<u>5,289,305</u>

- (1) The ultimate recoupment of costs carried forward for exploration phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

The impairment of the exploration asset relates to adjustment or relinquishment of tenements or previously dropped land in the Curnamona Area of Interest.

## 16 Trade and other payables

Trade payables	60,437	58,351
Other payables and accruals	131,474	140,438
Amounts payable to Director related entities*	26,625	2,508
	<u>218,536</u>	<u>201,297</u>

\* Details of amounts payable to Director related entities are detailed in Note 23.

## 17 Provisions

### Current

Employee benefits	12,908	4,747
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### Non-current

Employee benefits	6,125	123
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### Provision for long service leave

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

### Provisions

Opening balance at beginning of year	4,870	17,381
(Payments from)/additions to provisions	14,163	(12,511)
Balance at end of year	<u>19,033</u>	<u>4,870</u>

	Consolidated	
	2018	2017
	\$	\$
<b>18 Issued capital</b>		
<b>Issued and paid-up share capital</b>		
653,196,452 (2017: 517,257,703) ordinary shares, fully paid	37,344,550	34,909,527
<b>(a) Ordinary shares</b>		
<b>Balance at the beginning of year</b>	<b>34,909,527</b>	<b>33,064,883</b>
Shares issued during the year:		
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	-
<b>Shares issued during the prior year:</b>		
1,000,000 shares: tenement acquisition agreement at \$0.018	-	18,000
1,280,916 shares: placement – non-cash consideration at \$0.01629	-	20,866
35,333,371 shares: pursuant to a Share Purchase Plan at \$0.015	-	530,000
388,160 shares: in lieu of consultant's fees at \$0.01655	-	6,424
915,000 shares: in lieu of Director's fees at \$0.01858	-	17,000
65,000,000 shares: pursuant to a placement at \$0.02	-	1,300,000
541,902 shares: in lieu of consultants fees at \$0.0159	-	8,632
Less transaction costs arising from issue of shares net of tax	(81,977)	(56,278)
<b>Balance at end of year</b>	<b>37,344,550</b>	<b>34,909,527</b>

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

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

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

#### (b) Options/rights

There were no share options/retention rights issued to Executive Directors during the financial year. For information relating to the Marmota Limited Director & Employee Share Option Plan including details of any options issued, exercised and lapsed during the financial year, refer to Note 19.

At 30 June 2018, there were 31,050,000 unissued shares for which the following options were outstanding.

- 550,000 unlisted options exercisable at \$0.018 by 16/12/2019
- 500,000 unlisted options exercisable at \$0.03 by 06/10/2021
- 5,000,000 unlisted options exercisable at \$0.03 by 09/11/2021
- 25,000,000 unlisted options exercisable at \$0.03 by 14/06/2019

## Notes to the financial statements

## For the year ended 30 June 2018

At 30 June 2017, there were 6,875,000 unissued shares for which the following options were outstanding.

- 25,000 unlisted options exercisable at \$0.036 by 24/07/2017
- 550,000 unlisted options exercisable at \$0.018 by 16/12/2019
- 300,000 unlisted options exercisable at \$0.05 by 12/01/2021
- 1,000,000 unlisted options exercisable at \$0.03 by 06/10/2021
- 5,000,000 unlisted options exercisable at \$0.03 by 09/11/2021

**(c) Capital Management**

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure accordingly. These responses include share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The Group's capital is shown as issued capital in the Statement of Financial Position.

**19 Share-based payments**

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

*(i) Options*

	2018			2017		
Marmota Limited	Number of options	Weighted average exercise price	Weighted average remaining contractual life	Number of options	Weighted average exercise price	Weighted average remaining contractual life
Outstanding at the beginning of the year	6,875,000	\$0.030		3,100,000	\$0.046	
Granted				-	-	
– 6 October 2016	-	-		1,000,000	\$0.03	
– 9 November 2016	-	-		5,000,000	\$0.03	
Forfeited	(800,000)	\$0.036		(2,000,000)	\$0.05	
Exercised	-	-		-	-	
Expired	(25,000)	\$0.001		(225,000)	\$0.019	
Outstanding at year-end	6,050,000	\$0.029	1,162 days	6,875,000	\$0.030	1,514 days
Exercisable at year-end	6,050,000			6,875,000		

On 29 July 2011, 250,000 share options were granted to employees under the Marmota Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.073 each. These options are exercisable on or before 29 July 2016. All of these options have lapsed.

On 24 July 2012, 250,000 share options were granted to employees under the Marmota Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.036 each. These options are exercisable on or before 24 July 2017. 125,000 of these options have been exercised in prior years and the remainder have lapsed.

On 17 December 2014, 1,270,000 share options were granted to employees under the Marmota Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.018 each. These

options are exercisable on or before 16 December 2019. 400,000 of these options have been exercised and 320,000 have lapsed in prior years leaving 550,000 at 30 June 2018.

