ANNUAL REPORT 2016

Gold Mountain Limited

(ACN 115 845 942)

ASX:GMN

Cover image: Pan with gold and platinum in dark coatings collected from recent trenching

CORPORATE DIRECTORY

ASX: GMN

GOLD MOUNTAIN LIMITED

ABN 95 112 425 788

Directors

Graham Kavanagh Non-Executive Chairman

Sin Pyng "Tony" Teng Managing Director

Matthew Morgan Director - Explorations

Management

Eric Kam Company Secretary

David Clark Chief Financial Officer

Registered and Principal Office

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31 Market Street

SYDNEY NSW 2000 Australia

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Share Register

Boardroom Pty Limited

Grosvenor Place, Level 12, 225 George Street,
SYDNEY NSW 2000,

GPO Box 3993, SYDNEY NSW 2001

Telephone: 1300 737 760

Facsimile: 1300 653 459

Solicitor

HWL Ebsworth Lawyers

Level 14, Australia Square

264 – 278 George Street

SYDNEY NSW 2000

Banker

Australia and New Zealand Banking Group Limited

Westpac Banking Corporation Limited

Auditor

KS Black & Co. Chartered Accountants

Level 5, 350 Kent Street, SYDNEY NSW 2000

REPORT TO SHAREHOLDERS

Dear Shareholders,

As the Chairman of Gold Mountain Limited (GMN), I am pleased to present to you this Annual Report for the financial year ended 30 June 2016.

The past year has been a busy and productive one for Gold Mountain. In particular, the Company has made significant progress with its exploration focus on the highly prospective Wabag, Papua New Guinea (PNG) gold and platinum exploration licences, comprising over 760 square kilometres in the Central Highlands.

These areas lie along the New Guinea Thrust Belt, which hosts a heavily mineralised structural zone where several major world class gold projects have been developed in the past, including the OK Tedi, Porgera and Frieda River Projects. The exploration activities conducted by GMN include extensive soil sampling analysis, aeromagnetic resonance surveys, stream sedimentary sampling and trenching.

Interpretation and modelling of the data has continued to reveal numerous potential gold bearing zones with "free gold" particularly evident in the Crown Ridge, Timun River and Sak Creek areas, where significant alluvial gold has been recovered in the past. These results engender great confidence in the compelling geology of the exploration licence areas, which the Company is hopeful will deliver a project of major scale for the benefit of shareholders.

The next phase of the exploration program in coming months is a bulk sampling of some 94 pits to obtain an unbiased assessment of "free gold" dispersion on the Crown Ridge area of Exploration Licence 1965. Results to date have already delineated a number of possible drilling targets.

Subsequent to 30 June 2016, GMN moved to increase its interest from 20% to 70% in the exploration licences being acquired from Viva No. 20 Limited (Viva) following shareholder approval at the Company's Annual General Meeting in 2015. Consideration for this further acquisition was by the issue of 60 million shares to the vendors, which are subject to voluntary escrow until 16 August 2017.

In addition, GMN has entered an exclusivity arrangement to acquire Exploration Licence 2306 which is situated directly adjacent to EL 1968, thereby increasing the Company's total tenement area to a potential 1,169 square kilometres.

Reflecting GMN's current focus on developing its flagship Wabag PNG project, the Company has taken the decision to divest its non-core exploration interests in New South Wales that were acquired in previous years (Cowarra, Dalton and Grenfell). These tenements are currently under due diligence and consideration by other parties and the Company anticipates making an announcement about these divestments in the near term.

On behalf of the Board it remains for me to thank you, our shareholders, for your ongoing loyalty and support. We remain committed to the growth and development of Gold Mountain and to delivering you value.

Yours sincerely,

G Kavanagh

Graham Kavanagh
Chairman

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DIRECTORS' REPORT

Your Directors submit the annual financial report of Gold Mountain Limited for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act, the Directors' report as follows:

KEY MANAGEMENT PERSONNEL DISCLOSURES

DIRECTORS

The names of Directors who held office during or since the end of the year and until the date of this report are as follows.

Directors were in office for this entire period unless otherwise stated.

Graham Kavanagh

Matthew Morgan

Sin Pyng "Tony" Teng

Names, qualifications, experience and special responsibilities

Graham Kavanagh	Non-Executive Chairman
Qualifications	*B Comm ASIA*
Experience	Mr Kavanagh has an extensive background over more than 25 years in securities and fund management, property investment and development as well as earlier experience in the Department of Mines. He has held senior positions as securities analyst, general manager and director in fund management and property investment.
Interest in shares and Options	None
Directorships held in other listed entities	No directorships held of ASX listed entities

Sin Pyng "Tony" Teng	Managing Director
Qualifications	*B. Econ. Dip. Fin. Mangt. CPA, FAICD, AFAIM*
Experience	Mr Teng has had experience as a management consultant and with merger and acquisitions, corporate restructuring and public company capital raising. He was co-founder and former director of Coalworks Limited that was acquired by Whitehaven in 2012 in a $200m takeover bid.
Interest in shares and Options	510,000 ordinary shares 8,510,000 ordinary shares (indirect interest)
Directorships held in other listed entities	No directorships held of ASX listed entities in the past three years

Matthew Morgan	Director - Explorations
Qualifications	*BSc (Geology)*
Experience	Mr Morgan brings over twenty years of experience in exploration and mine development with companies including, inter alia, BHP Billiton, Rio Tinto and Theiss. Mr Morgan has filled CEO and senior management roles in both listed and unlisted companies. His technical experience has included exploration and mine geology, resource estimation, mine engineering and operational management in minerals such as gold, iron ore and coal. In addition to his experience in Australia, Mr Morgan has had international experience including Malaysia and Mongolia, and has negotiated off-take mineral contracts with several foreign governments
Interest in shares and Options	750,000 ordinary shares 100,000 ordinary shares (indirect interest)
Directorships held in other listed entities	No directorships held of ASX listed entities

MANAGEMENT

Eric Kam

Company Secretary

Qualifications: *FCPA, FCMA, MBA, MAICD*

Mr Kam has extensive experience in finance and operations management across diverse businesses and industries in engineering, construction, mining & resources, technology, finance, marketing and distribution. He is involved in corporate change and listing of companies, and is on the board of several other companies. Mr Kam has had extensive experience as Company Secretary in several public listed and unlisted companies.

David Clark

Chief Financial Officer

Qualifications: *CA, CPA, AGIS, B Comm. (UNSW), MBA Executive (AGSM), Registered Tax Agent*

Mr Clark is a Chartered Accountant, Chartered Secretary and Registered Tax Agent of over fifteen (15) years standing and holds a Bachelor of Commerce degree from UNSW and a Master of Business of Administration (Executive) from the Australian Graduate School of Management. Mr Clark is principal of D.W. Clark & Co., Chartered Accountant, an innovative, results-driven chartered accounting practice providing corporate financial, taxation and secretarial services and advice to listed and unlisted companies in the mineral exploration and oil and gas industries.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

DIRECTORS' SHAREHOLDINGS

As at the date of this report, the interests of the Directors in the securities of Gold Mountain Limited were:-

Director	**Shares and Options**	**Shares and Options**
Name	**Direct**	**Indirect**
Graham Kavanagh	Nil	Nil
Matthew Morgan	Nil	850,000 shares
Sin Pyng "Tony" Teng	510,000 shares	8,510,000 shares

MOVEMENT IN EQUITY INSTRUMENTS (OTHER THAN OPTIONS AND RIGHTS)

Details of the movement in equity instruments (other than options and rights) held directly, indirectly or beneficially by Directors and Key Management Personnel and their related parties are as follows:

30 June 2016	Balance at beginning of the Year	Granted as remuneration during the Year	Issued on Exercise of Options during the Year	Other changes during the Year	Balance at end of the Year
Graham Kavanagh	-	-	-	-	-
Matthew Morgan	750,000	-	-	100,000	850,000
Sin Pyng "Tony" Teng	7,620,000	-	-	1,400,000	9,020,000
Total	**8,370,000**	**-**	**-**	**1,500,000**	**9,870,000**

30 June 2015	Balance at beginning of the Year	Granted as remuneration during the Year	Issued on Exercise of Options during the Year	Other changes during the Year	Balance at end of the Year
Graham Kavanagh	-	-	-	-	-
Matthew Morgan[2]	500,000	-	250,000	-	750,000
Sin Pyng "Tony" Teng	1,020,000	-	-	6,600,000	7,620,000
Total	**1,520,000**	**-**	**250,000**	**6,600,000**	**8,370,000**

Exercise of Options

No ordinary shares were issued by the Company during and/or since the end of the financial year as a result of the exercise of options. There are no unpaid amounts on the shares issued.

