

**ANNUAL REPORT
2017**

Gold Mountain Limited

(ACN 115 845 942)

ASX:GMN

CORPORATE DIRECTORY

GOLD MOUNTAIN LIMITED

ABN 95 112 425 788

ASX: GMN



Directors

Graham Kavanagh Non-Executive Chairman

Sin Pyng “Tony” Teng Managing Director

Douglas Smith Executive Director – Exploration

Management

Eric Kam Company Secretary

David Clark Chief Financial Officer

Registered and Principal Office

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Share Register

Boardroom Pty Limited

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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

◀ *Front cover image:*

Visible gold on quartz of excavated float sample near Pit 65 (Left); and cleared surrounding ready for mobilisation (background).





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 2017.

The Company has progressed its primary focus on its Wabag PNG gold interests which now embrace some two thousand and ten square kilometres (2010 sq kms) of contiguous areas along the New Guinea Thrust Belt on which a number of heavily mineralised zones have been identified.

Some of those mineralised zones provide hope for potential scale development particularly the Crown Ridge caldera structure including the Abundance Valley, and the Sak Creek area further north where high anomalous and free gold continue to be detected and provide strong impetus for further exploration.

An upgraded test plant has been installed at Crown Ridge and a pilot plant is proposed in the next phase of the exploration.

More recent additional interpretation of geophysical magnetic data and bulk pit sampling has enabled preparation of a more advanced exploration program in the coming months including drilling to enable a maiden resource estimate to be reported compliant with the JORC Guidelines.

During the past six months, the Company has been successful in having raised some \$6.4 million (including \$1.3 million committed funding) in new capital, thus ensuring funding adequacy to support ongoing exploration programs for reporting a resource estimate outcome. The Company is confident of reporting resource estimates that will prompt a new strategy for future funding to support development of Crown Ridge and possible gold production.

Once again, the Board wishes to convey its appreciation of the support given by shareholders, investors and other interest groups as it endeavours to bring the Company's projects to fruition.

Yours sincerely

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 2017. 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
Sin Pyng "Tony" Teng
Douglas Smith (appointed 29 December 2016)
Matthew Morgan (resigned 29 December 2016)

Names, qualifications, experience and special responsibilities

Graham Kavanagh	Non-Executive Chairman
Qualifications	<i>B Comm ASIA</i>
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	1,500,000 unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 and expiring on 28 November 2019
Directorships held in other listed entities	No directorships held of ASX listed entities
Sin Pyng "Tony" Teng	Managing Director
Qualifications	<i>B. Econ. Dip. Fin. Mangt. CPA, FAICD, AFAIM</i>
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) 5,000,000 unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 and expiring on 28 November 2019 (indirect interest)
Directorships held in other listed entities	No directorships held of ASX listed entities in the past three years



Douglas Smith	Executive Director – Exploration (appointed 29 December 2016)
Qualifications	<i>B.Sc (Geology), MAusIMM</i>
Experience	Mr Smith is a very experienced geologist with a 20+ year career working on major precious metals projects and exploration assets in Canada, Alaska, Australia, and more recently PNG where he has worked since 2011 on projects such as Ok Tedi and Highland Pacific's Star Mountains exploration tenements. Mr Smith also worked on the giant Pebble Alaska 100M oz gold, 80B lbs copper project, jointly managing over 200 contractors and the design of the original geophysical survey (89 square miles), as well as executing an extensive drilling program to bring the resource to the Indicated category and take the project to a pre-feasibility stage.
Interest in shares and Options	Nil ordinary shares 2,000,000 unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 and expiring on 28 November 2019 (indirect interest)
Directorships held in other listed entities	No directorships held of ASX listed entities
Matthew Morgan	Non-Executive Director (resigned 29 December 2016)
Qualifications	<i>BSc (Geology)</i>
Experience	Mr Morgan has over twenty years of experience in exploration and mine development and has negotiated off-take mineral contracts with several foreign governments.
Interest in shares and Options	750,000 ordinary shares at 29 December 2016 100,000 ordinary shares (indirect interest) at 29 December 2016
Directorships held in other listed entities	No directorships held of ASX listed entities

MANAGEMENT

Eric Kam

Company Secretary

Qualifications: *F CPA, 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 twenty (20) 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 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	1,500,000 unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 and expiring on 28 November 2019
Douglas Smith	Nil	2,000,000 unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 and expiring on 28 November 2019
Sin Pyng "Tony" Teng	510,000 shares	8,510,000 shares; 5,000,000 unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 and expiring on 28 November 2019

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:

	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
30 June 2017					
Graham Kavanagh	-	-	-	-	-
Sin Pyng "Tony" Teng	9,020,000	-	-	-	9,020,000
Douglas Smith ¹	-	-	-	-	-
Matthew Morgan ²	850,000	-	-	(850,000)	-
Total	9,870,000	-	-	(850,000)	9,020,000

	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
30 June 2016					
Graham Kavanagh	-	-	-	-	-
Sin Pyng "Tony" Teng	7,620,000	-	-	1,400,000	9,020,000
Matthew Morgan	750,000	-	-	100,000	850,000
Total	8,370,000	-	-	1,500,000	9,870,000

(1) Deemed acquisition when joined the Board or Company.

(2) Deemed disposal when left the Board or Company.



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 by Directors and Key Management Personnel and their related parties. 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 2017	Balance at beginning of period	Granted as remuneration	Options exercised or vested	Net change Other	Balance at end of period
Graham Kavanagh	-	1,500,000	-	-	1,500,000
Sin Pyng "Tony" Teng	-	5,000,000	-	-	5,000,000
Douglas Smith ¹	-	2,000,000	-	-	2,000,000
Matthew Morgan ²	-	3,600,000	-	(3,600,000)	-
Total	-	12,100,000	-	(3,600,000)	8,500,000

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	-	-	-	-	-
Sin Pyng "Tony" Teng	-	-	-	-	-
Matthew Morgan	-	-	-	-	-
Total	-	-	-	-	-

(1) Deemed acquisition when joined the Board or Company.

(2) Deemed disposal when left the Board or Company.

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

Issue Date	Number	Expiry Date	Exercise price	Number of holders
18 Oct 2016	42,610,715	18 Jan 2018	\$0.055	25
28 Nov 2016	14,800,000	28 Nov 2019	\$0.30 ³	9
29 Jun 2017	14,622,400	30 Jun 2019	\$0.15	30

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

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 will then be available for sale 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. On 16 December 2014, following shareholder approval at the 2014 AGM, the Company changed its name to Gold Mountain Limited.

The financial results of the Company for the five (5) years to 30 June 2017 are:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Cash and cash equivalents	2,693,337	1,189,947	759,938	200,070	51,406
Net assets	12,420,975	3,404,265	2,460,399	1,371,820	567,107
Revenue & financial income	32,874	3,178	5,046	38,151	13,293
Net loss after tax	(1,279,915)	(1,515,979)	(847,685)	(526,993)	(1,559,101)
EBITDAX	(840,424)	(1,351,697)	(659,879)	(468,681)	(742,346)
Share price at 30 June	\$0.086	\$0.036	\$0.039	\$0.023	\$0.034
Loss per share (cents)	(0.35)	(0.69)	(0.57)	(0.69)	(3.58)

a) Financial Performance

The net loss after tax of the Company for the financial year after tax amounted to \$1,279,915 (2016: Loss \$1,515,979).

