



Marmota Limited

ABN 38 119 270 816

Consolidated Entity

Consolidated Financial Statements for the year ended 30 June 2017

CORPORATE DIRECTORY

Marmota Limited

ABN 38 119 270 816
Incorporated in SA

Registered Office

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Glenelg SA 5045
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Share Registrar

Link Market Services Limited
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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 2017 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 25 September 2017):

- 65,873,242 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 27 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 25 September 2017)

- 2,948,334 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 has since been Chairman of the organising committee. 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 Chief Geologist and as a competent person on JORC resource reporting matters.

Current and former directorships in the last 3 years

Dr Wills is also a Director of Tychean Resources Limited.

Interests in Shares and Options (as at 25 September 2017):

- 930,061 fully paid ordinary Shares
- 2,000,000 unlisted 3 cent Options expiring 9 November 2021 issued under the Director & Employee Share Option Plan (DESOP).

Mr Lindsay David Williams Managing Director (ceased 13 November 2016)
LLB, BComm, MAICD

Experience and expertise

Mr Williams was Managing Director from 9 September 2014 to 13 November 2016. Mr Williams has held the position of Managing Director of a number of ASX listed and unlisted companies in various sectors and brings 20 years of experience in the energy and resource industry. This has included minerals companies in exploration, production, developing new mines and reviewing commerciality of existing operations. Energy sector experience has ranged from operation and expansion of gas transport infrastructure, buying and selling gas, exploration and production of oil and gas. He has demonstrated ability to develop and implement major strategic directional changes including capital raisings, acquisitions and mergers, cost and labour reductions. Mr Williams was previously Chairman of Lithex Resources Limited (ASX:LTX), a graphite and nickel explorer, and President of Heathgate Resources Pty Ltd, the owner and operator of the Beverley uranium mine in South Australia.

Responsibilities

Mr Williams was also Company Secretary from 1 July 2015 to 13 November 2016.

Current and former directorships in the last 3 years

Mr Williams is currently a Director of Endeavour Discoveries Limited and Wilgena Resources Limited.

Interests in Shares and Options: nil

Mr Ian Warland

Managing Director (30 January to 2 June 2017)

BASc (Hons)

Experience and expertise

Managing Director from 30 January 2017 and ceased on 2 June 2017. Ian Warland is a Geologist with over 25 years domestic and international experience in exploration and mining. He has worked in open pit and underground base metals mining, as well as exploration for a range of commodities including copper, gold, uranium, base metals and industrial minerals in Australia and overseas. Mr Warland has held a range of roles for Pancontinental Mining, RGC Exploration, Iluka Resources and Musgrave Minerals. He has a first class honours degree in geology (university medal) from the University of Technology in Sydney.

Interests in Shares and Options: nil

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	Number attended	Number Eligible	Number attended
	to attend		to attend	
Dr Colin Rose	10	10	2	2
Peter Thompson	10	10	2	2
Dr Kevin Wills	2	2	-	-
David Williams	4	4	1	1
Ian Warland	4	3	1	1

Company Secretary

Victoria Allinson (FCCA, AGAI) was appointed Company Secretary, effective 14 November 2016.

Ms Allinson is a Fellow of the Association of Certified Chartered Accountants and a member of the Governance Institute of Australia. She has over 25 years of accounting and auditing experience, including senior accounting positions in a number of listed companies and audit manager for Deloitte Touche Tohmatsu.

Ms Allinson is current Chief Financial Officer (CFO) for a further two listed companies: Asset Resolution Limited (NSX: ASS) and Kangaroo Island Plantation Timber Ltd (ASX: KPT). Her previous experience has included being Company Secretary and CFO for a number of ASX listed companies including: Safety Medical Products Ltd, Centrex Metals Ltd, Adelaide Energy Ltd, Enterprise Energy NL, and Island Sky Australia Ltd as well as unlisted companies. In her role as company secretary, Ms Allinson has also assisted a number of companies to list on the ASX.

From 1 July 2015 to 13 November 2016, Mr Williams held the position of Company Secretary in addition to his role as Managing Director.

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 significantly from the major cost saving measures implemented over the last 2 years, which have led to annual savings estimated to be around \$700,000 per annum when compared to the year to June 2015. Those same funds saved are now targeted into active exploration, and that exploration is already yielding new discoveries, including outstanding gold grades at Aurora Tank (ASX:MEU 4 Sept 2017). Over the financial year, over \$1.8million in capital was raised (before costs) through a combination of a Share Purchase Plan (in August 2016 at 1.5c which was significantly oversubscribed), and a placement at 2c per share to sophisticated investors in February 2017 (supported by both of Marmota's cornerstone investors, namely Yandal Investments, the investment vehicle of Mr Mark Creasy, and Southern Cross Capital). The Company is very grateful for their support.