Options and Rights Holdings

Details of movements in options and rights held directly, indirectly or beneficially by Directors and Key Management Personnel and their related parties are as follows:

30 June 2016	Balance at beginning of period	Granted as remuneration	Options exercised or vested	Net change Other	Balance at end of period
Graham Kavanagh	-	-	-	-	-
Matthew Morgan	-	-	-	-	-
Sin Pyng "Tony" Teng	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

30 June 2015	Balance at beginning of period	Granted as remuneration	Options exercised or vested	Net change Other	Balance at end of period
Graham Kavanagh	-	-	-	-	-
Matthew Morgan	250,000	-	(250,000)	-	-
Sin Pyng "Tony" Teng	-	-	-	-	-
Total	**250,000**	-	**(250,000)**	**-**	**-**

Options on issue at the date of this report are:-

Grant Date	Number	Expiry Date	Exercise price	Number of holders
16 Mar 2012	500,000	31 Dec 2016	$0.07	1

Dividends

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

OPERATIONS REPORT

Principal Activities

The principal activity of the Company during the financial period was to acquire, explore and develop areas that are highly prospective for gold and other precious and base metals and minerals in Australia, Papua New Guinea and elsewhere.

Operating and Financial Review

(i) Operations

Gold Mountain is an exploration company operating in Australia and Papua New Guinea to acquire, explore and develop areas that are highly prospective for gold and other precious and base metals and minerals.

The Company creates value for shareholders, through exploration activities which develop and quantify mineral assets. Once an asset has been developed and quantified within the framework of the JORC guidelines the Company may elect to move to production, to extract and refine ore which is then sold as a primary product.

The Company is actively exploring and developing gold projects in Australia and Papua New Guinea.

Please refer to the Review of Operations for more information on the status of the projects.

(ii) Financial Performance & Financial Position

The Company listed on the Australian Securities Exchange (ASX) on 2 September 2011 as Commissioners Gold Limited. Following shareholder approval at the 2014 AGM, the Company changed its name to Gold Mountain Limited on 16 December 2014. The financial results of the Company for the five (5) years to 30 June 2016 are:

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Cash and cash equivalents	1,189,947	759,938	200,070	51,406	513,888
Net assets	3,404,265	2,460,399	1,371,820	567,107	1,333,159
Revenue & financial income	3,178	5,046	38,151	13,293	28,627
Net loss after tax	(1,515,979)	(847,685)	(526,993)	(1,559,101)	(935,084)
EBITDAX	(1,351,697)	(659,879)	(468,681)	(742,346)	(598,035)
Share price at 30 June	$0.036	$0.039	$0.023	$0.034	$0.044
Loss per share (cents)	(0.69)	(0.57)	(0.69)	(3.58)	(2.80)

a) Financial Performance

The net loss after tax of the Company for the financial year after tax amounted to $1,515,979 (2015: Loss $847,685).

The Company is creating value for shareholders through its exploration expenditure and currently has no revenue generating operations. Revenue and financial income are generated from interest income from funds held on deposit and miscellaneous income. As the average funds held on deposit have increased during the year, accordingly interest income has increased from no interest income when compared to the prior year.

During the year, the operations relating to the Papua New Guinea gold project continued and expanded as the Company undertook its rapid exploration program, accordingly capitalised exploration increased from $1,210,941 in the 2015 FY to $1,675,098 in the 2016 FY. Personnel and external consulting requirements increased marginally, an increase of legal and professional costs from $314,225 in the 2015 FY to $346,240 in the 2016 FY. There has been an increase in public and investor relations expense from $12,233 in the 2015 FY to $16,128 in the 2016 FY.

b) Financial Position

The Company's main activity during the year was the investment of cash of $1,189,947 (2015: $759,938). The carrying value of the exploration assets and the capitalised exploration assets increased by $464,157 or 38% to $1,675,098 (2015: $1,210,941).

The 30 June 2016 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2016, the Company recorded a loss after tax of $1,515,979 (2015: Loss $847,685) and had a net working capital deficiency of $77,662 (30 June 2015: Surplus of $579,856).

During the 2016 year, a share placement liability arose due to share application funds of $1,182,000 received as at 30June 2016 for unissued shares. Share application funds were received from key sophisticated and professional investors and subsequent to the end of the year, placement to these investors took place on 8 August 2016. The placement raised $2,402,300 through the issue of 57,197,619 shares at the placement price of $0.042 per share.

As the Company is an exploration and development entity, ongoing exploration and development activities are reliant on future capital raisings. Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report.

(iii) Business Strategies and Prospects for future financial years

The Company actively evaluates the prospects of each project as results from each program become available, these results are available via the ASX platform for shareholders information. The Company then assesses the continued exploration expenditure and further asset development. The Company will continue the evaluation of its mineral projects in the future and undertake generative work to identify and acquire new resource projects.

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company and the market price of the Company's shares.

a) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, sovereign risk difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

b) Environmental Risks

The operations and proposed activities of the Company are subject to the laws and regulations of Australia and Papua New Guinea concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

c) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

d) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;
(ii) introduction of tax reform or other new legislation;
(iii) interest rates and inflation rates;
(iv) changes in investor sentiment toward particular market sectors;
(v) the demand for, and supply of, capital; and
(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

e) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income, the Company will require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

f) Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Company's shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to invest.

5. Significant Changes in the State of Affairs

On 15 July, 2015, 19,510,000 ordinary shares were issued to sophisticated investors at $0.04 each pursuant to the Underwriting Agreement to raise $780,400. Previously, on 28 May 2015, the Company announced that an Underwriting Agreement had been entered into with a sophisticated and professional investor in respect of 27,733,455 unlisted options which were due to expire on 29 May, 2015.

On 30 July 2015, the Company, Viva No. 20 Limited (Viva) and the Vendors (Khor Eng Hock & Sons (PNG) Limited, Mr Siew Hong Koh and Mr Hin Hong Koh) entered into a share purchase agreement pursuant to which the Vendors agreed to sell and the Company agreed to purchase a further 125 ordinary shares in Viva (Tranche 2 Viva Shares), comprising 50% of the issue capital of Viva in consideration for the issue by the Company to the Vendors of an aggregate of 60 million shares in the Company at an issue price of 8 cents per share. This transaction was subsequently approved by shareholders at the 2015 AGM held on 26 November 2015.

On 2 November 2015, GMN announced that Inca One and Montan along with the shareholders of Goldsmith Resources SAC ("Goldsmith Shareholders") announced that the parties have entered into a binding letter agreement pursuant to which Inca One has agreed to acquire certain assets of Montan including the Peruvian Gold Project. However, Inca One did not proceed to complete the acquisition of any of the assets.

On 26 November 2015, the Company announced the results of the Company's Annual General Meeting where shareholders ratified the prior issue of securities during the period and approved the Tranche 2 share purchase agreement between GMN, Viva and the Vendors.

On 14 March 2016, GMN announced the successful placement of 6,501,666 ordinary shares to professional and sophisticated investors at $0.042 each to raise $273,070 for general working capital purposes.

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

During the 2016 year, a share placement liability arose due to share application funds of $1,182,000 received as at 30 June 2016 for unissued shares. Share application funds were received from key sophisticated and professional investors and placement to these investors took place on 8 August 2016. The placement raised $2,402,300 through the issue of 57,197,619 shares at the placement price of $0.042 per share.

Review of Operations

A. Papua New Guinea Project

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

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

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

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

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

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

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

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

- **Tranche 2 Viva share purchase approved at 2015 AGM**

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

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

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

Following the completion of certain administrative procedures relating to the transfer of Viva shares and subsequent to the end of the financial year on 16 August 2016, the Company completed the acquisition of a additional 50% interest in the PNG project company, Viva No. 20 Limited (Viva) and issued the Appendix 3B for the consideration shares.