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 \$3,178 to \$6,874 when compared to the prior year. The Company also received \$26,000 is rental income in FY 2017 (FY 2016: Nil) from sub-leasing unused office space at its Sydney CBD office.

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 deferred exploration expenditure increased from \$1,675,098 in the 2016 FY to \$3,038,522 in the 2017 FY. Personnel and external consulting requirements remained constant and legal and professional costs decreased from \$346,240 in the 2016 FY to \$319,473 in the 2017 FY. There was an increase in public and investor relations expense from \$16,128 in the 2016 FY to \$141,854 in the 2017 FY.

b) Financial Position

The Company's main activity during the year was the investment of cash of \$2,693,337 (2016: \$1,189,947). The carrying value of the exploration assets and the capitalised exploration assets increased by \$1,363,424 or 81% to \$3,038,522 (2016: \$1,675,098).

The 30 June 2017 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 2017, the Company recorded a loss after tax of \$1,279,915 (2016: Loss \$1,515,979) and had a net working capital surplus of \$2,692,751 (30 June 2016: Deficiency of \$77,662). The 2016 net working capital deficiency was the result of a liability of \$1,182,000 for application funds received prior to 30 June 2016 and shares subsequently issued on 8 August 2016.

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

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

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

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

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

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

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

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

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

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

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

On 18 October 2016, following approval by shareholders at the EGM held on 11 October 2016, the Company issued 17,000,000 options at an exercise price of \$0.055 and expiring on 18 January 2018 to the Promoters who have had a

material involvement in the success of the August Placement, or who have provided a service to the Company in relation to the August Placement.

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

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

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

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

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

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

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

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

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

On 16 March 2017, the Company announced a significant expansion of the free gold area to over 7km² and the commencement of Phase 2 Bulk Sampling program at the flagship Crown Ridge Gold Project on EL1968.

On 6 April 2017, the Company announced that geophysical modelling indicates Crown Ridge is sitting above a potential 4 km continuous intrusive with similar geological settings to +20 Moz Au Porgera Mine.

On 6 April 2017, the Company announced the acquisition of a Knelson Concentrator to treat the bulk sampling campaign at Crown Ridge and working closely with Consep Pty Ltd, the processing is expected to produce higher recoveries than Stage 1 sampling and treatment methods.

On 11 April 2017, the Company announced Exploration Licence (ELA 2522) was lodged with the PNG Mineral Resources Authority. The new ELA covers an additional 841 km² of highly prospective ground located south of the Company's current tenements and following approval, will take the Company's overall tenement holding at the flagship Crown Ridge Project to over 2010 km², a ~72% increase.

On 11 May 2017, the Company announced the commencement of a resource definition sampling program to define Mineral Resources that can be classified and reported in compliance with the JORC Code 2012 at the Company's flagship Crown Ridge Gold Project.

On 15 May 2017, the Company announced the extension of the Exclusivity Dealing Agreement to secure the highly prospective 328km² EL 2306 tenement, which adjoins the Company's flagship Crown Ridge gold project.

On 12 May 2017, the Company announced it had secured \$2.8 million (increased to \$3.0 million on 2 June 2017) in funding commitments through the issue of 28,000,000 ordinary shares at \$0.10 per share with one attaching unlisted option for every two shares issued. Each option is exercisable at \$0.15 within a 24-month expiry term from date of issue. Subsequently, on 12 May 2017, the Company issued 10.7 million new shares at an issue price of \$0.010 per share, 17 million new shares on 5 June 2017 and a further 1.5 million new shares on 29 June 2017 also at an issue price of \$0.010 per share for a total of 29.2 million new shares issued under the Company's existing placement capacity. 14.6 million free attaching options entitlement of one (1) for every two (2) placement shares were issued on 29 June 2017.

On 9 June 2017, the Company announced commencement of the Resource Definition and scaled up Exploration program at the Crown Ridge gold project.

On 20 June 2017, the Company announced a fully funded diamond drilling program aimed at testing multiple gold targets in conjunction with the program of bulk sampling of shallow pits at the Crown Ridge gold project.





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 to acquire an initial 20% interest (Tranche 1) in Viva No.20 Limited (Viva) with an option to acquire a further 50% (Tranche 2) subject to certain conditions. On 22 March 2016 GMN completed the acquisition of the initial 20% of the entire issued capital of Viva and issued 50 million GMN consideration shares at \$0.03 each to the Vendors in accordance to the terms and conditions set out in the Letter Agreement of 30 June 2014 and approved by shareholders at the Annual General Meeting held on 15 December 2014. Simultaneously, the Vendors issued 50 ordinary shares to GMN comprising 20% of the entire issued capital of Viva held by the Vendors.

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

On 16 August 2016, the Company completed the acquisition of an additional 50% of the issued capital of Viva through the issue of 60,000,000 shares at \$0.08 each to the Vendors. Simultaneously, the Vendors issued 125 ordinary shares to GMN comprising 50% of the entire issued capital of Viva held by the Vendors. On completion of this acquisition, the Company now holds a controlling interest of 70% in Viva. See Notes 12, 28 and 29 for further information.

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.

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).

Crown Ridge Prospect

The 3D geophysical modelling completed in April 2017 indicates that the Crown Ridge is sitting on top of a continuous body over 4 km in a North-South direction and extending into the adjacent lease EL2306 Abundance Valley. The body has an overlain weathered zone of 60 and 100 meters thick, producing the copious free gold that is confirmed in the bulk sampling pits completed to date.

Gold Mountain has followed up with bulk sampling program for a full-scale processing facility to treat the Crown Ridge resource. A Knelson concentrator is procured for its innovative technology that meets the processing requirements consistent to the nature of mineralisation at Crown Ridge. It will be used to prove gold recoveries for the sampling programs for resource assessment, and is expected to enhance recovery of fine gold missed out in previous sampling program.

Activities during the reporting period consisted mainly of forward planning for a maiden resource estimation of the free gold mineralisation at Crown Ridge. Site visits by external consultants have resulted in program design for an inferred JORC compliant resource statement (ASX 11/05/2017).

Site operations are planned for recommencement immediately after the National Election in Papua New Guinea.

Preparations are well underway for a scale up exploration program at Crown Ridge which will consist of both ongoing bulk sampling of pits and a diamond drilling campaign. The work to be undertaken includes,

- expanding the camp facilities and other logistics;
- clearing access tracks;
- locating suitable sites for more bulk sampling pits, and
- designing and implementing a diamond drilling program.





B. Peruvian Project

Goldsmith Resources SAC

Following the review of the Peruvian project, the GMN Board impaired, in full, the carrying amount of this investment resulting in an asset impairment expense of \$514,640 and a nominal carrying value of \$1 for year ended 30 June 2016. The value of this investment was written down to zero for year ended 30 June 2017.

C. Australian Projects

The Company continues to assess its exploration assets in NSW, with particular focus on Cowarra gold project, in southern New South Wales.

Cowarra, NSW

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

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

The Department of Industry (Resources & Energy) has on 26 April 2017 finally effected the transfer of authority of EL5939 to Gold Mountain Limited such that EL5939 is now 100% owned. The renewal of EL5939 has also been granted for further 2 years effective from 20 June 2017.

