

Interim Financial Report

31 December 2017

Directors' Report

Your Directors submit the financial report of the Company 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 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)

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

Gold Mountain Limited remain focussed in its continuing exploration activities on its highly perspective Wabag Projects situated in the Enga Province of Papua New Guinea, immediately to the North of the Wabag township of the provincial capital.

Exploration carried out by the Company has detected highly anomous gold (Au), platinum (Pt) and base metal zones over numerous locations at the Sak Creek (EL1966), Pocket Creek (EL1967) and the Crown Ridge (EL1968) prospects. Results of 3D geophysical modelling indicate that the Crown Ridge is sitting on top of a continuous body over 4 km in a North-South direction and extending into an adjacent lease EL2306 Abundance Valley.

Bulk sampling programs with full scale processing facilities are in placed at the Crown Ridge Prospect with work undertaken to consist of bulk sampling of pits and diamond drilling campaigns, including the preliminaries of expanding camp facilities, clearing access tracks and other logistics.

During the reporting period, five drillholes totalling 1,265.6m were completed as part of the diamond drilling program targeting hard rock gold potential along the margins of the interpreted volcanic crater. The half-core samples were sent to a NATA-certified laboratory in Lae for analysis of gold and other elements.



Eleven bulk sampling pits were excavated and sampled at 0.5m intervals to average depth of 4.8m. The sample were processed on-site through a Knelson concentrator and sluice box collection of heavy mineral concentrates in which the concentrates and representative samples of tailings were sent to ALS Laboratory in Perth for testing and analysis.

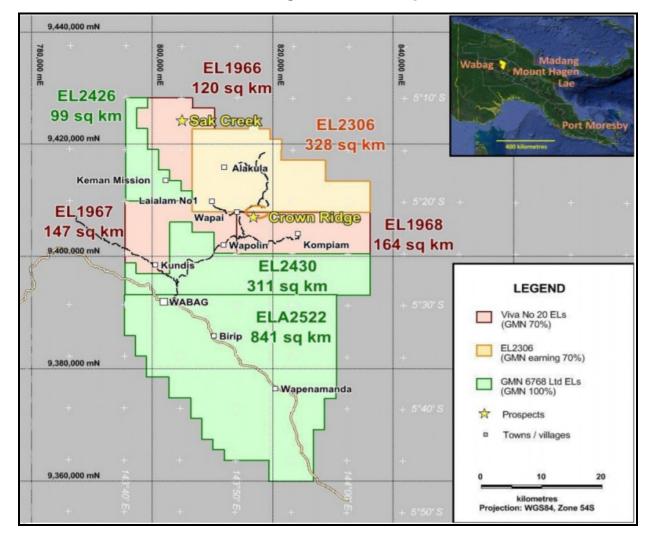
Reconnaissance exploration program in an area north of Alakula village discovered mineralised porphyry outcrops of indicative porphyry copper system with added potential for gold was observed over an area of 1km x 850m.

The exploration program of the PNG Projects is fully funded by the 2017 Private Share Placement completed in October 2017 raising in total \$6,647,460.00 by the issue of 66,474,600 fully paid ordinary shares at \$0.10 and attaching 33,237,300 free share options exercisable at \$0.15 expiry 30/6/2019.

During the reporting period, two new subsidiary companies were added to the on-going administration of the Wabag project tenements. It is intended that Viva Gold (PNG) Limited and Abundance Valley (PNG) Limited shall apply for new exploration leases to the East of the existing Viva No.20 tenements and to the West of EL2306 to secure new areas surrounding the Wabag projects and to retain ground areas loss through relinquishment.

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 (Renewal pending)
EL1967	Viva No.20 Limited	70%	Enga Province, PNG	293	27/11/2017 (Renewal pending)
EL1968	Viva No.20 Limited	70%	Enga Province, PNG	327	27/11/2017 (Renewal pending)
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
ELA2522	GMN 6768 (PNG) Limited	Application	Enga Province, PNG	841	-
EL2306	Khor Eng Hock & Sons (PNG) Limited / Abundance Valley (PNG) Limited	Registration of transfer pending	Enga Province, PNG	328	31/12/2017 (Renewal pending)
EL5939	Gold Mountain Limited	100%	Cowarra, NSW	19.5	29/04/2019



Suite of tenements located at the Enga Province in Papua New Guinea

Operating results for the half-year

The loss of the Company for the half-year, after providing for income tax amounted to \$793,152 (2016 HY: Loss \$781,745).

Review of financial conditions

The Company had \$3,979,426 in cash assets at 31 December 2017.

The net assets of Gold Mountain Limited increased from \$12,420,975 at 30 June 2017 to \$15,335,178 at 31 December 2017, an increase of \$2,914,203 which was primarily achieved through the conduct of a capital raising during the reporting period. In total, the Company raised \$3,680,480 before costs to fund ongoing operations in Papua New Guinea and Australia.