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

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

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

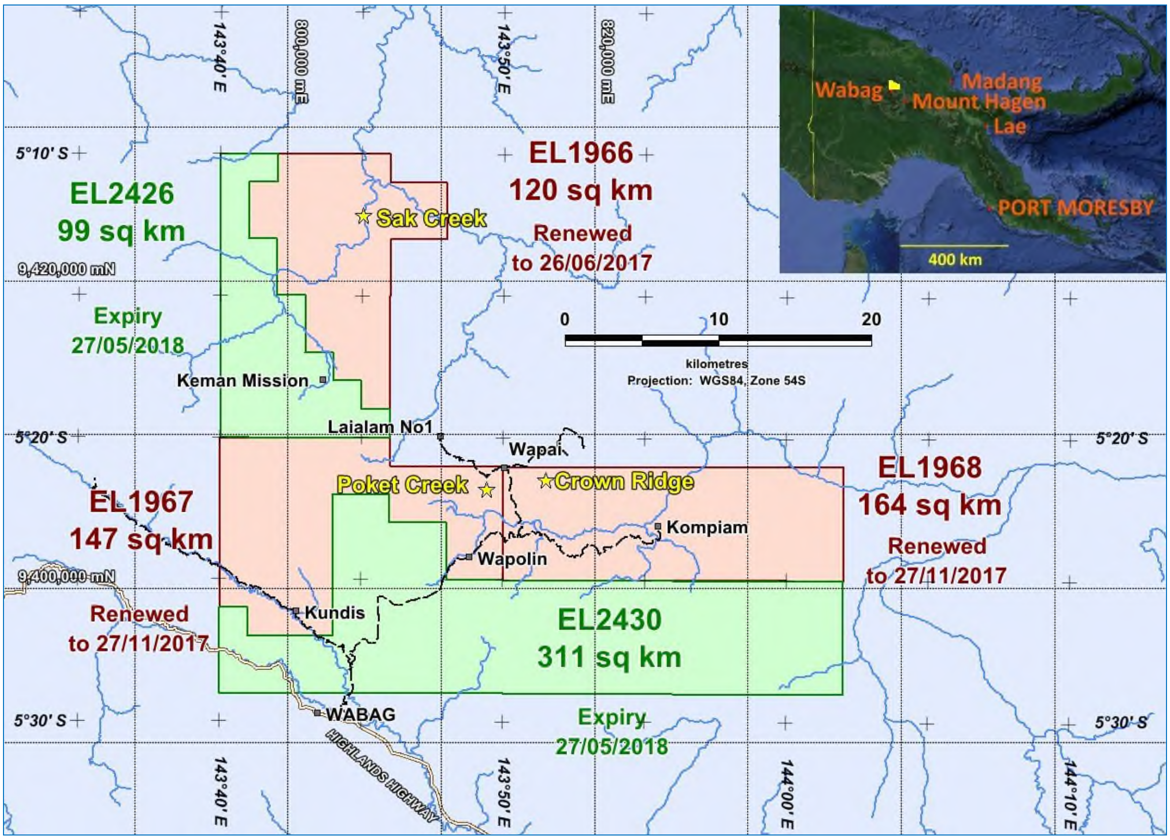

Figure 1: Location of Wabag Project Exploration Leases, PNG

Crown Ridge Prospect EL1968

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

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

The aim of the survey is as follows:

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

This review and modelling of the data was completed in May 2016.

Sak Creek Prospect EL1966

Gold Mountain Limited completed a helicopter supported, combined soil and rock sampling program on the Sak Creek prospect (EL1966), designed to follow up on previous anomalous results from the initial late 2014 field investigation.

Testing of streams and tributaries in the sampling area was conducted using traditional gold panning methods with positive results with gold grains recovered in all instances.

B. Peruvian Project

Goldsmith Resources SAC

At the 2014 AGM held on 15 December 2014, shareholders were advised that the current investments in the Peruvian Project whereby the Company has 18.75% interest in Goldsmith Resources SAC, Peru is being placed under review following reports of continuing production delays and further calls for additional capital requirements.

On 29 October 2015, Inca One Gold Corp. (TSX.V: IO) ("Inca One") and Montan Mining Corp. (TSX.V:MNY) ("Montan") along with the shareholders of Goldsmith Resources SAC ("Goldsmith Shareholders") announced that the parties have entered into a binding letter agreement pursuant to which Inca One has agreed to acquire certain assets of Montan including the Peruvian Gold Project.

Following the review of the Peruvian project and subsequent announcement by Inca One, the GMN Board have decided to impair the carrying amount of this investment and the associated receivable resulting in an asset impairments expense of $514,640 and doubtful debts expense of $158,054 (respectively).

The changed circumstances and inherent uncertainties in the transaction indicate the carrying amount may not be recoverable. Accordingly, the value of these assets are carried at a nominal value of $1 each and will be written back to realisable values should the assets in the Peruvian project can eventually be disposed.

C. Australian Projects

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

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

The Cowarra Project (EL5939) is held by Gold Mountain Limited (50%) and Capital Mining Limited (ASX:CMY) under a farm-in agreement whereby Gold Mountain can earn up to 85% by exploration expenditure.

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

On 6th January 2015, the Company announced that it had entered into an agreement with Capital Mining Limited to purchase the remaining unearned interest in the Cowarra Project.

No further work was completed on the tenement during the half year to 30 June 2016. Application for renewal of the tenement, reduced to 7 graticular sub-blocks, was lodged on 20 April 2015. In recent conversations with NSW Department of Industry, Resources and Energy Gold Mountain Limited have been informed the transfer of the title to Gold Mountain is still in progress.

Dalton, NSW (EL6922) – (100%)

This Exploration Licence in which GMN has a 100% interest consists of a regional shear zone hosting gold mineralisation. Shallow rotary core drilling has returned a high gold value of 32g/t over 1 metre. Follow up work is planned along strike in a northerly direction. The licence covers a number of historic workings. Expenditure commitments to 2016 total $154,500.

No further work was completed on the tenement during the year to 30 June 2016. The renewal application submitted to NSW Department of Industry, Resources and Energy was approved on 17 February 2016 for further term of 24 months, ending 24 October 2017.

Grenfell, NSW (EL8263) – (100%)

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

No further work was completed on the tenement during the year to 30 June 2016. The EL is due to expire on 30 April 2017.

Capital Raisings

During the reporting period, the Company conducted two capital raisings. In total, the Company raised $1,053,470 to fund ongoing operations in Papua New Guinea and Australia.

Capital Raising	Date	Shares Issued	Price	Amount Raised
Placement	15-07-2015	19,510,000	$0.040	780,400
Placement	14-03-2016	6,501,666	$0.042	273,070
Placement to Vendor	22-03-2016	50,000,000	$0.030	-
Total		76,011,666		$1,053,470

On 15 July 2015, the Company completed a successful capital raising of $780,400 through the issue of 19,510,000 ordinary shares at $0.04 per share by way of a private placement pursuant to the Underwriting Agreement to professional and sophisticated investors.

On 14 March 2016, the Company completed a successful capital raising of $273,070 through the issue of 6,501,666 ordinary shares at $0.042 per share by way of a private placement to professional and sophisticated investors.

On 22 March 2016, the acquisition of the initial 20% of the issued capital of Viva No.20 Limited was completed. 50 million shares at $0.03 each were issued as non cash consideration to the Vendors in accordance with the terms and conditions set out in the Letter Agreement of 30 June 2014 and approved by shareholders at the Annual General Meeting held on 15 December 2014.

During the 2016 year, a share placement liability arose due to share application funds of $1,182,000 received as at 30 June 2016 for unissued shares. Share application funds were received from key sophisticated and professional investors and placement to these investors took place on 8 August 2016. The placement raised $2,402,300 through the issue of 57,197,619 shares at the placement price of $0.042 per share.

Risk management

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement.

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.

Subsequent events after balance date

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

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

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

On 16 August 2016, the Company announced completion of the acquisition of additional 50% interest in the PNG project company, Viva No. 20 Limited (Viva) and issued the Appendix 3B for the consideration shares. The Company also advised that on completion of this acquisition, the Company now holds a controlling interest of 70% in Viva.

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

On 29 August 2016 the Company announced the issue of 18,900,000 share options to employees, consultants and directors of the Company pursuant to the Company's Employee Share Option Plan. The options have an exercise price of $0.30, expire 36 months after the grant date and are subject to certain vesting conditions such that the Company's underlying share price must exceed $0.50 based on volume weighted average price (VWAP) over a 5 day consecutive period; the holder must be an actual consultant to or employee of the Company at the time of exercise of the relevant Granted Options and the exercise period shall not commence until a date that is at least 12 months after the date of the grant of the Granted Options to the holder.