In June 2017, Marmota announced a new management and Board structure which further simplify the Company's structure and take the cost saving measures to a new level, 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 Wills joined the Board as Executive Director – Exploration (looking after the exploration side). These changes provide a simple and elegant Board structure that are anticipated to further save the company around another \$100,000 per annum: funds that again will be targeted into active exploration.

Marmota is also very pleased to have again successfully participated in the Australian Government's Exploration Development Incentive (EDI) scheme under which Marmota distributed \$220,000 of Taxation Credits back to our shareholders. Marmota expects to participate in the EDI scheme again in the forthcoming financial year, for the benefit of our shareholders. The EDI taxation credits are very popular, especially with the company's larger shareholders.

Gold Discovery at Aurora Tank

In July 2016, Marmota assumed full control of the Aurora Tank tenement by cash acquisition, increasing its stake to 100% ownership (see ASX:MEU 4 July 2016). In September 2016, Marmota commenced its first ever gold drilling program at Aurora Tank, at the Goshawk gold prospect. The program has been enormously successful, with follow-up drilling in December 2016 and June/July 2017. The results have already exceeded the Company's best expectations with outstanding intersections including 4m @ 40g/t, multiple intersections greater than 10g/t, and over 117 intersections over 1 g/t, with most drilling within 50m of surface. Subsequent to the end of the financial year, Marmota has commissioned a JORC compliant estimate of gold resources within the first 50m from surface, over the 500m long mineralised zone (see ASX:MEU 2 Aug 2017 and 4 Sept 2017): this is expected to be Marmota's maiden gold JORC resource, and provide a base from which to grow.

Melton Copper Project (Copper Coast – Yorke Peninsula)

In December 2016, pursuant to an application by the Company under s9AA of the Mining Act 1971, Marmota was granted a waiver to carry out its designated exploration program on its Champion copper prospect, at West Melton on the Copper Coast (Yorke Peninsula). At a 0.3% Cu cut off, the 2017 drilling results defined an extensive low-grade zone of secondary Cu mineralisation with elevated Au, approximately 1km in strike length. The Company is monitoring the rising copper price, and both the potential for a primary source at depth and the unexplored potential of the tenement.

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 \$1,509,106.

The net loss of the Group after income tax was \$389,655 (2016: loss \$445,750).

The net assets of the Group have increased by \$1,473,757 during the financial year from \$4,321,702 at 30 June 2016 to \$5,795,459 at 30 June 2017.

Dividends

No dividends have been paid or provided by the Group since the end of the previous financial year (2016: nil).

Exploration Development Incentive (EDI) Credits

Marmota distributed \$220,000 of EDI Taxation Credits back to our shareholders in June 2017 (2016: \$170,000).

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

On 8 September 2017, Marmota issued 29,411,765 fully paid ordinary shares, at 1.7 cents per share, by way of placement to sophisticated and professional investors, raising \$500,000.

On 2 August 2017, Marmota announced excellent high grade gold intersections, including 4m at 40 g/t from 32m in hole 17AT021 (see ASX:MEU [2 Aug 2017](#) and [4 Sept 2017](#)).

Other than the above, 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:

Expiry date*	Exercise price	Number of Options	Vested	Unvested	Amount paid/payable by recipient (\$)
16/12/2019	\$0.018	550,000	550,000	-	-
06/10/2021	\$0.03	1,000,000	1,000,000	-	-
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 (2016: 9,360,817). 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 2017 may be accessed from the Company's website at: 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 2017.

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 2017 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:

Directors	Position		
Dr C Rose	Chairman	Non-executive	from 1 May 2015 to 4 June 2017
	Executive Chairman	Executive	from 5 June 2017
Mr P Thompson	Director	Non-executive	from 26 May 2015
Dr K Wills	Chief Geologist		from 8 March 2016
	Executive Director	Acting MD	from 14 November 2016 to 30 January 2017
		Executive Director	from 5 June 2017
Mr L D Williams	Managing Director	Executive	from 9 September 2014 to 13 November 2016
Mr I Warland	Managing Director	Executive	from 30 January 2017 to 2 June 2017
Key Management Personnel			
Ms V Allinson	Company Secretary		from 14 November 2016

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



(b) Directors' remuneration

	Short Term Employee Benefits		Post-Employee Benefits	Long Term Employee Benefits	Share-based payments			
	Directors' fees	Fixed Remuneration	Non-Monetary Benefits	Super contributions	Change in LSL Provision	Option based benefits	Share based payments	Total
2017 primary benefits	\$	\$	\$	\$	\$	\$	\$	\$
Directors								
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	-	-	-	85,579
Mr I Warland	-	54,541	-	5,181	-	-	-	59,722
	17,001	163,918	5,100	11,935	-	9,687	17,000	224,641