Capital Raising	Date	Shares Issued	Price	Amount Raised
Placement	10-08-2017	7,984,800	\$0.100	798,480
Placement	06-10-2017	19,245,000	\$0.100	1,924,500
Exercise of options	06-10-2017	2,500,000	\$0.055	137,500
Placement	28-11-2017	10,000,000	\$0.100	1,000,000
Total		39,729,800		3,680,480

With the approval of shareholders at the 2017 AGM, the Company has a share placement capacity to issue up to the maximum of 113,257,991 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 5 July 2017, the NSW Department of Industry (Resources & Energy) approved the cancellation of the Dalton, NSW exploration licence EL6922.

On 19 July 2017, the Company announced it had entered into agreement to acquire 70% interest in highly prospective 328 km² tenement adjoining the flagship Crown Ridge Gold Project. The key terms of the acquisition include:

- The purchase price for the Tenement is \$5.2 million comprising of \$3 million in cash (\$300,000 of which was paid as a non-refundable deposit) and 22 million GMN shares @ \$0.10 per share (Consideration Shares);
- Completion of the acquisition of the Tenement Interest is due to occur on the business day immediately following the second anniversary of the registration of EL 2306 (14th December 2017) by the PNG Mineral Resources Authority;
- On Completion on or before 16/12/2017;
 - o Full title and risk in the Tenement Interest passes to the Company;
 - o The Company must issue the Consideration Shares and pay a Completion instalment of \$450,000;
 - The issue of Consideration Shares will be put to Shareholders approval at the next general meeting of the Company; and
 - o The Consideration Shares are subject to agreed voluntary escrow conditions for 24 months
- The balance of the cash consideration (\$2,250,000) is payable in six (6) bi-annual instalments ending on 16 December 2020.
- Completion of the acquisition of the Tenement Interest is conditional on conditions precedent including GMN has first right of refusal to acquire the remaining 30% of the project from the vendor.



On 24 July 2017, the Company announced it had secured \$3.7 million in funding commitments (increased by \$700,000 from \$3.0 million in funding commitments announced on 2 June 2017). The funds raised will be used for general working capital requirements and ongoing exploration and project development activities at the flagship Crown Ridge Project in PNG.

On 9 August 2017, the Company announced the allotment of 7,984,800 new shares at a price of \$0.10 per share and 3,992,400 free attaching options, one (1) free option entitlement for every two (2) shares issued. The options are exercisable at \$0.15 and expire on 30 June 2019.

On 23 August 2017, the Company announced it had secured \$5.0 million in funding commitments (increased by \$1.3 million from \$3.7 million in funding commitments announced on 24 July 2017). Subject to the Company's placement capacity under Listing Rule 7.1A, new shares will be allotted at \$0.10 per share with a free option entitlement of one (1) option for every two (2) shares issued. The options will be exercisable at \$0.15 and expire on 30 June 2019.

On 26 September 2017, the Company announced that it is well advanced for drilling and bulk sampling program at the Crown Ridge Gold Project with the view of delivering a JORC (2012) compliant maiden resource estimate and the work is expected to be completed in early 2018.

On 26 September 2017, the Company announced the granting of 7,800,000 share options to employees and consultants including directors (subject to shareholders approval) according to the Company's Employee Share Options Plan. The granted options have an exercise price of \$0.15 and expires 46 months from the grant date and the granted options shall be vested over 3 periods of 12 months per period.

On 27 September 2017, the Company lodged on its website an investment research report on the Company. The report, commissioned by the Company is prepared by Independent Investment Research who is an independent investment research house based in Australia and the United States.

On 5 October 2017, the Company announced it had secured \$6.65 million in funding commitments (increased by \$1.65 million from \$5 million in funding commitments announced on 23 August 2017). The Private Placement Offer which is "By Invitation Only" raised funds at an issue price of \$0.10 per Fully Paid share. Each two shares subscribed for have an attaching free share options exercisable at \$0.15 on or before 30 June 2019. The Company will put a resolution to shareholders at the forthcoming Annual General Meeting in November to approve the issue of securities for the over subscription.

On 6 October the Company announced that 2,500,000 unlisted Options exercisable at \$0.055 were exercised raising additional \$137,500.00 towards the general working capital of the Company.

On 6 October 2017, the Company made an Appendix 3B new issue announcement for the exercise of share options and the issue of 19,245,000 shares and 9,622,500 options to the 2017 Private Placement investors within the limit of the Company's placement capacity under Listing Rule 7.1A.

On 3 November 2017, the Company announced that an initial exploratory 3-hole, circa 600 metre diamond drilling program had commenced at its flagship Crown Ridge prospect in the Highlands region of Papua New Guinea. The drilling will target the hard rock gold potential at Crown Ridge along the margins of the interpreted volcanic crater. Additionally, the Company has begun a program of pitting and bulk sampling, together with shallow diamond drilling program, circa 400 metre (9-holes 40m-60m deep), aimed at defining a near-surface JORC 2012 compliant Mineral Resource of free gold.

On 29 November 2017, following approval by shareholders at the Annual General Meeting held on 28 November 2017, the Company issued 10,000,000 shares and 5,000,000 options at an exercise price of \$0.15 and expiring on 30 June 2019 to the August 2017 Placement Investor.