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

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

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

Figure 2: Gold and platinum recovered from trenching EL1968 *(Sample on pan weighs approximately 10g Au and 2g Pt)*

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

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, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, GMN paid a premium in respect of a contract insuring the Directors and officers of the Company 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.

Options

No options over issued shares or interest in the Company were granted during or since the end of the financial year.

REMUNERATION REPORT (AUDITED)

The Board, in consultation with the Remuneration Committee, is responsible for determining and reviewing compensation arrangements for the directors and executive management. The Board assesses the appropriateness of the nature and amount of remuneration of key personnel on an annual basis. In determining the amount and nature of officers' packages, the Board takes into consideration the Company's financial and operational performance along with industry and market conditions.

The Committee has the authority to retain any outside advisor at the expense of the Company, without the Board's approval, at any time and has the authority to determine any such advisor's fees and other retention terms.

In setting corporate goals and objectives relevant to Senior Executives' compensation, the Committee considers both short-term and long-term compensation goals and the setting of criteria around this. In relation to setting Directors' remuneration the Committee looks at and considers comparative data from similar companies.

This report outlines the remuneration arrangements in place for Directors and Key Management Personnel of Gold Mountain Limited (the "Company") for the financial year ended 30 June 2016.

The following persons acted as Directors during or since the end of the financial year:

Graham Kavanagh

Matthew Morgan

Sin Pyng "Tony" Teng

The term 'Key Management Personnel' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Graham Kavanagh

Matthew Morgan

Sin Pyng "Tony" Teng

Eric Kam

David Clark

Remuneration Philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors and the Senior Management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of Non-Executive Director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting. The aggregate remuneration for all non-executive directors has been set at an amount of $300,000 per annum.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Director is entitled to receive a fee for being a Director of the Company.

The remuneration of Non-Executive Directors for the year ended 30 June 2016 is detailed in the Remuneration of Directors and named executives section of this report on the following pages of this report.

Senior Manager and Executive Director Remuneration

Remuneration consists of fixed remuneration and Company options (as determined from time to time). In addition to the Company employees and Directors, the Company has contracted key consultants on a contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Independent Directors' Committee (which assumes the role of the Remuneration Committee). The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Fixed remuneration is paid in the form of cash payments.

The fixed remuneration component of the six most highly remunerated Company executives is detailed in Table 1.

Employment Contracts

During the year and to the date of this report there are no employment contracts with the Company.

Remuneration of Directors and named executives

Table 1: Directors' and named executives remuneration for the year ended 30 June 2016

	Short-term employee benefits			Post-employment benefits		Equity		Other	Total	%
	Salary & Fees	Bonuses	Non-Monetary Benefits	Super-annuation	Prescribed Benefits	Options	Shares	Deferred Benefits		Performance Related
Graham Kavanagh [1]	36,000	-	-	-	-	-	-	-	36,000	0%
Matthew Morgan [2]	108,000	-	-	-	-	-	-	-	108,000	0%
Sin Pyng "Tony" Teng [3]	108,000	-	-	1,140	-	-	-	-	109,140	0%
Eric Kam [4]	72,000	-	-	-	-	-	-	-	72,000	0%
David Clark [5]	44,400	-	-	-	-	-	-	-	44,400	0%
Total	**368,400**	**-**	**-**	**1,140**	**-**	**-**	**-**	**-**	**369,540**	**-**

1. Paid to Drumcliffe Investments Pty Ltd for corporate advisory services of which Mr Kavanagh is a director and shareholder.

2. Paid to Mineral X Pty Ltd for corporate advisory services of which Mr Morgan is a director and shareholder.

3. Paid to Rodby Holdings Pty Ltd for corporate advisory services of which Mr Teng is a director.

4. Paid to Useful Ways Pty Ltd for corporate advisory services of which Mr Kam is a director and shareholder.

5. Paid to D.W. Clark & Co., Chartered Accountant for corporate advisory services of which Mr Clark is principal.

Table 2: Directors' and named executives remuneration for the year ended 30 June 2015

	Short-term employee benefits			Post-employment benefits		Equity		Other	Total	%
	Salary & Fees	**Bonuses**	**Non-Monetary Benefits**	**Super-annuation**	**Prescribed Benefits**	**Options**	**Shares**	**Deferred Benefits**		**Performance Related**
Graham Kavanagh [1]	36,000	-	-	-	-	-	-	-	36,000	0%
Matthew Morgan [2]	100,000	-	-	-	-	-	-	-	100,000	0%
Sin Pyng "Tony" Teng [3]	100,000	-	-	1,140	-	-	-	-	101,140	0%
Eric Kam [4]	72,000	-	-	-	-	-	-	-	72,000	0%
David Clark [5]	24,405	-	-	-	-	-	-	-	24,405	0%
Total	**332,405**	**-**	**-**	**1,140**	**-**	**-**	**-**	**-**	**333,545**	**-**

Other Key Management Personnel Transactions

The Company has established the Gold Mountain Limited Employee Share Option Plan (ESOP) and a summary of the terms and conditions of the Plan are set out below:

i. All employees (full time and part time) will be eligible to participate in the Plan.

ii. Options are granted under the Plan at the discretion of the board and if permitted by the board, may be issued to an employee's nominee.

iii. Each option is to subscribe for one ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue provided all relevant vesting conditions, if applicable, have been met. Options will be issued free. The exercise price of options will be determined by the board. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

iv. If, prior to the expiry date of options, a person ceases to be an employee of the Company for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 30 days from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.

v. Options cannot be transferred other than to the legal personal representative of a deceased option holder.

vi. The Company will not apply for official quotation of any options.

vii. Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

viii. Option holders may only participate in new issues of securities by first exercising their options.

ix. Options are granted under the plan for no consideration.

x. Each share options converts into one ordinary shares of Gold Mountain Limited.

The Board may amend the terms and conditions of the plan subject to the requirements of the Listing Rules.

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with Key Management Personnel, refer to Note 18: Related Party Disclosures.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings		Committee Meetings Attended			
Director	**Attended**	**Eligible to Attend**	**Audit & Risk Management**	**Remuneration**	**Nomination**	**Corporate Governance**
Graham Kavanagh	7	7	2	1	1	1
Matthew Morgan	6	7	1	-	-	-
Sin Pyng "Tony" Teng	7	7	2	1	1	1

In addition, three circular resolutions were signed by the Board during the period.

Auditor Independence

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 audit of the annual report. This Independence Declaration is set out on page 24, and forms part of this Directors' report for the year ended 30 June 2016.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 22 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence.

Signed in accordance with a resolution of the Directors.

G Kavanagh.

Graham Kavanagh
Non-Executive Chairman

Dated this 29 day of September 2016

SCHEDULE OF TENEMENTS

Tenement Number	Name	Location	Area (sq.km.)	Holder	GMN Interest
EL 5939 [1]	Cowarra	NSW	19.5	Capital Mining Limited	50 – 100%
EL 6922	Dalton	NSW	19.5	Gold Mountain Limited	100%
EL 8263	Glenfell	NSW	11.4	Gold Mountain Limited	100%
EL1966	Sak Creek	PNG	120	Viva No.20 Limited	70%
EL 1967	Pocket Creek	PNG	147	Viva No.20 Limited	70%
EL 1968	Crown Ridge	PNG	164	Viva No.20 Limited	70%
EL 2426	Keman	PNG	99	GMN 6768 (PNG) Limited	100%
EL 2330	Meriamanda	PNG	311	GMN 6768 (PNG) Limited	100%

Notes:

1. EL 5939 in the name of Capital Mining Limited, registration of transfer of authority to Gold Mountain Limited in process at NSW Resources.

Level 6
350 Kent Street
SYDNEY NSW 2000

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DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

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 year ended 30 June 2016 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 is in respect of Gold Mountain Limited and the entities it controlled during the period.