	Directors' fees	Fixed Remuneration	Non-Monetary Benefits	Relates to 2015 FY	Super contributions	Change in LSL Provision	Shares	Total
2016 primary benefits	\$	\$	\$	\$	\$	\$	\$	\$
Directors								
Dr C Rose	1	-	-		-	-	-	1
Mr P Thompson*	17,000	-	-		-	-	17,000	34,000
Mr L Williams	-	164,523	23,526		16,118	1,237	-	205,404
Relating to 2015 FY								
Mr GS Davis***		-		***16,000	-	-	-	16,000
	17,001	164,523	23,526	16,000	16,118	1,237	17,000	255,405

There were no cash bonuses paid in 2017 or 2016.

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

** Dr Wills was appointed Acting Managing Director in the period from 14 November 2016 to 30 January 2017 and as Executive Director – Exploration from 5 June 2017. See (c) below for Dr Wills' remuneration as Chief Geologist. His remuneration is paid to a related entity of the Director.

*** Director Fees for Mr Davis were paid to a related entity of the Director. The amount shown above in 2016 relates to fees for the months of February to June 2015. Mr Davis ceased to be a Director on 23 June 2015.

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		
2017 primary benefits	\$	\$	\$	\$	
Key management personnel excluding Directors					-
Dr K Wills*	51,276	6,458	12,248	69,982	
V Allinson**	20,430	-	0	20,430	-
	71,706	6,458	12,248	90,412	-

	Invoiced	Option based benefits	Share based Payments	Total	Proportion of remuneration related to performance
	\$	\$	\$		
2016 primary benefits	\$	\$	\$	\$	
Key management personnel excluding Directors					
N/A	-	-	-	-	-

There were no cash bonuses paid in 2017 or 2016.

* 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.

** 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, since 14 January 2017.

(d) Security 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

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Granted – 9 November 2016	5,000,000	\$0.03	-	-

Key management personnel Option based payments in the current 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:

	Nov 2016 issue
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.

(i) Share based payments to key management personnel

During the year, 930,061 Shares were issued to Dr K Wills in lieu of Chief Geologist fees amounting to \$12,248. Dr Wills was not a key management personnel in the prior year.

(e) Service agreements

Mr Williams was appointed Managing Director on 9 September 2014 and resigned on 13 November 2016. The salary under the terms of his employment was set at \$250,000 per annum inclusive of superannuation guarantee contributions and included a three-month notice period. He was also appointed as Company Secretary on 1 July 2015. Effective 1 August 2015, Mr Williams agreed to change his terms of employment such that remuneration was reduced to \$200,000 per annum and the notice period reduced to one month.

Mr Warland was appointed Managing Director on 30 January 2017 and resigned on 2 June 2017. The salary under the terms of his employment was set at \$175,000 per annum inclusive of superannuation guarantee contributions and included a one-month notice period. In addition, Mr Warland was entitled to up to 3 million Performance Rights subject to obtaining shareholder approval: no such shareholder approval was either sought nor granted prior to his departure, and accordingly no Performance Rights were issued or granted.

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 Chief Geologist on 8 March 2016 for an initial 6 months term, which continues after the initial period unless terminated by either party by giving one months notice. In accordance with his service agreement, Dr Wills was remunerated as follows:

- in the period from 8 March 2016 to 19 September 2016, remuneration amounted to the equivalent of \$24,000 per annum excluding GST as Chief Geologist;
- in the period from 20 September 2016 to 13 November 2016, remuneration amounted to the equivalent of \$59,000 per annum excluding GST as Chief Geologist, of which 25% was paid in shares;
- in the period from 14 November 2016 to 30 January 2017, remuneration amounted to the equivalent of \$66,000 per annum excluding GST as Acting MD;

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



- in the period from 1 February 2017 to 3 June 2017, remuneration amounted to the equivalent of \$59,000 per annum excluding GST as Chief Geologist, of which 25% was paid in shares;

In addition, 2 million unlisted 3 cent Options expiring 9 November 2021 were issued to Dr Wills under the Director & Employee Share Option Plan (DESOP) on 9 November 2016.

On 2 June 2017, a new service agreement was signed as a result of Dr Wills' appointment as 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 \$7,335 per month (excluding GST) as Executive Director. The amount may vary 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.

(f) Director related entities

Information of amounts paid to director related entities is set out in Note 23 to the financial statements.

(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.

