Viking Mines Limited

ABN 38 126 200 280

Annual report
for the year ended 30 June 2017

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CORPORATE INFORMATION

Directors

Executive Chairman:	John (Jack) Gardner
Executive Director:	Peter McMickan
Non-Executive Deputy Chairman:	Raymond Whitten

Company secretary

Michael Langoulant

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Solicitor

Jackson MacDonald
Level 17, 225 St Georges Terrace
Perth WA 6000

Auditor

Rothsay Chartered Accountants
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4 Ventnor Avenue
West Perth WA 6005

Stock Exchange Listing

Australian Securities Exchange (ASX code: VKA)

CHAIRMANS LETTER

Dear fellow shareholders,

Your Board of Directors is pleased to present the eighth Viking Mines Limited ("Viking" or the "Company") annual report.

As we go to press, I am pleased to report that your company is in a strong cash position, for a junior exploration & mining company. Of the USD 8 million cash component of the Akoase sale, USD 5 million has been received, with a further USD 3 million expected by December.

Your directors operate with low overheads so that most funds are applied to projects. We have been actively searching for mature projects rather than greenfields opportunities, as exploration can be a risky business.

Gold offers attractive opportunities when care is taken in selection. Your directors have concentrated on the extraordinarily endowed Ashanti Gold Belt in Ghana. I am particularly pleased to note that Viking will shortly be awarded the Tumentu lease, with its drill-ready targets. We are pursuing a number of other opportunities in the Ashanti belt with the view of building a world class suite of mature gold properties.

Viking is investigating hard rock tin-lithium opportunities in the world class regional belt stretching from Myanmar through Thailand into Malaysia, Hard rock tin associated with lithium rich micas is particularly attractive in Thailand where the Government is supportive of lithium battery development.. Tin itself has become an attractive commodity and lithium continues its strong growth.

As previously advised your company seeks particular minerals including gold, copper, zinc and manganese, in jurisdictions where it expects to operate safely. We have searched in Australia but to date have not found a project of value compared with going offshore, where we can bring the extensive experience of your directors to bear.

On behalf of the Board I also thank our new investors and existing shareholders for your continued support, and we look forward to keeping you informed of our progress during 2018.

Yours faithfully

Jack Gardner
Executive Chairman

OPERATIONS REPORT

The focus of Viking Mines Ltd (Viking or the Company) activities over the past year was to crystallise receipt of the sale proceeds from the sale of its Ghana located Akoase gold project, while seeking new projects to acquire.

As at the date of this report the Company has received USD5 million cash sales proceeds from the sale of the Akoase gold project, and USD3 million due to be paid by 31 December 2017.

The Company's search for a new project led to a transaction to acquire a lithium project in Thailand. After considerable effort and early exploration promise this acquisition did not proceed as Viking formed the view that certain key condition precedents could not be met.

Figure 1: Viking Mines Project Locations

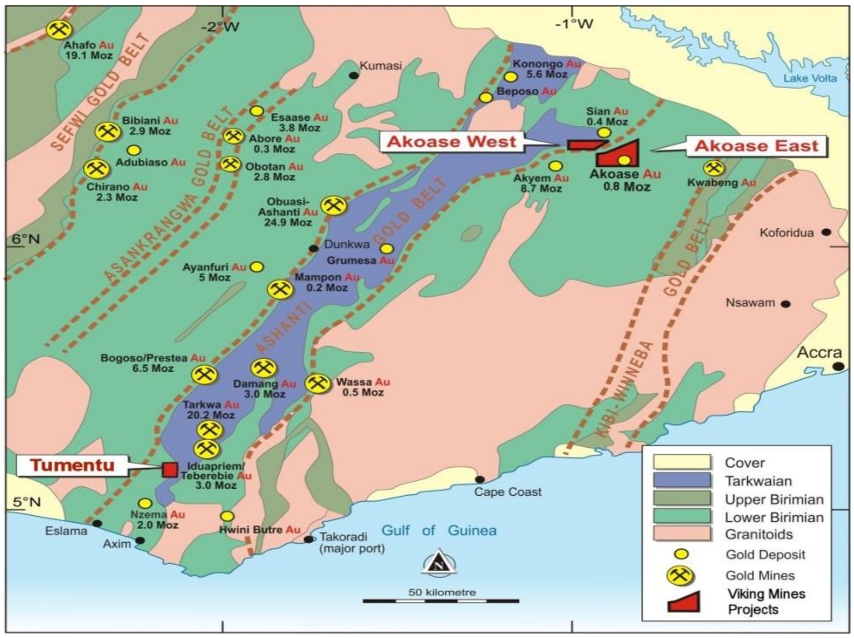

Figure 2: Viking Mines Gold Project Locations, Southern Ghana

Ghana Projects

The Viking Mines mineral licences are located in southern Ghana, West Africa (Figure 2) in one of the most strongly gold endowed and tightly held geological provinces in the world, the Ashanti Gold Belt. Numerous multi-million ounce gold deposits are located within and on the margins of the Ashanti Gold Belt, including two of the largest gold deposits in the world, Obuasi and Tarkwa.

Akoase Gold Project (Viking 100% - reducing to 0% upon completion of sale)

In June 2015 the Company announced that it is had executed a sale contract for the Akoase Gold Project for an overall transaction value of US$10 million, of which USD 8.0 million was to be paid in cash.

At the date of this report Viking has been paid USD5 million in sales proceeds (USD3 million having been received since the end of the financial year).

Securing and completing the necessary documentation to be granted government approval to this sale was a focus of the Company during the first half of the financial year. Receipt of government approvals occurred in December 2016. . The remaining USD 3 million is due in December 2017 and covered by a Guarantee of payment from BXC Ghana Ltd. (Refer to ASX announcement re Deed of Acknowledgement May 2017).

Current Akoase sale and the Deed of Acknowledgement summary:

- USD5 million – paid to date,
- USD 3 million to be paid by 31 December 2017*, and
- a further USD 2 million via royalties from production.

* *This payment date is subject to a 30 day buffer before BXC Ghana is considered to be in default such that penalty interest applies to the overdue amount.*

The Board of Viking remains extremely confident that the balance of the Akoase sale proceeds will be received in a timely manner.

An Inferred mineral resource estimate, classified in accordance with the JORC (2012) Code, of 20.6 Mt @ 1.2 g/t Au for 790,000 ounces of contained gold, at a 0.5 g/t Au cut-off was completed for the Akoase East deposit in September 2013. The Akoase resource is reported in the Mineral Resources Statement below in Table 1.