KS Black & Co

Chartered Accountants

Scott Bennison

Partner

Dated in Sydney on this 30 day of September 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Other income	3	**3,178**	5,046
		3,178	5,046
Administration costs		**(238,426)**	(196,137)
Depreciation expenses		**(643)**	(642)
Doubtful debts expense		**(158,054)**	(52,685)
Employment costs		**(62,600)**	(64,740)
Exploration expense	9	**(164,925)**	(225)
Impairments expense	11	**(514,640)**	(187,581)
Investor and public relations expense		**(16,128)**	(12,233)
Legal and professional costs		**(346,240)**	(314,226)
Other expenses		**(17,501)**	(24,262)
Loss before income tax expense		**(1,515,979)**	(847,685)
Income tax expense	5	**-**	-
Net loss for the year		**(1,515,979)**	(847,685)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1,515,979)**	(847,685)
Loss per share	20		
Basic loss per share (cents)		**(0.69)**	(0.57)
Diluted loss per share (cents)		**N/A**	N/A

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**1,189,947**	759,938
Trade and other receivables	7	**45,817**	226,045
TOTAL CURRENT ASSETS		**1,235,764**	985,983
NON-CURRENT ASSETS			
Plant and equipment	8	**1,273**	1,461
Deferred exploration and evaluation expenditure	9	**1,675,098**	1,210,941
Equity accounted investees	10	**1,575,000**	-
Available-for-sale financial assets	11	**1**	514,641
Investments	12	**200,555**	124,500
Other assets	13	**30,000**	30,000
TOTAL NON-CURRENT ASSETS		**3,481,927**	1,881,543
TOTAL ASSETS		**4,717,691**	2,867,526
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**131,426**	86,727
Other current liabilities	15	**1,182,000**	320,400
TOTAL CURRENT LIABILITIES		**1,313,426**	407,127
TOTAL LIABILITIES		**1,313,426**	407,127
NET ASSETS		**3,404,265**	2,460,399
EQUITY			
Issued capital	16	**9,645,792**	7,185,947
Reserves	17	**23,250**	52,425
Accumulated losses		**(6,264,777)**	(4,777,973)
TOTAL EQUITY		**3,404,265**	2,460,399

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

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016

	Share Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2014	**5,249,683**	**90,975**	**(3,968,838)**	**1,371,820**
Total comprehensive income/(loss)	-	-	(847,685)	(847,685)
Total comprehensive income/(loss) for the year	**-**	**-**	**(847,685)**	**(847,685)**
Transactions with owners in their capacity as owners				
Issue of share capital	2,074,321	-	-	2,074,321
Share issue costs	(138,057)	-	-	(138,057)
Lapse of options	-	(38,550)	38,550	-
Total transactions with owners in their capacity as owners	**1,936,264**	**(38,550)**	**38,550**	**1,936,264**
Balance at 30 June 2015	**7,185,947**	**52,425**	**(4,777,973)**	**2,460,399**
Balance at 1 July 2015	**7,185,947**	**52,425**	**(4,777,973)**	**2,460,399**
Total comprehensive income/(loss)	-	-	(1,515,979)	(1,515,979)
Total comprehensive income/(loss) for the year	**-**	**-**	**(1,515,979)**	**(1,515,979)**
Transactions with owners in their capacity as owners				
Issue of share capital	2,553,470	-	-	2,553,470
Share issue costs	(93,625)	-	-	(93,625)
Lapse of options	-	(29,175)	29,175	-
Total transactions with owners in their capacity as owners	**2,459,845**	**(29,175)**	**29,175**	**2,459,845**
Balance at 30 June 2016	**9,645,792**	**23,250**	**(6,264,777)**	**3,404,265**

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

STATEMENT OF CASHFLOWS
FOR YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Interest received		**3,178**	4,046
Payments to suppliers and employees		**(620,893)**	(632,093)
Net cash (used in) provided by operating activities	26	**(617,715)**	(628,047)
Cash flows from investing activities			
Payments for plant and equipment		**(455)**	(2,103)
Payments for other investments	12	**(150,000)**	(124,500)
Payments for exploration and evaluation	9	**(623,266)**	(742,145)
Net cash (used in) provided by investing activities		**(773,721)**	(868,748)
Cash flows from financing activities			
Proceeds from issue of shares		**733,070**	1,874,320
Payments for share issue costs		**(93,625)**	(138,057)
Proceeds from borrowings		**1,182,000**	320,400
Net cash provided by (used in) financing activities		**1,821,445**	2,056,663
Net increase/(decrease) in cash and cash equivalents		**430,009**	559,868
Cash and cash equivalents at beginning of financial year		**759,938**	200,070
Cash and cash equivalents at end of financial year	6	**1,189,947**	759,938

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

This financial report includes the financial statements and notes of Gold Mountain Limited.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities

b. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, financial statements as at the beginning of the earliest comparative period will be disclosed.

c. Principles of consolidation

Business combinations

For every business combination, the Company identifies the acquirer, which is the combining entity that obtains control over the other combining entities. An investor controls an investee when it is exposed to, 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. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred from the acquirer.

Interests in equity-accounted investees

The Company's interests in equity-accounted investees comprise the interest in a joint venture. A joint venture is a joint arrangement, whereby the Group and other parties have joint control and have rights to the net assets of the arrangement. The interest in the joint venture is accounted for using the equity method. It is recognised initial at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Joint arrangements

As a result of AASB 11, the Company has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Company has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement).

When making this assessment, the Company considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Company did not have any joint arrangements at the start of the financial year. On 22 March 2016, GMN announced the acquisition of the initial 20% of the entire issued capital of Viva No.20 Limited. As a result of the acquisition and in accordance with AASB 11, the new arrangement has been recognised as a joint venture. In accordance with AASB 11, the investment has been equity accounted for.

d. Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less.

f. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

h. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

i. Exploration and Development Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

  (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

  (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

j. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

All revenue is stated net of the amount of goods and services tax (GST).

k. Earnings (Loss) 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) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

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

(i) costs of servicing equity (other than dividends);

(ii) the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

(iii) 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, adjusted for any bonus element.

l. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

m. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%-32%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

n. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

o. Employee Benefits

Provision is made for the Company’s liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one (1) year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one (1) year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

p. Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors’ report have been rounded off to the nearest one dollar ($1).

q. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

(i) *Impairment*

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgments

(i) *Exploration and evaluation expenditure*

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

r. 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 twelve months from the date of signing these financial statements. Should new opportunities present that require additional funds the Directors will take action to reprioritise activities, dispose of assets and or raise further funds.

Notwithstanding this issue, accordingly 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.

s. 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 from the proceeds.

t. Segment reporting

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.

u. Associates

Associates are entities over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Company’s share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

v. Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Company's interest in joint venture entities are accounted for using the proportionate consolidation method of accounting. The Company recognises its interest in the assets that it controls and the liabilities that it incurs and the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture, classified according to the nature of the assets, liabilities, income or expense.

Profits or losses on transactions establishing the joint venture entities and transactions with the joint venture are eliminated to the extent of the Company's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

The Company discontinues the use of proportionate consolidation from the date on which it ceases to have joint control over a jointly controlled entity.

w. Fair Value of Assets and Liabilities

Equity Instruments
The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

Trade and Other Receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. Due to the short term nature of other receivables, their carrying value is assumed to approximate their fair value.

Non-Derivative Financial Liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

x. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2016. The Company’s assessment of the impact of these new or amended Accounting Standards and Interpretations are that they will have no material effect.

NOTE 2: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

During the year, the Company operated principally in one business segment being mineral exploration and in three geographical segments being Australia, Papua New Guinea (from 1 July 2014) and Peru.

The Company's revenues and assets and liabilities according to geographical segments are shown below.

	June 2016				**June 2015**			
	Total	**Australia**	**PNG**	**Peru**	**Total**	**Australia**	**PNG**	**Peru**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
REVENUE								
Revenue	**3,178**	**3,178**	**-**	**-**	5,046	5,046	-	-
Total segment revenue	**3,178**	**3,178**	**-**	**-**	5,046	5,046	-	-
RESULTS								
Net loss before income tax	**(1,524,731)**	**(733,390)**	**(118,647)**	**(672,694)**	(1,847,685)	(710,677.)	(70,062)	(66,946)
Income tax	**-**	**-**	**-**	**-**	-	-	-	-
Net loss	**(1,524,731)**	**(733,390)**	**(118,647)**	**(672,694)**	(1,847,685)	(710,677)	(70,062)	(66,946)
ASSETS AND LIABILITIES								
Assets	**4,717,691**	**1,596,771**	**3,120,918**	**2**	2,687,526	1,332,920	861,909	672,696
Liabilities	**1,313,426**	**1,309,449**	**3,977**	**-**	407,127	356,001	51,126	-

NOTE 3: REVENUE AND OTHER INCOME

	Note	**2016** **$**	2015 $
a. **Revenue**			
Other income			
Interest received [1]		**3,178**	4,046
Debt forgiveness		**-**	1,000
Total other income		**3,178**	5,046
Total revenue		**3,178**	5,046