On 14 December 2017, the Company announced the Hard Rock Exploration drilling has continued to progress with positive indications of mineralisation. Diamond drill hole CRD005 showed visible gold mineralisation at various depths between 88m and 230m downhole. From 230 to 398m mixed mafic volcanics with variable sulphides and quartz carbonate chlorite veining were encountered, providing further encouraging signs of possible mineralisation. Four (4) diamond drill holes have been completed with CRD005 continuing to drill. Total drilling metreage to date was 1,178.7m. In addition, the Company announced pitting work, aimed at defining a near-surface JORC 2012 compliant Mineral Resource of free gold hosted by altered conglomerate, is progressing well, with 10 of the planned 32, 1x1x4m deep pits completed to date. Concentrate samples were dispatched to the ALS Laboratory in Perth, Australia with results and grade determination work ongoing.

On 19 December 2017 the Company announced the discovery a mineralised porphyry outcrop with visual chalcopyrite, chalcocite and bornite mineralisation observed in the outcrop, all common copper ore minerals. The host rocks show classic porphyry-style alteration and veining with the mineralised quartz-pyrite veins found in the outcrop similar in appearance to float samples from Crown Ridge that assayed up to 29.2 grams per tonne gold, offering the potential for a large immediate gold resource tonnage potential.

On 29 December 2017, following approval by shareholders at the Annual General Meeting on 28 November 2017, the Company issued 2,000,000 share options (GMNAD) to Participating Directors pursuant to resolutions 9 and 10 of the 2017 AGM and 7,800,000 share options under the Employee Share Option Plan (ESOP) pursuant to resolution 12 of the 2017 AGM. Both the GMNAD and the GMNAE (ESOP options granted on 26 September 2017) have an exercise price at \$0.15 with vesting conditions that the total granted options shall be vested over 3 periods of 12 months per period.

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 2017 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 22 January 2018 the Company announced that 40,110,715 unlisted Options (GMNAA) exercisable at \$0.055 were exercised raising additional \$2,206,089 towards the general working capital of the Company.

On 22 January 2018 the Company announced that 28,000,000 unlisted Options (GMNAC) exercisable at \$0.15 and expiring on 30 June 2019 were issued to Promoters following Shareholder approval of Resolution 7 at the Annual General Meeting held on 28 November 2017.

On 16 February 2018, the Company issued 22,000,000 shares to the EL2306 Vendors as part consideration for the acquisition by the Company of the EL2306 Interest on the terms as set out in an agreement, announced to the market on 19 July 2017 and approved by shareholders at the Annual General Meeting held on 28 November 2017. The issue of the consideration shares is subject to a voluntary escrow arrangement for a period of 24 months from shareholders' approval date and will be released from escrow on 28 November 2019.

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 10 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.

Graham Kavanagh

Chairman

/st March 2018

Level 6 350 Kent Street SYDNEY NSW 2000



20 Grose Street North Parramatta NSW 2151

PO Box 2210 North Parramatta NSW 1750

75 Lyons Road DRUMMOYNE NSW 2047

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF GOLD MOUNTAIN LIMITED

I declare that, to the best of my knowledge and belief, during the Half-year ended 31 December 2017 there has been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act* 2001 in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities relate to Gold Mountain Limited and the entities it controlled during the period.

KS Black & Co Chartered Accountants

Scott Bennison Partner

Dated in Sydney on this 1st day of March

2018

Scott Bennison Partner







Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2017

	Notes	31 Dec 2017 \$	31 Dec 2016 \$
Other income	2	32,132	4,071
Administration costs		(232,255)	(148,734)
Depreciation expense		(19,643)	(1,342)
Employee benefits expense		(31,140)	(75,870)
Exploration expense	3	(75,016)	(307,699)
Investor and public relations	3	(202,444)	(86,605)
Legal and professional costs		(94,865)	(165,593)
Options expense	11	(169,921)	
Loss before income tax expense		(793,152)	(781,772)
Income tax expense	-	-	
Net loss for the period Attributable to the owners of Gold Mountain Limited	<u>-</u>	(793,152)	(781,772)
Other comprehensive income			
Foreign currency translation	-	4	27
Total other comprehensive income for the year, net of tax	-	4	27
Total comprehensive loss for the period Attributable to the owners of Gold Mountain Limited	-	(793,148)	(781,745)
Basic loss per share (cents per share)	13	(0.18)	(0.22)
Diluted earnings per share (cents per share)	13	(0.18)	(0.22)

