



GOLD MOUNTAIN LIMITED

ASX:GMN

(ABN 79 115 845 942)

Interim Financial Report

31 December 2016





Directors' Report

Your Directors submit the financial report of the Company for the half-year ended 31 December 2016. 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 and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Graham Kavanagh	Chairman and Non-Executive Director (appointed 5 June 2014)
Sin Pyng "Tony" Teng	Non-Executive Director (appointed 9 July 2014)
Doug Smith	Non-Executive Director (appointed 29 December, 2016)
Matthew Morgan	Non-Executive Director (appointed 3 July 2014, resigned 29 December 2016)

Company Secretary

Eric Kam (Appointed 9 July 2014)

Dividends

No dividends have been paid or declared since the start of the half-year and the Directors do not recommend the payment of a dividend in respect of the half-year.

Principal Activities

The principal activity of the Company during the half-year was the exploration for and development of gold projects.

Review of Operations

A. Papua New Guinea Project

Wabag, PNG (EL1966, EL1967, EL1968, EL2426, & EL2430)


As previously announced on 30 June 2014, the Company entered into an Agreement with Viva No.20 Limited (Viva), a company incorporated in PNG, to acquire an initial 20% interest (Tranche 1) in three (3) exploration licences in Enga province, Papua New Guinea (collectively termed the Wabag Project) with an option to acquire a further 50% (Tranche 2) subject to certain conditions.

On 16 June 2016, the Company announced that GMN 6768 (PNG) Limited, a 100% owned subsidiary has been successful and granted two (2) new tenements EL2426 and EL2430 which are situated adjacent to the three (3) exploration leases held by Viva.

- **Tranche 1 Viva share purchase approved at 2014 AGM**

In July 2014, Geos Mining was contracted to undertake an independent technical assessment and valuation of the Wabag Project. Later, Nexia Australia was engaged to complete an independent expert's report on the proposed acquisition of the interest in Viva.





The purpose of these reports were to assist the Directors and advise the shareholders of the Company of the fairness and reasonableness of the proposed Tranche 1 acquisition transaction. A full report can be found on the Company’s website and ASX Announcements under the header “2014 AGM – Independent Expert’s Report” of 13 November 2014.

At the 2014 AGM held on 15 December 2014, shareholders approved the Tranche 1 share purchase agreement for the issue of 50,000,000 ordinary shares to the Vendors. Simultaneously, the Vendors will issue 50 ordinary shares to GMN comprising 20% of the entire issued capital of Viva held by the Vendors.

On 22 March 2016 GMN completed the acquisition of the initial 20% of the entire issued capital of Viva No.20 Limited (“Viva”) and issued 50 million consideration shares at \$0.03 each to the Vendors in accordance to the terms and conditions set out in the Letter Agreement of 30 June 2014 and approved by shareholders at the Annual General Meeting held on 15 December 2014. The issue of GMN shares to the Vendors are subject to a voluntary escrow arrangement for a period of 12 months and will be released from escrow on 22 March 2017.

- **Tranche 2 Viva share purchase approved at 2015 AGM and completed in 2016**

On 30 July 2015, the Company entered into an Agreement with Viva No.20 Limited (Viva), a company incorporated in PNG, to acquire a further 50% interest in three (3) exploration licences in Enga province, Papua New Guinea (collectively termed the Wabag Project). Nexia Australia was engaged, again, to complete an independent expert’s report on the proposed acquisition of the 50% interest in Viva.

A full report can be found on the Company’s website and ASX Announcements under the header “2015 AGM – Section D Independent Expert’s Report” of 27 October 2015.

At the 2015 AGM held on 26 November 2015, shareholders approved the Tranche 2 share purchase agreement between GMN, Viva and the Vendors.

On 16 August 2016, following the completion of certain administrative procedures relating to the transfer of Viva shares, the Company completed the acquisition of an additional 50% interest in the PNG project company, Viva No. 20 Limited (Viva). GMN issued 60 million shares at \$0.08 to Viva shareholders on completion of the transfer to GMN of an additional 125 Viva shares representing 50% of shares held by existing Viva shareholders. The Company also advised that on completion of this acquisition, the Company now holds a controlling interest of 70% in Viva.

The project covers a suite of Miocene intermediate intrusive rocks, related volcanics and younger metasediments of the New Guinea Thrust Belt, a strongly mineralised structural zone that dominates the Central Highlands region of PNG.

Previous exploration has identified gold and platinum anomalies in stream sediments, most noticeably in the Timun River area of EL1968, where historic production of around 100kg gold and 3.5kg platinum has been recorded from alluvial mining operations since 1948. Artisanal gold mining is currently being undertaken in several locations within the Wabag Project area (*Figure 1*).

Exploration conducted by Gold Mountain Limited during 2014 & 2015 has detected anomalous gold and base metal zones over numerous locations including the Sak Creek prospect (EL1966) and Crown Ridge prospect (EL1968).