No work was done on the tenement during the period of transition of authority and for the year ended 30 June 2017. There has had been recent changes in the NSW resources regulatory requirements. The Company will re-assess, in light of those regulatory requirements, the status of Cowarra Project with the aim to update its resource estimates of 37,253 ounces of gold (JORC Inferred 500,000 tonnes @ 2.31g/t Au) for eventual development of Cowarra into a production mine.

The accumulated exploration expenditure incurred in the Cowarra Project to date \$609,000.

Dalton, NSW

The Company considers the prospects of Dalton (EL 6922) do not meet the aspirations of the Company and lodged an application to the NSW Department of Industry (Resources & Energy) for cancellation of the exploration licence. The cancellation was approved on 5 July 2017, subsequent to the end of the financial year.

Grenfell, NSW

The NSW Department of Industry (Resources & Energy) approved the cancellation of the exploration licence at Grenfell (EL8263) in retrospect on 29 April 2017.



Capital Raisings

During the reporting period, the Company conducted two capital raisings, the first in August 2016 (2016 Placement) and the second in May 2017 (2017 Placement). In total, the Company raised \$5,612,173 to fund ongoing operations in Papua New Guinea and Australia.

Capital Raising	Date	Shares Issued	Price	Amount Raised
Placement to Viva No.20 Ltd	17-08-2016	60,000,000	\$0.080	-
2016 Placement	08-08-2016	57,197,619	\$0.042	2,402,300
2016 Placement	18-10-2016	1,238,095	\$0.042	52,000
Exercise of options	13-12-2016	1,150,000	\$0.055	63,250
Exercise of ESOP options	13-12-2016	500,000	\$0.070	35,000
Exercise of options	20-01-2017	1,000,000	\$0.055	55,000
Exercise of options	31-03-2017	707,143	\$0.055	38,893
2017 Placement	15-05-2017	10,660,000	\$0.100	1,066,000
Exercise of options	15-05-2017	750,000	\$0.055	41,250
2017 Placement	05-06-2017	17,034,000	\$0.100	1,703,400
2017 Placement	29-06-2017	1,550,800	\$0.100	155,080
Total		151,787,657		\$5,612,173

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

On 19 July 2017, the Company announced an agreement to acquire 70% interest in the highly prospective 328km² tenement adjoining flagship Crown Ridge gold project in Papua New Guinea.

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

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



And, Completion of the acquisition of the Tenement Interest is conditional on conditions precedent including GMN has first right of refusal to acquire the remaining 30% of the project from the vendor

On 24 July 2017, the Company announced it had secured \$3.7 million in funding commitments (increased by \$700,000 from \$3.0 million in funding commitments announced on 2 June 2017). The funds raised will be used for general working capital requirements and ongoing exploration and project development activities at the flagship Crown Ridge Project in PNG. On 9 August 2017, the Company announced the allotment of 7,984,800 new shares at a price of \$0.10 per share and 3,992,400 free attaching options, one (1) free option entitlement for every two (2) shares issued. The options are exercisable at \$0.15 and expire on 30 June 2019.

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

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

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

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

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

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

29,217,858 unlisted options granted to participants who were entitled to one option for every two shares issued as part of a placement during August 2016. The remaining unexercised options expire on 18 January 2018 and are exercisable at \$0.055 with no vesting conditions.

17,000,000 unlisted options granted to promoters of the August 2016 placement following approval at the Extraordinary General Meeting of shareholders held on 11 October 2016. The options were issued during October 2016 and expire on 18 January 2018. The options are exercisable at \$0.055 with no vesting conditions.





14,800,000 unlisted options granted on 29 August 2016 pursuant to the Company's Employee Share Option Plan have an exercise price of \$0.30 and are subject to the following vesting conditions:

- (1) The Company's underlying share price must exceed \$0.50 based on volume weighted average price (VWAP) over a 5-day consecutive period;
- (2) The holder must be an actual consultant to or employee of the Company at the time of exercise of the relevant Granted Options. In addition, the exercise of the Granted Options is subject to the following conditions:
- (3) 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; and
- (4) a granted option expires 36 months after the date on which the relevant granted options were granted.

The unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 expires on 28 November 2019.

14,622,400 unlisted options granted to participants who were entitled to one option for every two shares issued as part of the placement offer initiated in May 2017 (Placement Offer). The remaining unexercised options expire on 30 June 2019 and are exercisable at \$0.15 with no vesting conditions.

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





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 2017.

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

Graham Kavanagh	Matthew Morgan
Sin Pyng "Tony" Teng	
Douglas Smith	

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	
Sin Pyng "Tony" Teng	Eric Kam
Douglas Smith	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 2017 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 2017

	Short-term employee benefits			Post-employment benefits		Equity		Other	Total	%
	Salary & Fees	Bonuses	Non- Monetary Benefits	Super-annuation	Prescribed Benefits	Options	Shares	Deferred Benefits		
Graham Kavanagh ¹	36,000	-	-	-	-	-	-	-	36,000	0%
Sin Pyng "Tony" Teng ²	108,000	-	-	1,140	-	-	-	-	109,140	0%
Douglas Smith ³	182,000	-	-	570	-	-	-	-	182,570	0%
Matthew Morgan ⁴	99,000	-	-	-	-	-	-	-	99,000	0%
Eric Kam ⁵	77,500	-	-	-	-	-	-	-	77,500	0%
David Clark ⁶	36,000	-	-	-	-	-	-	-	36,000	0%
Total	538,500	-	-	1,710	-	-	-	-	540,210	-

Table 2: 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		
Graham Kavanagh ¹	36,000	-	-	-	-	-	-	-	36,000	0%
Sin Pyng "Tony" Teng ²	108,000	-	-	1,140	-	-	-	-	109,140	0%
Matthew Morgan ⁴	108,000	-	-	-	-	-	-	-	108,000	0%
Eric Kam ⁵	72,000	-	-	-	-	-	-	-	72,000	0%
David Clark ⁶	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 Rodby Holdings Pty Ltd for corporate advisory services of which Mr Teng is a director.
3. Paid to of Dougnic Pty Ltd for geological services which Mr Smith is a director and shareholder and Dougie Downunder which Mr Smith is principal.
4. Paid to Mineral X Pty Ltd for corporate advisory services of which Mr Morgan is a director and shareholder.
5. Paid to Useful Ways Pty Ltd for corporate advisory services of which Mr Kam is a director and shareholder and EKam Commercial of which Mr Kam is principal.
6. Paid to D.W. Clark & Co., Chartered Accountant for corporate advisory services of which Mr Clark is principal.





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.
- xi. 14,800,000 unlisted options granted on 29 August 2016 pursuant to the Company's Employee Share Option Plan have an exercise price of \$0.30 and are subject to the following vesting conditions:
 - (1) The Company's underlying share price must exceed \$0.50 based on volume weighted average price (VWAP) over a 5 day consecutive period;
 - (2) The holder must be an actual consultant to or employee of the Company at the time of exercise of the relevant Granted Options. In addition, the exercise of the Granted Options is subject to the following conditions:
 - (3) 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; and
 - (4) a granted option expires 36 months after the date on which the relevant granted options were granted.

The unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 expires on 28 November 2019.