(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 1/07/16	Received as remuneration	Options exercised	Net change Other ⁽¹⁾	Balance 30/06/17	Total held in escrow 30/06/17
Held by Directors in own name						
Dr C Rose	53,912,844	-	-	8,479,138	62,391,982	-
Mr P Thompson	-	-	-	-	-	-
Dr K Wills	-	-	-	-	-	-
Mr L Williams	-	-	-	-	-	-
Mr I Warland	-	-	-	-	-	-
Held by Directors' personally related entities						
Dr C Rose	851,316	-	-	-	851,316	-
Mr P Thompson	1,700,000	915,000	-	333,334	2,948,334	-
Dr K Wills ⁽²⁾	-	930,061	-	-	930,061	-
Mr L Williams	-	-	-	-	-	-
Mr I Warland	-	-	-	-	-	-
Total held by Directors	56,464,160	1,845,061	-	8,812,472	67,121,693	-

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

(2) Dr Wills received 930,061 shares as per payment for his fees as Chief Geologist.

(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.

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



Options	Balance 1/07/16	Received as remuneration	Options exercised	Net change other ¹	Balance 30/06/17	Total vested 30/06/17	Total exercisable 30/06/17
Held by Directors in own name							
Dr C Rose	-	-	-	-	-	-	-
Mr P Thompson	-	-	-	-	-	-	-
Dr K Wills	-	-	-	-	-	-	-
Mr L Williams	-	-	-	-	-	-	-
Mr I Warland	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Directors' personally related entities							
Dr C Rose	-	-	-	-	-	-	-
Mr P Thompson ⁽¹⁾	-	3,000,000	-	-	-	-	3,000,000
Dr K Wills ^{(1) (2)}	-	2,000,000	-	-	-	-	2,000,000
Mr L Williams	-	-	-	-	-	-	-
Mr I Warland	-	-	-	-	-	-	-
Total held by Directors	-	5,000,000	-	-	-	-	5,000,000

(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.

(2) Received as part of Chief Geologist remuneration.

(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:

Dr Colin Rose
Chairman

Dated at Sydney this 25th day of September 2017.

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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 2017, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S K Edwards
Partner - Audit & Assurance

Adelaide, 25 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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**Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2017**

	Note	Consolidated	
		2017 \$	2016 \$
Other revenues	2	49,915	56,834
Total revenue		49,915	56,834
Administration expenses	3	129,950	132,643
Consulting expenses	3	20,930	13,398
Depreciation expense	3	4,090	17,485
Employment expenses	3	218,371	301,697
Occupancy expenses	3	5,435	6,537
Impairment of assets	3	39,684	21,400
(Loss)/profit before income tax expense		(368,545)	(436,326)
Income tax (expense)/benefit	4	(21,110)	(9,424)
(Loss)/profit for the year		(389,655)	(445,750)
Loss attributable to members of the parent entity		(389,655)	(445,750)
Other comprehensive income		-	-
Total comprehensive income for the year		(389,655)	(445,750)
Basic earnings per share (cents)	6	(0.084)	(0.12)
Diluted earnings per share (cents)	6	(0.084)	(0.12)

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 30 June 2017



		Consolidated	
	Note	2017	2016
		\$	\$
Current assets			
Cash and cash equivalents	7	530,706	635,121
Trade and other receivables	8	95,956	32,741
Other assets	9	11,649	11,538
Total current assets		638,311	679,400
Non-current assets			
Plant and equipment	10	66,008	90,087
Investments in associates	11	1	1
Available for sale financial assets	12	8,000	8,000
Exploration and evaluation assets	15	5,289,305	3,661,339
Total non-current assets		5,363,315	3,759,427
Total assets		6,001,626	4,438,827
Current liabilities			
Trade and other payables	16	201,297	99,744
Provisions	17	4,747	16,144
Total current liabilities		206,044	115,888
Non-current liabilities			
Provisions	17	123	1,237
Total non-current liabilities		123	1,237
Total liabilities		206,167	117,125
Net assets		5,795,459	4,321,702
Equity			
Issued capital	18	34,909,527	33,064,883
Reserves	26	22,140	50,802
Retained losses		(29,136,208)	(28,793,983)
Total equity		5,795,459	4,321,702

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the year ended 30 June 2017



	Consolidated			
	Issued capital (Note 18) \$	Reserves (Note 26) \$	Retained Earnings \$	Total \$
Balance at 1 July 2015	31,577,896	2,719,810	(31,060,144)	3,237,562
Loss attributable to the members of the parent entity	-	-	(445,750)	(445,750)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(445,750)	(445,750)
Transactions with owners in their capacity as owners:				
Shares issued during the year	1,505,025	-	-	1,505,025
Options issued during the year	-	42,902	-	42,902
Options expired or exercised	-	(2,711,910)	2,711,910	-
Transaction costs associated with the issue of shares net of tax	(18,037)	-	-	(18,037)
	1,486,988	(2,669,008)	2,711,910	1,529,890
Balance at 30 June 2016	33,064,884	50,802	(28,793,984)	4,321,702
Balance at 1 July 2016	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	-	-	-	-
Total comprehensive income	-	-	(389,655)	(389,655)
Transactions with owners in their capacity as owners:				
Shares issued during the year	1,900,921	-	-	1,900,917
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)	-	-	(56,274)
	1,844,643	(28,662)	47,431	1,863,411
Balance at 30 June 2017	34,909,527	22,140	(29,136,208)	5,795,459