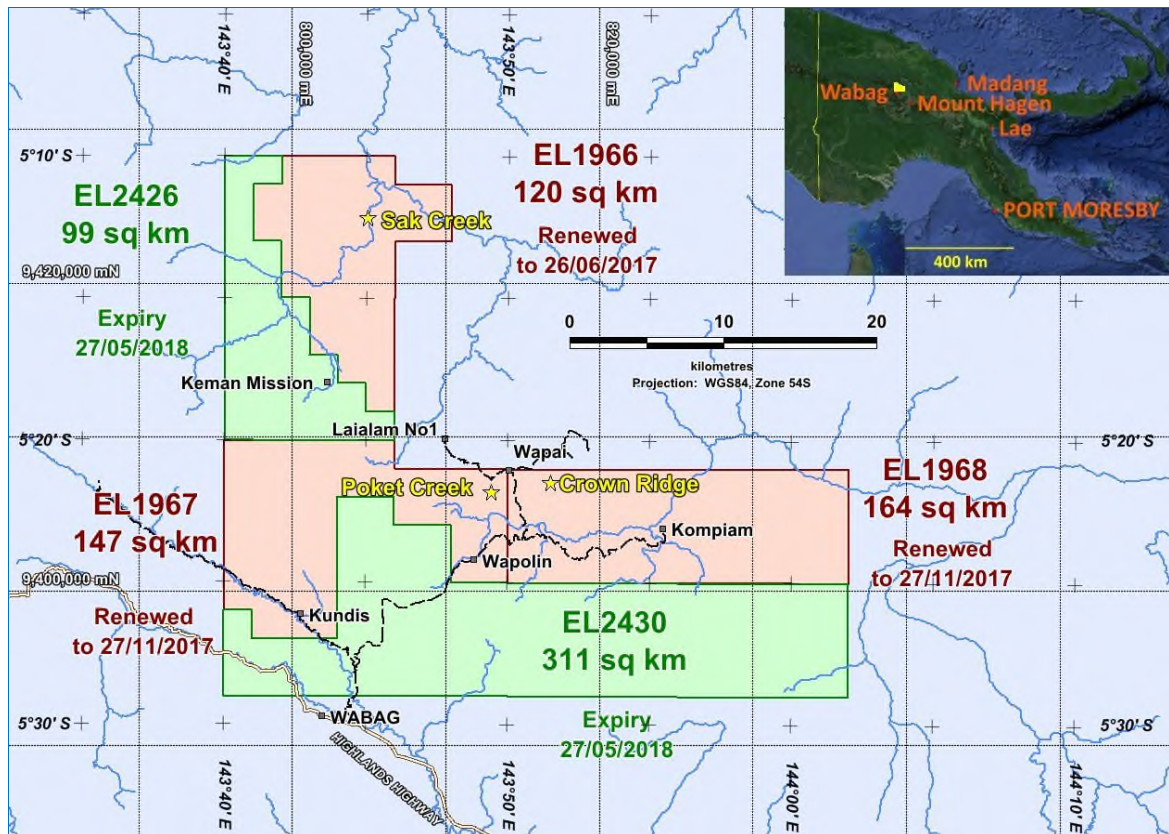


Figure 1: Location of Wabag Project Exploration Leases, PNG

Crown Ridge Prospect EL1968

The Mineral Resource Authority (MRA) of Papua New Guinea were contracted to conduct a ground magnetic geophysical survey on GMN's highly prospective Crown Ridge project (EL1968) in order to define and enhance GMN's conceptual model for the gold and platinum mineralisation discovered.

Following the completion of a ground magnetic geophysical survey an independent Geophysical Consultants has been engaged to review, process and model the data.


The aim of the survey is as follows:

- Ground magnetic to outline the current Geological Structural setting, and assist in planning future hard rock drill targets.
- Ground magnetic to help in differentiating the varying lithology recovered in float sampling programs.

This three-dimensional (3D) modelling identified 35 shallow anomalous targets and an extensive trenching program was commenced over these target areas within EL1968 in the PNG Highlands region. Preliminary results from this trenching program confirmed the presence of visible gold.

Extensive airborne magnetic survey over tenements EL1966, EL1968 & EL2306 was completed on 22 September. This magnetic survey identified multiple future shallow free Gold Zones and a significant Porphyry Target at Crown Ridge.





An extensive bulk sampling program was commenced at the Crown Ridge Gold Project following discovery of a high presence of free gold in the majority of trenches. Significant free gold was then recovered from this ongoing Bulk Sampling Program. A portable gold screening test plant was ordered from Gray Brothers Engineering, New Zealand to increase current sample recoveries near term.

Further exploration targets identified correlated to known mineralisation produced from free gold recovered from bulk sampling and panning.

At about the same time, due diligence exploration work has commenced on the prospective EL2306 tenement targeting an “interpreted crater rim” diatreme.

On 23 December 2016 the Company announced that the 3D Magnetic Survey identified two potential large Calderas within Crown Ridge. The discovery would potentially place Crown Ridge in the league of other nearby Caldera-hosted deposits such as the 57Moz Lihir mine.

B. Peruvian Project

Goldsmith Resources SAC

Following the review of the Peruvian project, the GMN Board have decided to impair the carrying amount of this investment resulting in an asset impairment expense of \$514,640 for the 2016 financial year. The value of this investment is carried at a nominal value of \$1 each and will be written back to realisable value should it eventually be disposed.

There has been no change to the Peruvian project in the half year to 31 December 2016.

C. Australian Projects


The Company continues to assess its exploration assets in NSW, with particular focus on Cowarra gold project, in southern NSW. The Company has been approached by several individual companies expressing interests in the NSW tenement suite. Non disclosure agreements have been executed and the projects are currently under due diligence and consideration.

Cowarra, NSW (EL5939) – (acquiring 100% interest)

The Cowarra Project (EL5939) is held by Gold Mountain Limited (50%) and Capital Mining Limited (ASX:CMY) under a farm-in agreement whereby Gold Mountain can earn up to 85% by exploration expenditure. On 6th January 2015, the Company announced that it had entered into an agreement with Capital Mining Limited to purchase the remaining unearned interest in the Cowarra Project.

Cowarra is a gold mineralisation project 2.8 km by 300-400m and to date a JORC inferred resource of 38,000 ozs in open pitted oxides has been identified. Good access, power and water is readily available. Further exploration will be required to establish an economic reserve and progress it to project status.





No further work was completed on the tenement during the half year to 31 December 2016. Application for renewal of the tenement, reduced to 7 graticular sub-blocks, was lodged on 20 April 2015. In recent conversations with NSW Titles Resources & Energy, (NSW TIRE), Gold Mountain Limited has been informed that the transfer of the title to Gold Mountain is still in progress.

Dalton, NSW (EL6922) – (100%)

This Exploration Licence in which GMN has a 100% interest consists of a regional shear zone hosting gold mineralisation. Shallow rotary core drilling has returned a high gold value of 32g/t over 1 metre. Follow up work is planned along strike in a northerly direction. The licence covers a number of historic workings. Expenditure commitments to 2016 total \$154,500. A renewal application submitted to NSW Department of Industry, Resources and Energy was approved on 17 February 2016 for further term of 24 months, ending 24 October 2017.

No further work was completed on the tenement during the half-year to 31 December 2016. This EL is due to expire on 23 October 2017.

Grenfell, NSW (EL8263) – (100%)

The Company holds a 100% interest in Exploration Licence 8263 granted on 16 May 2014 and covers the historic Grenfell gold field in Central NSW. EL 8263 embraces 22 shallow gold quartz reefs which were worked a century ago to produce approximately 150,000 ozs of gold. The exploration plan is to focus on possible extensions on the line of strike from the old gold workings and subsequently at depth.

No further work was completed on the tenement during the half-year to 31 December 2016. This EL is due to expire on 30 April 2017.