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 20: 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		
Director	Attended	Eligible to Attend
Graham Kavanagh	8	8
Douglas Smith	4	4
Sin Pyng "Tony" Teng	8	8
Matthew Morgan	4	3

In addition, two 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 2017.

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 24 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.



Graham Kavanagh
Non-Executive Chairman

Dated this 28 day of September 2017

SCHEDULE OF TENEMENTS

EL No.	Holder	GMN Interest	Location	Area (sq km)	Expiry
EL1966	Viva No.20 Limited	70%	Enga Province, PNG	120	26/06/2017 <i>(Renewal pending)</i>
EL1967	Viva No.20 Limited	70%	Enga Province, PNG	147	27/11/2017
EL1968	Viva No.20 Limited	70%	Enga Province, PNG	164	27/11/2017
EL2426	GMN 6768 (PNG) Ltd	100%	Enga Province, PNG	99	27/05/2018
EL2430	GMN 6768 (PNG) Ltd	100%	Enga Province, PNG	311	27/05/2018
ELA2522	GMN 6768 (PNG) Ltd	Application	Enga Province, PNG	841	-
EL2306	Khor Eng Hock & Sons (PNG) Limited	Exclusivity to Acquire	Enga Province, PNG	328	13/12/2017
EL5939	Gold Mountain Limited	100%	Cowarra, NSW	19.5	29/04/2019

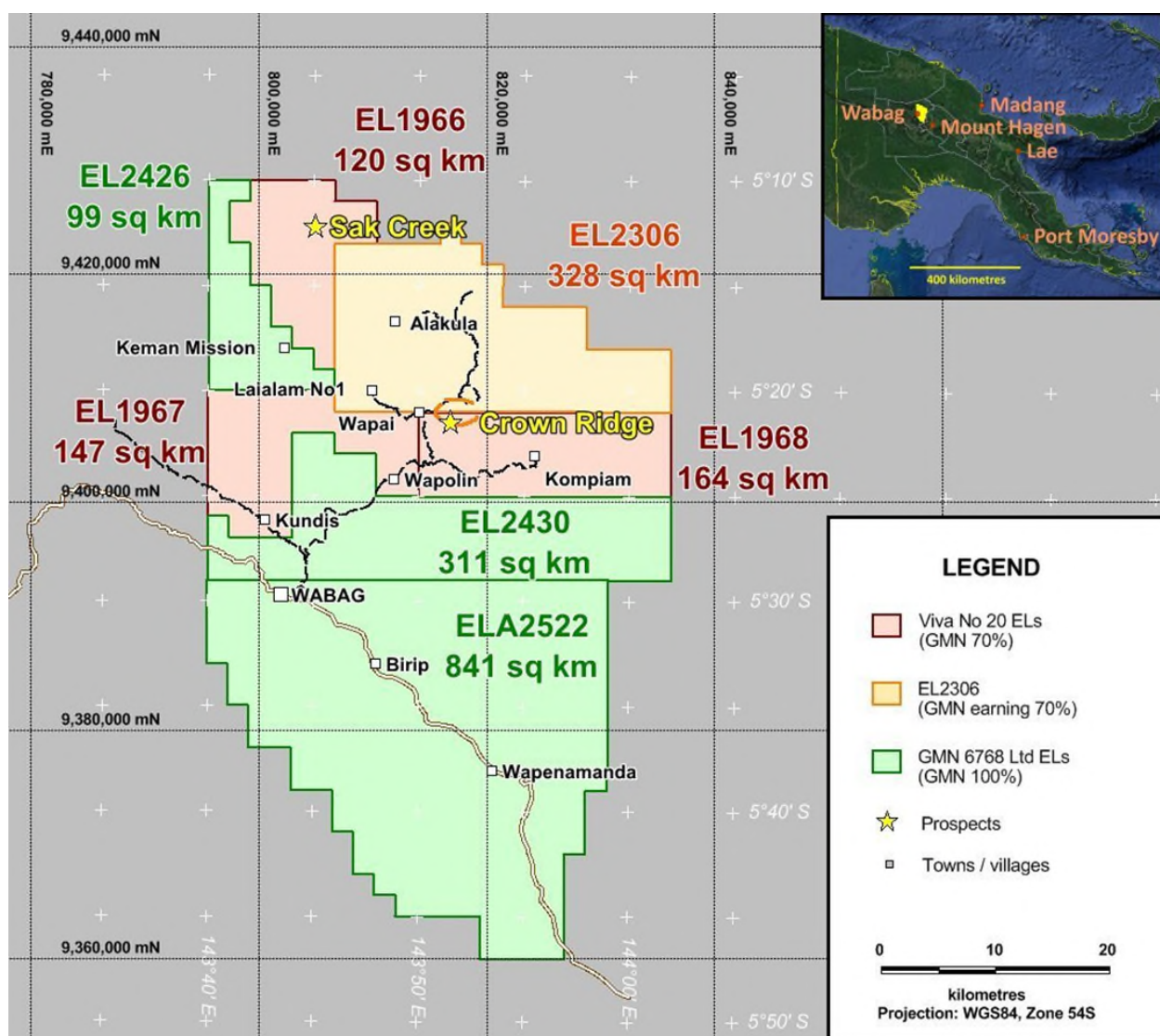


Figure 1 – Suite of tenements located at the Enga Province in Papua New Guinea



Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 558

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 2017 there has been:

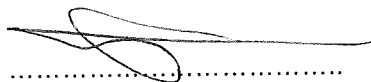
- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

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

KS Black & Co
Chartered Accountants


Scott Bennison
Partner

Dated in Sydney on this 28th day of September 2017



.....
Scott Bennison
Partner

Phone 02 8839 3000
Fax 02 8839 3055

 Liability limited by a
scheme approved
under Professional
Standards Legislation


CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Other income	3	<u>32,874</u>	3,178
		32,874	3,178
Administration costs		(302,398)	(238,426)
Depreciation expense		(11,049)	(643)
Doubtful debts expense		-	(158,054)
Employment costs		(62,010)	(62,600)
Exploration expense	9	(428,442)	(164,925)
Impairments expense	11	(2)	(514,640)
Investor and public relations expense		(141,854)	(16,128)
Legal and professional costs		(319,474)	(346,240)
Other expenses		<u>(47,560)</u>	(17,501)
Loss before income tax expense		(1,279,915)	(1,515,979)
Income tax expense	5	<u>-</u>	-
Net loss for the period Attributable to the owners of Gold Mountain Limited		<u>(1,279,915)</u>	(1,515,979)
Other comprehensive income		<u>-</u>	-
Total other comprehensive income for the year, net of tax Total comprehensive loss for the period Attributable to the owners of Gold Mountain Limited		<u>(1,279,915)</u>	(1,515,979)
Loss per share	23		
Basic loss per share (cents)		(0.35)	(0.69)
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 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,693,337	1,189,947
Trade and other receivables	7	125,439	45,817
TOTAL CURRENT ASSETS		2,818,776	1,235,764
NON-CURRENT ASSETS			
Plant and equipment	8	108,620	1,273
Deferred exploration and evaluation expenditure	9	3,038,522	1,675,098
Equity accounted investees	10	-	1,575,000
Available-for-sale financial assets	11	-	1
Intangible assets	12	6,004,982	-
Investments	13	500,555	200,555
Other assets	14	75,545	30,000
TOTAL NON-CURRENT ASSETS		9,728,224	3,481,927
TOTAL ASSETS		12,547,000	4,717,691
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	126,025	131,426
Other current liabilities	16	-	1,182,000
TOTAL CURRENT LIABILITIES		126,025	1,313,426
TOTAL LIABILITIES		126,025	1,313,426
NET ASSETS		12,420,975	3,404,265
EQUITY			
Issued capital	17	19,942,315	9,645,792
Reserves	18	-	23,250
Accumulated losses		(7,521,403)	(6,264,777)
Total equity attributable to equity holders of the Company		12,420,912	3,404,265
Non controlling interest		63	-
TOTAL EQUITY		12,420,975	3,404,265