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

		Consolidated	
	Note	2017	2016
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		30,000	-
Cash payments in the course of operations		(420,218)	(425,242)
Interest received		10,915	9,393
Net cash (used in) operating activities	22(b)	(379,303)	(415,849)
Cash flows from investing activities			
Proceeds from sale of for plant and equipment		14,000	17,656
Payments for plant and equipment		(3,497)	(7,489)
Payments for exploration and evaluation assets		(1,509,106)	(632,310)
Loans from related entities		-	(628)
Loans repaid to related entities		-	-
Net cash (used in) investing activities		(1,498,603)	(622,771)
Cash flows from financing activities			
Proceeds from issue of shares		1,850,867	1,463,916
Payment of transaction costs associated with capital raisings		(77,376)	(51,375)
Net cash provided by financing activities		1,773,491	1,412,541
Net (decrease)/increase in cash held		(104,415)	373,921
Cash at the beginning of the financial year		635,121	261,200
Cash at the end of the financial year	22(a)	530,706	635,121

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 became effective for the first time for annual periods beginning on or after 1 July 2016. Information on the more significant standards is presented below.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or

Notes to the financial statements

For the year ended 30 June 2017

- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

AASB 2014-4 is applicable to annual reporting periods beginning on or after 1 January 2016.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy

AASB 2015-2 is applicable to annual reporting periods beginning on or after 1 January 2016.

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	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. 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: 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. 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.	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.
New / revised pronouncement	Superseded pronouncement	Nature of change	Likely impact on initial application

Notes to the financial statements

For the year ended 30 June 2017

New / revised pronouncement	Superseded pronouncement	Nature of change	Likely impact on initial application
AASB 9 Financial Instruments (December 2014) continued	AASB 139 Financial Instruments: Recognition and Measurement	b Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. c Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: – the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) – the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: – classification and measurement of financial liabilities; and – derecognition requirements for financial assets and liabilities. AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.	
AASB 15 Revenue from Contracts with Customers	AASB 118 Revenue AASB 111 Construction Contracts Int. 13 Customer Loyalty Programmes Int. 15 Agreements for the Construction of Real Estate Int. 18 Transfer of	AASB 15: • replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about	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
AASB 15 Revenue			

Notes to the financial statements

For the year ended 30 June 2017

New / revised pronouncement	Superseded pronouncement	Nature of change	Likely impact on initial application
from Contracts with Customers	Assets from Customers Int. 131 Revenue – Barter Transactions Involving Advertising Services Int. 1042 Subscriber Acquisition Costs in the Telecommunications Industry	revenue In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.	material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 16 Leases	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	AASB 16: • replaces AASB 117 Leases and some lease-related Interpretations • requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases • provides new guidance on the application of the definition of lease and on sale and lease back accounting • largely retains the existing lessor accounting requirements in AASB 117 • requires new and different disclosures about leases	The entity currently has no leases and is not expected to have any material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	None	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	Refer to the section on AASB 15 above.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	None	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.	Refer to the section on AASB 9 above.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture AASB 2014-10 Amendments to	None	The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures. 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 Business Combinations. Full gain or loss is recognised	When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

Notes to the financial statements

For the year ended 30 June 2017

New / revised pronouncement	Superseded pronouncement	Nature of change	Likely impact on initial application
<i>Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)</i>		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. 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 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	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: 1 Identify performance obligations (by clarifying how to apply the concept of 'distinct'); 2 Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle); 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). The amendments also create two additional practical expedients available for use when implementing AASB 15: 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. 2 Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented.	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 2017. 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.

Notes to the financial statements

For the year ended 30 June 2017

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.

Notes to the financial statements**For the year ended 30 June 2017**

(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 cash flow projections of the Group indicate that it will require positive cash flows from additional capital for continued operations. The Group incurred a loss of \$389,655 (2016: loss \$445,750) and cash outflow from operating and investing activities of \$1,877,906.

The Group's ability to continue as a going concern is contingent on obtaining additional capital. Since the year end, \$500,000 of capital has been raised. If additional capital is not obtained, the going concern basis may not be appropriate, with the results 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 25 September 2017.