On 13 January 2016, 2,300,000 share options were granted to employees under the Marmota Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.05 each. These options were exercisable on or before 12 January 2021. During the 2017 year, 2 million of these options lapsed. During the 2018 year, the remaining 300,000 options were forfeited. All of these options have now lapsed.

On 6 October 2016, 1,000,000 share options were granted to employees under the Marmota Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.03 each. These options are exercisable on or before 6 October 2021: Black Scholes valuation \$2,624. During the 2018 year, 500,000 options were forfeited, leaving 500,000 at 30 June 2018.

On 9 November 2016, 5,000,000 share options were granted to directors and employees under the Marmota Limited Director & Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.03 each. These options are exercisable on or before 9 November 2021: Black Scholes valuation \$16,144.

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

The fair value of the options granted was calculated by using the Black-Scholes option pricing model applying the following inputs:

	Nov 2016 issue	Oct 2016 issue	Jan 2016 issue	Dec 2014 issue	Jul 2012 issue
Weighted average fair value	\$0.003	\$0.003	\$0.0187	\$0.008	\$0.035
Weighted average exercise price	\$0.03	\$0.03	\$0.05	\$0.018	\$0.036
Weighted average life of the option	1,825 days	1,825 days	1,827 days	1,825 days	1,826 days
Underlying share price	\$0.016	\$0.016	\$0.024	\$0.01	\$0.039
Expected share price volatility	41.8%	37.5%	124%	131%	136%
Risk free interest rate	1.8%	1.8%	2.18%	2.50%	2.31%

The life of the option is based on the days remaining until expiry. Volatility is based on historical share prices.

The options hold no voting or dividends rights and are unlisted. The options lapse 6 months subsequent to the cessation of employment with the Group, other than in certain situations. There are no vesting conditions attached to the options.

#### Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were as follows:

	Consolidated	
	2018	2017
	\$	\$
Options issued under Employee Option plan – employees	-	9,081
Options issued under Employee Option plan – director	-	9,687
Shares issued to Mr P Thompson in lieu of director's fees	17,000	17,000
Shares issued to Dr K Wills in lieu of Chief Geologist fees	-	12,248
	17,000	48,016

**20 Financial risk management**

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

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

	Consolidated	
	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents	1,524,225	530,706
Loans and receivables	114,958	95,956
Available for sale investments	8,000	8,000
	<u>1,647,183</u>	<u>634,662</u>
Financial liabilities		
Trade and other payables	218,536	201,297
	<u>218,536</u>	<u>201,297</u>

**Financial risk management policies**

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

**Specific financial risk exposures and management**

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

**(a) Liquidity risk**

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

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

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

Financial liabilities are expected to be settled within 12 months.

**(b) Credit risk exposures**

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

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

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



**(c) Interest rate risk**

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

The Group has no long term financial liabilities upon which it pays interest. Cash is held in an interest yielding cheque account and on short term call deposit where the interest rate is both fixed and variable according to the financial asset.

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits.

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

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

*Interest rate sensitivity analysis*

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

	Consolidated	
	2018	2017
	\$	\$
Change in loss		
Increase in interest rates by 2%	30,485	10,614
Decrease in interest rates by 2%	(30,485)	(10,614)
Change in equity		
Increase in interest rates by 2%	30,485	10,614
Decrease in interest rates by 2%	(30,485)	(10,614)

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

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay in the year ending 30 June 2018 amounts of approximately \$1,565,000 (2017: \$1,385,000) to meet minimum expenditure requirements pursuant to various joint venture requirements and those specified by the State Government of South Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

**(b) Operating leases as lessee**

The Group leases as lessee an office and warehouse facility under an operating lease. The future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	\$	\$	\$	\$
June 2018	38,225	33,357		71,582
June 2017	35,632	32,166	-	67,798

## Notes to the financial statements

## For the year ended 30 June 2018

**(c) Guarantees**

The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is \$37,500 (2017: \$37,500). These bank guarantees are fully secured by cash on term deposit.

**(d) Contingent liabilities**

As at 30 June 2018, there was a contingent liability of \$66,434:

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

These assessments are currently being disputed. (2017: \$66,434).