[1] Interest received from:

Bank	**3,178**	4,046

NOTE 4: LOSS FOR THE YEAR

	2016 $	2015 $
Loss before income tax includes the following specific expenses:		
— Consultants fees	**236,800**	180,900
— Legal costs	**109,440**	61,325
— Rental expense on operating leases	**19,216**	30,720

a. **Significant expenses**

The following significant expense items are relevant in explaining the financial performance:

— Doubtful debts expense	**158,054**	52,685
— Impairments expense	**514,640**	912,962

NOTE 5: INCOME TAX EXPENSE

	2016 $	2015 $
The prima facie tax on the loss before income tax is reconciled to income tax as follows:		
Loss before income tax expense	**(1,515,979)**	(1,520,381)
Prima facie tax benefit on the loss before income tax at 30% (2013: 30%)	**(454,794)**	(456,114)
Add:		
Tax effect of:		
Other non-allowable items	**129,919**	292,889
	129,919	292,889
Less:		
Tax effect of:		
Other deductible expenses	**(77,969)**	(114,106)
Future tax benefits not brought to account	**402,844**	277,331
Income tax attributable to the Company	**-**	-

The Company has tax losses arising in Australia of $5,796,420 (2015: $4,371,439) that are available indefinitely to offset against future taxable profits.

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(h) occur.

NOTE 6: CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank	**12,229**	16,884
Short-term bank deposits	**1,177,718**	743,054
	1,189,947	759,938

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	**1,189,947**	**759,938**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

NOTE 7: TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
PNG Project Advance	**-**	22,671
Security Deposits	**26,600**	26,600
Other receivables	**19,216**	18,719
Goldsmith Resources SAC	**1**	210,740
Less: Provision for Doubtful Debts	**-**	(52,685)
Total current trade and other receivables	**45,817**	226,045

NOTE 8: PLANT AND EQUIPMENT

	2016 $	2015 $
Plant and equipment – at cost	**2,557**	2,103
Accumulated depreciation	**(1,284)**	(642)
	1,273	1,461

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year:

Carrying amount at beginning of the year	**1,461**	**-**
Additions	**455**	**2,103**
Disposals	**-**	**-**
Depreciation expense	**(643)**	**(642)**
Carrying amount at end of the year	**1,273**	**1,461**

NOTE 9: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2016 $	2015 $
Assets in Development		
Balance at the beginning of the year	**1,210,941**	626,376
Expenditure incurred	**629,082**	742,371
Impairment loss on existing tenements	**(164,925)**	(157,806)
Net carrying value	**1,675,098**	1,210,941

The recoupment of costs carried forward in relation to expenditure in the exploration and evaluation phase are dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 10: EQUITY ACCOUNTED INVESTEES

	2016 $	2015 $
Viva No. 20 Limited		
Equity investment in Viva No. 20 Limited	1,575,000	-
Total Investment	**1,575,000**	-

On 22 March 2016, GMN announced the acquisition of the initial 20% of the entire issued capital of Viva No.20 Limited. The issue of 50 million consideration shares at $0.03 each to the Vendors are in accordance to the terms and conditions as set out in the Letter Agreement of 30 June 2014 and approved by shareholders at the Annual General Meeting held on 15 December 2014. The issue of GMN shares to the Vendors are subject to a voluntary escrow arrangement for a period of 12 months and will be released from escrow on 22 March 2017. As a result of the issue, Viva No.20 Limited became an equity-accounted investee of GMN. The non refundable exclusivity fee of $75,000 paid on 1 July 2014 was reclassified from Other Investments.

NOTE 11: AVAILABLE FOR SALE FINANCIAL ASSETS

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

(a) Carrying amounts		**Percentage interest**		**Company**	
		2016	**2015**	**2016**	**2015**
Unlisted entity	**Principal activities**	**%**	**%**	**$**	**$**
Goldsmith Resources SAC	Mineral processing	**18.75**	18.75	**514,641**	**514,641**

(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**514,641**	**514,641**
Acquisition of shares in associate	**-**	**-**
Less: Asset impairments expense	**(514,640)**	**-**
Carrying amount at the end of the financial year (shown as investment cost)	**1**	**514,641**

As previously announced to the ASX on 30th April 2015, Goldsmith Resources SAC ("Goldsmith") entered into a binding agreement on behalf of its shareholders interest with Montan Mining Corporation of Vancouver Canada (TSX.V: MNY) ("Montan") to acquire the Peruvian Gold Project. Gold Mountain Limited (the "Company" or "GMN") holds an 18.75 % interest in Goldsmith.

The Company announced on 2 November 2015 that Inca One Gold Corp. (TSX.V: IO) ("Inca One") and Montan along with the shareholders of Goldsmith ("Goldsmith Shareholders") entered into a binding letter agreement pursuant to which Inca One has agreed to acquire certain assets of Montan including the Peruvian Gold Project. Full details of this announcement can be found on the Company's website and the ASX Announcements portal under the header "Inca One to Acquire Certain Assets of Montan Mining" of 2 November 2015.

Following the review of the Peruvian project and subsequent announcement by Inca One, the GMN Board decided to impair, in full, the carrying amount of this investment resulting in an asset impairments expense of $514,640.

The changed circumstances and inherent uncertainties in the transaction indicate the carrying amount may not be recoverable. Accordingly, the value of these assets are carried at a nominal value of $1 each and will be written back to realisable values should the assets in the Peruvian project can eventually be disposed.

NOTE 12: INVESTMENTS

	2016 $	2015 $
Non-Current		
Gold nuggets	**50,555**	49,500
Papua New Guinea exclusive option fee	**150,000**	75,000
	200,555	124,500

NOTE 13: OTHER ASSETS

	2016 $	2015 $
Non-Current		
Performance bonds with NSW Mines Department	**30,000**	30,000
	30,000	30,000

NOTE 14: TRADE AND OTHER PAYABLES

	2016 $	2015 $
Current		
Unsecured liabilities:		
Trade payables and accrued expenses	**65,965**	62,741
Amounts payable to Director and related entities	**65,461**	23,986
	131,426	86,727

NOTE 15: OTHER CURRENT LIABILITIES

	2016 $	2015 $
Current		
Share placement liability	**1,182,000**	320,400
Total other current liabilities	**1,182,000**	320,400

Summary of borrowing arrangements:

Share placement liability

During the year ended 30 June 2016, a share placement liability arose due to share application funds of $1,182,000 received as at 30 June 2016 for unissued shares. Share application funds were received from key sophisticated and professional investors and placement to these investors took place on 8 August 2016. The placement raised $2,402,300 through the issue of 57,197,619 shares at the placement price of $0.042 per share.

During the year ended 30 June 2015, a share placement liability arose due to share application funds of $320,400 received as at 30 June 2015 for unissued shares. The share application funds relate to the placement of the shortfall from the exercise of unlisted options with an exercise price of $0.04 which were required to be exercised by 5:00pm on 29 May 2015. A share placement to key sophisticated investors took place on 15 July 2015 in accordance with a shortfall Underwriting Agreement entered into on 28 May 2015. The placement raised $780,400 through the issue of 19,510,000 shares at the placement price of $0.04 per share.

NOTE 16: CONTRIBUTED EQUITY

	2016 Number of shares	2016 $	2015 Number of shares	2015 $
(a) Ordinary shares				
Ordinary Shares, issued	**261,514,508**	**10,872,368**	185,502,842	8,318,898
Share issue costs		**(1,226,576)**		(1,132,951)
Total issued capital		**9,645,792**		7,185,947

Ordinary shares carry one vote per share and carry the rights to dividends.