Tumentu Gold Project (Viking 100%) ***[formerly part of West Star Joint Venture]***

Viking previously held the hard rock rights to the West Star gold project, which is located approximately 185km west of Accra (Figure 2), with sealed road access within 5km and grid power within 10km of the project area. The tenement holder and Joint Venture partner held the alluvial rights on the project.

As a result of alleged non-compliance with the Mining Act by the Joint Venture partner the original joint venture tenements have been rescinded/or will not be renewed.

Notwithstanding the above Viking’s Ghanaian subsidiary has~~,~~ lodged a prospecting licence application (the Tumentu licence application) over the majority of the area of the previous West Star prospecting licence. Viking is of the view that the new Tumentu prospecting licence application contains the most prospective area from the previous joint venture. Upon the Tumentu licence being granted Viking will proceed with a previously planned reconnaissance drill program to test a strong gold in soil anomaly located adjacent to the Salman shear zone.

Thailand Lithium Project

In November 2016, Viking entered into an agreement with Argo Metals Group Limited (Argo) and its shareholders to acquire a lithium project, and an option to acquire a tungsten project, both in southern Thailand. Early sample results from the project areas were promising; however key conditions precedent to the acquisition remained outstanding more than 6 months after entering into the agreement.

Thus in May 2017, Viking issued a formal Notice of Termination to Argo that it would not proceed with the acquisition of Argo as Viking felt these key conditions precedent to the acquisition were no longer considered achievable.

Prior to terminating this acquisition Viking did undertake field sampling and other geological activities on the Thailand projects. As Viking is not proceeding with the acquisition the results of these activities have not been reported.

Viking is actively considering other tin-lithium project opportunities in this region.

Mongolia Projects

Mongolia is a nation rich in mineral resources situated between two of the world's largest economies. It has the advantage of prospective geology and proximity to markets and, as a result, has attracted significant investment to the country in recent years. Viking holds two advanced coal projects in Mongolia (Figure 3).

Figure 3: Viking Mines Coal Project Locations, Mongolia

Berkh Uul Coal Project (Viking 100%)

Berkh Uul is located 400 km north of Ulaanbaatar in northern Mongolia within the Orkhon-Selege coal district and within 20km of the Russian border (Figure 3). The project is within 40km of rail access into Russian off-take markets, in close proximity to water, infrastructure and transport.

The deposit consists of shallow, consistent coal seams of high quality bituminous coal amenable to open pit mining.

Discussions had confirmed a local industrial demand for unwashed Berkh Uul coal, due to its low ash and relatively high calorific value. Four MOU's have been signed with government entities in the Darkhan region. The MOU's, signed with Viking's Mongolian subsidiary BRX LLC state the government entities intent to enter into future purchase agreements for Berkh Uul project coal, and establishes testing of a bulk sample as a basis for technical evaluation of the coal.

In 2015 a Mongolian Government review of the Law on Prohibiting Mineral Exploration and Extraction near Water Sources, Protected Areas and Forests (commonly referred to as the "Long Name Law") resulted in Viking being advised that approximately 53% of the Berkh Uul prospecting licence falls within a headwaters of rivers zone and is subject to a determination of an exclusion zone under the Long Name Law. This government determination impacts upon the Company's current coal resource.

During the year Viking continued its efforts to reverse/amend this ruling. A site visit with various federal and local government officials was conducted and numerous submissions were made to the government on this matter. Viking continues to seek a resolution relating to changes to boundaries of protected areas affecting the Berkh Uul prospecting license. However with no guidance currently forthcoming from either the Ministry for Mines and Heavy Industry or Environmental Ministry, the Company is considering its legal options.

The Berkh Uul deposit has a JORC (2012) coal resource of 38.3 Mt. Of this, 21.4Mt is classified as Indicated and 16.9Mt classified as Inferred. The coal is bituminous in rank (ASTM classification) with average in situ quality as follows: Total Moisture 19.8%, Calorific Value 5,323 kcal/kg (air dried basis, adb), Ash 15.5% (adb), and Total Sulphur 0.37% (adb).

The Berkh Uul resource is reported in the Mineral Resources Statement below in Tables 2and 3.

Khonkhor Zag Coal Project (Viking 100%)

Khonkor Zag is an anthracitic coal project located 1,400km southwest of Ulaanbaatar in Western Mongolia (Figure 3). It is strategically located within 40km of China's Burgastai border port with an existing haul road adjoining the tenement.

The current mining licence was granted in April 2013, for a period of 30 years.

Government approvals have already been received for the Khonkhor Zag Environmental Impact Assessment, and the Feasibility Study Report, which provides a clear pathway for any future mining and coal production at Khonkhor Zag. Excellent scope exists to develop Khonkhor Zag as a low cost, high margin premium coal project close to Chinese markets.

No on-ground work was undertaken during the year. Joint venture partners are currently being sought to assist with development of the project.

Corporate

In the 2017/2018 financial year the company will drill the Tumentu gold project in Ghana and continue to seek development or sale opportunities for its Mongolian coal projects.

It remains your Company's policy to give priority to more mature exploration opportunities over greenfields exploration due to the inherent lower risk, and shorter lead time to production. We have the experience of management to take mature projects forward.

Australia presents a very competitive market today for gold, base metals, lithium and other specialty mineral projects; to date your Company has not found an advanced project out of many presented, to which it can add significant value. We continue to seek a suitable Australian project.

Of the preferred overseas destinations, Ghana in particular presents advanced gold properties to the Company. This is partly a consequence of your board's long association there. The Company will continue to build a suite of advanced gold exploration projects in one of the world's most endowed gold provinces, where the Government is stable and mining friendly.

The Company will carefully asses all projects presented to it with a view to exploiting its strong cash position for the maximum benefit of all shareholders.

Mineral Resources Statement

The Mineral Resources statement for the Company, as at 30 June 2017 is summarized below:

1. **Akoase Gold Project, southern Ghana, Viking 100% ownership reducing to 0% upon completion of sale**

The Akoase East resource has been independently estimated by internationally recognized and qualified resource consultancy GHD Pty Ltd in accordance with the JORC (2012) Code. An Inferred mineral resource estimate of 20.6 Mt @ 1.2 g/t Au for 790,000 ounces of contained gold, at a 0.5 g/t Au cut-off was completed for the Akoase East deposit in September 2013 (Table 1).

