



Marmota Limited

Consolidated Half-Year Financial Report

31 December 2020

CORPORATE DIRECTORY

Marmota Limited

ACN 119 270 816

ABN 38 119 270 816

Incorporated in SA

Registered Office

Marmota Limited

Unit 6, 79-81 Brighton Road

Glenelg SA 5045

Telephone: (08) 8294 0899

Facsimile: (08) 8376 8633

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Share Registrar

Link Market Services Limited

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Auditor

BDO Audit (SA) Pty Ltd

Chartered Accountants

Level 7,

420 King William Street

Adelaide SA 5000

Directors' Report

The directors present their report together with the half-year financial report of Marmota Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2020 and the auditor's independent review report thereon.

Directors

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

		Date Appointed	Date Resigned
Dr Colin Rose	<i>Executive Chairman</i> ¹	1 May 2015	-
Dr Kevin Wills	<i>Executive Director – Exploration</i>	5 June 2017	-
Mr Shane Barker	<i>Executive Director – Production</i>	1 September 2019	-

Principal activities

The consolidated entity's principal activity is minerals exploration.

Review and results of operations

The net loss after income tax for the half-year was \$126,799 (Dec 2019 loss: \$2,223,976).

During the half-year ended 31 December 2020, Marmota focused exploration on its highly prospective gold tenements in the Gawler Craton.

Gold exploration update: Aurora Tank 100% ownership

During the half-year period, Marmota carried out its largest RC drill program at Aurora Tank with more than 12,000m of RC drilling. The program produced outstanding gold intersections [ASX:MEU 4 Feb 2021], including Marmota's highest ever 1m gold intersection of 165 g/t gold approx. 57m from surface [Hole 20ATRC324]. This was the fourth drilling program at Aurora Tank to intersect grades of about 100 g/t gold (or more) over 1m, and now in 4 distinct zones. The program tripled the strike of the new high-grade NW flank from 95m to over 285m, intersected high-grade gold at depth for the first time (1m at 36g/t at 122m downhole), and remains open to the North and West.

New Semi-Permanent Camp at Aurora Tank

As Marmota transitions to a pathway to production at its Aurora Tank gold discovery, in July 2020, the Company set up a semi-permanent at Aurora Tank. The camp includes multiple sleeping quarters, separate kitchen and separate management office. The new camp has already transformed the Company's operational capabilities at Aurora Tank and the Company is delighted with its performance.

Aurora Tank Ecological Study

In December 2020, Marmota's first ever environmental study at Aurora Tank was carried out with the arrival of a specialist ecology team. The survey (fauna and flora) is a necessary component for a Mining Lease application and production pathway at Aurora Tank. The study appears to have been very successful.

Covid-19

The COVID-19 pandemic has had minimal impact on the Company's operations. In part, this is because the Company's exploration ground and activities are located in remote and largely uninhabited areas of South Australia, and in part because the incidence of COVID-19 in South Australia itself has been minimal. Both of the Company's core underlying fundamentals (gold and uranium) have seen significant strength over the course of the half-year period.

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

Directors' Report (continued)

Jumbuck Gold Project asset acquisition

On 30 November 2020, Marmota entered into a binding agreement with Tyranna Resources to acquire all of the rights, title and interest of Tyranna Resources Ltd in the Jumbuck Gold project, adjacent to MEU ground in a \$3million deal composed of \$2.5m cash and \$500,000 in shares in Marmota. For full details, see ASX:MEU 30 Nov 2020. Marmota expects the transaction to complete before the end of May 2021.

Capital injections

In July 2020, the Company raised \$6.5m (before costs) via a heavily oversubscribed placement to sophisticated and professional investors at a price of 5.3c per share, with 1 attaching option for every 2 shares subscribed for (exercisable at 10 cents per share with a 2 year expiry). The strength of the support has placed the Company not only with its strongest exploration results ever, but also with its strongest financial position in many years.