		Consolidated	
		2017	2016
		\$	\$
2	Revenue		
	Other revenues:		
	From operating activities		
	Interest received from other parties	10,915	9,529
	Government grants	25,000	47,305
	Profit on Sale of Assets	14,000	-
	Total revenues	49,915	56,834
3	(Loss)/profit before income tax expense has been determined after		
	Expenses		
	Administration expenses		
	ASX fees	30,354	12,989
	Share registry fees	28,813	34,620
	Insurance	14,042	23,327
	Audit and other services	27,000	26,837
	Travel	5,828	5,117
	Marketing	2,727	963
	Software licences and IT services	2,351	11,298
	Other	18,835	17,492
		129,950	132,643
	Consulting expenses		
	Legal fees	1,200	2,431
	Corporate consulting	-	175
	Accounting and secretarial services	19,730	10,792
		20,930	13,398
	Depreciation expense		
	Plant and equipment	27,575	56,178
	Reallocation to exploration costs	(23,485)	(38,693)
	Plant and equipment	4,090	17,485
	Employment expenses		
	Salaries and wages	320,512	444,574
	Directors fees	17,000	*33,000
	Superannuation	26,825	39,268
	Provisions	(12,548)	(32,184)
	Share-based payments - directors	26,687	17,000
	Share-based payments - other	18,975	42,902
	Other	18,188	33,631
	Reallocation to exploration costs	(197,268)	(276,494)
		218,371	301,697
	Occupancy expenses	5,435	6,537
	Impairment expenses		
	Impairment of exploration assets	39,684	21,400

* includes \$16,000 fees relating to the previous 2015 year, but paid in the 2016 year

4 Income tax (expense)

	Consolidated	
	2017	2016
	\$	\$
The components of tax expense comprise:		
Current income tax		-
Deferred tax		-
Tax portion of capital raising costs	(21,110)	(9,424)
Income tax (expense) reported in the Statement of Profit or Loss and Other Comprehensive Income	(21,110)	(9,424)
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 (2016: 30%)	(110,350)	(130,897)
Tax effect of:		
Deferred tax asset in respect of tax losses not brought to account	640,361	418,512
Exploration expenditure s40-730	(500,295)	(215,261)
Tax effect in amounts not deductible	(41,621)	(78,842)
Impairment expense previously brought to account	11,905	6,420
Tax portion of capital raising costs	21,110	9,424
Income tax (expense) attributable to loss	(21,110)	(9,424)
Income tax losses		
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%	8,024,445	7,914,307
- tax losses distributed as EDI credits	(220,000)	(170,000)
Total deferred tax asset	7,804,445	7,744,307
Temporary differences	6,017	9,655

	Consolidated	
	2017	2016
	\$	\$

5 Auditors' remuneration

Audit services:

Auditors of the Group – Grant Thornton

Audit and review of the financial reports

27,000	27,250
27,000	27,250

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

- nil unlisted options exercisable at \$0.073 by 29/07/2016 (2016: 225,000)
- nil unlisted options exercisable at \$0.036 by 24/07/2017 (2016: 25,000)
- 550,000 unlisted options exercisable at \$0.018 by 16/12/2019 (2016: 550,000)
- nil unlisted options exercisable at \$0.05 by 12/01/2021 (2016: 2,300,000)
- 1,000,000 unlisted options exercisable at \$0.03 by 6/10/2021 (2016: nil)
- 5,000,000 unlisted options exercisable at \$0.03 by 9/11/2021 (2016: 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	
	2017	2016
	\$	\$

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

(Loss) after income tax expense	(389,655)	(445,750)
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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	464,433,208	412,798,354
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Notes to the financial statements

For the year ended 30 June 2017

		Consolidated	
		2017	2016
		\$	\$
7	Cash and cash equivalents		
	Cash at bank	493,206	619,621
	Deposits at call	37,500	15,500
		<u>530,706</u>	<u>635,121</u>
8	Trade and other receivables		
	Current		
	Other receivables	95,956	32,741
		<u>95,956</u>	<u>32,741</u>
Other receivables represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired (2016: nil).			
9	Other current assets		
	Prepayments	11,649	11,538
10	Plant and equipment		
	Plant and equipment		
	At cost	732,398	758,905
	Accumulated depreciation	(666,389)	(668,818)
		<u>66,008</u>	<u>90,087</u>
	Net book value		
		<u>66,008</u>	<u>90,087</u>
	Reconciliations		
	Reconciliations of the carrying amounts for each class of plant and equipment are set out below:		
	Plant and equipment		
	Carrying amount at beginning of year	90,087	156,778
	Additions	3,497	7,489
	Disposals	-	(18,002)
	Depreciation	(27,576)	(56,178)
		<u>66,008</u>	<u>90,087</u>
	Carrying amount at end of year	<u>66,008</u>	<u>90,087</u>