The Akoase East resource estimate is based on geological, drilling and assay information up to the end of August 2013. It includes approximately 10,000 metres of historical Reverse Circulation (RC) drilling data, plus data from approximately 10,000 metres of RC and 3,000 metres of diamond drilling completed by Viking between 2010 and 2013.

Table 1: Akoase East JORC (2012) Inferred Resource Estimate (September 2013)

TOTAL			
Cut off (g/t Au)	Million tonnes	Au g/t	Oz Au (x 1,000)
0.4	21.6	1.2	800
0.5	**20.6**	**1.2**	**790**
0.75	16.9	1.3	710
1.0	12.0	1.5	570
BY WEATHERING TYPE			
Oxide			
Cut off (g/t Au)	Million tonnes	Au g/t	Oz Au (x 1,000)
0.4	5.9	1.2	220
0.5	**5.7**	**1.2**	**217**
0.75	4.6	1.3	194
1.0	3.2	1.5	156
Fresh			
Cut off (g/t Au)	Million tonnes	Au g/t	Oz Au (x 1,000)
0.4	15.6	1.2	581
0.5	**14.8**	**1.2**	**570**
0.75	12.3	1.3	518
1.0	8.7	1.5	417

Ordinary Kriging whole block estimates using 25mE x 25mN x 10mRL parent block dimensions. Reported using gold (Au) lower cut-off grades (preferred cut-off is 0.5 g/t Au). Using rounded figures in accordance with the Australian JORC Code (2012) guidance on Mineral Resource Reporting.

Viking is not aware of any new information or data that materially affects the above resource calculation, and that all material assumptions and technical parameters underpinning the estimated resource continue to apply and have not materially changed.

The Akoase East resource estimate and associated report was completed by internationally recognised resource consultants GHD Pty Ltd in September 2013. The resource estimate has been reviewed by Viking's Competent person, Mr Peter McMickan, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), member number 105742.

Mr McMickan has approved to the Akoase East resource estimation as outlined in this report in accordance with the requirements of the JORC Code (2012) and ASX Rules.

2. **Berkh Uul Coal Project, northern Mongolia, Viking 100% ownership**

An Indicated and Inferred coal resource estimate, classified in accordance with the JORC (2012) Code, for the Berkh Uul coal project was completed in March 2014. The resource estimate was completed for Auminco Mines Ltd by internationally recognized and qualified consultancy group, RungePincockMinarco Ltd, and totals 38.3 Mt. Of this, 21.4Mt is classified as Indicated and 16.9Mt classified as Inferred (Table 2). The coal is bituminous in rank (ASTM classification) with average in situ quality as follows: Total Moisture 19.8%, Calorific Value 5,323 kcal/kg (air dried basis, adb), Ash 15.5% (adb), and Total Sulphur 0.37% (adb) (Table 3).

Tables 2and 3: Berkh Uul JORC (2012) Indicated and Inferred Resource Estimate (February 2014)

Table 2: Berkh Uul JORC (2012) Coal Resource Tonnage (million tonnes in situ)

Resource type	Seam	Measured	Indicated	Inferred	Total
Open Cut	1	–	4.4	3.5	7.9
	2	–	2.6	0.3	3.0
	OC subtotal	–	7.0	3.9	10.9
Underground	1	–	8.2	8.3	16.5
	2	–	6.2	4.8	10.9
	UG subtotal	–	14.4	13.1	27.4
Grand Total		**–**	**21.4**	**16.9**	**38.3**

Sum of columns may not equal the total due to rounding

Table 3: Berkh Uul JORC (2012) Coal Resource Quality

Resource type	category	Seam	TM (%)	IM (%)	Ash (% adb)	VM (% adb)	FC (% adb)	TS (% adb)	CV (kcal/kg adb)	Rdis
Open Cut	Ind	1	20.8	13.5	14.4	32.6	39.5	0.34	5373	1.35
		2	21.0	13.7	9.8	34.9	41.6	0.35	5693	1.31
		subtotal	20.9	13.6	12.7	33.4	40.3	0.34	5493	1.33
	Inf	1	18.9	12.0	20.1	30.9	37.1	0.37	5011	1.39
		2	20.9	13.8	10.0	34.5	41.7	0.37	5684	1.32
		subtotal	19.1	12.1	19.2	31.2	37.5	0.37	5066	1.38
	OC subtotal		**20.3**	**13.1**	**15.0**	**32.6**	**39.3**	**0.35**	**5342**	**1.35**
Underground	Ind	1	18.9	12.2	18.8	31.3	37.8	0.34	5110	1.38
		2	20.9	13.7	10.3	33.9	42.0	0.42	5681	1.32
		subtotal	19.7	12.8	15.2	32.4	39.6	0.37	5355	1.35
	Inf	1	18.7	12.0	19.6	31.0	37.4	0.35	5050	1.39
		2	21	13.8	10.6	33.8	41.8	0.43	5657	1.32
		subtotal	19.6	12.6	16.3	32.0	39.0	0.38	5272	1.36
	UG subtotal		**19.6**	**12.7**	**15.7**	**32.2**	**39.3**	**0.38**	**5313**	**1.36**
Grand Total			**19.8**	**12.8**	**15.5**	**32.3**	**39.3**	**0.37**	**5323**	**1.35**

Note: Air Dried Basis(adb); TM- total Moisture; IM-Inherent Moisture; VM-Volatile Matter; FC – Fixed Carbon; TS-Total Sulphur; CV- Calorific Value; Rdis- in situ Relative Density. Sum of columns may not equal the total due to rounding

The principal author of the Berkh Uul resource estimate and associated report is Mr Brendan Stats, who is a professional geologist with over 10 years' experience in mining and mineral resource estimation. Mr Stats is a Senior Geologist of RungePincockMinarco Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy member number 311313.

Mr Stats is responsible for the Berkh Uul resource estimation and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and for the activity to report a mineral resource. Mr Stats has approved the Berkh Uul resource estimation as outlined in this report in accordance with the requirements of the JORC Code (2012) and ASX Rules.

Peter McMickan
Executive Director

Forward Looking Statements: This document may include forward looking statements. Forward looking statements may include, but are not limited to statements concerning Viking Mines Limited's planned exploration programs and other statements that are not historical facts. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward looking statements. Although Viking Mines Limited believes that its expectations reflected in these forward looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward looking statements.