D. Tenements Summary

EL No.	Holder	GMN Interest	Location	Area (sq km)	Expiry
EL1966	Viva No.20 Limited	70%	Enga Province, PNG	239	26/06/2017
EL1967	Viva No.20 Limited	70%	Enga Province, PNG	293	27/11/2017
EL1968	Viva No.20 Limited	70%	Enga Province, PNG	327	27/11/2017
EL2426	GMN 6768 (PNG) Limited	100%	Enga Province, PNG	99	27/05/2018
EL2430	GMN 6768 (PNG) Limited	100%	Enga Province, PNG	311	27/05/2018
EL5939	Capital Mining Ltd	50% - 100%	Cowarra, NSW	19.5	29/04/2015 ¹
EL6922	Gold Mountain Limited	100%	Dalton, NSW	42.4	23/10/2017
EL8263	Gold Mountain Limited	100%	Grenfell, NSW	11.4	30/04/2017
EL2306	Khor Eng Hock & Sons (PNG) Limited	Exclusivity to acquire	Enga Province, PNG	328	31/12/2017

1 Application for renewal of EL5939 was lodged with the NSW Department of Industry, Resources and Energy on 23 April 2015. GMN is in the process of acquiring 100% equity in the tenement.

Operating results for the half-year

The loss of the Company for the half-year, after providing for income tax amounted to \$781,745 (2015 HY: Loss \$1,171,648).


Review of financial conditions

The Company had \$919,588 in cash assets at 31 December 2016.

The net assets of Gold Mountain Limited increased from \$3,404,265 at 30 June 2016 to \$9,859,522 at 31 December 2016, an increase of \$6,455,257 which was due primarily to completion of the acquisition of the additional 50% interest in the PNG project company, Viva No. 20 Limited (Viva) through the issue of 60,000,000 shares at \$0.08 each at the non cash value of \$4,800,000 leading to goodwill on consolidation of \$6,299,857.

During the reporting period, the Company conducted one capital raising. In total, the Company raised \$2,552,550 to fund ongoing operations in Papua New Guinea and Australia.

Capital Raising	Date	Shares Issued	Price	Amount Raised
Placement	08-08-2016	57,197,619	\$0.0420	2,402,300
Placement to Vendor	17-08-2016	60,000,000	\$0.0800	-
Additional placement	18-10-2016	1,238,095	\$0.0420	52,000
Exercise of options	13-12-2016	1,150,000	\$0.0550	63,250
Exercise of options	13-12-2016	500,000	\$0.0700	35,000
Total		120,085,714		\$2,552,550



With the approval of shareholders at the 2016 AGM in passing resolutions 3, the Company has a share placement capacity to issue up to the maximum of 86,459,048 new shares over the next 12 months in accordance with Listing Rules 7.1 and 7.1.A. It is anticipated that the placement facilities would enable the Company to raise sufficient funds to support the associated operational and management rights and obligations in respect of the Wabag Project in Papua New Guinea, expenditures associated with NSW exploration assets and working capital requirements.

Significant Changes in the State of Affairs

On 3 August 2016, the Company announced it had successfully raised \$2.3 million through the issue of 54 million new shares at an issue price of \$0.042 per share under the Company's existing placement capacity. The company also announced it will seek shareholder approval to issue options to subscribers of the Placement Shares, at no additional cost, on the basis of one option for each two Placement Shares subscribed.

On 9 August 2016, the Company released Appendix 3B for the issue of 57,197,619 new ordinary shares in the Company raising a total of \$2,402,300. Of these shares, 25,447,359 shares were issued under Listing Rule 7.1A Additional Placement Capacity approved by shareholders at the 2015 Annual General Meeting.


On 9 August 2016, the Company announced the recommencement of exploration activity at the Company's flagship Crown Ridge gold project within EL1968 in the PNG Highlands region following completion of the three-dimensional (3D) modelling of the Magnetic Survey and that 35 shallow anomalous targets had been identified and an extensive trenching program commenced over these target areas.

On 16 August 2016, the Company announced completion of the acquisition of an additional 50% interest in the PNG project company, Viva No. 20 Limited (Viva) and issued 60,000,000 shares at \$0.08 each to the Vendors as consideration for the purchase. The Company also advised that on completion of this acquisition, the Company holds a controlling interest of 70% in Viva.

On 23 August 2016, the Company announced it had signed an exclusive agreement with the owner of the highly prospective EL2306 tenement, which adjoins flagship Crown Ridge gold project. In consideration for the payment by the Company of the fee of AUD150,000 the owner has granted the Company an exclusive dealing period of 270 days ending on 19 May 2017.

On 29 August 2016 the Company announced the issue of 18,400,000 share options to employees, consultants and directors of the Company pursuant to the Company's Employee Share Option Plan. The options have an exercise price of \$0.30, expire 36 months after the grant date and are subject to certain vesting conditions such that the Company's underlying share price must exceed \$0.50 based on volume weighted average price (VWAP) over a 5 day consecutive period; the holder must be an actual consultant to or employee of the Company at the time of exercise of the relevant Granted Options and the exercise period shall not commence until a date that is at least 12 months after the date of the grant of the Granted Options to the holder.





On 1 September 2016 the Company announced preliminary results from its ongoing trenching program, which confirmed visible gold, from initial 92 metres of trenching at its flagship project, Crown Ridge, EL1968, Wabag, PNG. The trenching program is being undertaken to investigate magnetic anomalies defined by the processing of the ground magnetics surveyed during 2015.

On 8 September 2016, the Company announced the Notice of an Extraordinary General Meeting (EGM) to be held on 11 October 2016 to seek approval from shareholders for the prior issue of ordinary shares and refresh the Company's 15% placement capacity; for the issue of options to August 2016 placement investors and promoters; to raise additional capital by issue of up to 80m shares (up to \$10m); and for the issue of options under the Employee Share Option Plan. These resolutions were subsequently approved by shareholders with the results of the EGM announced to the market on 11 October 2016.

On 22 September 2016 the Company announced the completion of an extensive airborne magnetic survey over tenements EL1966, EL1968, & EL2306, as well as the commencement of an extensive bulk sampling program at the Crown Ridge Gold Project following discovery of high presence of free gold in the majority of trenches. At about the same time, due diligence exploration work has commenced on the prospective EL2306 tenement targeting an "interpreted crater rim" diatreme.

On 18 October 2016 the Company completed an additional placement to professional and sophisticated investors of 1,238,095 shares at \$0.0420 each to raise \$52,000 following over-subscription of 8 August 2016 placement.

On 18 October 2016, following approval by shareholders at the EGM held on 11 October 2016, the Company issued 29,217,858 options at an exercise price of \$0.055 and expiring on 18 January 2018 to the August 2016 placement investors at no additional cost and on the basis of one option for each two placement shares subscribed.