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 2017

	Notes	31 Dec 2017	30 Jun 2017
Assets		r	,
Current Assets			
Cash and cash equivalents		3,979,426	2,693,337
Trade and other receivables	4	81,164	125,439
Total Current Assets		4,060,590	2,818,776
Non-Current Assets			
Plant and equipment	5	223,699	108,620
Deferred exploration and evaluation expenditure	6	4,227,247	3,038,522
Intangible assets	7	6,013,691	6,004,982
Investments	8	500,555	500,555
Other assets	9	525,546	75,545
Total Non-Current Assets		11,490,738	9,728,224
Total Assets		15,551,328	12,547,000
Liabilities			
Current Liabilities			
Trade and other payables		73,837	126,025
Other current liabilities		142,313	
Total Current Liabilities		216,150	126,025
Total Liabilities		216,150	126,025
Net Assets		15,335,178	12,420,975
Equity			
Issued capital	10	23,479,745	19,942,315
Reserves	11	169,925	-
Accumulated Losses		(8,314,555)	(7,521,403)
Total equity attributable to equity holders of the Company		15,335,115	12,420,912
Non controlling interest		63	63
Total Equity		15,335,178	12,420,975

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 2017

	Issued Capital	Options Expense Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	9,645,792	23,250	-	(6,264,777)	-	3,404,265
Comprehensive Income						
Net loss for the period Other comprehensive	-	-	-	(781,772)	-	(781,772)
income Total comprehensive income for the year Transactions with owners in their capacity as owners	<u>-</u>	- -	27 27	(781,772)		(781,745)
Accumulated losses - Non controlling interest Shares issued during	-	-	-	39	(39)	-
the half-year	7,352,550	-	-	-	102	7,352,652
Share issue costs	(115,650)	-	-	-	-	(115,650)
Exercise of options		(23,250)	-	23,250	-	<u>-</u>
Total transactions with owners Balance at 31	7,236,900	(23,250)	-	23,289	63	7,237,002
December 2016	16,882,692	-	27	(7,023,260)	63	9,859,522
Balance at 1 July 2017	19,942,315	-	-	(7,521,403)	63	12,420,975
Comprehensive Income						
Net loss for the period Other comprehensive	-	-	-	(793,152)	-	(793,152)
income	-	-	4	-	-	4
Total comprehensive income for the year Transactions with owners in their capacity as owners	-	-	4	(793,152)	-	(793,148)
Shares issued during	0.000.000					0.000.000
the half-year	3,860,480	-	-	-	-	3,860,480
Share issue costs	(323,050)	-	-	-	-	(323,050)
Issue of options Total transactions with	-	169,921	-	-	-	169,921
owners	3,537,430	169,921	-	-	-	3,707,351
Balance at 31 December 2017	23,479,745	169,921	4	(8,314,555)	63	15,335,178

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 2017

	Note	31 Dec 2017	31 Dec 2016
		\$	\$
Cash flows from operating activities			
Interest received		12,632	4,071
Rental receipts		29,500	-
Payments to suppliers and employees		(599,161)	(582,201)
Net cash used in operating activities		(557,029)	(578,130)
Cash flows from investing activities			
Payment for plant and equipment	5	(134,722)	(52,729)
Payments for security deposits		-	(35,545)
Refund of security deposits		10,000	14,300
Proceeds from shares applications		142,313	-
Payments for other assets		(450,000)	-
Payments for investments		-	(150,000)
Payments for exploration and evaluation expenditure	6	(1,261,903)	(669,516)
Net cash used in investing activities		(1,694,312)	(893,490)
Cash flows from financing activities			
Proceeds from the issue of shares	10	3,860,480	1,271,250
Share issue costs	11	(323,050)	(70,269)
Net cash provided by financing activities		3,537,430	1,200,981
Net (decrease) / increase in cash and cash equivalents		1,286,089	(270,639)
Cash and cash equivalents at the beginning of the period		2,693,337	1,189,947
Viva No. 20 Limited - cash received on acquisition		-	263
Exchange differences on cash balances held			17
Cash and cash equivalents at the end of the period		3,979,426	919,588

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 2017

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 2017 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 2017.

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 2017 AGM, the Company has a share placement capacity to issue up to the maximum of 113,257,991 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 2017, 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 2017.

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 2017. 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 or its business and, therefore, no change necessary to the Company accounting policies.

Note 2: Other income

	Half-year 31 Dec 2017 \$	Half-year 31 Dec 2016 \$
Interest received	12,632	4,071
Rental income	19,500	-
Total other income	32,132	4,071

Note 3: Loss for the year

	Half-year 31 Dec 2017 \$	Half-year 31 Dec 2016 \$
Loss before income tax includes the following expenses:		
Rental expense on operating leases	51,473	12,976
a. Significant items		
The following significant expense items are relevant in		
explaining the financial performance:		
- Investor and Public Relations	202,444	86,605
- Exploration expense	75,016	307,699
- Options expense	169,921	-

Note 4: Trade and other receivables

	31 Dec 2017 \$	30 Jun 2017 \$
PNG Project Advance	55,807	77,246
Performance bonds with NSW Mines Department	-	10,000
Other receivables	25,357	38,193
Total current trade and other receivables	81,164	125,439



Note 5: Plant and equipment

	31 Dec 2017 \$	30 Jun 2017 \$
Plant and equipment - at cost	255,676	120,954
Accumulated depreciation	(31,977)	(12,334)
	223,699	108,620
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous reporting period:	400.520	4 272
Carrying amount at beginning of the period	108,620	1,273
Additions	134,722	118,398
Depreciation expense	(19,643)	(11,049)
Carrying amount at the end of the period	223,699	108,620

Note 6: Deferred exploration and evaluation expenditure

N	lote	31 Dec 2017	30 Jun 2017
		\$	\$
Balance at beginning of period 1 July 2017		3,038,522	1,675,098
Expenditure incurred in the period		1,261,903	1,261,990
Expenditure acquired on acquisition of subsidiary		-	294,876
Impairment loss on existing tenements	_	(73,178)	(193,442)
Balance at 31 December 2017	_	4,227,247	3,038,522

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 reassess 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 2017, an impairment expense of \$73,178 was recognised. This impairment refers to past costs incurred in maintaining the Company's NSW exploration projects.