Competent person statement

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

Auditors independence declaration

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

Dated at Sydney this 8th day of March 2021

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

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

Dr Colin Rose
Chairman

**DECLARATION OF INDEPENDENCE
BY ANDREW TICKLE
TO THE DIRECTORS OF MARMOTA LIMITED**

As lead auditor for the review of Marmota Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Marmota Limited and the entities it controlled during the period.



Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 8 March 2021

Marmota Limited and Controlled Entities



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	Note	Consolidated	
		Dec 2020	Dec 2019
		\$	\$
Other revenues from ordinary activities	3	60,019	9,582
Total other revenue		60,019	9,582
Administrative expenses		(101,436)	(96,609)
Consultancy expenses		(5,180)	(17,980)
Depreciation		(3,899)	(781)
Employment expenses		(75,825)	(51,485)
Occupancy expenses		(478)	(2,906)
Impairment of assets		-	(2,063,797)
(Loss) before income tax expense		(126,799)	(2,223,976)
Income tax (expense)		-	-
(Loss) for the period		(126,799)	(2,223,976)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value movement on other financial assets		(1,500)	-
Total comprehensive income for the period		(128,299)	(2,223,976)
Basic earnings per share (cents)		(0.01 cents)	(0.30 cents)
Diluted earnings per share (cents)		(0.01 cents)	(0.30 cents)

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2020



	Note	Consolidated	
		Dec 2020	Jun 2020
		\$	\$
Current assets			
Cash and cash equivalents	7	7,175,776	2,411,717
Short term investments		39,298	37,500
Trade and other receivables		24,230	11,563
Other assets		27,515	17,021
Total current assets		7,266,819	2,477,801
Non-current assets			
Trade and other receivables		30,000	30,000
Plant and equipment		131,458	34,193
Right of use assets		91,524	107,630
Deposit for Jumbuck Project		100,000	-
Other financial assets	9	3,500	5,000
Exploration and evaluation expenditure	10	7,857,976	6,735,962
Total non-current assets		8,214,458	6,912,785
Total assets		15,481,277	9,390,586
Current liabilities			
Trade and other payables		220,799	148,110
Provisions		18,939	11,547
Lease liabilities		35,155	35,051
Total current liabilities		274,893	194,708
Non-current liabilities			
Provisions		10,796	16,438
Lease liabilities		56,369	72,579
Total non-current liabilities		67,165	89,017
Total liabilities		342,058	283,725
Net assets		15,139,219	9,106,861
Equity			
Issued capital	11	47,269,360	41,120,619
Reserves	12	6,374	(2,731)
Retained losses		(32,136,515)	(32,011,027)
Total equity		15,139,219	9,106,861

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2020



	Issued capital \$	Share option reserve (Note 12) \$	FVOCI reserve (Note 12)	Retained losses \$	Total \$
Balance at 1 July 2019	38,616,749	21,856	(11,500)	(29,752,924)	8,874,181
Transactions with owners in their capacity as owners:			-		
Shares issued during the period	2,500,000	-	-	-	2,500,000
Cost associated with shares issued during period	(12,798)	-	-	-	(12,798)
Options expired during the period	-	(4,400)	-	4,400	-
	2,487,202	(4,400)	-	4,400	2,487,202
Total comprehensive income	-	-	-	(2,223,976)	(2,223,976)
Balance as at 31 December 2019	41,103,951	17,456	(11,500)	(31,972,500)	9,137,407
Balance at 1 July 2020	41,120,619	7,769	(10,500)	(32,011,027)	9,106,861
Transactions with owners in their capacity as owners:			-		
Shares issued during the period	6,515,000	-	-	-	6,515,000
Cost associated with shares issued during period	(366,259)	-	-	-	(366,259)
Options issued during the period		11,916			11,916
Options expired during the period	-	(1,311)	-	1,311	-
	6,148,741	10,605	-	1,311	6,160,657
Total comprehensive income	-	-	(1,500)	(126,799)	(128,299)
Balance as at 31 December 2020	47,269,360	18,374	(12,000)	(32,136,515)	15,139,219

The accompanying notes form part of these financial statements.