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



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

	Issued Capital	Options Expense Reserve	Accumulated Losses	Non Controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	7,185,947	52,425	(4,777,973)	-	2,460,399
Comprehensive Income					
Net loss for the period	-	-	(1,515,979)	-	(1,515,979)
Other comprehensive income	-	-	-	-	-
Total comprehensive income 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
Balance at 1 July 2016	9,645,792	23,250	(6,264,777)	-	3,404,265
Comprehensive Income					
Net loss for the period	-	-	(1,279,915)	-	(1,279,915)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,279,915)	-	(1,279,915)
Transactions with owners in their capacity as owners					
Accumulated losses - Non controlling interest	-	-	39	(39)	-
Issue of share capital	10,412,173	-	-	102	10,412,275
Share issue costs	(115,650)	-	-	-	(115,650)
Lapse of options	-	(23,250)	23,250	-	-
Total transactions with owners in their capacity as owners	10,296,523	(23,250)	23,289	63	10,296,625
Balance at 30 June 2017	19,942,315	-	(7,521,403)	63	12,420,975



STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Interest received		6,874	3,178
Payments to suppliers and employees		(982,519)	(620,893)
Other receipts		50,200	-
Net cash (used in) provided by operating activities	30	(925,445)	(617,715)
Cash flows from investing activities			
Payments for plant and equipment		(118,398)	(455)
Payments for security deposits		(35,545)	-
Payments for other investments	13	(470,000)	(150,000)
Receipt of tenement security deposits		10,000	-
Payments for exploration and evaluation	9	(1,261,990)	(623,266)
Net cash (used in) provided by investing activities		(1,875,933)	(773,721)
Cash flows from financing activities			
Proceeds from issue of shares		4,330,873	733,070
Payments for share issue costs		(26,105)	(93,625)
Proceeds from borrowings		-	1,182,000
Net cash provided by (used in) financing activities		4,304,768	1,821,445
Net increase/(decrease) in cash and cash equivalents		1,503,390	430,009
Cash and cash equivalents at beginning of financial year		1,189,947	759,938
Cash and cash equivalents at end of financial year	6	2,693,337	1,189,947

Non-cash financing activities

(i) Share issue

A share placement to key sophisticated investors on 8 August 2016 raised \$2,402,300 through the issue of 57,197,619 shares at the placement price of \$0.042 per share. As part of this placement, share application funds of \$1,182,000 are not included in the statement of cashflows for the year to 30 June 2017 as these funds were received during the year ended 30 June 2016. In addition, the issue of 60,000,000 shares to Viva No.20 Ltd for the non cash consideration of \$4,800,000 for 50% of Viva's issued capital and shares issued in lieu of cash of \$69,300 for the payment for fund raising costs are not included in the statement of cashflows for the year to 30 June 2017.

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

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

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

Number	Notes to the Financial Statements
1	Summary of significant accounting policies
2	Operating segments
3	Revenue & other income
4	Loss for the year
5	Income tax expense
6	Current assets - Cash and cash equivalents
7	Current assets - Trade and other receivables
8	Non-current assets – Plant and equipment
9	Non-current assets – Deferred exploration and evaluation expenditure
10	Non-current assets – Equity accounted investees
11	Non-current assets – Available for sale financial assets
12	Non-current assets – Intangible assets
13	Non-current assets – Investments
14	Non-current assets – Other assets
15	Current liabilities – Trade and other payables
16	Current liabilities – Other current liabilities
17	Contributed equity
18	Reserves
19	Share based payments
20	Related party disclosures
21	Key management personnel compensation
22	Loss per share
23	Financial Risk Management
24	Auditor's remuneration
25	Commitments and contingencies
26	Dividends
27	Events subsequent to reporting date
28	Business combinations
29	Controlled entities
30	Cash flow information





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 other comprehensive income 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 as 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 2017. 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 2017				June 2016			
	Total \$	Australia \$	PNG \$	Peru \$	Total \$	Australia \$	PNG \$	Peru \$
REVENUE								
Revenue	32,874	32,874	-	-	3,178	3,178	-	-
Total segment revenue	32,874	32,874	-	-	3,178	3,178	-	-
RESULTS								
Net loss before income tax	(1,279,915)	(815,176)	(464,737)	(2)	(1,524,731)	(733,390)	(118,647)	(672,694)
Income tax	-	-	-	-	-	-	-	-
Net loss	(1,279,915)	(815,176)	(464,737)	(2)	(1,524,731)	(733,390)	(118,647)	(672,694)
ASSETS AND LIABILITIES								
Assets	12,547,000	2,954,395	9,592,605	-	4,717,691	1,596,771	3,120,918	2
Liabilities	126,025	117,475	8,550	-	1,313,426	1,309,449	3,977	-

NOTE 3: REVENUE AND OTHER INCOME

	Note	2017 \$	2016 \$
a. Revenue			
Other income			
Interest received ¹		6,874	3,178
Rental income		26,000	-
Total other income		32,874	3,178
Total revenue		32,874	3,178
¹ Interest received from:			
Bank		6,874	3,178

NOTE 4: LOSS FOR THE YEAR

	2017	2016
	\$	\$

Loss before income tax includes the following specific expenses:

—	Consultants fees	149,000	236,800
—	Legal costs	53,474	109,440
—	Rental expense on operating leases	12,976	19,216

a. Significant expenses

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

—	Doubtful debts expense	-	158,054
—	Exploration expense	428,442	164,925
—	Impairments expense	2	514,640

NOTE 5: INCOME TAX EXPENSE

	2017	2016
	\$	\$

The prima facie tax on the loss before income tax is reconciled to income tax as follows:

Loss before income tax expense	(1,279,915)	(1,515,979)
Prima facie tax benefit on the loss before income tax at 27.5% (2013: 30%)	(351,977)	(454,794)
Add:		
Tax effect of:		
Other non-allowable items	144,012	129,919
	144,012	129,919
Less:		
Tax effect of:		
Other deductible expenses	(77,297)	(77,969)
Future tax benefits not brought to account	285,261	402,844
Income tax attributable to the Company	-	-

The Company has tax losses arising in Australia of \$6,238,066 (2016: \$5,200,752) 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

	2017 \$	2016 \$
Cash at bank	198,524	12,229
Short-term bank deposits	2,494,813	1,177,718
	<u>2,693,337</u>	<u>1,189,947</u>

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	<u>2,693,337</u>	<u>1,189,947</u>
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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