Note 7: Intangible assets

	31 Dec 2017	30 Jun 2017
	\$	\$
Intangible assets		
Goodwill on acquisition	6,013,691	6,004,982
Total intangible assets	6,013,691	6,004,982

Movements in Carrying Amounts

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

	31 Dec 2017	30 Jun 2017
		\$
Opening balance at 1 July 2017	6,004,982	-
Total identifiable net assets acquired 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
Borrowings netted against goodwill		(295,718)
Exchange movement	8,709	566
Carrying amount at 31 December 2017	6,013,691	6,004,982

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 \$6,013,691 is recorded from the acquisition at 31 December 2017.

Note 8: Investments

31 Dec 2017	30 Jun 2017
\$	\$
50,555	50,555
450,000	450,000
500,555	500,555
	\$ 50,555 450,000

Note 9: Other assets

	31 Dec 2017	30 Jun 2017
	\$	\$
Security deposits	35,546	55,545
Acquisition costs - EL5939 Cowarra NSW	40,000	20,000
Acquisition deed loan receivable	450,000	
	525,546	75,545

Note 10: Issued Capital

·	31 Dec 2017 Number of shares	31 Dec 2017 \$	30 Jun 2017 Number of shares	30 Jun 2017 \$
(a) Ordinary shares				
Ordinary Shares, issued	453,031,965	25,145,020	413,302,165	21,284,541
Share issue costs		(1,665,275)		(1,342,226)
Total issued capital		23,479,745		19,942,315

(b) Movements in ordinary shares on issue

Date	Particulars	Number of shares	Issue Price	\$
1 Jul 2017	Opening balance	413,302,165		19,942,315
10 Aug 2017	Share placement	7,984,800	\$0.100	798,480
6 Oct 2017	Share placement	19,245,000	\$0.100	1,924,500
6 Oct 2017	Exercise of options	2,500,000	\$0.055	137,500
28 Nov 2017	Share placement	10,000,000	\$0.100	1,000,000
31 Dec 2017	Share issue costs			(323,050)
31 Dec 2017	Total shares on issue and issued capital	453,031,965		23,479,745

(c) Movement in options over ordinary shares on issue

Date	Particulars	Ex. Price: \$0.055 Expiry: 18 Jan 2018	Ex. Price: \$0.30 ¹ Expiry: 28 Nov 2019	Ex. Price: \$0.15 Expiry: 30 Jun 2019	Ex. Price: \$0.15 Expiry: 26 Jul 2021	Ex. Price: \$0.15 ² Expiry: 26 Jul 2021
		Code: GMNAA	Code: GMNAB	Code: GMNAC	Code: GMNAD	Code: GMNAE
01 Jul 17	Opening balance	42,610,715	14,800,000	14,622,400	-	-
10 Aug 17	Issue of unlisted options to Aug 2017 placement investors	-	-	3,992,400	-	-
6 Oct 17	Issue of unlisted options to Oct 2017 placement investors	-	-	9,622,500	-	-
6 Oct 17	Exercise of options Issue of unlisted	(2,500,000)	-	-	-	-
28 Nov 17	options to placement investor	-	-	5,000,000	-	
29 Dec 17	Issue of unlisted options to participating Directors	-	-	-	2,000,000	-
29 Dec 17	Issue of unlisted options under Employee Share Option Plan	-	-	-	-	7,800,000
31 Dec 17	Closing balance	40,110,715	14,800,000	33,237,300	2,000,000	7,800,000

⁽¹⁾ ESOP options are exercisable at \$0.30 until expiry date 28/11/2019 and subject to vending condition that the Company's share price must exceed \$0.50 based on VWAP over a 5 day consecutive period.

Note 11: Reserves

Posonies \$	
Reserves	
Foreign currency translation reserve 4	-
Options expense reserve 169,921	
169,925	-
Movements in the foreign currency translation reserve	
At 1 July 2017 -	-
Foreign currency translation 4	-
At 31 December 2017 4	-
Movements in options over ordinary shares on issue	
At 1 July 2017 -	-
Options issued during the period 169,921	-
At 31 December 2017 169,921	-



⁽²⁾ ESOP options are exercisable at \$0.15 until expiry date 26/07/2021 and subject to vending condition that the total options granted shall be vested over 3 periods of 12 months per period.