DIRECTORS' REPORT

Your Directors present their annual financial report on the consolidated entity (referred to hereafter as the "Group") consisting of Viking Mines Limited (the "Company" or "Parent") and the entities it controlled at the end of, or during, the financial year ended 30 June 2017. In order to comply with the Corporations Act, the Directors report as follows:

Directors
The following persons were Directors of the Company during the whole of the financial period and up to the date of this report:

John William (Jack) Gardner (Executive Chairman)
Jack Gardner was appointed a Director on 27th July 2007. He graduated with Bachelor of Engineering from the University of Melbourne in 1962 and has a Master of Business degree from Curtin University. He is a Fellow of The Institution of Engineers Australia.

Mr Gardner has a long and distinguished career in servicing the mining industry in Australia as well as in West Africa. As a Director and General Manager of Minproc Engineers he was responsible for design and construction of gold and base metal plants. He established Minproc in Ghana where the company became that country's leading mining project engineers.

In Ghana he also headed Ghana Manganese Company (GMC) as Executive Chairman after negotiating its purchase from the Government of Ghana. Privately owned, GMC grew from 300,000 tpa to 1.7 million tpa of manganese carbonate shipments, until it was acquired for cash. Mr Gardner has been a Director of Mincor Resources Limited since its inception and 1996 ASX listing.

Mr Gardner was also associated with Guinor from 1993, overseeing a number of expansions of the Lero heap leach project, and was pivotal in the development of the 350,000 oz pa LEFA Corridor gold Project. Guinor was acquired by Crew Gold Corporation Inc.

Peter McMickan (Executive Director)
Peter McMickan was appointed a Director on 27th July 2007. He graduated with an Honours Degree in Geology from the University of Melbourne, Australia in 1977 and has post-graduate qualifications in Mineral Economics from Macquarie University and is a Member of the Australasian Institute of Mining and Metallurgy.

His professional career has spanned 34 years worldwide with a number of major, well respected international exploration and mining companies including Newmont, Pancontinental Mining, BP Minerals, Kalgoorlie Consolidated Gold Mines and Homestake. He is a highly regarded geologist and manager, with a proven track record of business and technical success throughout his career.

His experience covers corporate, senior management and technical supervision of mining, development and exploration projects throughout Australia, Africa and Europe. He managed the mine geology, exploration and successful resource development of Guinor's Lero gold project in Guinea, West Africa. During his four years with the company, the company's exploration spend increased to US$1 million per month, which sustained the existing heap leach operation and resulted in expansion of the resource to over 4Moz of gold in the space of two years. This expanded resource base underpinned a major re-development of the Lero project to a 6Mtpa CIP/CIL operation producing 350,000 ounces of gold per year.

Raymond Whitten (Non-Executive Director & Deputy Chairman)
Raymond Whitten was appointed a director on 29 October 2014. Mr Whitten is an admitted solicitor with over 40 years' experience having previously acted as President of the City of Sydney Law Society.

Mr Whitten is an experienced investor with a wide range of investment interests and has served as a Director of many private and public companies. In 2005 as Chairman of the National Stock Exchange of Australia Limited (NSX) he was responsible for its successful IPO on the ASX in 2005.

His current roles include serving as Chairman of Whittens & McKeough, a boutique Sydney law firm specialising in mergers and acquisitions and corporate law. Mr Whitten was formerly the Deputy Chairman of the Safety, Return to Work and Support Board (a board formed under statute responsible for determining the general policies and direction for the following agencies: Workcover NSW, Motor Accidents Authority NSW and Lifetime Care and support Authority NSW).

Mr Whitten holds a Bachelor of Arts and Bachelor of Laws from the University of Sydney, a Masters of Laws from the University of Technology, Sydney, is an accredited specialist in business law and is a Notary Public.

DIRECTORS' REPORT

Interests in the shares and options of the Company and related bodies corporate
The following relevant interests in shares and options of the Company or a related body corporate were held by the directors and their associates as at the date of this report.

Directors	Number of fully paid ordinary shares
John Gardner	29,150,413
Raymond Whitten	42,095,782
Peter McMickan	4,046,837

Company Secretary

Michael Langoulant
Mr Langoulant is a Chartered Accountant with almost 30 years' experience in corporate administration and fundraising for public companies. Mr Langoulant had ten years with large international accounting firms, and has acted as chief financial officer, company secretary and director for a number of publicly listed companies. Mr Langoulant established his own corporate services consultancy firm in 1994.

Principal activity
The principal activity of the Group during the financial period was investment in mineral exploration projects.

Dividends
No dividend has been paid or declared since the start of the financial period and the Directors do not recommend the payment of a dividend in respect of the financial period.

Review of operations
Information on the operations of the Group is set out in the review of Operations Report on pages 5 to 11 of this Annual Report.

Significant changes in the state of affairs
Apart from as outlined in the Operations Report there have been no significant changes in the state of affairs of the Group to the date of this report.

Matters subsequent to the end of the financial period
There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods other than the receipt of a further USD2 million in sales proceeds relating to the sale of the Akoase gold project.

Likely developments and expected results
Additional comments on expected results of certain operations of the Group are included in the review of operations and activities.

Environmental legislation
The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities in Ghana. There have been no known breaches of these regulations and principles.

Indemnification and insurance of Directors and officers
During the financial period the Company has paid premiums in respect of a contract insuring all Directors and officers of the Company and its controlled entities against liabilities incurred as Directors or officers to the extent permitted by the *Corporations Act 2001*. Due to a confidentiality clause in the contract the amount of the premium has not been disclosed.

Meetings of Directors
During the financial period there were 6 formal Directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the Directors met on an informal basis at regular intervals during the financial period to discuss the Group's affairs.

DIRECTORS' REPORT

The number of meetings of the Company's board of Directors attended by each director were:

	Directors' meetings held	*Directors' meetings attended*
J Gardner	6	6
R Whitten	6	6
P McMickan	6	6

Shares under option

Outstanding share options at the date of this report are as follows:

Grant Date	Date of expiry	Exercise price	Number of options
April 2017	30 June 2020	$0.046	12,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other controlled entity.

Shares issued on the exercise of options

During the current financial year there were no shares issued upon the exercise of options.