	2017 \$	2016 \$
Current		
PNG Project Advance	77,246	-
Security Deposits	-	26,600
Performance bonds with NSW Mines Department	10,000	-
Other receivables	38,192	19,216
Goldsmith Resources SAC	-	1
Total current trade and other receivables	<u>125,438</u>	<u>45,817</u>

NOTE 8: PLANT AND EQUIPMENT

	2017 \$	2016 \$
Plant and equipment – at cost	120,954	2,557
Accumulated depreciation	(12,334)	(1,284)
	<u>108,620</u>	<u>1,273</u>

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	1,273	1,461
Additions	118,398	455
Disposals	-	-
Depreciation expense	(11,049)	(643)
Carrying amount at end of the year	<u>108,620</u>	<u>1,273</u>



NOTE 9: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2017 \$	2016 \$
Assets in Development		
Balance at the beginning of the year	1,675,098	1,210,941
Expenditure incurred	1,261,990	629,082
Expenditure incurred on acquisition of subsidiary	294,876	-
Impairment loss on existing tenements	(193,442)	(164,925)
Net carrying value	<u>3,038,522</u>	<u>1,675,098</u>

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

During the year to 30 June 2017, an impairment expense of \$193,442 was recognised. This impairment refers to past costs incurred in maintaining the Company's NSW exploration projects.

NOTE 10: EQUITY ACCOUNTED INVESTEEES

	2017 \$	2016 \$
Viva No. 20 Limited		
Equity investment in Viva No. 20 Limited	-	1,575,000
Total Investment	<u>-</u>	<u>1,575,000</u>

On 22 March 2016, GMN announced the acquisition of the initial 20% of the issued capital of the PNG project company, Viva No. 20 Limited (Viva). The issue of 50 million consideration shares at \$0.03 each to the Vendors (Viva shareholders) were approved by shareholders at the Annual General Meeting held on 15 December 2014. On 16 August 2016, following approval by shareholders at the 2015 AGM, the Company completed the acquisition of an additional 50% interest in Viva. GMN issued 60 million shares at \$0.08 to Viva shareholders on completion of the transfer to GMN of an additional 125 Viva shares representing 50% of shares held by existing Viva shareholders. At 16 August 2016, the Company owned 70% of the issued share capital of Viva. Accordingly, the Company acquired a controlling interest in Viva from the date of acquisition on 16 August 2016 and Viva is accounted for on a consolidated basis from the date of acquisition for the year ended 30 June 2017. Refer to Notes 12, 28 and 29 for further information.

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	2017	2016
Unlisted entity	Principal activities	%	%	\$	\$
Goldsmith Resources SAC	Mineral processing	18.75	18.75	-	1
(b) Movements in carrying amounts					
Carrying amount at the beginning of the financial year				514,641	514,641
Less: Asset impairments expense				(541,641)	(514,640)
Carrying amount at the end of the financial year (shown as investment cost)				<u>-</u>	<u>1</u>

Following the review of the Peruvian project, the GMN Board impaired, in full, the carrying amount of this investment resulting in an asset impairment expense of \$514,640 and a nominal carrying value of \$1 for year ended 30 June 2016. The value of this investment was written down to zero for year ended 30 June 2017.

NOTE 12: INTANGIBLE ASSETS

	2017	2016
	\$	\$
Intangible assets		
Goodwill on acquisition	6,004,982	-
Total intangible assets	6,004,982	-

Movements in Carrying Amounts

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

	2017	2016
	\$	\$
Opening balance at 16 August 2016	-	-
Additions	6,004,853	-
Pre-Acquisition Accumulated Losses	129	-
Carrying amount at 30 June 2017	6,004,982	-

Goodwill on acquisition

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

On completion of this acquisition, the Company now holds a controlling interest of 70% in Viva. Goodwill of \$6,004,982 is recorded from the acquisition (Note 28).

NOTE 13: INVESTMENTS

	2017	2016
	\$	\$
Non-Current		
Gold nuggets	50,555	50,555
Papua New Guinea exclusive option fees	450,000	150,000
	500,555	200,555

NOTE 14: OTHER ASSETS

	2017	2016
	\$	\$
Non-Current		
Security deposits	55,545	-
Acquisition costs - EL5939 Cowarra NSW	20,000	-
Performance bonds with NSW Mines Department	-	30,000
	75,545	30,000



NOTE 15: TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
Current		
Unsecured liabilities:		
Trade payables and accrued expenses	108,425	65,965
Amounts payable to Director and related entities	17,600	65,461
	<u>126,025</u>	<u>131,426</u>

NOTE 16: OTHER CURRENT LIABILITIES

	2017 \$	2016 \$
Current		
Share placement liability	-	1,182,000
Total other current liabilities	-	<u>1,182,000</u>

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 the issue of these securities 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.

NOTE 17: CONTRIBUTED EQUITY

	2017 Number of shares	2017 \$	2016 Number of shares	2016 \$
(a) Ordinary shares				
Ordinary Shares, issued	413,302,165	21,284,541	261,514,508	10,872,368
Share issue costs		<u>(1,342,226)</u>		<u>(1,226,576)</u>
Total issued capital		<u>19,942,315</u>		<u>9,645,792</u>

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 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 (escrowed for 12 months)	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



08-08-16	Placement to professional and sophisticated investors	57,197,619	\$0.042	2,402,300
17-08-16	Placement to Viva No.20 Ltd for 50% of issued capital (escrowed for 12 months)	60,000,000	\$0.080	4,800,000
18-10-16	Additional placement to professional and sophisticated investors following over-subscription of 8 August placement.	1,238,095	\$0.042	52,000
13-12-16	Issue of shares on exercise of options	1,150,000	\$0.055	63,250
13-12-16	Issue of shares on exercise of 2013 employee options	500,000	\$0.070	35,000
20-01-17	Issue of shares on exercise of options	1,000,000	\$0.055	55,000
31-03-17	Issue of shares on exercise of options	707,143	\$0.055	38,893
15-05-17	Placement to professional and sophisticated investors	10,660,000	\$0.100	1,066,000
15-05-17	Issue of shares on exercise of options	750,000	\$0.055	41,250
05-06-17	Placement to professional and sophisticated investors	17,034,000	\$0.100	1,703,400
29-06-17	Placement to professional and sophisticated investors	1,550,800	\$0.100	155,080
30-06-17	Share issue costs			(115,650)
At 30 June 2017		413,302,165		19,942,315