Note 12: Share based payments

Tions 221 Online Buscu purposes	31 Dec 2017 \$	30 Jun 2017 \$
(a) Share-based payments		
Issue of options to participating Directors	70,508	-
Issue of options pursuant to Employee Share Option Plan	99,413	-
Write-back arising from exercise of options	<u>-</u>	(23,250)
Total allocated against Options Expense Reserve	169,921	(23,250)

(b) Unlisted options

The following table details the number, weighted average exercise prices (WAEP) and movements in share options issued as capital raising purposes, employment incentives or as payments to third parties for services during the half year to 31 December 2017.

	31-Dec-2017	31 Dec 2017
	Number	WAEP
Outstanding at the beginning of the period	72,033,115	\$0.125
Unlisted options granted during the half-year	28,414,900	\$0.150
Exercised during the half-year	(2,500,000)	\$0.055
Outstanding at the end of the period	97,948,015	\$0.133
(c) Options exercisable at reporting date	31-Dec-2017	Exercise
	Number	Price
Unlisted options expiring 18 January 2018	40,110,715	\$0.055
Unlisted options expiring 30 June 2019	33,237,300	\$0.150
Unlisted options expiring 28 November 2019 ⁽¹⁾	14,800,000	\$0.300
Unlisted options issued to participating Directors expiring 26 July 2021 ⁽²⁾	2,000,000	\$0.150
Unlisted options under Employee Share Option Plan expiring 26 July 2021 ⁽³⁾	7,800,000	\$0.150
Exercisable at reporting date	97,948,015	

- (1) Options are exercisable at \$0.30 until expiry date 28/11/2019 and subject to the vending condition that the Company's share price must exceed \$0.50 based on VWAP over a 5 day consecutive period.
- (2) 2,000,000 unlisted options granted to participating Directors have an exercise price of \$0.15 and to expire on 26 July 2021, and vest over 3 periods of 12 months per period.
- (3) 7,800,000 unlisted ESOP options granted on 26 September 2017 pursuant to the Company's Employee Share Option Plan have an exercise price of \$0.15, expire in 46 months from the grant date and are subject to vending condition that the total options granted shall be vested over 3 periods of 12 months per period.



Note 12: Share based payments

(d) Options issued during the year

The maximum terms of options granted during the year are as follows:

13,614,900 unlisted options granted to participants who were entitled to one option for every two shares issued as part of a placement during August and October 2017 and as a separate placement approved by shareholders at the 2017 AGM. The remaining unexercised options expire on 30 June 2019 and are exercisable at \$0.15 with no vesting conditions.

The 2,000,000 unlisted options granted to participating Directors are exercisable at \$0.15 and expire on 26 July 2021, and vest over 3 periods of 12 months per period

7,800,000 unlisted ESOP options granted on 26 September 2017 pursuant to the Company's Employee Share Option Plan have an exercise price of \$0.15, expire in 46 months from the grant date and vest over 3 periods of 12 months per period.

The options must be exercised on or before the expiry date in cash.

(e) Fair value of unlisted options

The following table lists the fair value of options granted during the half-year ended 31 December 2017 and the inputs to the Black-Scholes model used to determine each valuation taking into account the terms and conditions upon which the options were granted. The unlisted options were issued in separate tranches on 10 August 2017, 6 October 2017, 28 November 2017 and 29 December 2017.

Unlisted options

Unlisted options expiring 30 June 2019 (issued 10 Aug 17, 6 Oct 17 and 28 Nov 17)	
Fair value at Placement Offer date (3 May 2017)	\$332,373
Share price at Placement Offer date	\$0.090
Exercise price	\$0.150
Expected volatility	68%
Expected life	46 months
Expected dividends	Nil
Risk-free interest rate	2.60%
Number of options issued	33,237,300
Valuation	\$332,373
The total value of these options was \$Nil at the date they were granted.	
Unlisted options expiring 26 July 2021 ⁽¹⁾ (Issued 29 Dec 17)	
Fair value at grant date (26 September 2017)	\$70,508
Share price at grant date	\$0.090
Exercise price	\$0.150
Expected volatility	68%
Expected life	3.8 years
Expected dividends	Nil
Risk-free interest rate	2.75%
Number of options issued	2,000,000
Valuation	\$70,508

Unlisted ESOP options expiring 26 July 2021(1) (Issued 29 Dec 17)	
Fair value at grant date (26 September 2017)	Nil
Share price at grant date	\$0.090
Exercise price	\$0.150
Expected volatility	68%
Expected life	3.8 years
Expected dividends	Nil
Risk-free interest rate	2.75%
Number of options issued	7,800,000
Valuation	Nil
The total value of these ontions was SNII at the date they were granted	

The total value of these options was \$Nil at the date they were granted.

(1) 7,800,000 unlisted ESOP options granted on 26 September 2017 pursuant to the Company's Employee Share Option Plan have an exercise price of \$0.15, expire in 46 months from the grant date and vest over 3 periods of 12 months per period.