On 18 October 2016, following approval by shareholders at the EGM held on 11 October 2016, the Company issued 17,000,000 options at an exercise price of \$0.055 and expiring on 18 January 2018 to the Promoters who have had a material involvement in the success of the August Placement, or who have provided a service to the Company in relation to the August Placement.

On 3 November 2016 the Company announced that significant free gold has been recovered from ongoing Bulk Sampling Program. The Company also announced a portable gold screening test plant was ordered from Gray Brothers Engineering, New Zealand to increase current sample recoveries near term. The Company noted 3D Geophysical Modelling was currently underway with results expected near term.

On 13 December 2016 the Company announced that the 3D Magnetic Survey identified multiple future shallow free Gold Zones and a significant Porphyry Target at Crown Ridge. The Company also announced further exploration targets identified correlated to known mineralisation produced from free gold recovered from bulk sampling and panning. Geophysical interpretation by Allender Exploration of 3D Magnetic Survey is to be released shortly.

On 23 December 2016 the Company announced that the 3D Magnetic Survey identified two potential large Calderas within Crown Ridge. The discovery would potentially place Crown Ridge in the league of other nearby Caldera-hosted deposits such as the 57Moz Lihir mine.





On 29 December 2016 the Company announced the appointment of Mr Doug Smith as the PNG Exploration and In-Country Operations Director. The Company also announced the resignation of Mr Matt Morgan as a Non Executive Director.

Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is displayed on the Company's website.

Risk management

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement in the Directors' Report as outlined in the 30 June 2016 Annual Report and at the Company's website <http://www.goldmountainltd.com.au/#!/corporate-governance/c1kzo>.

Events Subsequent to the End of the Half-Year

On 12 January 2017 the Company announced that Phase 2 of its bulk sampling program has commenced at the flagship Crown Ridge Gold project, EL1968, under the supervision of In-Country Director and Geologist Doug Smith.

On 20 January 2017, the Company announced 3,600,000 options to acquire ordinary shares in the Company at an exercise price of \$0.30 (subject to underlying share price must exceed \$0.50 based on VWAP over a 5 day consecutive period) and expiring of 28/11/2019 were cancelled under the rules of GMN's Employee Share Option Plan (ESOP) due to cessation of employment of an employee.

On 20 January 2017, the Company announced the issue of 1,000,000 new fully paid ordinary shares in respect of the exercise of 1,000,000 unlisted Options at an exercise price of \$0.055.

On 15 February 2017, the Company announced that further gold and platinum recoveries from its Phase 2 Bulk Sampling program at the flagship Crown Ridge Gold Project on EL1968.

On 27 February 2017, the Company further announced the completion of three-dimensional (3D) Magnetic Modelling activities and the subsequent results following recent Helimag survey programme at EL 2306 "Abundance Valley", EL 1966 "Sak Creek" and EL 1968 the extension of flagship Crown Ridge.

No other matters or circumstances that have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Other Activities and Company Strategy

The Company continues to focus on the exploration of its targets with the aim of finding and developing commercially viable gold projects.





Environmental legislation

The Company is subject to significant environmental and monitoring requirements in respect of its natural resource exploration activities. The Directors are not aware of any significant breaches of these requirements during the period.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related entity) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial period the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors 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 12 and forms part of this Directors' report for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.



Graham Kavanagh
Chairman

7 March 2017



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K.S. Black & Co.

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To the Board of Directors:

Gold Mountain Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Gold Mountain Limited.

As lead audit partner for the review of the financial statements of Gold Mountain Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there has been no contravention of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relations to the review.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner

Dated: 7/3/2017

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Standards Legislation


CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2016

	Notes	31 Dec 2016	31 Dec 2015
		\$	\$
Interest income		4,071	2,957
Administration costs		(148,734)	(147,503)
Depreciation expense		(1,342)	(321)
Doubtful debts expense		-	(158,054)
Employee benefits expense		(75,870)	(30,860)
Exploration expense	2	(307,699)	(82,462)
Impairment expense	7	-	(514,640)
Investor and public relations		(86,605)	(2,200)
Legal and professional costs		(165,593)	(267,740)
Options expense	2	-	29,175
Loss before income tax expense		(781,772)	(1,171,648)
Income tax expense		-	-
Net loss for the period		(781,772)	(1,171,648)
Attributable to the owners of Gold Mountain Limited		(781,772)	(1,171,648)
Other comprehensive income			
Foreign currency translation		27	-
Total other comprehensive income for the year, net of tax		27	-
Total comprehensive loss for the period		(781,745)	(1,171,648)
Attributable to the owners of Gold Mountain Limited		(781,745)	(1,171,648)
Basic loss per share (cents per share)	13	(0.22)	(0.58)
Diluted earnings per share (cents per share)	13	(0.22)	(0.58)

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	31 Dec 2016 \$	30 Jun 2016 \$
Assets			
Current Assets			
Cash and cash equivalents		919,588	1,189,947
Trade and other receivables	3	56,362	45,817
Total Current Assets		975,950	1,235,764
Non-Current Assets			
Plant and equipment	4	60,852	1,273
Deferred exploration and evaluation expenditure	5	2,596,627	1,675,098
Equity accounted investees	6	-	1,575,000
Available-for-sale financial assets	7	1	1
Intangible assets	8	6,299,986	-
Investments	9	200,555	200,555
Other assets		65,545	30,000
Total Non-Current Assets		9,223,566	3,481,927
Total Assets		10,199,516	4,717,691
Liabilities			
Current Liabilities			
Trade and other payables		25,892	131,426
Borrowings	10	314,102	-
Other current liabilities		-	1,182,000
Total Current Liabilities		339,994	1,313,426
Total Liabilities		339,994	1,313,426
Net Assets		9,859,522	3,404,265
Equity			
Issued capital	11	16,882,692	9,645,792
Reserves	12	27	23,250
Accumulated Losses		(7,023,260)	(6,264,777)
Total equity attributable to equity holders of the Company		9,859,459	3,404,265
Non controlling interest		63	-
Total Equity		9,859,522	3,404,265

The statement of financial position should be read in conjunction with the accompanying notes.



Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2016

	Issued Capital	Options Expense Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	7,185,947	52,425	-	(4,777,973)	-	2,460,399
Comprehensive Income						
Net loss for the period	-	-	-	(1,171,648)	-	(1,171,648)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,171,648)	-	(1,171,648)
Transactions with owners in their capacity as owners						
Shares issued during the half-year	780,400	-	-	-	-	780,400
Share issue costs	(71,503)	-	-	-	-	(71,503)
Lapse of options	-	(29,175)	-	-	-	(29,175)
Total transactions with owners	708,897	(29,175)	-	-	-	679,722
Balance at 31 December 2015	7,894,844	23,250	-	(5,949,621)	-	1,968,473
Balance at 1 July 2016	9,645,792	23,250	-	(6,264,777)	-	3,404,265
Comprehensive Income						
Net loss for the period	-	-	-	(781,772)	-	(781,772)
Other comprehensive income	-	-	27	-	-	27
Total comprehensive income for the year	-	-	27	(781,772)	-	(781,745)
Transactions with owners in their capacity as owners						
Accumulated losses - Non controlling interest	-	-	-	39	(39)	-
Shares issued during the half-year	7,352,550	-	-	-	102	7,352,652
Share issue costs	(115,650)	-	-	-	-	(115,650)
Exercise of options	-	(23,250)	-	23,250	-	-
Total transactions with owners	7,236,900	(23,250)	-	23,289	63	7,237,002
Balance at 31 December 2016	16,882,692	-	27	(7,023,260)	63	9,859,522

The statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Half-year Ended 31 December 2016

	31 Dec 2016	31 Dec 2015
	\$	\$
Cash flows from operating activities		
Interest received	4,071	2,957
Payments to suppliers and employees	<u>(582,201)</u>	<u>(321,217)</u>
Net cash used in operating activities	<u>(578,130)</u>	<u>(318,260)</u>
Cash flows from investing activities		
Payment for plant and equipment	(52,729)	-
Payments for security deposits	(35,545)	-
Refund of security deposits	14,300	-
Payments for investments	(150,000)	(150,000)
Payments for exploration and evaluation expenditure	<u>(669,516)</u>	<u>(465,940)</u>
Net cash used in investing activities	<u>(893,490)</u>	<u>(615,940)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	1,271,250	460,000
Share issue costs	<u>(70,269)</u>	<u>(74,220)</u>
Net cash provided by financing activities	<u>1,200,981</u>	<u>385,780</u>
Net (decrease) / increase in cash and cash equivalents	(270,639)	(548,420)
Cash and cash equivalents at the beginning of the period	1,189,947	759,938
Viva No. 20 Limited - cash received on acquisition	263	-
Exchange differences on cash balances held	<u>17</u>	<u>-</u>
Cash and cash equivalents at the end of the period	<u>919,588</u>	<u>211,518</u>

Non-cash financing activities

(i) Share issue

A share placement to key sophisticated investors on 8 August 2016 raised \$2,402,300 through the issue of 57,197,619 shares at the placement price of \$0.042 per share. As part of this placement, share application funds of \$1,182,000 are not included in the statement of cashflows for the half year to 31 December 2016 as these funds were received during the year ended 30 June 2016.

The statement of cashflows should be read in conjunction with the accompanying notes.





Notes to the Financial Statements

For the Half-year Ended 31 December 2016

Note 1: Statement of Significant Accounting Policies

Statement of compliance

These interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Gold Mountain Limited (the Company) during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

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.

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of Gold Mountain Limited and its subsidiaries (as outlined in note 18) as at and for the half year ended 31 December.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;



- 
- The ability to use its power over the investee to affect its returns.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The financial statements of Viva No. 20 Limited are prepared using the calendar year ending on 31 December each year, using consistent accounting policies.

All intercompany balances and transactions have been eliminated in full.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results of the part of the reporting period during which the Company has had control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.


The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received



- 
- Recognises the fair value of any investment retained
 - Recognises any surplus or deficit in profit or loss
 - Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2016.

Going concern

The financial statements have been prepared on the going concern basis, the validity of which depends upon the positive cash position. The Company's existing projections show that further funds will be required to be generated, either by capital raisings, sales of assets or other initiatives, to enable the Company to fund its currently planned activities for at least the next 12 months from the date of signing these financial statements.

With the approval of shareholders at the 2016 AGM in passing Resolution 3, the Company has a share placement capacity to issue up to the maximum of 86,459,048 new shares over the next 12 months in accordance with Listing Rules 7.1 and 7.1.A. It is anticipated that the placement facilities would enable the Company to raise sufficient funds to support the associated operational and management rights and obligations in respect of the Wabag Project in Papua New Guinea, expenditures associated with NSW exploration assets and working capital requirements.

Notwithstanding this issue, the Directors have prepared the financial statements of the Company on a going concern basis. In arriving at this position, the Directors have considered the following pertinent matter: Australian Accounting Standard, AASB 101 "Accounting Policies", states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

In the Directors' opinion, at the date of signing the financial report, there are reasonable grounds to believe that the matters set out above will be achieved and therefore the financial statements have been prepared on a going concern basis.

Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Gold Mountain Limited.



Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new standards and interpretations that have been raised but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Company accounting policies.

Note 2: Loss for the year

	Half-year 31 Dec 2016 \$	Half-year 31 Dec 2015 \$
Loss before income tax includes the following expenses:		
— Options expense	-	(29,175)
— Rental expense on operating leases	-	12,728
a. Significant expenses		
The following significant expense items are relevant in explaining the financial performance:		
— Doubtful debts expense	-	158,054
— Exploration expense	307,699	82,462
— Impairments expense	-	514,640

Note 3: Trade and other receivables

	31 Dec 2016 \$	30 Jun 2016 \$
Goldsmith Resources SAC	1	1
Security deposits	20,000	26,600
Other receivables	36,361	19,216
Total current trade and other receivables	<u>56,362</u>	<u>45,817</u>

Note 4: Plant and equipment

	31 Dec 2016	30 Jun 2016
	\$	\$
Plant and equipment - at cost	63,478	2,557
Accumulated depreciation	(2,626)	(1,284)
	<u>60,852</u>	<u>1,273</u>

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous reporting period:

Carrying amount at beginning of the year	1,273	1,461
Additions	60,921	455
Disposals	-	-
Depreciation expense	(1,342)	(643)
Carrying amount at the end of the year	<u>60,852</u>	<u>1,273</u>

Note 5: Deferred exploration and evaluation expenditure

	Note	31 Dec 2016	30 Jun 2016
		\$	\$
Balance at beginning of period 1 July 2016		1,675,098	1,210,941
Expenditure incurred in the period		690,263	629,082
Expenditure acquired on acquisition of subsidiary		313,965	-
Impairment loss on existing tenements		(82,699)	(164,925)
Balance at 31 December 2016		<u>2,596,627</u>	<u>1,675,098</u>

Recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the areas of interest. Management reassesses the carrying value of the Company's tenements at each half year, or at a period other than that should there be an indication of impairment.