Marmota Limited and Controlled Entities
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020



	Note	Consolidated	
		Dec 2020	Dec 2019
		\$	\$
Cash flows from operating activities			
Cash payments in the course of operations		(124,618)	(169,546)
Interest received		22,197	9,128
Income tax		-	-
Net cash (used in) operating activities		(102,421)	(160,418)
Cash flows from investing activities			
Payments for mining tenements and exploration		(1,055,379)	(578,189)
Payments for plant and equipment		(109,796)	(5,089)
Payments for acquisition of tenements		(100,000)	-
Cash receipts from sale of assets		-	454
Net cash (used in) investing activities		(1,265,175)	(582,824)
Cash flows from financing activities			
Proceeds from issue of shares		6,515,000	2,500,000
Payments associated with capital raising		(367,239)	(12,798)
Repayment of leasing liabilities		(16,106)	-
Net cash provided by financing activities		6,131,655	2,487,202
Net increase in cash held		4,764,059	1,743,960
Cash at the beginning of the half-year		2,411,717	1,374,131
Cash at the end of the half-year	7	7,175,776	3,118,091

The accompanying notes form part of these financial statements.

1 Basis of preparation of interim report

Marmota Limited (Marmota or the Company) is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the consolidated entity).

The consolidated annual financial report of the consolidated entity for the year ended 30 June 2020 is available upon request from the Company's registered office at Unit 6, 79-81 Brighton Road, Glenelg SA or at: www.marmota.com.au

The interim consolidated financial statements are a general purpose report prepared in accordance with AASB 134 Interim Financial Reporting, and the Corporations Act 2001. This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, this interim financial report does not include full disclosures of the type normally included in the annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Marmota during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 8th March 2021.

2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

New or amended Accounting Standards and interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

3 Other revenues from ordinary activities

	Consolidated	
	Dec 2020	Dec 2019
	\$	\$
Included in other revenues from ordinary activities:		
Interest: other parties	22,197	9,128
Other revenue	37,822	454
	<u>60,019</u>	<u>9,582</u>

4 Contingent liabilities

There have been no material changes to the aggregate of contingent liabilities since 30 June 2020.

Directors' Declaration

For the half-year ended 31 December 2020

5 Commitments

On 30 November 2020, Marmota entered into a binding agreement with Tyranna Resources to acquire all of the rights, title and interest of Tyranna Resources Ltd in the Jumbuck Gold project, adjacent to MEU ground, in a \$3million deal composed of \$2.5m cash and \$500,000 in shares in Marmota. For full details, see ASX:MEU 30 Nov 2020. Marmota expects the transaction to complete before the end of May 2021.

6 Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

7 Cash on hand

	Consolidated	
	Dec 2020	Jun 2020
	\$	\$
Cash and cash equivalents	7,175,776	2,411,717
Deposits at call	-	-
	<u>7,175,776</u>	<u>2,411,717</u>

8 Controlled entities

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

	Country of incorporation	Percentage owned (%)	
		Dec 2020	Jun 2020
Parent entity:			
Marmota Limited	Australia	-	-
Subsidiaries of Marmota Limited:			
Marmosa Pty Ltd	Australia	100	100

9 Financial Assets

	Consolidated	
	Dec 2020	Jun 2020
	\$	\$
Equity instruments at fair value through OCI – shares in listed companies		
Opening balance	5,000	4,000
Fair value movement	(1,500)	1,000
Balance at end of period	<u>3,500</u>	<u>5,000</u>

Directors' Declaration

For the half-year ended 31 December 2020

10 Exploration and evaluation expenditure

	Consolidated	
	Dec 2020	Jun 2020
	\$	\$
Movement:		
Carrying amount at beginning of the period	6,735,962	7,800,723
Additional costs capitalised during the period	1,122,014	999,033
Impairment	-	(2,063,796)
Carrying amount at end of the period	7,857,976	6,735,962
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	7,857,976	6,537,018
Exploration and evaluation		
- Joint Venture	-	198,943
	7,857,976	6,735,962