		Consolidated	
	Note	2018	2017
		\$	\$

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

Cash at bank and at call	7	1,524,225	530,706
		<u>1,524,225</u>	<u>530,706</u>

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

(Loss) after income tax		(306,747)	(389,655)
Add/(less) non-cash items			
Depreciation		22,747	27,576
Share-based payments		-	(28,663)
Share-based payments		17,000	17,001
Profit on sale of assets		-	(14,000)
Impairment of assets		-	39,684
Income tax expense		31,095	21,110
Changes in operating assets and liabilities			
(Increase)/decrease in other assets		45,000	-
(Increase)/decrease in trade and other receivables		(31,946)	(63,332)
(Decrease)/increase in trade and other payables		(14,558)	23,488
(Decrease)/increase in provisions		14,163	(12,512)
Net cash (used in) operating activities		<u>(223,245)</u>	<u>(379,303)</u>

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

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

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

## Notes to the financial statements

## For the year ended 30 June 2018

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

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

	Consolidated	
	2018	2017
	\$	\$
Current receivables		
Loan to director related entity	-	-
Loan to associate	-	-
	-	-
Current payables		
Amounts payable to director related entities <sup>(1)</sup>	4,558	2,508
Accrued directors fees <sup>(1)</sup>	22,067	9,987
	26,625	12,495

(1) FY18 amount is amount invoiced for Director's fees (or related entities of):

- Dr C Rose \$15,167 (FY17 \$nil); and
- Mr P Thompson \$4,391 (FY17 \$2,508); and
- Dr K Wills \$7,067 (FY17 \$9,987).

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2018.

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

	Consolidated	
	2018	2017
	\$	\$
Short term employee benefits	220,445	252,625
Post employment benefits	-	11,935
Other long term benefits	-	-
Other benefits	-	5,100
Share-based payments	17,000	45,393
	237,445	315,053

## 24 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.

## 25 Events subsequent to reporting date

There have been no matters or circumstances arising since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of the Group in future years.

## Notes to the financial statements

For the year ended 30 June 2018

**26 Reserves****Share options reserve**

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

**Available for sale reserve**

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

	Consolidated	
	2018	2017
	\$	\$
<b>Reserves</b>		
<i>Share option reserve</i>		
Opening balance at beginning of year	29,639	58,303
Fair value of options issued to employees	-	18,768
Options exercised or expired	(7,783)	(47,431)
Balance at end of year	21,856	29,640
<i>Available for sale reserve</i>		
Opening balance at beginning of year	(7,500)	(7,500)
Revaluation of available for sale asset	-	-
Balance at end of year	(7,500)	(7,500)
Total Reserves	14,356	22,140

**27 Marmota Limited company information**

	2018	2017
	\$	\$
<b>Parent entity</b>		
Assets		
Current assets	1,760,614	704,350
Non-current assets	6,400,723	5,296,510
Total assets	8,161,337	6,000,860
Liabilities		
Current liabilities	231,445	206,044
Non-current liabilities	6,125	123
Total liabilities	237,570	206,167
Equity		
Issued capital	37,344,551	34,909,536
Retained losses	(29,435,139)	(29,136,973)
Share option reserve	21,856	29,630
Available for sale reserve	(7,500)	(7,500)
Total equity	7,923,768	5,794,693
Financial performance		
(Loss) for the year	(305,950)	(389,655)
Other comprehensive income	-	-
Total comprehensive income	(305,950)	(389,655)
Guarantees in relation to the debts of subsidiaries:		-
Contingent liabilities	66,434	66,434
Contractual commitments	71,582	62,578

**28 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:

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

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

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

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

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

**29 Company details**

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

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

## **Directors' declaration**

The Directors of Marmota Limited declare that

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, and:
  - (i) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated entity; and
  - (ii) comply with Accounting Standards; and
  - (iii) Marmota Limited complies with International Financial Reporting Standards as disclosed in Note 1.
- (b) The person holding the Chief Executive Officer and the Chief Financial Officer functions has declared that:
  - (i) The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
  - (ii) The financial statements and notes for the financial year comply with the accounting standards; and
  - (iii) The financial statement and notes for the financial year give a true and fair view;
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney this 24<sup>th</sup> day of September 2018.

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

Dr Colin Rose  
*Chairman*

# Independent Auditor's Report

## To the Members of Marmota Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Marmota Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

#### Material uncertainty related to going concern

We draw attention to Note 1(x) in the financial statements, which indicates that the Group incurred a net loss of \$306,747 during the year ended 30 June 2018, and as of that date, the Group's cash outflows from operating and investing activities was \$1,361,232. As stated in Note 1(x), these events or conditions, along with other matters as set forth in Note 1(x), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

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

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Exploration and evaluation assets – Note 15</b></p> <p>At 30 June 2018 the carrying value of exploration and evaluation assets was \$6,446,266.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;</li> <li>• reviewing management’s area of interest considerations against AASB 6;</li> <li>• conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including; <ul style="list-style-type: none"> <li>– tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;</li> <li>– enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management’s budgeted expenditure;</li> <li>– understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;</li> </ul> </li> <li>• evaluating the competence, capabilities and objectivity of management’s experts in the evaluation of potential impairment triggers; and</li> <li>• assessing the appropriateness of the related financial statement disclosures.</li> </ul>

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

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2018, but does not include the financial report and our auditor’s report thereon.

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

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

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



### Responsibilities of the Directors' for the financial report

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Marmota Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 24 September 2018