During the half year to 31 December 2016, an impairment expense of \$82,699 was recognised. This impairment refers to past costs incurred in maintaining the Company's NSW exploration projects.

Note 6: Equity Accounted Investees

	31 Dec 2016	30 Jun 2016
	\$	\$
Equity Investment in Viva No. 20 Limited	-	1,575,000
	-	1,575,000

On 22 March 2016, GMN announced the acquisition of the initial 20% of the issued capital of the PNG project company, Viva No. 20 Limited (Viva). The issue of 50 million consideration shares at \$0.03 each to the Vendors (Viva shareholders) were approved by shareholders at the Annual General Meeting held on 15 December 2014. On 16 August 2016, following approval by shareholders at the 2015 AGM, the Company completed the acquisition of an additional 50% interest in Viva. GMN issued 60 million shares at \$0.08 to Viva shareholders on completion of the transfer to GMN of an additional 125 Viva shares representing 50% of shares held by existing Viva shareholders. At 16 August 2016, the Company owned 70% of the issued share capital of Viva. Accordingly, the Company acquired a controlling interest in Viva from the date of acquisition on 16 August 2016 and Viva is accounted for on a consolidated basis from the date of acquisition for the Half-Year ended 31 December 2016. Refer to Notes 8, 17 and 18 for further information.

Note 7: Available for sale financial assets

Interests are accounted for at fair value. Information relating to Available for sale financial assets is set out below:

(a) Carrying amounts		Percentage interest		Company	
		Dec 2016	Jun 2016	31 Dec 2016	30 Jun 2016
Unlisted entity	Principal activities	%	%	\$	\$
Goldsmith Resources SAC	Mineral processing	18.75	18.75	1	1
(b) Movements in carrying amounts					
Carrying amount at the beginning of the financial year				1	514,641
Less: Asset impairment expense				-	(514,640)
Carrying amount at the end of the financial year (shown as investment cost)				1	1

Following the review of the Peruvian project, the GMN Board have decided to impair, in full, the carrying amount of this investment resulting in an asset impairment expense of \$514,640 for year ended 30 June 2016. The value of this investment is carried at the nominal value of \$1 and will be written back to its realisable value should it be eventually disposed.



Note 8: Intangible assets

2016

\$

Intangible assets

Goodwill on acquisition	6,299,986
Accumulated amortisation	-
Total intangible assets	6,299,986

Movements in Carrying Amounts

Movement in the carrying amounts for intangible assets between the beginning and the end of the current financial year:

2016

\$

Opening balance at 16 August 2016	-
Additions	6,299,866
Pre-Acquisition Accumulated Losses	129
Disposals	-
Exchange movement	(9)
Amortisation expense	-
Carrying amount at 31 December 2016	6,299,986

Goodwill on acquisition

On 16 August 2016 the Company completed the acquisition of an additional 50% of the issued capital of Viva through the issue of 60,000,000 shares at \$0.08 each to the Vendors. Simultaneously, the Vendors issued 125 ordinary shares to GMN comprising 50% of the entire issued capital of Viva held by the Vendors. On completion of this acquisition, the Company now holds a controlling interest of 70% in Viva. Goodwill of \$6,299,986 is recorded from the acquisition (Note 17).

Note 9: Investments

31 Dec 2016

\$

30 Jun 2016

\$

Gold nuggets	50,555	50,555
Papua New Guinea exclusive option fee	150,000	150,000
	200,555	200,555



Note 10: Borrowings

	31 Dec 2016	30 Jun 2016
	\$	\$
Term loans	314,102	-
	314,102	

Term loans of \$314,102 are accounted for on a consolidated basis following the acquisition of Viva No. 20 Limited on 16 August 2016. These amounts refer to monies lent to Viva No. 20 Limited from its shareholders since 2014 which were used to fund exploration of the Wabag Project in Papua New Guinea. An equivalent amount of deferred expenditure of \$313,965 was also acquired on acquisition of Viva which refers to this expenditure. Refer to Notes 8, 17 and 18 for further information.

Note 11: Issued Capital

	31 Dec 2016	31 Dec 2016	30 Jun 2016	30 Jun 2016
	Number of shares	\$	Number of shares	\$
(a) Ordinary shares				
Ordinary Shares, issued	381,600,222	18,224,918	261,514,508	10,872,368
Share issue costs		(1,342,226)		(1,226,576)
Total issued capital		16,882,692		9,645,792

(b) Movements in ordinary shares on issue

Date	Particulars	Number of shares	Issue Price	\$
1 Jul 2016	Opening balance	261,514,508		9,645,792
8 Aug 2016	Placement to professional and sophisticated investors	57,197,619	\$0.0420	2,402,300
17 Aug 2016	Consideration for the acquisition of an additional 50% interest in the shares of Viva No. 20 Limited (PNG) as approved by shareholders at the Annual General Meeting held on 27 November 2015	60,000,000	\$0.0800	4,800,000
18 Oct 2016	Additional placement to professional and sophisticated investors following over-subscription of 8 August 2016 placement	1,238,095	\$0.0420	52,000
13 Dec 2016	Exercise of unlisted options	1,150,000	\$0.0550	63,250
13 Dec 2016	Exercise of unlisted 2012 employee options	500,000	\$0.0700	35,000
31 Dec 2016	Share issue costs			(115,650)
31 Dec 2016	Total shares on issue and issued capital	381,600,222		16,882,692

(c) Movement in options over ordinary shares on issue

Date	Particulars	Number of options	Exercise Price	Expiry Date
01 Jul 2016	Unlisted 2012 employee options on issue	500,000	\$0.0700	31-Dec-2016
18 Oct 2016	Issue of unlisted options - 1 free attaching option for every 2 shares subscribed following the oversubscribed placement to professional and sophisticated investors in August 2016 and October 2016 and following approval by shareholders at the Extraordinary General Meeting held on 11 October 2016	29,217,858	\$0.0550	18-Jan-2018
18 Oct 2016	Issue of unlisted options to promoters following approval by shareholders at the Extraordinary General Meeting held on 11 October 2016	17,000,000	\$0.0550	18-Jan-2018
18 Nov 2016	Issue of unlisted options under the Employee Share Option Plan and subject to vending condition that the Company's share price must exceed \$0.50 based on VWAP over a 5 day consecutive period.	18,400,000	\$0.3000	28-Nov-2019
13 Dec 2016	Exercise of unlisted options	(1,150,000)	\$0.0550	18-Jan-2018
13 Dec 2016	Exercise of unlisted 2012 employee options	(500,000)	\$0.0700	31-Dec-2016
31 Dec 2016	Total options on issue (Code: GMNAA)	45,067,858	\$0.0550	18-Jan-2018
31 Dec 2016	Total options on issue (Code: GMNAB)	18,400,000	\$0.3000	28-Nov-2019
31 Dec 2016	Total options on issue	63,467,858		