11 Issued capital

	Consolidated	
	Dec 2020	Jun 2020
	\$	\$
Issued and paid-up share capital		
968,533,690 (June 2020: 845,392,180) ordinary shares, fully paid	47,269,360	41,120,619
Ordinary shares		
Balance at the beginning of the period	41,120,619	38,616,749
Shares issued during the period		
- 122,641,510 shares: pursuant to placement (22 Jul 2020) at \$0.053	6,500,000	
- 500,000 shares: exercise of options (20 Oct 2020) at \$0.03	15,000	
Shares issued during the prior period		
- 108,695,728 shares: pursuant to SPP (9 Dec 2019) at \$0.023		2,500,000
- 1,000,000 shares: exercise of options (28 Feb 2020) at \$0.03		30,000
- Less transaction costs arising from issue of shares net of tax	(366,259)	(26,130)
Balance at end of period	47,269,360	41,120,619

At 31 December 2020, there were 79,320,755 (June 2020: 2,500,000) unissued shares for which the following options/rights were outstanding.

- 2,000,000 unlisted options exercisable at \$0.03 by 9 November 2021
- 68,820,755 unlisted options exercisable at \$0.10 by 22 July 2022
- 4,500,000 unlisted options exercisable at \$0.10 by 23 August 2023
- 4,000,000 unlisted options exercisable at \$0.10 by 8 December 2023

Directors' Declaration

For the half-year ended 31 December 2020

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

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

(b) Fair Value through Other Comprehensive Income (FVOCI) reserve (previously available for sale reserve)

The FVOCI reserve comprises gains and losses relating to these types of financial instruments.

	Consolidated	
	Dec 2020	Jun 2020
	\$	\$
Reserves		
<i>(a) Share option reserve</i>		
Opening balance at beginning of period	7,769	21,856
Fair value of options issued to employees	11,916	-
Options exercised or expired	(1,311)	(14,087)
Balance at end of period	18,374	7,769
<i>(b) FVOCI reserve</i>		
Opening balance at beginning of period	(10,500)	(11,500)
Fair value movement	(1,500)	1,000
Balance at end of period	(12,000)	(10,500)
Total Reserves	6,374	(2,731)

During the period, 4,500,000 options were issued on 24 August 2020 under the Director and Employee Share Option Plan (DESOP) that was approved at the November 2016 AGM. The options are exercisable at 10 cents per share, expiring 23 August 2023.

An additional 4,000,000 options were issued under the DESOP on 9 December 2020, exercisable at 10 cents per share, expiring 8 December 2023.

All options issued were valued using the Black–Scholes pricing model which takes into account the term of the options, the exercise price and the expected price volatility of the underlying share,.

13 Fair value measurement of financial instruments

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as sales prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The group's financial asset and financial liabilities measured and recognised at fair value at 31 December 2020 and 30 June 2020 on a recurring basis are as follows:

Directors' Declaration

For the half-year ended 31 December 2020

	Level 1	Level 2	Level 3	Total
31 December 2020	\$	\$	\$	\$
Financial assets at fair value	-	-	-	-
<i>Equity instruments designated at FVOCI</i>	-	-	-	-
Listed securities	3,500	-	-	3,500
Net fair value	3,500	-	-	3,500

	Level 1	Level 2	Level 3	Total
30 June 2020	\$	\$	\$	\$
Financial assets at fair value	-	-	-	-
<i>Equity instruments classified as available for sale</i>	-	-	-	-
Listed securities	5,000	-	-	5,000
Net fair value	5,000	-	-	5,000

Measurement of fair value of financial instruments

The methods and fair valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Listed securities

Fair values have been determined by reference to their quoted bid prices at the reporting date.

Fair values of other financial assets and financial liabilities

The carrying amounts of other current and non-current receivables and payables are considered to be a reasonable approximation of their fair value.

14 Operating segments

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

15 Events subsequent to reporting date

In the interval between 31 December 2020 and the date of this report there are no items, transactions or events of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

Directors' Declaration

For the half-year ended 31 December 2020

Directors' Declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 5 to 13, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2020 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting;
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 8th day of March 2021.

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

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

Dr Colin Rose
Chairman

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Marmota Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle
Director

Adelaide, 8 March 2021