DIRECTORS' REPORT

Remuneration Report

This report outlines the remuneration arrangements in place for the key management personnel of Viking Mines Limited (the "Company") for the financial year ended 30 June 2017. The information provided in this remuneration report in relation to the current financial year has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and includes all executives of the Company and the Group

Key Management Personnel

(i) Directors
J Gardner (Chairman)
R Whitten (Non-executive Deputy Chairman)
P McMickan (Executive Director)

(ii) Other executives
M Langoulant (Company Secretary)

Details of Directors' and executives' remuneration are set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Employment contracts/Consultancy agreements
D Share-based compensation

A Principles used to determine the nature and amount of remuneration
The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the creation of value for shareholders. The key criteria for good reward governance practices adopted by the Board are:

- competitiveness and reasonableness
- acceptability to shareholders
- performance incentives
- transparency
- capital management

The framework provides a mix of fixed salary, consultancy agreement based remuneration, and share based incentives.
The broad remuneration policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is governed by the full Board. Although there is no separate remuneration committee the Board's aim is to ensure the remuneration packages properly reflect Directors and executives duties and responsibilities. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

The current remuneration policy adopted is that no element of any director/executive package be directly related to the Company's financial performance. Indeed there are no elements of any Director or executive remuneration that are dependent upon the satisfaction of any specific condition. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth.

Non-executive Directors
Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market.

Remuneration Report (cont)

Directors' fees
Two of the Directors are executives with the one being non-executive. Non-executive Directors receive a separate fixed fee for their services as directors. The current non-executive Director fee is set at $50,000 per non-executive deputy chairman and $25,000 per annum per non-executive director.

Retirement allowances for Directors
Apart from superannuation payments paid on salaries, there are no retirement allowances for Directors.

Executive pay
The executive pay and reward framework has the following components:

- base pay and benefits such as superannuation
- long-term incentives through participation in employee equity issues

Base pay
All executives are either full time employees or consultants that are paid on an agreed basis that have been formalised in consultancy agreements.

Benefits
Apart from superannuation paid on executive salaries there are no additional benefits paid to executives.

Short-term incentives
There are no current short term incentive remuneration arrangements.

Employee/Consultant options
To ensure that the Company has appropriate mechanisms in place to continue to attract and retain the services of suitable directors and employees, the Company has issued options to key personnel.

There have been no employee option issues during the financial period.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the Directors and key management personnel (as defined in AASB 124 *Related Party Disclosures*) of the Company and the Group for the year ended 30 June 2017 are set out in the following tables. There are no elements of remuneration that are directly related to performance.

The key management personnel of the Group are the Directors of the Company and those executives that have authority and responsibility for planning, directing and controlling the activities of the Group.

Remuneration of key management personnel

Year ended 30 June 2017 Name	*Salary and/or fees* $	*Post-employment – Superannuation* $	*Share-based payment Option issues* $	*TOTAL* $
Director				
J Gardner	64,897	6,165	-	71,062
R Whitten	65,794	3,780	-	69,574
P McMickan	119,867	29,333	-	149,200
Key management personnel				
M Langoulant*	-	-	-	-
Year ended 30 June 2016				
Director				
J Gardner	33,699	3,201	-	36,900
R Whitten	16,712	1,588	-	17,300
P McMickan	86,433	33,261	-	119,694
Key management personnel				
M Langoulant*	-	-	-	-

* Fees for bookkeeping, accounting and corporate administration services of $81,000 (2016:$72,000) were paid to a company of which he is a director and shareholder.

C Employment contracts/Consultancy agreements

On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment.

D Share-based compensation

Options

Options are granted to employees and consultants as determined by the Board. There have been no options issued to key management personnel during the last financial year.

DIRECTORS' REPORT

Auditor independence and non-audit services

Section 307C of the *Corporations Act 2001* requires our auditors, Rothsay Chartered Accountants, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on the next page and forms part of this Directors' report for the year ended 30 June 2017.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important. The Company has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The auditor has not provided any material non-audit services meaning that auditor independence was not compromised.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

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

Jack Gardner
Executive Chairman
Perth, Western Australia

28 August 2017

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Viking Mines Ltd
Suite 2, Level 1
47 Havelock St
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2017 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)

Rothsay Auditing

Dated 28 August 2017

Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated **2017** **$**	2016 $
Other income	2	**387,542**	6,905
Other expenses	2	**(3,868,620)**	(799,029)
Loss before income tax expense	2	**(3,481,078)**	(792,124)
Income tax expense		**-**	-
Loss after income tax expense		**(3,481,078)**	(792,124)
Net loss for the year		**(3,481,078)**	(792,124)
Other comprehensive income			
Exchange differences on translation of foreign operations		**(197,933)**	(50,940)
Income tax relating to components of other comprehensive income		**-**	-
Other comprehensive income, net of tax		**(197,933)**	(50,940)
Total comprehensive loss for the year		**(3,679,011)**	(843,064)
Loss attributable to:			
Owners of the Company		**(3,481,078)**	(792,124)
Non-Controlling Interest		**-**	-
		(3,481,078)	(792,124)
Total comprehensive loss attributable to:			
Owners of the Company		**(3,679,011)**	(843,064)
Non-Controlling Interest		**-**	-
		(3,679,011)	(843,064)
		Cents	Cents
Basic loss per share (cents per share)	4	**(1.2)**	(0.3)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
Current Assets			
Cash and cash equivalents	6	**2,063,442**	1,306,449
Trade and other receivables	7	**24,650**	16,502
Total Current Assets		**2,088,092**	1,322,951
Non-Current Assets			
Exploration project acquisition costs	8	**250,000**	3,320,328
Total Non-Current Assets		**250,000**	3,320,328
Total Assets		**2,338,092**	4,643,279
Current Liabilities			
Trade and other payables	9	**335,295**	152,846
Total Current Liabilities		**335,295**	152,846
Total Liabilities		**335,295**	152,846
Net Assets		**2,002,797**	4,490,433
Equity			
Issued capital	10	**22,537,072**	21,345,697
Reserves	11	**27,038**	224,971
Accumulated losses		**(19,820,088)**	(16,339,010)
Outside equity interest		**(741,225)**	(741,225)
Total Equity		**2,002,797**	4,490,433

