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MARQUEE RESOURCES
LIMITED

**Interim Financial Report
31 December 2017**

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DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Mark Ashley	Chairman appointed 13 March 2017
Charles Thomas	Managing Director appointed 30 November 2016
Jason Bontempo	Non Executive Director (resigned 21 February 2018)
George Henderson	Non Executive Director appointed 21 February 2018

Review of Operations

Operations

Clayton Valley Nevada

Marquee Resources spent considerable time and effort during the half period drilling its maiden program at its Clayton Valley Lithium Project in Nevada, USA. In early July Harris Exploration Drilling and Associates began mobilising the rig at the site and drilling officially commenced. Final analyses of the program were announced to the market on 26 September 2017. Analysis received from 10-foot water samples collected from hole AUS-2 drilled by conventional rotary by Harris Exploration Drilling to a total depth of 2000 feet. Hole AUS-1 drilled by reverse circulation was lost to caving.

While MQR believes that analyses of Drill hole Aus-2, are marginal in the strictest sense, these results have opened up the South-Eastern Clayton Valley to an expanded potential because MQR believes that these analyses are too high to readily be explained other than by the Clayton Valley lithium brine formation process. The results are marginal, but geologically significant. The company believes that geologically, hole AUS-2 could potential re-write the geology of South-Eastern Clayton Valley. It encountered unexpected and significant thicknesses of the same rocks which host lithium brines. MQR believes the mineral potential remains open as do the actual boundaries of the sedimentary basin of Clayton Valley. The company in conjunction with its consultant geologist is assessing the best course of action for the Clayton Valley Project.

CO27 Acquisition

The outcome of a review of a large number of potential resource acquisitions with a particular focus on cobalt and lithium development opportunities culminated with the company entering into a binding Share Purchase Agreement (SPA) with the shareholders of Canadian CO27 Pty Ltd (CO27) under which the company acquires 100% of the issued capital of CO27.

CO27 is party to the following agreement to acquire interests in the following cobalt project:

- An agreement with Global Energy Metals Corp. (GEMC) to earn up to a 70% interest in the Werner Lake West Project;
- An agreement with Caamo Capital Corp., Gino Chitaroni and Blackstone Development Inc. to acquire a 100% interest in the Skeleton Lake Project; and
- An agreement with Perry Vern English to acquire a 100% interest in the Werner Lake East/West Project.

Completion of the Acquisition was subject to certain conditions including Marquee obtaining shareholder approval which was obtained on 21 Feb 2018. The Sellers of CO27 have given representations, warranties and indemnities in favour of Marquee which are considered customary for a transaction of this nature. Refer to subsequent events for the latest information on this acquisition.

Corporate

The company undertook a non-renounceable, pro rata entitlement offer, 8,000,000 New Options were issued at a price of \$0.01 each to raise approximately \$80,000 before costs. This offer was undertaken to implement the offer of options proposed in the company's prospectus dated 8 February 2017.

Subsequent to the half-year end and the issue of this report:

On 21 February 2018 the Company announced that, following shareholder approval at the Shareholders General Meeting held that day, the acquisition of Canadian Co27 Pty Ltd (**Co27**) from Syracuse Capital Pty Ltd (**Syracuse**), Jet Capital Pty Ltd (**Jet Capital**), Vonross Nominees Pty Ltd (**Vonross**) and Ninety Three Pty Ltd (**Ninety Three**) completed.

Further, the Company confirmed that completion occurred under the agreements for the Werner Lake Project, the Werner Lake / East Project and the Skeleton Project. In accordance with the agreements, the Company issued a total of 11,000,000 shares between the relevant sellers.

The Company will convene another general meeting seeking shareholder approval for the transfer of the shares to be held by the Trustee to Syracuse (subject to escrow requirements). This approval will be sought for the purposes of item 7 of section 611 of the Corporations Act. The shares to be issued to Syracuse and the Trustee will be subject to ASX imposed escrow for a period of 12 months from the date of issue. Each of Jet Capital, Vonross and Ninety Three have agreed to enter into voluntary escrow deeds for a period of 12 months in relation to the shares to be issued to them.

Financial Position

The cash balance at the end of the half-year was \$1,981,736 (30 June 2017: \$2,697,003).

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'CTH', with a long horizontal flourish extending to the right.