Note 12: Reserves

	31 Dec 2016	30 Jun 2016
	\$	\$
Reserves		
Foreign currency translation reserve	27	-
Share based payments reserve	-	23,250
	<u>27</u>	<u>23,250</u>

Movements in the foreign currency translation reserve

At 1 July 2016	-	-
Foreign currency translation	27	-
At 31 December 2016	<u>27</u>	<u>-</u>

Movements in options over ordinary shares on issue

At 1 July 2016	23,250	52,425
Options exercised/lapsed during the period	(23,250)	(29,175)
At 31 December 2016	<u>-</u>	<u>23,250</u>

Detailed movement in options over ordinary shares on issue

Date	Particulars	Number of Options	Exercise Price	Expiry Date	Valuation
01-Mar-2013	Unlisted employee options issued	500,000	\$0.0700	31-Dec-2016	23,250
13 Dec 2016	Exercise of unlisted employee options	(500,000)	\$0.0700	31-Dec-2016	(23,250)
31-Dec-2016	Closing balance	-	-	-	-

Note 13: Loss per share

	Half-year 31 Dec 2016 \$	Half-year 31 Dec 2015 \$
a. Basic Loss per share		
i. Basic Loss per share (cents)	(0.22)	(0.58)
ii. Net loss used to calculate basic loss per share	(781,772)	(1,171,648)
Weighted average number of ordinary shares outstanding		
iii. during the half-year used in calculating basic loss per share	<u>352,248,527</u>	<u>203,528,385</u>
b. Diluted loss per share		
The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.	<u>(0.22)</u>	<u>(0.58)</u>

Note 14: Significant Events for the Period

On 3 August 2016, the Company announced it had successfully raised \$2.3 million through the issue of 54 million new shares at an issue price of \$0.042 per share under the Company's existing placement capacity. The company also announced it will seek shareholder approval to issue options to subscribers of the Placement Shares, at no additional cost, on the basis of one option for each two Placement Shares subscribed.

On 9 August 2016, the Company released Appendix 3B for the issue of 57,197,619 new ordinary shares in the Company raising a total of \$2,402,300. Of these shares, 25,447,359 shares were issued under Listing Rule 7.1A Additional Placement Capacity approved by shareholders at the 2015 Annual General Meeting.

On 9 August 2016, the Company announced the recommencement of exploration activity at the Company's flagship Crown Ridge gold project within EL1968 in the PNG Highlands region following completion of the three-dimensional (3D) modelling of the Magnetic Survey and that 35 shallow anomalous targets had been identified and an extensive trenching program commenced over these target areas.

On 16 August 2016, the Company announced completion of the acquisition of additional 50% interest in the PNG project company, Viva No. 20 Limited (Viva) and issued 60,000,000 shares at \$0.08 each to the Vendors as consideration for the purchase. The Company also advised that on completion of this acquisition, the Company now holds a controlling interest of 70% in Viva.

On 23 August 2016, the Company announced it had signed an exclusive agreement with the owner of the highly prospective EL2306 tenement, which adjoins flagship Crown Ridge gold project. In consideration for the payment by the Company of the fee of AUD150,000 the owner has granted the Company an exclusive dealing period of 270 days ending on 19 May 2017.

On 29 August 2016 the Company announced the issue of 18,400,000 share options to employees, consultants and directors of the Company pursuant to the Company's Employee Share Option Plan. The options have an exercise price of \$0.30, expire 36 months after the grant date and are subject to certain vesting conditions such that the Company's underlying share price must exceed \$0.50 based on volume weighted average price (VWAP) over a 5 day consecutive period; the holder must be an actual consultant



Note 14: Significant Events for the Period

to or employee of the Company at the time of exercise of the relevant Granted Options and the exercise period shall not commence until a date that is at least 12 months after the date of the grant of the Granted Options to the holder.

On 1 September 2016 the Company announced preliminary results from its ongoing trenching program, which confirmed visible gold, from initial 92 metres of trenching at its flagship project, Crown Ridge, EL1968, Wabag, PNG. The trenching program is being undertaken to investigate magnetic anomalies defined by the processing of the ground magnetics surveyed during 2015.

On 8 September 2016, the Company announced the Notice of an Extraordinary General Meeting (EGM) to be held on 11 October 2016 to seek approval from shareholders for the prior issue of ordinary shares and refresh the Company's 15% placement capacity; for the issue of options to August 2016 placement investors and promoters; to raise additional capital by issue of up to 80m shares (up to \$10m); and for the issue of options under the Employee Share Option Plan. These resolutions were subsequently approved by shareholders with the results of the EGM announced to the market on 11 October 2016.

On 22 September 2016 the Company announced the completion of an extensive airborne magnetic survey over tenements EL1966, EL1968, & EL2306, as well as the commencement of an extensive bulk sampling program at the Crown Ridge Gold Project following discovery of high presence of free gold in the majority of trenches (*see figure 2*). At about the same time, due diligence exploration work has commenced on the prospective EL2306 tenement targeting an "interpreted crater rim" diatreme.

On 18 October 2016 the Company completed an additional placement to professional and sophisticated investors of 1,238,095 shares at \$0.0420 each to raise \$52,000 following over-subscription of 8 August 2016 placement.

On 18 October 2016, following approval by shareholders at the EGM held on 11 October 2016, the Company issued 29,217,858 options at an exercise price of \$0.055 and expiring on 18 January 2018 to the August 2016 placement investors at no additional cost and on the basis of one option for each two placement shares subscribed.

On 18 October 2016, following approval by shareholders at the EGM held on 11 October 2016, the Company issued 17,000,000 options at an exercise price of \$0.055 and expiring on 18 January 2018 to the Promoters who have had a material involvement in the success of the August Placement, or who have provided a service to the Company in relation to the August Placement.

On 3 November 2016 the Company announced that significant free gold has been recovered from ongoing Bulk Sampling Program. The Company also announced a portable gold screening test plant was ordered from Gray Brothers Engineering, New Zealand to increase current sample recoveries near term. The Company noted 3D Geophysical Modelling was currently underway with results expected near term.