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Issued capital $	Accumulated losses $	Share based payments reserve $	Foreign currency translation reserve $	Outside Equity Interest $	Total equity $
Balance at 1 July 2015	21,345,697	(15,546,886)	244,000	31,911	(741,225)	5,333,497
Loss for the period	-	(792,124)	-	-	-	(792,124)
Other comprehensive income	-	-	-	(50,940)	-	(50,940)
Total comprehensive loss for the year	-	(792,124)	-	(50,940)	-	(843,064)
Shares issues, net of capital raising costs	-	-	-	-	-	-
Balance at 30 June 2016	21,345,697	(16,339,010)	244,000	(19,029)	(741,225)	4,490,433
Balance at 1 July 2016	21,345,697	(16,339,010)	244,000	(19,029)	(741,225)	4,490,433
Loss for the period	**-**	**(3,481,078)**	**-**	**-**	**-**	**(3,4861,078)**
Other comprehensive income	**-**	**-**	**-**	**(197,933)**	**-**	**(197,933)**
Total comprehensive loss for the year	**-**	**(3,481,078)**	**-**	**(197,933)**	**-**	**(3,679,011)**
Shares issues, net of capital raising costs	**1,191,375**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2017	**22,537,072**	**(19,820,088)**	**244,000**	**(216,962)**	**(741,225)**	**2,002,797**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated **Inflows/ (Outflows) 2017** **$**	Inflows/ (Outflows) 2016 $
Cash flows from operating activities			
Payments to suppliers and employees		**(860,790)**	(698,337)
Interest received		**12,298**	6,905
Interest expense		**-**	(7,600)
Net cash outflow from operating activities	18(a)	**(848,492)**	(699,032)
Cash flows from investing activities			
Payments for exploration and evaluation		**(521,121)**	(264,370)
Proceeds from sale of mining properties		**1,195,572**	2,179,672
Net cash outflow from investing activities		**674,451**	1,915,302
Cash flows from financing activities			
Proceeds from the issue of shares/options		**1,267,420**	-
Capital raising costs		**(76,045)**	-
Repayment of borrowings		**-**	(120,000)
Net cash inflow from financing activities		**1,191,375**	(120,000)
Net increase/(decrease) in cash held		**1,017,334**	1,096,270
Effect of exchange rate fluctuations on cash		**(260,341)**	(86,827)
Cash at the beginning of reporting period		**1,306,449**	297,006
Cash at the end of the reporting period	6	**2,063,442**	1,306,449

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis. The Company is registered and domiciled in Australia.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Group 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 Group accounting policies.

The Group has however adopted "*AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Intiative: Amendments to AASB 101*" such certain specific disclosures required by Australian Accounting Standards have not been made on the basis that the information resulting from that disclosure is not material.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 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 on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised by the Board of directors for issue on 28 August 2017.

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

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Viking Mines Limited and its controlled entities as at 30 June (the Group).

The financial statements of the controlled entities are prepared for the same reporting period as the Parent, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(e) Significant accounting judgements estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Deferred exploration expenditure:

The Group's main activity is exploration and evaluation for minerals. The nature of exploration activities are such that it requires interpretation of complex and difficult geological models in order to make an assessment of the size, shape, depth and quality of resources and their anticipated recoveries. The economic, geological and technical factors used to estimate mining viability may change from period to period. In addition exploration activities by their nature are inherently uncertain. Changes in all these factors can impact exploration asset carrying values.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 1: Statement of significant accounting policies (continued)

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Temporary bank overdrafts are included in cash at bank and in hand. Permanent bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

Note 1: Statement of significant accounting policies (continued)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial periods. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(k) Provisions

Where applicable, provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(l) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(m) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees and consultants of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black and Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired, and

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 1: Statement of significant accounting policies (continued)

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(p) Exploration and evaluation expenditure

Exploration costs are expensed as incurred. Acquisition costs are accumulated in respect of each separate area of interest. Acquisition costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors' decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period and accumulated acquisition costs written off to the extent that they will not be recovered in the future. Amortisation is not charged on acquisition costs carried forward in respect of areas of interest in the development phase until production commences.

	Consolidated	
	2017	2016
	$	$

Note 2: Revenue and expenses

(a) Revenue from continuing operations

Other revenue		
Interest received	**12,298**	6,905
Proceeds on sale of mining properties	**375,244**	-

(b) Expenses

Loss from ordinary activities before income tax expense includes the following specific expenses:

Auditors' fees	**43,500**	39,141
Consultants	**227,985**	102,000
Depreciation	**-**	1,723
Direct exploration and project evaluation	**521,121**	264,370
Employee costs	**461,876**	174,894
Foreign exchange loss	**62,408**	35,888
Impairment of exploration project acquisition costs	**2,250,000**	-
Interest expense	**-**	7,600

Note 3: Income tax

	Consolidated	
	2017	2016
	$	$
Unrecognised deferred tax balances		
Deferred tax assets:		
Share issue costs	**32,791**	27,832
Tax revenue losses	**3,642,038**	3,090,186
	3,674,829	3,118,018
Deferred tax liabilities:	**-**	-
Net unrecognised deferred tax assets	**3,674,829**	3,118,018

Note 4: Earnings per share

Total basic loss per share (cents)	**(1.2)**	(0.3)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

Net loss for the period	**(3,481,078)**	(792,124)
The weighted average number of ordinary shares	**288,276,627**	250,974,285

The diluted loss per share is not reflected as the result is anti-dilutive.

Note 5: Segment information

The Group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance. For management purposes, the Board of Directors of the Company has been defined as the Chief Operating Decision Maker.

The Board of Viking Mines Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period the Group operated predominately in one business and three geographical segments, being the resources sector in Ghana, Thailand and Mongolia. Accordingly under the management approach outlined only one operating sector has been identified and no further disclosures are required in the notes to the consolidated financial statements.

Note 6: Cash and cash equivalents

	Consolidated	
	2017	2016
	$	$
Cash at bank and on hand	**1,599,976**	581,512
Short term deposits	**463,466**	724,937
	2,063,442	1,306,449

(a) Reconciliation to Statement of Cash Flows
The above figures agree to cash at the end of the financial period as shown in the Statement of Cash Flows.

(b) Cash at bank
These are interest bearing accounts at a weighted average interest rate of 0.5% (2016: 0.5%).

(c) Cash balances not available for use
Total cash balances not available for use are nil (2016: Nil).

Note 7: Trade and other receivables

Current receivables		
GST	**22,019**	11,397
Other receivables	**2,631**	5,105
	24,650	16,502

Note 8: Exploration project acquisition costs

Opening balance	**3,320,328**	5,500,000
Impairment charge	**(2,250,000)**	-
Sale of tenement proceeds	**(770,328)**	(2,179,672)
Acquisition costs in respect of areas of interest in the exploration phase	**250,000**	3,320,328

The recoupment of exploration project acquisition costs carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas.

In June 2015 the Company executed a sale and purchase agreement with Akoase Resources Limited for the sale of the Akoase gold project in Ghana. Due to the existence of significant uncertainty as to whether the sale would be completed the non-refundable deposit funds received during the June 2015 financial year were taken directly to profit and loss. However for the years ended 30 June 2016 and 30 June 2017 the sale proceeds received have been initially offset against the carrying value of these tenements, reducing this value to zero. Additional sales proceeds received in excess of the previous carrying value are now being recorded as a profit on sale of mining tenements.