Charles Thomas
Managing Director
15 March 2018

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF MARQUEE RESOURCES LIMITED

As lead auditor for the review of Marquee Resources Limited for the half-year ended 31 December 2017, 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 Marquee Resources Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2018

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	31 December 2017	31 December 2016
Notes	\$	\$
Continuing operations		
Interest income	16,875	-
Administrative expenses	(381,803)	-
Staff expenses	(164,060)	-
Depreciation expense	(667)	-
Loss before income tax	(529,655)	-
Income tax expense	-	-
Net loss for the period	(529,655)	-
Other comprehensive income, net of income tax		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(10,495)	-
Other comprehensive loss for the period, net of income tax	(10,495)	-
Total Comprehensive loss attributable to owners of the parent	(540,150)	-
Basic and diluted loss per share (cents per share)	(2.20)	-

The accompanying notes form part of these financial statements

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	31 December 2017 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents		1,981,736	2,697,003
Trade and other receivables		48,195	55,966
Prepayments		4,708	24,308
Total current assets		<u>2,034,639</u>	<u>2,777,277</u>
Non-current assets			
Property, plant and equipment		6,774	6,670
Deferred Exploration and evaluation expenditure	3	813,128	593,994
Total non-current assets		<u>819,902</u>	<u>600,664</u>
Total assets		<u>2,854,541</u>	<u>3,377,941</u>
Liabilities			
Current liabilities			
Trade and other payables		51,258	80,508
Accruals		8,000	42,000
Total current liabilities		<u>59,258</u>	<u>122,508</u>
Total liabilities		<u>59,258</u>	<u>122,508</u>
Net assets		<u>2,795,283</u>	<u>3,255,433</u>
Equity			
Issued capital	4	3,666,204	3,666,204
Reserves	5	1,184,532	1,115,027
Accumulated losses		(2,055,453)	(1,525,798)
Total Equity		<u>2,795,283</u>	<u>3,255,433</u>

The accompanying notes form part of these financial statements

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Issued capital	Option reserve	Share- based payment reserve	Foreign currency translation reserve	Accumulated losses	Total Equity
Note	\$	\$	\$	\$	\$	\$
Balance at 30 November 2016	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-
Issue of Shares	100	-	-	-	-	100
Balance at 31 December 2016	100	-	-	-	-	100
Balance at 1 July 2017	3,666,204	-	1,143,000	(27,973)	(1,525,798)	3,255,433
Loss for the period	-	-	-	-	(529,655)	(529,655)
Exchange differences arising on translation of foreign operations	-	-	-	(10,495)	-	(10,495)
Total comprehensive loss for the period	-	-	-	(10,495)	(529,655)	(540,150)
Issue of Options	-	80,000	-	-	-	80,000
Balance at 31 December 2017	3,666,204	80,000	1,143,000	(38,468)	(2,055,453)	2,795,283

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	31 December 2017	31 December 2016
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(592,237)	-
Interest received	16,875	-
Net cash outflow from operating activities	<u>(575,362)</u>	<u>-</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(219,133)	-
Payment for plant and equipment	(771)	-
Net cash outflow from investing activities	<u>(219,904)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issue of equity securities	<u>80,000</u>	<u>-</u>
Net cash inflow from financing activities	<u>80,000</u>	<u>-</u>
Net (decrease)/increase in cash held	(715,267)	-
Cash and cash equivalents at the beginning of the period	<u>2,697,003</u>	<u>-</u>
Cash and cash equivalents at the end of the period	<u><u>1,981,736</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation**

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The interim report is a General Purpose Financial Report prepared in accordance with *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Standards and Interpretations applicable to 31 December 2017

In the period ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

Statement of compliance

The interim financial statements were authorised for issue on 15 March 2018.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to international Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Comparative information in the consolidated statement of profit and loss is not comparable as the Company was incorporated on 30 November 2016.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

NOTE 2: OPERATING SEGMENTS

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of performance is more specifically focused on the exploration and development of mineral resource projects. The Group's reportable segments under AASB8 are therefore as follows:

- Exploration and evaluation – Nevada
- Other sector

Exploration and evaluation – Nevada refers to the Clayton Valley Project Exploration licenses (EL's) held in Nevada USA. The Group holds a 100% interest in these licences through Sovereign Gold Nevada Inc, a wholly owned subsidiary of Marquee Resources Limited.

The other sector relates to head office operations, including cash management. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment information

The following table presents revenue and profit information and certain asset and liability information regarding business segments for the period ended 31 December 2016, 30 June 2017 and 31 December 2017.