Notes to the financial statements

For the year ended 30 June 2017

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	
				2017	2016	2017	2016
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	
	2017	2016
	\$	\$
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	
	2017	2016
	\$	\$
Available for sale investments	8,000	8,000

Notes to the financial statements

For the year ended 30 June 2017

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 (%)	
		2017	2016
Parent entity:			
Marmota Limited	Australia		
Subsidiaries of Marmota Limited:			
Marmosa Pty Ltd	Australia	100	100

15 Exploration and evaluation assets

	Consolidated	
	2017	2016
	\$	\$
Movement:		
Carrying amount at beginning of year	3,661,339	2,948,901
Additional costs capitalised during the year	1,667,650	733,838
Impairment ⁽¹⁾	(39,684)	(21,400)
Carrying amount at end of year	5,289,305	3,661,339

Consolidated

Notes to the financial statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	3,164,509	1,527,142
Exploration and evaluation phase		
- Joint Venture	2,124,796	2,134,197
	<u>5,289,305</u>	<u>3,661,339</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	58,351	71,263
Other payables and accruals	140,438	26,980
Amounts payable to Director related entities*	2,508	1,501
	<u>201,297</u>	<u>99,744</u>

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

17 Provisions**Current**

Employee benefits	<u>4,747</u>	<u>16,144</u>
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Non-current

Employee benefits	<u>123</u>	<u>1,237</u>
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Provision for long service leave

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

Provisions

Opening balance at beginning of year	17,381	49,566
(Payments from)/additions to provisions	(12,511)	(32,185)
Balance at end of year	<u>4,870</u>	<u>17,381</u>

Consolidated

Notes to the financial statements

For the year ended 30 June 2017

	2017 \$	2016 \$
18 Issued capital		
Issued and paid-up share capital		
517,257,703 (2016: 412,798,354) ordinary shares, fully paid	34,909,527	33,064,883
(a) Ordinary shares		
Balance at the beginning of year	33,064,883	31,577,895
Shares issued during the year:		
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	-
Shares issued during the prior year:		
400,000 shares issued to employees on vesting of share rights	-	7,200
8,960,817 shares issued on exercise of listed options	-	179,216
47,473,750 shares issued pursuant to a Share Purchase Plan	-	451,001
17,250,000 shares issued as part of a placement at \$0.015	-	258,750
15,750,000 shares issued as part of a placement at \$0.017	-	267,750
493,197 shares issued as part of a placement at \$0.0183	-	9,026
13,254,118 shares issued as part of a placement at \$0.02	-	265,082
1,666,666 shares issued as part of a placement at \$0.03	-	50,000
1,700,000 shares issued in lieu of Director's Fees	-	17,000
Less transaction costs arising from issue of shares net of tax	(56,278)	(18,037)
Balance at end of year	34,909,527	33,064,883

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 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

Notes to the financial statements

For the year ended 30 June 2017

At 30 June 2016, there were 3,100,000 unissued shares for which the following options were outstanding.

- 225,000 unlisted options exercisable at \$0.073 by 29/07/2016
- 25,000 unlisted options exercisable at \$0.036 by 24/07/2017
- 550,000 unlisted options exercisable at \$0.018 by 16/12/2019
- 2,300,000 unlisted options exercisable at \$0.05 by 12/01/2021

(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:

(ii) Options

Marmota Limited	Number of options	2017		2016		
		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	3,100,000	\$0.046		1,595,000	\$0.027	
Granted				-	-	
– 7 October 2017	1,000,000	\$0.03		-	-	
– 9 November 2017	5,000,000	\$0.03				
– January 2016	-	-		2,300,000	\$0.050	
Forfeited	(2,000,000)	\$0.005		(395,000)	\$0.021	
Exercised	-	-		(400,000)	\$0.018	
Expired	(225,000)	\$0.019		-	-	
Outstanding at year-end	6,875,000	\$0.021	1,458 days	3,100,000	\$0.046	1,458 days
Exercisable at year-end	6,875,000			3,100,000		

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 the prior year leaving 550,000 at 30 June 2017.

Notes to the financial statements

For the year ended 30 June 2017

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 are exercisable on or before 12 January 2021. All options have lapsed during the year.

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.

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 \$16,144.50.

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	
	2017	2016
	\$	\$
Options issued under Employee Option plan – employees	9,081	42,902
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	2,799
	48,016	62,701

Notes to the financial statements

For the year ended 30 June 2017

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	
	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	530,706	635,121
Loans and receivables	95,956	32,741
Available for sale investments	8,000	8,000
	<u>634,662</u>	<u>675,862</u>
Financial liabilities		
Trade and other payables	201,297	99,744
	<u>201,297</u>	<u>99,744</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 includes 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.