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Movements in ordinary shares on issue

Date	Particulars	Number of shares	Issue Price	$
At 1 July 2014		**117,868,987**		**5,249,683**
01-08-14	Placement to professional and sophisticated investors	13,000,000	$0.030	390,000
15-12-14	Placement to professional and sophisticated investors	10,000,000	$0.030	300,000
19-12-14	Issue of shares on conversion of convertible notes	8,000,000	$0.025	200,000
27-02-15	Placement to professional and sophisticated investors	28,103,300	$0.030	843,099
05-06-15	Issue of shares on exercise of options	8,530,555	$0.040	341,222
30-06-15	Share issue costs			(138,057)
At 1 July 2015		**185,502,842**		**7,185,947**
15-07-15	Placement to professional and sophisticated investors	19,510,000	$0.040	780,400
14-03-16	Placement to professional and sophisticated investors	6,501,666	$0.042	273,070
22-03-16	Placement to Viva No.20 Ltd for 20% of issued capital	50,000,000	$0.030	1,500,000
30-06-16	Share issue costs			(93,625)
At 30 June 2016		**261,514,508**		**9,645,792**

(c) Movement in options over ordinary shares on issue

Date	Particulars	Number of Options	Exercise Price	Expiry Date
16-Mar-2011	Unlisted options – Director	750,000	$0.30	31-Dec-2013
16-Mar-2011	Unlisted options – Director	750,000	$0.25	31-Dec-2015
01-Mar-2012	Unlisted options – KMP	500,000	$0.18	31-Dec-2014
01-Mar-2013	Unlisted options – KMP	500,000	$0.07	31-Dec-2016
30-Jun-2013	**Total options issued**	**2,500,000**		
24-Dec-2013	Issue of unlisted options – rights issue free attaching	3,235,913	$0.04	29-May-2015
31-Dec-2013	Expiry of unlisted options	(750,000)	$0.30	31-Dec-2013
14-Feb-2014	Issue of unlisted options – rights issue free attaching	7,500,000	$0.04	29-May-2015
07-Mar-2014	Issue of unlisted options – rights issue free attaching	16,997,542	$0.04	29-May-2015
30-Jun-2014	**Total options issued**	**29,483,455**		
31-Dec-2014	Expiry of unlisted options	(500,000)	$0.18	31-Dec-2014
29-May-2015	Exercise of unlisted options	(8,530,555)	$0.04	29-May-2015
29-May-2015	Expiry of unlisted options	(19,202,900)	$0.04	29-May-2015
30-Jun-2015	**Total options issued**	**1,250,000**		
31-Dec-2015	Expiry of unlisted options	(750,000)	$0.25	31-Dec-2015
30-Jun-2016	**Total options issued**	**500,000**	**$0.07**	**31-Dec-2016**

On 31 December 2015, 750,000 ex-employee options with an exercise price of $0.25 expired unexercised.

On 29 May 2015, 19,202,900 options with an exercise price of $0.04 cents expired unexercised. These options were issued to participants in the 2015 non-renounceable rights issue. A share placement to sophisticated investors took place on 15 July 2015 in accordance with an options shortfall underwriting agreement entered into on 28 May 2015 for the balance of the shortfall options. The placement raised $780,400 through the issue of 19,510,000 shares at the placement price of $0.04 per share. No options were granted by the Company as remuneration.

(d) Capital Management

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The Group's overall strategy remains unchanged from the 2016 financial year.

The focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programs and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, budgeting and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

NOTE 17: RESERVES

Reserves	2016 $	2015 $
Share based payments reserve	**23,250**	52,425
	23,250	52,425
Movements in options over ordinary shares on issue		
At 1 July 2015	**52,425**	90,975
Options lapsed during this period and prior periods	**(29,175)**	(38,550)
At 30 June 2016	**23,250**	52,425

Nature and purpose of reserves

The share based payments reserve records the value of options issued by the Company.

Detailed movement in options over ordinary shares on issue

Date	Particulars	Number of options	Exercise Price	Expiry Date	Valuation
16-Mar-2011	Unlisted options – Director	750,000	$0.30	31-Dec-2013	20,850
16-Mar-2011	Unlisted options – Director	750,000	$0.25	31-Dec-2015	29,175
01-Mar-2012	Unlisted options – KMP	500,000	$0.18	31-Dec-2014	17,700
01-Mar-2013	Unlisted options – KMP	500,000	$0.07	31-Dec-2016	23,250
30-Jun-2013	**Closing balance**	**2,500,000**			**$90,975**
31-Dec-2013	Expiry of unlisted options	(750,000)	$0.30	31-Dec-2013	(20,850)
30-Jun-2014	**Closing balance**	**1,750,000**			**$70,125**
31-Dec-2014	Expiry of unlisted options	(500,000)	$0.18	31-Dec-2014	(17,700)
31-Dec-2014	**Closing balance**	**1,250,000**			**$52,425**
31-Dec-2015	Expiry of unlisted options	(750,000)	$0.25	31-Dec-2015	(29,175)
31-Dec-2015	**Closing balance**	**500,000**			**$23,250**

NOTE 18: RELATED PARTY DISCLOSURES

Related Parties

a. **The Company's main related parties are as follows:**

i. *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise), are considered key management personnel.

The directors in office during the year were as follows:

Graham Kavanagh	Appointed 5 June 2014
Matthew Morgan	Appointed 3 July 2014
Sin Pyng "Tony" Teng	Appointed 9 July 2014

For details of disclosures relating to key management personnel, refer to Key Management Personnel disclosures Directors and Remuneration Report.

b. **Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

i. *Other related parties:*	**2016 $**	2015 $
Purchase of goods and services:		
Corporate advisory fees paid to Drumcliff Investment Pty Ltd as Directors Fees, an entity associated with Mr Graham Kavanagh.	**39,600**	39,600
Corporate advisory fees paid to Mineral X Pty Ltd as Directors Fees and Consulting Fees, an entity associated with Mr Matthew Morgan.	**105,600**	100,000
Corporate advisory fees paid to Rodby Holdings Pty Ltd as Directors Fees and Consulting Fees, an entity associated with Mr Sin Pyng "Tony" Teng.	**105,600**	101,140

c. **Amounts payable to related parties:**

	2016 $	2015 $
Trade and other payables:	**65,461**	23,986
Amounts payable to Directors and related entities, as follows:		
Directors fees	**6,600**	1,100
Superannuation	**-**	1,140
Reimbursement of expenses	**1,461**	4,146
Corporate advisory services	**57,400**	17,600
Total trade and other payable related party amounts	**65,461**	23,986

Loans to/from related parties:

Unsecured, at-call loans are provided by directors on an arm's length basis. Interest is charged at 0% (2012: 0%) is repayable monthly within the next twelve (12) months.

i. *Loans from key management personnel related entities:*

Beginning of the year	**-**	-
Loans advanced	**-**	-
Loan forgiven	**-**	-
Loans repaid	**-**	-
Interest charged	**-**	-
End of the year	**-**	-

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

	2016 $	2015 $
Short-term employee benefits	**308,400**	272,405
Post-employment benefits	**1,140**	1,140
Share based payments	**-**	-
Non Executive Directors Fee	**60,000**	60,000
Balance at the end of year	**369,540**	333,545

NOTE 20: LOSS PER SHARE

		2016 $	2015 $
a.	**Basic Loss per share**		
i	Basic Loss (cents per share)	**(0.69)**	(0.57)
ii.	Net loss used to calculate basic loss per share	**(1,515,979)**	(847,685)
	Loss used to calculate basic EPS from continuing operations		
		No.	No.
iii.	Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	**220,000,661**	149,596,668
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.	**Not applicable**	Not applicable

NOTE 21: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from related parties, bills and leases. The following table details the expected maturities for the Company's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

Financial Risk Management Policies

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks as summarised below. The Audit and Risk Committee (ARC) has been delegated responsibility by the Board of Directors for, among other issues, monitoring and managing financial risk exposures of the Company. The ARC monitors the Company's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, financing risk and interest rate risk.