	Exploration and Evaluation Nevada USA	Other	Consolidated
SEGMENT REPORTING			
Half Year ended 31 December 2017			
Segment Revenue	-	16,875	16,875
Significant items			
Interest income	-	16,875	16,875
Administrative expenses	-	381,804	381,804
Staff expenses	-	164,060	164,060
Other expenses	-	667	667
Segment net operating loss after tax	-	529,655	529,655
Half Year ended 31 December 2016			
Segment Revenue	-	-	-
Segment net operating loss after tax	-	-	-
Segment assets			
At 31 December 2017	813,128	2,041,413	2,854,541
At 30 June 2017	593,994	2,783,947	3,377,941
Segment liabilities			
At 31 December 2017	-	59,258	59,258
At 30 June 2017	-	122,508	122,508

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: OPERATING SEGMENTS (cont.)

The revenue reported above represents revenue generated from external customers. Intersegment revenues have been eliminated.

Segment results earned by each segment are without allocation of central administration costs and directors' salaries, share of profits from associates, investment revenue and finance costs, income tax expense, gains or losses of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE

	Six months to 31 December 2017	Period to 30 June 2017
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	593,994	-
Asset acquired	-	450,000
Expenditure incurred	243,010	161,222
Foreign Exchange	(23,876)	(17,228)
Total exploration and evaluation expenditure	<u>813,128</u>	<u>593,994</u>

The exploration assets satisfy AASB 6 and remain as exploration assets in the statement of financial position. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 4: ISSUED CAPITAL

	31 December 2017	30 June 2017
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	<u>3,666,204</u>	<u>3,666,204</u>

	Six months to 31 December 2017		Year to 30 June 2017	
	Number	\$	Number	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of period	24,000,000	3,666,204	100	100
IPO March 2017	-	-	17,500,000	3,500,000
Director Shares March 2017	-	-	125,000	25,000
Sovereign Gold Nevada acquisition	-	-	2,249,900	450,000
Broker Pool shares June 2017	-	-	4,125,000	825,000
Equity Issue Costs	-	-	-	(1,133,896)
Balance at end of period	<u>24,000,000</u>	<u>3,666,204</u>	<u>24,000,000</u>	<u>3,666,204</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

NOTE 5: Option Reserve

On the 14 September 2017, 8 million listed options were offered and issued to shareholders at 1 cent per option raising \$80,000. The exercise price is \$0.20 with an expiry date 30 September 2020.

Movements in reserves were as follows:

Consolidated	Option reserve	Share based payment reserve	Foreign currency translation reserve	Total
31 December 2017	\$	\$	\$	\$
Balance at beginning of period	-	1,143,000	(27,973)	1,115,027
Bonus Offer Shareholder Options	80,000	-	-	80,000
Foreign currency translation	-	-	(10,495)	(10,495)
Balance at end of period	80,000	1,143,000	(38,468)	1,184,532

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 7: RELATED PARTY TRANSACTIONS

There has been no change in the nature of related party transactions since the last annual reporting date.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

On 21 February 2018 the Company announced that, following shareholder approval at the Shareholders General Meeting held that day, the acquisition of Canadian Co27 Pty Ltd (**Co27**) from Syracuse Capital Pty Ltd (**Syracuse**), Jet Capital Pty Ltd (**Jet Capital**), Vonross Nominees Pty Ltd (**Vonross**) and Ninety Three Pty Ltd (**Ninety Three**) completed.

Further, the Company confirmed that completion occurred under the agreements for the Werner Lake Project, the Werner Lake / East Project and the Skeleton Project. In accordance with the agreements, the Company issued a total of 11,000,000 shares between the relevant sellers.

The Company will convene another general meeting seeking shareholder approval for the transfer of the shares to be held by the Trustee to Syracuse (subject to escrow requirements). This approval will be sought for the purposes of item 7 of section 611 of the Corporations Act. The shares to be issued to Syracuse and the Trustee will be subject to ASX imposed escrow for a period of 12 months from the date of issue. Each of Jet Capital, Vonross and Ninety Three have agreed to enter into voluntary escrow deeds for a period of 12 months in relation to the shares to be issued to them

DIRECTORS' DECLARATION

In the opinion of the directors of Marquee Resources Limited ('the company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year then ended; and
2. 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Charles Thomas
Managing Director

15 March 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Marquee Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Marquee Resources Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year then ended, and notes comprising a 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 half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 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*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 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*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 15 March 2018

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