In the year ended 30 June 2017 an impairment charge was raised against the carrying value of the Group’s coal tenements in Mongolia. The Group has been unable to advance development of its main coal tenement asset, Berkh Uul due to post-acquisition government determinations. As a result the Group has written down these assets to a carrying value of $250,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated 2017 $	2016 $
Note 9: Trade and other payables		
Trade payables *	**278,970**	129,123
Other payables	**56,325**	23,723
	335,295	152,846

* Trade payables are non-interest bearing and are normally paid on 30 day terms.

Note 10: Issued capital

(a) Ordinary shares issued

	2017 $	2016 $
313,717,856 (2016: 250,974,285) ordinary shares	**22,537,072**	21,345,697

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	$
1 July 2015	Opening balance	250,974,285		21,345,697
30 June 2016	Closing balance	250,974,285		21,345,697
25 Nov 2016	Placement	62,743,571	$0.0202	1,267,420
	Share issue costs	-		(76,045)
30 June 2017		313,717,856		22,537,072

(c) Share options

	Number of options 2017	2016
Listed options exercisable at $0.09 on or before 30 April 2017	**-**	44,771,552
Unlisted options exercisable at $0.20 on or before 15 November 2016	**-**	3,000,000
Unlisted options exercisable at $0.046 on or before 30 June 2020	**12,000,000**	3,000,000

Note 10: Issued capital (cont)

(d) Movements in options

	Number of options	
	2017	2016
Listed options exercisable at $0.09 on or before 30 April 2017		
Opening balance	**44,771,552**	44,771,552
Issued/(expired)	**(44,771,552)**	-
Closing balance	**-**	44,771,552
Unlisted options exercisable at $0.20 on or before 15 November 2016		
Opening balance	**3,000,000**	3,000,000
Issued/(expired)	**(3,000,000)**	-
Closing balance	**-**	3,000,000
Unlisted options exercisable at $0.046 on or before 30 June 2020		
Opening balance	**-**	-
Issued/(expired)	**12,000,000**	-
Closing balance	**12,000,000**	-

Note 11: Reserves

	Consolidated	
	2017	2016
	$	$
Share compensation reserve	**244,000**	244,000
Foreign currency translation reserve	**(216,962)**	(19,029)
	27,038	224,971

(a) Share compensation reserve
The share compensation reserve is used to record the value of equity benefits provided to consultants and directors as part of their remuneration. Refer Note 12.

(b) Foreign currency translation reserve
The foreign currency translation reserve represents foreign exchange movements on the translation of financial statements for controlled entities from the functional currency into the presentation currency of Australian dollars.

Note 12: Share based payments

There have been no share based payments of shares and/or options issued to directors and consultants in any of the last 3 financial years.

Note 13: Commitments and contingencies

Exploration expenditure commitments
Minimum exploration expenditure commitments do not apply in either Ghana or Mongolia as those governments do not impose a minimum spend per licence. The exploration expenditure commitment is based on a work program system, whereby at the time for each renewal of a licence, the Company provides an outline of work planned and expected expenditure.

Note 14: Key management personnel disclosures

(a) Directors

At the date of this report the directors of the Company are:

JW Gardner – *Executive Chairman*

R Whitten – Non-e*xecutive Deputy Chairman*

P McMickan – E*xecutive director*

(b) Key management personnel

M Langoulant – *Company secretary*

(c) Key management personnel compensation

	Consolidated	
	2017	2016
	$	$
Short-Term	**331,558**	208,844
Post-employment	**39,278**	38,050
	370,836	246,894

Detailed remuneration disclosures of directors and key management personnel are contained on pages 13 to 15 of this report.

(d) Share based remuneration

No shares or options have been provided as remuneration for key management personnel in the last two years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 14: Key management personnel disclosures (cont)

(e) Equity holdings of key management personnel

The number of shares in the Company held during the financial period by each director of the Company and key management personnel of the Group, including their personally related parties, are set out below

2017 **Director -***Ordinary shares*	Balance at start of year	Movement during the year	Balance at the end of the financial year
J Gardner	22,507,643	-	22,507,643
R Whitten	42,095,782	-	42,095,782
P McMickan	4,046,837	-	4,046,837
Key management personnel			
M Langoulant	1,501,316	-	1,501,316
2016 **Director -** *Ordinary shares*			
J Gardner	22,507,643	-	22,507,643
R Whitten	42,095,782	-	42,095,782
P McMickan	4,046,837	-	4,046,837
Key management personnel			
M Langoulant	1,501,316	-	1,501,316

Note 15: Related party disclosure

The ultimate parent entity in the wholly-owned group and the ultimate Australian parent entity is Viking Mines Limited. The consolidated financial statements include the financial statements of Viking Mines Limited and the controlled entities listed in the following table:

Name of entity	Country of incorporation	Class of shares	Equity holding 2017 %	2016 %
Auminco Mines Ltd	Australia	Ordinary	100	100
Bold Resources Ltd	Australia	Ordinary	100	100
Auminco Coal Pty Ltd	Australia	Ordinary	100	100
Auminco Coal LLC	Mongolia	Ordinary	100	100
Khonkhor Zag Coal LLC	Mongolia	Ordinary	100	100
BRX LLC	Mongolia	Ordinary	100	100
Salkhit Altai LLC	Mongolia	Ordinary	100	100
Associated Goldfields Pty Ltd	Australia	Ordinary	100	100
Ghana Mining Investments Pty Ltd	Australia	Ordinary	100	100
Kiwi International Resources Pty Ltd	Australia	Ordinary	100	100
Abore Mining Company Ltd	Ghana	Ordinary	90*	90*
Obenemase Gold Mines Ltd	Ghana	Ordinary	90*	90*
Resolute Amansie Ltd	Ghana	Ordinary	90*	90*
Kiwi Goldfields Ltd	Ghana	Ordinary	100	100

The only transactions between Viking Mines Limited and its controlled entities during this financial year consisted of loans between Viking Mines Limited and its controlled entities.