On 13 December 2016 the Company announced that the 3D Magnetic Survey identified multiple future shallow free Gold Zones and a significant Porphyry Target at Crown Ridge. The Company also announced further exploration targets identified correlated to known mineralisation produced from free gold recovered from bulk sampling and panning. Geophysical interpretation by Allender Exploration of 3D Magnetic Survey is to be released shortly.





Note 14: Significant Events for the Period

On 23 December 2016 the Company announced that the 3D Magnetic Survey identified two potential large Calderas within Crown Ridge. The discovery would potentially place Crown Ridge in the league of other nearby Caldera-hosted deposits such as the 57Moz Lihir mine.

On 29 December 2016 the Company announced the appointment of Mr Doug Smith as the PNG Exploration and In-Country Operations Director. The Company also announced the resignation of Mr Matt Morgan as a Non Executive Director.

Note 15: Events After the Reporting Period

On 12 January 2017 the Company announced that Phase 2 of its bulk sampling program has commenced at the flagship Crown Ridge Gold project, EL1968, under the supervision of In-Country Director and Geologist Doug Smith.

On 20 January 2017, the Company announced 3,600,000 options to acquire ordinary shares in the Company at an exercise price of \$0.30 (subject to underlying share price must exceed \$0.50 based on VWAP over a 5 day consecutive period) and expiring of 28/11/2019 were cancelled under the rules of GMN's Employee Share Option Plan (ESOP) due to cessation of employment of an employee.

On 20 January 2017, the Company announced the issue of 1,000,000 new fully paid ordinary shares in respect of the exercise of 1,000,000 unlisted Options at an exercise price of \$0.055.

On 15 February 2017, the Company announced that further gold and platinum recoveries from its Phase 2 Bulk Sampling program at the flagship Crown Ridge Gold Project on EL1968.

On 27 February 2017, the Company further announced the completion of three-dimensional (3D) Magnetic Modelling activities and the subsequent results following recent Helimag survey programme at EL 2306 "Abundance Valley", EL 1966 "Sak Creek" and EL 1968 the extension of flagship Crown Ridge.

No other matters or circumstances that have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 16: Operating Segments

Segment Information

Identification of reportable segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Gold Mountain Limited. During the half-year the Company operated principally in one business segment being mineral exploration and in three (3) geographical segments being Australia, Papua New Guinea and Peru.



Note 17: Business Combinations

Acquisition of Viva No. 20 Limited

As previously announced on 30 June 2014, the Company entered into an Agreement to acquire an initial 20% interest (Tranche 1) in Viva with an option to acquire a further 50% (Tranche 2) subject to certain conditions. On 22 March 2016 GMN completed the acquisition of the initial 20% of the entire issued capital of Viva and issued 50 million GMN consideration shares at \$0.03 each to the Vendors in accordance to the terms and conditions set out in the Letter Agreement of 30 June 2014 and approved by shareholders at the Annual General Meeting held on 15 December 2014. Simultaneously, the Vendors issued 50 ordinary shares to GMN comprising 20% of the entire issued capital of Viva held by the Vendors.

On 30 July 2015, the Company entered into an Agreement with Viva to acquire a further 50% interest in Viva. At the 2015 AGM held on 26 November 2015, shareholders approved the Tranche 2 share purchase agreement between GMN, Viva and the Vendors.

On 16 August 2016 the Company completed the acquisition of an additional 50% of the issued capital of Viva through the issue of 60,000,000 shares at \$0.08 each to the Vendors. Simultaneously, the Vendors issued 125 ordinary shares to GMN comprising 50% of the entire issued capital of Viva held by the Vendors. On completion of this acquisition, the Company now holds a controlling interest of 70% in Viva.

a. Assets acquired and liabilities assumed

Viva No.20 Limited had the following identifiable assets and liabilities at 16 August, 2016, the date of acquisition. Goodwill of \$6,299,866 is recorded from the acquisition, as follows:

	16-Aug-2016
	\$
Cash at bank	263
Deferred exploration expenditure	295,589
Total assets	295,852
Borrowings	(295,718)
Total liabilities	(295,718)
Total identifiable net assets at fair value	134
Acquisition consideration - issue of 50,000,000 ordinary shares at AUD \$0.03 and 60,000,000 ordinary shares at AUD \$0.08 in Gold Mountain Limited	6,300,000
Goodwill on acquisition (Note 8)	6,299,866



Note 18: Controlled entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)
---	---------------------------------	-----------------------------

Subsidiaries of Gold Mountain Limited:

Viva No. 20 Limited	Papua New Guinea	70%
GMN 6768 (PNG) Limited	Papua New Guinea	100%

Unless otherwise stated, the subsidiary listed above has share capital consisting solely of ordinary shares, which are held directly by the group, and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Note 19: Dividends

The Directors of the Company have not declared an interim dividend.

Note 20: Commitments and Contingencies

Remuneration Commitments

There are no remuneration commitments contingent liabilities as at 31 December 2016.

Guarantees

Gold Mountain Limited did not commit to nor make guarantees of any form as at 31 December 2016.

Contingent liabilities

There are no contingent liabilities as at 31 December 2016.

Exploration licence expenditure requirements

The Company has full management and operational rights with respect to five (5) exploration licences in Enga province, Papua New Guinea (collectively termed the Wabag Project) and is required to incur \$600,000 minimum expenditure over 2 years on the development and maintenance on these licences on the basis of \$225,000 in the first year and \$375,000 in the second year. GMN also has an exclusivity to acquire an interest over a sixth exploration licence, EL 2306. This lease which will incur additional expenditure commitments of \$100,000 over two (2) years should GMN acquire the interest in this lease after completion of due diligence in May 2017.

It is likely that the granting of new licences and changes in licence areas at renewal or expiry, will change the expenditure commitment to the Company from time to time.



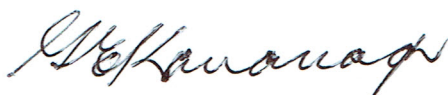


Directors' Declaration

In the opinion of the Directors of Gold Mountain Limited (the Company):

- 1) The financial statements and notes thereto, as set out on pages 13 to 30 are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001; and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- 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.



Graham Kavanagh
Chairman

7 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Gold Mountain Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gold Mountain Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the consolidated statement in changed in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the entity comprising the company at the half-year's end or from time to time during the half-year.

Directors' responsibility 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

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 Performed by 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 *Corporation Act 2001* Including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Gold Mountain Limited, ASRE 2410 required 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, primary of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is subsequently less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurances that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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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 Gold Mountain Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gold Mountain Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- b) complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*

KS Black & Co
Chartered Accountants



Scott Bennison
Partner

Dated: 7/3/2017

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