Note 13: Loss per share

		Half-year 31 Dec 2017	Half-year 31 Dec 2016
	Desire Language about	ş	\$
a.	Basic Loss per share		
	i. Basic Loss per share (cents)	(0.18)	(0.22)
	ii. Net loss used to calculate basic loss per share	(793,152)	(781,772)
	Weighted average number of ordinary shares outstanding		
	iii. during the half-year used in calculating basic loss per share	431,680,568	352,248,527
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.	(0.18)	(0.22)

Note 14: Significant Events for the Period

On 5 July 2017, the NSW Department of Industry (Resources & Energy) approved the cancellation of the Dalton, NSW exploration licence EL6922.

On 19 July 2017, the Company announced it had entered into agreement to acquire 70% interest in highly prospective 328 km² tenement adjoining the flagship Crown Ridge Gold Project. The key terms of the acquisition include:

- The purchase price for the Tenement is \$5.2 million comprising of \$3 million in cash (\$300,000 of which
 was paid as a non-refundable deposit) and 22 million GMN shares @ \$0.10 per share (Consideration
 Shares);
- Completion of the acquisition of the Tenement Interest is due to occur on the business day immediately following the second anniversary of the registration of EL 2306 (14th December 2017) by the PNG Mineral Resources Authority;
- On Completion on or before 16/12/2017;
 - o Full title and risk in the Tenement Interest passes to the Company;
 - The Company must issue the Consideration Shares and pay a Completion instalment of \$450,000;
 - The issue of Consideration Shares will be put to Shareholders approval at the next general meeting of the Company; and
 - The Consideration Shares are subject to agreed voluntary escrow conditions for 24 months
- The balance of the cash consideration (\$2,250,000) is payable in six (6) bi-annual instalments ending on 16 December 2020.
- Completion of the acquisition of the Tenement Interest is conditional on conditions precedent
 including GMN has first right of refusal to acquire the remaining 30% of the project from the vendor.

On 24 July 2017, the Company announced it had secured \$3.7 million in funding commitments (increased by \$700,000 from \$3.0 million in funding commitments announced on 2 June 2017). The funds raised will be used for general working capital requirements and ongoing exploration and project development activities at the flagship Crown Ridge Project in PNG.

On 9 August 2017, the Company announced the allotment of 7,984,800 new shares at a price of \$0.10 per share and 3,992,400 free attaching options, one (1) free option entitlement for every two (2) shares issued. The options are exercisable at \$0.15 and expire on 30 June 2019.

On 23 August 2017, the Company announced it had secured \$5.0 million in funding commitments (increased by \$1.3 million from \$3.7 million in funding commitments announced on 24 July 2017). Subject to the Company's placement capacity under Listing Rule 7.1A, new shares will be allotted at \$0.10 per share with a free option entitlement of one (1) option for every two (2) shares issued. The options will be exercisable at \$0.15 and expire on 30 June 2019.

On 26 September 2017, the Company announced that it is well advanced for drilling and bulk sampling program at the Crown Ridge Gold Project with the view of delivering a JORC (2012) compliant maiden resource estimate and the work is expected to be completed in early 2018.

On 26 September 2017, the Company announced the granting of 7,800,000 share options to employees and consultants including directors (subject to shareholders approval) according to the Company's Employee Share Options Plan. The granted options have an exercise price of \$0.15 and expires 46 months from the grant date and the granted options shall be vested over 3 periods of 12 months per period.

Note 14: Significant Events for the Period

On 27 September 2017, the Company lodged on its website an investment research report on the Company. The report, commissioned by the Company is prepared by Independent Investment Research who is an independent investment research house based in Australia and the United States.

On 5 October 2017, the Company announced it had secured \$6.65 million in funding commitments (increased by \$1.65 million from \$5 million in funding commitments announced on 23 August 2017). The Private Placement Offer which is "By Invitation Only" raised funds at an issue price of \$0.10 per Fully Paid share. Each two shares subscribed for have an attaching free share options exercisable at \$0.15 on or before 30 June 2019. The Company will put a resolution to shareholders at the forthcoming Annual General Meeting in November to approve the issue of securities for the over subscription.

On 6 October the Company announced that 2,500,000 unlisted Options exercisable at \$0.055 were exercised raising additional \$137,500.00 towards the general working capital of the Company.

On 6 October 2017, the Company made an Appendix 3B new issue announcement for the exercise of share options and the issue of 19,245,000 shares and 9,622,500 options to the 2017 Private Placement investors within the limit of the Company's placement capacity under Listing Rule 7.1A.

On 3 November 2017, the Company announced that an initial exploratory 3-hole, circa 600 metre diamond drilling program had commenced at its flagship Crown Ridge prospect in the Highlands region of Papua New Guinea. The drilling will target the hard rock gold potential at Crown Ridge along the margins of the interpreted volcanic crater. Additionally, the Company has begun a program of pitting and bulk sampling, together with shallow diamond drilling program, circa 400 metre (9-holes 40m-60m deep), aimed at defining a near-surface JORC 2012 compliant Mineral Resource of free gold.