Movement in options over ordinary shares on issue

Date	Particulars	Total Number of Options	Ex. Price \$0.07 Exp 31Dec16	Ex. Price \$0.055 Exp 18Jan18	Ex. Price \$0.15 Exp 30Jun19	Ex. Price \$0.30 ¹ Exp 28Nov19
01-Mar-13	KMP unlisted options	500,000	500,000	-	-	-
30-Jun-16	Total options on issue	500,000	500,000	-	-	-
18-Oct-16	Issue of unlisted options to Aug 16 placement investors	28,598,810	-	28,598,810	-	-
18-Oct-16	Issue of unlisted options to promoters following shareholder approval	17,000,000	-	17,000,000	-	-
18-Oct-16	Issue of unlisted options to Aug 16 placement investors	619,048	-	619,048	-	-
28-Nov-16	Issue of unlisted ESOP ⁽¹⁾ options subject to vending conditions	18,400,000	-	-	-	18,400,000
13-Dec-16	Exercise of unlisted options	(1,150,000)	-	(1,150,000)	-	-
13-Dec-16	Exercise of 2012 KMP unlisted options	(500,000)	(500,000)	-	-	-
29-Dec-16	Lapse of unlisted ESOP options on departure of employee	(3,600,000)	-	-	-	(3,600,000)
20-Jan-17	Exercise of unlisted options	(1,000,000)	-	(1,000,000)	-	-
31-Mar-17	Exercise of unlisted options	(707,143)	-	(707,143)	-	-
15-May-17	Exercise of unlisted options	(750,000)	-	(750,000)	-	-
29-Jun-17	Issue of unlisted options to May17 placement investors	14,622,400	-	-	14,622,400	-
30-Jun-17	Total options on issue	72,033,115	-	42,610,715	14,622,400	14,800,000

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

(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



Movement in options over ordinary shares on issue

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 18: RESERVES

	2017	2016
	\$	\$
Reserves		
Share based payments reserve	-	23,250
	-	23,250
<i>Movements in options over ordinary shares on issue</i>		
At 1 July 2016	23,250	52,425
Options exercised/lapsed during the period	(23,250)	(29,175)
At 30 June 2017	-	23,250

NOTE 19: SHARE BASED PAYMENTS

	2017	2016
	\$	\$
(a) Share-based payments		
Write-back arising from lapse of options		(29,175)
Write-back arising from exercise of options	(23,250)	-
Total allocated against Share Based Payment Reserve	(23,250)	(29,175)

Detailed movement in options over ordinary shares on issue

Date	Particulars	Number of Options	Exercise Price	Expiry Date	Valuation
1-Jul-2015	Opening balance	1,250,000			\$52,425
31-Dec-2015	Expiry of unlisted options	(750,000)	\$0.25	31-Dec-2015	(29,175)
30-Jun-2016	Closing balance	500,000			\$23,250
31-Dec-2016	Exercise of 2012 KMP unlisted options	(500,000)	\$0.07	31-Dec-2016	(23,250)
30-Jun-2017	Closing balance	-			-

(b) Unlisted options

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

	2017	2017
	Number	WAEP
Outstanding at the beginning of the year	500,000	\$0.07
Unlisted options granted during the year	79,240,258	\$0.13



NOTE 19: SHARE BASED PAYMENTS

Options lapsed during the year ⁽¹⁾	(3,600,000)	\$0.30
Exercised during the year	<u>(4,107,143)</u>	\$0.06
Outstanding at the end of the year	<u>72,033,115</u>	\$0.12

(c) Options exercisable at reporting date	2017	Exercise
	Number	Price
Unlisted options expiring 18 January 2018	42,610,715	\$0.055
Unlisted options expiring 30 June 2019	14,622,400	\$0.150
Unlisted options expiring 28 November 2019 ⁽¹⁾	<u>14,800,000</u>	\$0.300
Exercisable at reporting date	<u>72,033,115</u>	

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

(d) Options issued during the year

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

29,217,858 unlisted options granted to participants who were entitled to one option for every two shares issued as part of a placement during August 2016. The remaining unexercised options expire on 18 January 2018 and are exercisable at \$0.055 with no vesting conditions.

17,000,000 unlisted options granted to promoters of the August 2016 placement following approval at the Extraordinary General Meeting of shareholders held on 11 October 2016. The options were issued during October 2016 and expire on 18 January 2018. The options are exercisable at \$0.055 with no vesting conditions.

14,800,000 unlisted options granted on 29 August 2016 pursuant to the Company's Employee Share Option Plan have an exercise price of \$0.30 and are subject to the following vesting conditions: (1) The Company's underlying share price must exceed \$0.50 based on volume weighted average price (VWAP) over a 5 day consecutive period; (2) The holder must be an actual consultant to or employee of the Company at the time of exercise of the relevant Granted Options. In addition, the exercise of the Granted Options is subject to the following conditions: (3) 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; and (4) a granted option expires 36 months after the date on which the relevant granted options were granted. 5,000,000 unlisted options granted under the Employee Share Option Plan exercisable at \$0.30 and expiring on 28 November 2019.

14,622,400 unlisted options granted to participants who were entitled to one option for every two shares issued as part of a placement during May 2017. The remaining unexercised options expire on 30 June 2019 and are exercisable at \$0.15 with no vesting conditions.

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



(e) Fair value of unlisted options

The fair value of the options granted is estimated as having a Nil value at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The unlisted options were issued in three tranches on 18 October 2016, 28 November 2016 and 29 June 2017. The following table lists the inputs to the model used for the year ended 30 June 2017.

	Unlisted options
Unlisted options expiring 18 January 2018	
Fair value at grant date	Nil
Share price at decision to grant options (1 August 2016)	\$0.040
Exercise price	\$0.055
Expected volatility	20%
Expected life	15 months
Expected dividends	Nil
Risk-free interest rate	2.31%
Number of options issued	46,217,858
Valuation	Nil
The total value of these options was \$Nil at the date they were granted.	
Unlisted options expiring 30 June 2019	
Fair value at Placement Offer date (3 May 2017)	Nil
Share price at Placement Offer date	\$0.090
Exercise price	\$0.150
Expected volatility	10%
Expected life	24 months
Expected dividends	Nil
Risk-free interest rate	2.60%
Number of options issued	14,622,400
Valuation	Nil
The total value of these options was \$Nil at the date they were granted.	
Unlisted ESOP options expiring 28 November 2019⁽¹⁾	
Fair value at grant date (29 August 2016)	Nil
Share price at grant date	\$0.170
Exercise price	\$0.300
Expected volatility	10%
Expected life	36 months
Expected dividends	Nil
Risk-free interest rate	2.67%
Number of options issued	18,400,000
Valuation	Nil
The total value of these options was \$Nil at the date they were granted.	
(1) Options are exercisable at \$0.30 until expiry date 28/11/2019 and subject to the vending condition that the Company's share price must exceed \$0.50 based on VWAP over a 5-day consecutive period.	



NOTE 20: 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
Sin Pyng "Tony" Teng	Appointed 9 July 2014
Douglas Smith	Appointed 29 December 2016
Matthew Morgan	Appointed 3 July 2014, resigned 29 December 2016

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. <i>Other related parties:</i>	2017 \$	2016 \$
Purchase of goods and services:		
Corporate advisory fees paid to Drumcliff Investment Pty Ltd as Directors Fees, an entity associated with Mr Graham Kavanagh.	36,000	36,000
Corporate advisory fees paid to Rodby Holdings Pty Ltd as Directors Fees and Consulting Fees, an entity associated with Mr Sin Pyng "Tony" Teng.	108,000	96,000
Corporate advisory fees paid to Dougnic Pty Ltd and Dougie Downunder as Directors and Consulting Fees, entities associated with Mr Doug Smith.	176,000	-
Corporate advisory fees paid to Mineral X Pty Ltd as Directors Fees and Consulting Fees, an entity associated with Mr Matthew Morgan.	99,000	96,000