Notes to the financial statements

For the year ended 30 June 2017

(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	
	2017	2016
	\$	\$
Change in loss		
Increase in interest rates by 2%	10,614	12,678
Decrease in interest rates by 2%	(10,614)	(12,678)
Change in equity		
Increase in interest rates by 2%	10,614	12,678
Decrease in interest rates by 2%	(10,614)	(12,678)

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 \$1,385,000 (2016: \$1,565,000) 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 2017	35,632	32,166		67,798
June 2016	32,819	22,773	-	55,592

Notes to the financial statements

For the year ended 30 June 2017

(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 (2016: \$15,500). These bank guarantees are fully secured by cash on term deposit.

(d) Contingent liabilities

As at 30 June 2017, 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. For more detail, refer to Note 25 (2016: \$47,915).

		Consolidated	
	Note	2017	2016
		\$	\$

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	530,706	635,121
		<u>530,706</u>	<u>635,121</u>

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

(Loss) after income tax	(389,655)	(445,750)
Add/(less) non-cash items		
Depreciation	27,576	17,485
Share-based payments	(28,663)	42,902
Share-based payments	17,001	
Profit on sale of assets	(14,000)	-
Impairment of assets	39,684	21,400
Income tax expense	21,110	9,424
Changes in operating assets and liabilities		
(Increase)/decrease in other assets	-	9,123
(Increase)/decrease in trade and other receivables	(63,332)	6,412
(Decrease)/increase in trade and other payables	23,488	(44,660)
(Decrease)/increase in provisions	(12,512)	(32,184)
Net cash (used in) operating activities	<u>(379,303)</u>	<u>(415,848)</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 2017

There are no amounts recognised during the year (excluding remuneration and re-imbursement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities. In the prior year, \$7,175 credit was received for amount paid in FY2015 to a related party of GS Davis.

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

	Consolidated	
	2017	2016
	\$	\$
Current receivables		
Loan to director related entity	-	-
Loan to associate	-	-
	-	-
Current payables		
Amounts payable to director related entities ⁽¹⁾	2,508	1,501
Accrued directors fees	9,987	-
	12,495	1,501

(1) FY17 amount is amount invoiced for Director's fees by a related entity of:

- Mr P Thompson \$2,508 (FY16 \$1,501); and
- Dr K Wills \$9,987 (FY16 \$nil).

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 2017.

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

	Consolidated	
	2017	2016
	\$	\$
Short term employee benefits	252,625	187,524
Post employment benefits	11,935	16,118
Other long term benefits	-	1,237
Other benefits	5,100	23,526
Share-based payments	45,393	17,000
	315,053	255,405

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

In September 2017, Marmota announced a \$500,000 placement to sophisticated investors at \$0.017 per share.

There have been no other 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 2017

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	
	2017	2016
	\$	\$
Reserves		
<i>Share option reserve</i>		
Opening balance at beginning of year	58,302	2,727,310
Fair value of options issued to employees	18,768	42,902
Options exercised or expired	(47,431)	(2,711,910)
Balance at end of year	29,639	58,302
<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	22,139	50,802

27 Marmota Limited company information

	2017	2016
	\$	\$
Parent entity		
Assets		
Current assets	704,350	775,438
Non-current assets	5,296,510	3,662,623
Total assets	6,000,860	4,438,061
Liabilities		
Current liabilities	206,044	115,888
Non-current liabilities	123	1,237
Total liabilities	206,167	117,125
Equity		
Issued capital	34,909,536	33,064,883
Retained losses	(29,136,973)	(28,794,749)
Share option reserve	29,630	58,302
Available for sale reserve	(7,500)	(7,500)
Total equity	5,794,693	4,320,936
Financial performance		
(Loss) for the year	(389,655)	(446,515)
Other comprehensive income	-	-
Total comprehensive income	(389,655)	(446,515)
Guarantees in relation to the debts of subsidiaries:		
Contingent liabilities	66,434	47,915
Contractual commitments	62,578	55,592

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 2017 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 25th day of September 2017.

A handwritten signature in blue ink, appearing to read "Colin", followed by a period.

Dr Colin Rose
Chairman

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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 2017, 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 2017 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 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.

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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 \$389,655 during the year ended 30 June 2017 and incurred net cash outflows from operating and investing activities totalling \$1,877,906. These 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
Exploration and Evaluation Assets – valuation Note 15 At 30 June 2017 the carrying value of Exploration and Evaluation Assets was \$5,289,305. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the company 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. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.	Our procedures included, amongst others: • Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: – Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure; – 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; • Assessing the accuracy of impairment recorded for the year as it pertained to exploration interests that were relinquished; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information.

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/ar1.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 the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Marmota Limited, for the year ended 30 June 2017, 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, 25 September 2017