On 29 November 2017, following approval by shareholders at the Annual General Meeting held on 28 November 2017, the Company issued 10,000,000 shares and 5,000,000 options at an exercise price of \$0.15 and expiring on 30 June 2019 to the August 2017 Placement Investor.

On 14 December 2017, the Company announced the Hard Rock Exploration drilling has continued to progress with positive indications of mineralisation. Diamond drill hole CRD005 showed visible gold mineralisation at various depths between 88m and 230m downhole. From 230 to 398m mixed mafic volcanics with variable sulphides and quartz carbonate chlorite veining were encountered, providing further encouraging signs of possible mineralisation. Four (4) diamond drill holes have been completed with CRD005 continuing to drill. Total drilling metreage to date was 1,178.7m. In addition, the Company announced pitting work, aimed at defining a near-surface JORC 2012 compliant Mineral Resource of free gold hosted by altered conglomerate, is progressing well, with 10 of the planned 32, 1x1x4m deep pits completed to date. Concentrate samples were dispatched to the ALS Laboratory in Perth, Australia with results and grade determination work ongoing.

On 19 December 2017 the Company announced the discovery a mineralised porphyry outcrop with visual chalcopyrite, chalcocite and bornite mineralisation observed in the outcrop, all common copper ore minerals. The host rocks show classic porphyry-style alteration and veining with the mineralised quartz-pyrite veins found in the outcrop similar in appearance to float samples from Crown Ridge that assayed up to 29.2 grams per tonne gold, offering the potential for a large immediate gold resource tonnage potential.

Note 14: Significant Events for the Period

On 29 December 2017, following approval by shareholders at the Annual General Meeting on 28 November 2017, the Company issued 2,000,000 share options (GMNAD) to Participating Directors pursuant to resolutions 9 and 10 of the 2017 AGM and 7,800,000 share options under the Employee Share Option Plan (ESOP) pursuant to resolution 12 of the 2017 AGM. Both the GMNAD and the GMNAE (ESOP options granted on 26 September 2017) have an exercise price at \$0.15 with vesting conditions that the total granted options shall be vested over 3 periods of 12 months per period.

Note 15: Events After the Reporting Period

On 22 January 2018 the Company announced that 40,110,715 unlisted Options (GMNAA) exercisable at \$0.055 were exercised raising additional \$2,206,089 towards the general working capital of the Company.

On 22 January 2018 the Company announced that 28,000,000 unlisted Options (GMNAC) exercisable at \$0.15 and expiring on 30 June 2019 were issued to Promoters following Shareholder approval of Resolution 7 at the Annual General Meeting held on 28 November 2017.

On 16 February 2018, the Company issued 22,000,000 shares to the EL2306 Vendors as part consideration for the acquisition by the Company of the EL2306 Interest on the terms as set out in an agreement, announced to the market on 19 July 2017 and approved by shareholders at the Annual General Meeting held on 28 November 2017. The issue of the consideration shares is subject to a voluntary escrow arrangement for a period of 24 months from shareholders' approval date and will be released from escrow on 28 November 2019.

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 two (2) geographical segments being Australia and Papua New Guinea.

Note 17: 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%
Viva Gold (PNG) Limited	Papua New Guinea	100%
Abundance Valley (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 18: Dividends

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

Note 19: Commitments and Contingencies

Remuneration Commitments

There are no remuneration commitments contingent liabilities as at 31 December 2017.

Guarantees

Gold Mountain Limited did not commit to nor make guarantees of any form as at 31 December 2017.

Contingent liabilities

There are no contingent liabilities as at 31 December 2017.

Exploration licence expenditure requirements

The Company holds six (6) exploration licences covering an area of about 1,600 sq km in the Enga province, Papua New Guinea (collectively termed the Wabag Project) and is required to incur \$600,000 minimum expenditure per year on the development and maintenance on these licences.

The Company has also made applications for additional three (3) exploration licences in the areas surrounding the existing tenements. Pending Warden Hearing, approval granting of these new exploration licenses will incur additional expenditure commitments of \$350,000 spread over two (2) years.

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 11 to 29 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 2017 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

ist March 2018

K.S. Black & Co.

20 Grose Street North Parramatta NSW 2151

PO Box 2210 North Parramatta NSW 1750

75 Lyons Road DRUMMOYNE NSW 2047

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Gold Mountain Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of Gold Mountain Limited.

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 Consolidated Entity's financial position as at 31 December 2017 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.

The Half- year Financial Report comprises:

- Consolidated statement of financial position as at 31 December 2017.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date.
- Notes 1-19 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The Consolidated Entity comprises Gold Mountain Limited (the Company and the entities it controlled at the Half-year's end or from time to time during the Half-year.







20 Grose Street North Parramatta NSW 2151

PO Box 2210 North Parramatta NSW 1750

75 Lyons Road DRUMMOYNE NSW 2047

The **Half year Period** is the 6 months ended on 31 December 2017.

Responsibilities of the Directors 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 gives a true and fair view and is free from maternal 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 2017 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.

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

KS Black & Co Chartered Accountants

Scott Bennison **Partner**

Dated: 1/3/18