The ARC's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk. This note presents the information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Company, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the FRMC has otherwise cleared as being financially sound. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Company has no significant concentrations of credit risk with any single counterparty or company of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 7.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;

using derivatives that are only traded in highly liquid markets;

monitoring undrawn credit facilities;

obtaining funding from a variety of sources;

maintaining a reputable credit profile;

managing credit risk related to financial assets;

only investing surplus cash with major financial institutions; and

comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

c. **Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of the holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposit. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long term debt, and therefore this risk is minimal. The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

d. **Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments. The Company is exposed to interest rate risk as the Company deposits the bulk of its cash reserves in Term Deposits. The risk is managed by the Company by maintaining an appropriate mix between short term and medium-term deposits. The Company's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

At 30 June 2016, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2016	2015
	$	$
Increase in interest rate by 1%	**1,000**	7,500
Decrease in interest rate by 1%	**(1,000)**	(7,500)

Interest rate risk is not material to the Company.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016				2015			
		Floating Interest Rate	**Non-interest bearing**	**Fixed Interest Rate**	**Total 2016**	**Floating Interest Rate**	**Non-interest bearing**	**Fixed Interest Rate**	**Total 2015**
Financial Assets									
Cash and cash equivalents	**6**	**1,189,947**	**-**	**-**	**1,189,947**	759,938	-	-	759,938
Trade and other receivables	**7**	**-**	**45,817**	**-**	**45,817**	-	226,045	-	226,045
Other financial assets	**13**	**-**	**30,000**	**-**	**30,000**	-	30,000	-	30,000
Total financial assets		**1,189,947**	**75,817**	**-**	**1,265,764**	759,938	256,045	-	1,015,983
Financial liabilities at amortised cost:									
Financial Liabilities									
- Trade and other payables	**14**	**-**	**131,426**	**-**	**131,426**	-	86,727	-	86,727
- Borrowings	**15**	**-**	**1,182,000**	**-**	**1,182,000**	-	320,400	-	320,400
Total financial liabilities		**-**	**1,313,426**	**-**	**1,313,426**	-	407,127	-	407,127
Net Financial Assets		**1,189,947**	**(1,237,609)**	**-**	**(47,662)**	759,938	(151,082)	-	608,856

NOTE 22: AUDITORS REMUNERATION

	2016	2015
	$	$
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial statements	**29,830**	28,960

NOTE 23: COMMITMENTS AND CONTINGENCIES

Remuneration Commitments

There are no remuneration commitments apart from ongoing director and management fees incurred on a monthly basis.

Guarantees

Gold Mountain Limited did not commit to nor make guarantees of any form as at 30 June 2016.

Contingent liabilities

There are no contingent liabilities as at 30 June 2016.

Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence of $25,000 per annum per licence area. 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.

NOTE 24: DIVIDENDS

The Directors of the Company have not declared any dividends for the year ended 30 June 2016.

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

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

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

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

On 16 August 2016, the Company announced completion of the acquisition of additional 50% interest in the PNG project company, Viva No. 20 Limited (Viva) and issued the Appendix 3B for the consideration shares. The Company also advised that on completion of this acquisition, the Company now holds a controlling interest of 70% in Viva.

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

On 29 August 2016 the Company announced the issue of 18,900,000 share options to employees, consultants and directors of the Company pursuant to the Company's Employee Share Option Plan. The options have an exercise price of $0.30, expire 36 months after the grant date and are subject to certain vesting conditions such that the Company's underlying share price must exceed $0.50 based on volume weighted average price (VWAP) over a 5 day consecutive period; the holder must be an actual consultant to or employee of the Company at the time of exercise of the relevant Granted Options and the exercise period shall not commence until a date that is at least 12 months after the date of the grant of the Granted Options to the holder.

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

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

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

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

NOTE 26: CASH FLOW INFORMATION

	2016 $	2015 $
Reconciliation of Net Cash (used in) provided by operating activities with Loss after Income Tax		
Loss	**(1,515,979)**	**(847,685)**
Non-cash flows in profit:		
Impairments expense	**514,640**	**134,896**
Doubtful debts expense	**158,054**	**52,685**
Depreciation expense	**643**	**642**
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**180,228**	**181**
Increase/(decrease) in trade payables and other payables	**44,699**	**31,234**
Net Cash (used in) provided by operating activities	**(617,715)**	**(628,047)**

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 25 to 55 are in accordance with the Corporations Act 2001 including:

    a. giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year then ended; and
    b. complying with Accounting Standards and Corporations Regulations 2001; and

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

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

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 financial year ended 30 June 2016.

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

G C Kavanagh

Graham Kavanagh
Non-Executive Chairman

Dated this 29 day of September 2016

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REPORT

To the Members of Gold Mountain Limited

Report on the Year End Financial Report
We have audited the accompanying financial report of Gold Mountain Limited, which comprises the Statements of financial position as at 30 June 2016, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' responsibility for the financial report
The directors of the company are responsible for the preparation of the year end 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 year end financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free form material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

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

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Opinion

In our opinion:

(a) the financial report of Gold Mountain Limited is in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2016 and of their performance for the year ended on that date; and

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

(b)the consolidated financial statements and notes or financial report also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration report

We have audited the remuneration report included on page 17-21 of the attached report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditors Opinion

In our opinion the remuneration report of Gold Mountain Limited for the year ended 30 June 2016 complies with s 300A of the Corporations Act 2001.

KS Black & Co
Chartered Accountants

Scott Bennison
Partner

Dated: 30/9/16

ADDITIONAL SHAREHOLDER INFORMATION
AS AT 28 SEPTEMBER 2016

A. 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 contained within the Directors' Report.

B. Shareholding

1. Substantial Shareholders

	Shareholders	Substantial Holding	% of Issued Capital
1	SUWARDI	31,850,000	8.41
2	G H A DEVELOPMENT PTY LTD	22,013,694	5.81

2. Number of holders in each class of equity securities and the voting rights attached (as at 28 September 2016)

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every number present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options

There was one (1) holder of options at 28 September 2016.

3. Distribution schedule of the number of holders in each class of equity security as at close of business on 28 September 2016.

Ordinary Shares

Spread of Holdings	Holders	Units	% of Issued Capital
1 - 1,000	14	2,077	0.001
1,001 - 5,000	12	41,283	0.011
5,001 - 10,000	114	1,102,024	0.291
10,001 - 100,000	202	8,494,630	2.243
100,001+	218	369,072,113	97.455
TOTAL ON REGISTER	**560**	**378,712,127**	**100.00**

4. Marketable Parcel

There are 19 non marketable parcels at 28 September 2016, representing 12,904 shares.

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted security, the number of equity security each holds and the percentage of capital each holds (as at 28 September 2016) is as follows:

Ordinary Shares Top 20 holders and percentage held

	Shareholder	Holding	% of Issued Capital
1	SUWARDI	31,850,000	8.410%
2	G H A DEVELOPMENT PTY LTD	22,013,694	5.813%
3	HSBC CUSTODY NOMINEES	16,812,403	4.439%
4	ISMAIL HARITH MERICAN	12,000,000	3.169%
5	SIEW HONG KOH	12,000,000	3.169%
6	MR GHINAN MOHAMED SANI	10,266,667	2.711%
7	KO CHU HONG	10,250,000	2.707%
8	MS IRENE TENG	9,993,311	2.639%
9	HARDIE OCEANIC PTY LTD	9,334,444	2.465%
10	MINPAX RESOURCES LIMITED	9,000,000	2.376%
11	MS IRENE TENG	8,900,000	2.350%
12	GHINAN MOHAMED SANI	8,750,000	2.310%
13	MS GAN YOKE LAN	8,750,000	2.310%
14	MR DUNCAN JOHN HARDIE	7,500,000	1.980%
15	MS QIN ZHANG	7,406,334	1.956%
16	ASLAN EQUITIES PTY LTD	5,325,000	1.406%
17	MR SUWEI CHEN	5,000,000	1.320%
18	BLUEPRINT CONSOLIDATED PTY LTD	4,649,000	1.228%
19	RODBY HOLDINGS PTY LIMITED	4,500,000	1.188%
20	MS NYOK CHIN WONG	4,300,000	1.135%
	TOP 20 TOTAL	**208,600,853**	**55.082%**
	Other shareholders	170,111,274	44.918%
	TOTAL ISSUED CAPITAL	**378,712,127**	100%

6. Company Secretary

The name of the Company Secretary is Eric Kam.

Address and telephone details of the Company's registered administrative office and principal place of business:

Suite 2501, Level 25

31 Market Street

SYDNEY NSW 2000 Australia

Telephone: +61 2 9283 3880

Facsimile: +61 2 9477 5565

info@goldmountainltd.com.au

www.goldmountainltd.com.au

Address and telephone details of the office at which a registry of securities is kept:

Boardroom Pty Limited

Grosvenor Place, Level 12, 225 George Street, SYDNEY NSW 2000

GPO Box 3993, SYDNEY NSW 2001

Telephone: 1300 737 760

Facsimile: 1300 653 459

Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Securities Exchange – code GMN.

Restricted Securities

Ordinary Shares

There are restricted ordinary shares

50,000,000 ordinary shares escrowed to 22 March 2017

60,000,000 ordinary shares escrowed to16 August 2017

Options

Number	Strike	Expiry	Restricted until
500,000	$0.07	31 December 2016	

Review of Operations

A review of operations is contained in the Directors' Report on page 11 of this Annual Report.

Schedule of Tenements

The Company's Schedule of Tenements is on page 23 of this Annual Report.

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