* 100% of rights to profits

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 16: Parent Entity Disclosures

Financial position

	30 June 2017 $	30 June 2016 $
Assets		
Current assets	**493,403**	770,278
Non-current assets	**1,797,945**	3,320,328
Total assets	**2,291,348**	4,090,606
Liabilities		
Current liabilities	**288,551**	149,024
Total liabilities	**288,551**	149,024
Equity		
Issued capital	**22,537,072**	21,345,697
Retained earnings	**(20,290,275)**	(17,160,115)
Reserves	**244,000**	244,000
Total equity	**2,002,797**	3,941,582

Financial performance

	30 June 2017 $	30 June 2016 $
Loss for the year	**(3,130,160)**	(882,927)
Other comprehensive income	**-**	-
Total comprehensive profit /(loss)	**(3,130,160)**	(882,927)

Note 17: Events after the balance sheet date

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods other than the receipt of a further USD2 million in gross sales proceeds in relation to the sale of the Akoase gold project.

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Note 18: Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2017	2016
	$	$
a) *Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities*		
Net loss for the year	**(3,481,078)**	(792,124)
Depreciation	**-**	1,723
Foreign exchange movements	**62,408**	35,886
Proceeds from sale of financial assets	**-**	-
Exploration and evaluation	**521,121**	264,370
Impairment of project acquisition costs	**2,250,000**	-
Proceeds from sale of mining properties	**(375,244)**	-
(Increase) / decrease in trade and other receivables	**(8,148)0**	22,885
Increase / (decrease) in trade payables and provisions	**182,449**	(231,772)
Net cash outflow from operating activities	**(848,492)**	(699,032)

b) *Non-cash financing and investing activities*
Nil

Note 19: Auditors' remuneration

The auditors of the Group are Rothsay Chartered Accountants.

	Consolidated	
	2017	2016
	$	$
Assurance services		
Rothsay Chartered Accountants:		
Audit and review of financial statements	**23,500**	23,000
Other firms		
Audit and review of financial statements	**20,000**	16,141
Total remuneration for audit services	**43,500**	39,141
Other services		
Rothsay Chartered Accountants:	**-**	-
Other firms:	**-**	-
Total remuneration for other services	**-**	-
Total auditors' remuneration	**43,500**	39,141

DIRECTORS' DECLARATION

1. In the opinion of the directors:

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year then ended; and

      ii. complying with Accounting Standards and Corporations Regulations 2001; and

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2017.

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

Jack Gardner
Executive Chairman

Perth, Western Australia
28 August 2017

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF VIKING MINES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Viking Mines Limited ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Cash and cash equivalents

The Group's cash and cash equivalents make up 88% of total assets by value and are considered to be the key driver of the Group's operations. We do not consider cash and cash equivalents to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence of the Group's cash and cash equivalents included but were not limited to:

- Documenting and assessing the processes and controls in place to record cash transactions;
- Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded in the general ledger; and
- Agreeing 100% of cash holdings to independent third party confirmations.

We have also assessed the appropriateness of the disclosures included in notes 1 and 6 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatementt, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion the remuneration report of Viking Mines Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay

Rothsay Auditing

Graham Swan FCA
Partner

Dated 28 August 2017

ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 July 2017.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Class of equity security *Ordinary shares*
1	–	1,000	20
1,001	–	10,000	89
10,001	–	1,000,000	365
100,001		and over	66
			540

There were 156 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders – ordinary shares

Name	**No. held**	**% of issued shares**
GTT GLOBAL OPPORTUNTIES PTY LTD	15,627,822	4.98
BARBARY COAST INVESTMENTS PTY LTD	14,060,908	4.48
J P MORGAN NOMINEES AUSTRALIA LIMITED	13,524,835	4.31
GREENLINE INVESTMENTS PTY LTD	12,000,000	3.83
BARBARY COAST INVESTMENTS PTY LIMITED	8,244,737	2.63
RODBY HOLDINGS PTY LTD <SP TENG FAMILY A/C>	6,796,296	2.17
TORONA PTY LIMITED <ANYWHERE TRAVEL A/C>	6,867,887	2.13
AET SFS PTY LTD <PEAK OPPORTUNITIES FUND>	6,521,503	2.08
SYRACUSE CAPITAL PTY LTD <ROCCO TASSONE SUPER A/C>	5,835,821	1.86
JAYTU PTY LTD <J W GARDNER SUPER FUND A/C>	5,507,643	1.76
GILT NOMINEES PTY LTD	5,504,517	1.75
BARBARY COAST INVESTMENTS PTY LTD	5,499,549	1.75
MR JOHN WILLIAM GARDNER + MRS JANET LEIGH GARDNER <JOHN WILLIAM GARDNER SUPERANNU>	5,000,000	1.59
PERSHING AUSTRALIANOMINEES PTY LTD <INDIAN OCEAN A/C>	5,000,000	1.59
NATIONAL NOMINEES LIMITED	4,779,990	1.52
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,754,658	1.52
NEWTON HOLDINGS PTY LTD <NEWTON BUILDING CO P/F A/C>	4,325,570	1.38
GILT NOMINEES PTY LTD	4,284,000	1.37
MR BUYANTOGTOKH DASHDELEG	4,132,358	1.32
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	4,074,031	1.30
	142,162,125	**45.32**

ADDITIONAL INFORMATION

C. Substantial shareholders

Substantial shareholders in the Company are set out below:

	Number Held	Percentage
Ordinary shares		
R Whitten	42,095,782	13.42
Jaytu Pty Ltd ATF (John William Gardner Superannuation)	22,507,643	7.17
GTT Global Opportunities Pty Ltd and associates	28,964,144	9.23

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

E. Tenement schedule

Ghana

Licence name	Location	Licence type	Licence Holder/ JV Partners*	Viking Mines Ownership
Akoase West	southern Ghana	Prospecting licence	RAL	100%(reducing to zero upon sale completion)
Akoase East	southern Ghana	Prospecting licence	RAL	100%(reducing to zero upon sale completion)
Akoase South-East	southern Ghana	Prospecting licence	RAL	100%(reducing to zero upon sale completion)
West Star*	southern Ghana	Prospecting licence	WMCL/RAL	100% hardrock only*
Tumentu	southern Ghana	Prospecting licence application	RAL	100%

RAL = Resolute Amansie Ltd is a 100% owned subsidiary of Viking Mines Ltd
WMCL = West Star Mining Company Ltd - joint venture partner in the West Star gold project
* Subject to revocation/renewal dispute with Minerals Commission

Mongolia

Licence name	Location	Licence type	Licence Holder/JV Partners*	Viking Mines ownership
Berkh Uul	Selenge province, Mongolia	Exploration licence	BRX LLC	100%
Khonkhor Zag	Govi Altai province, Mongolia	Mining lease	Salkhit Altai LLC	100%

* BRX LLC, and Salkhit Altai LLC are 100% owned subsidiaries of Viking Mines Ltd.