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

	2017 \$	2016 \$
Trade and other payables:	23,018	65,461
Amounts payable to Directors and related entities, as follows:		
Directors fees	9,300	6,600
Superannuation	570	-
Reimbursement of expenses	4,348	1,461
Corporate advisory services	8,800	57,400
Total trade and other payable related party amounts	23,018	65,461

NOTE 21: KEY MANAGEMENT PERSONNEL COMPENSATION

	2017	2016
	\$	\$
Short-term employee benefits	478,500	308,400
Post-employment benefits	1,710	1,140
Share based payments	-	-
Non Executive Directors Fees	60,000	60,000
Balance at the end of year	540,210	369,540

NOTE 22: LOSS PER SHARE

	2017	2016
	\$	\$
a. Basic Loss per share		
i Basic Loss (cents per share)	(0.35)	(0.69)
ii Net loss used to calculate basic loss per share	(1,279,915)	(1,515,979)
	No.	No.
iii Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	370,116,937	220,000,661
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 23: 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 2017, 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:

	2017 \$	2016 \$
Increase in interest rate by 1%	1,500	1,000
Decrease in interest rate by 1%	(1,500)	(1,000)

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	2017				2016			
		Floating Interest Rate	Non-interest bearing	Fixed Interest Rate	Total 2017	Floating Interest Rate	Non-interest bearing	Fixed Interest Rate	Total 2015
Financial Assets									
Cash and cash equivalents	6	2,693,337	-	-	2,693,337	1,189,947	-	-	1,189,947
Trade and other receivables	7	-	115,438	-	115,438	-	45,817	-	45,817
Other financial assets	14	-	75,545	-	75,545	-	30,000	-	30,000
Total financial assets		2,693,337	190,983	-	2,884,320	1,189,947	75,817	-	1,265,764
Financial liabilities at amortised cost:									
Financial Liabilities									
- Trade and other payables	15	-	126,025	-	126,025	-	131,426	-	131,426
- Other financial liabilities	16	-	-	-	-	-	1,182,000	-	1,182,000
Total financial liabilities		-	126,025	-	126,025	-	1,313,426	-	1,313,426
Net Financial Assets		2,693,337	64,958	-	2,758,295	1,189,947	(1,237,609)	-	(47,662)





NOTE 24: AUDITOR'S REMUNERATION

	2017	2016
	\$	\$
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial statements	<u>30,900</u>	<u>29,830</u>
	<u>30,900</u>	<u>29,830</u>

NOTE 25: 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 2017.

Contingent liabilities

There are no contingent liabilities as at 30 June 2017.

Exploration licence expenditure requirements

The Company has full management and operational rights with respect to five (5) exploration licences in Enga province, Papua New Guinea (collectively termed the Wabag Project) and is required to incur \$600,000 minimum expenditure over 2 years on the development and maintenance on these licences on the basis of \$225,000 in the first year and \$375,000 in the second year. GMN also has an exclusivity to acquire an interest over a sixth exploration licence, EL 2306. This lease which will incur additional expenditure commitments of \$100,000 over two (2) years should GMN acquire the interest in this lease after completion of due diligence in May 2017, on which the Company has entered into a conditional agreement with the Vendors for its acquisition of 70% interest as announced to the market on 19 July 2017.

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

NOTE 26: DIVIDENDS

The Directors of the Company have not declared any dividends for the year ended 30 June 2017.



NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

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

On 19 July 2017, the Company announced an agreement to acquire 70% interest in the highly prospective 328km² tenement adjoining flagship Crown Ridge gold project in Papua New Guinea.

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

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

And, Completion of the acquisition of the Tenement Interest is conditional on conditions precedent including GMN has first right of refusal to acquire the remaining 30% of the project from the vendor

On 24 July 2017, the Company announced it had secured \$3.7 million in funding commitments (increased by \$700,000 from \$3.0 million in funding commitments announced on 2 June 2017). The funds raised will be used for general working capital requirements and ongoing exploration and project development activities at the flagship Crown Ridge Project in PNG. On 9 August 2017, the Company announced the allotment of 7,984,800 new shares at a price of \$0.10 per share and 3,992,400 free attaching options, one (1) free option entitlement for every two (2) shares issued. The options are exercisable at \$0.15 and expire on 30 June 2019.

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

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

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

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

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 28: BUSINESS COMBINATIONS

Acquisition of Viva No. 20 Limited

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

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

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

a. Assets acquired and liabilities assumed

Viva No.20 Limited had the following identifiable assets and liabilities at 16 August, 2016, the date of acquisition. Goodwill of \$6,004,982 is recorded from the acquisition, as follows:

	16-Aug-2016
	\$
Cash at bank	263
Deferred exploration expenditure	295,589
Total assets	295,852
Borrowings	(295,718)
Total liabilities	(295,718)
Total identifiable net assets at fair value	134
Acquisition consideration - issue of 50,000,000 ordinary shares at AUD \$0.03 and 60,000,000 ordinary shares at AUD \$0.08 in Gold Mountain Limited	6,300,000
Borrowings netted against goodwill	(295,718)
Exchange difference	566
Goodwill on acquisition (Note 12)	6,004,982

NOTE 29: CONTROLLED ENTITIES

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)
Subsidiaries of Gold Mountain Limited:		
Viva No. 20 Limited	Papua New Guinea	70%
GMN 6768 (PNG) Limited	Papua New Guinea	100%

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



NOTE 30: CASH FLOW INFORMATION

	2017 \$	2016 \$
Reconciliation of Net Cash (used in) provided by operating activities with Loss after Income Tax		
Loss	(1,279,915)	(1,515,979)
Non-cash flows in profit:		
Impairments expense	2	134,896
Exploration expense	428,442	-
Doubtful debts expense	-	52,685
Depreciation expense	11,049	642
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(79,622)	180,228
Increase/(decrease) in trade payables and other payables	(5,401)	44,699
Net Cash (used in) provided by operating activities	(925,445)	(617,715)





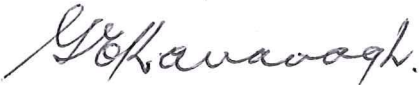
DIRECTORS' DECLARATION

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 2017 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 2017.

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



Graham Kavanagh
Non-Executive Chairman

Dated this 28 day of September 2017





INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Members of Gold Mountain Limited

Opinion

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

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

- i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

Basis of opinion

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

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

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of mining tenements Refer to note 9 (Deferred Exploration and evaluation expenditure)</p> <p>At 30 June 2017, the Group has capitalised mining tenement costs of \$3.039M. AASB 136, 'Impairment of Assets' requires that the recoverable amount of an asset, or cash generating unit to which it belongs, be determined whenever an indicator of impairment exists.</p> <p>The Group's assessment of the recoverable amount of its reserves was a key audit matter because the carrying value of the assets are material to the financial statements and management's assessment of recoverable amounts incorporated significant internal and external judgments and assumption including commodity prices, available reserves, residual values and discount rates.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Assessing the current market capitalisation of \$42.13M compared to the net assets of Gold Mountain Limited.• Reviewing the adequacy of the market valuation for the tenements;• Assessing whether the external expert engaged by management to provide independent valuations was appropriately experienced and qualified;• Assessing the accuracy of management's cash flow by assessing the reliability of historical and future forecasts and reviewing whether current market conditions would impact those forecasts; and• Assessing whether appropriate disclosure regarding significant areas of uncertainty has been made in the financial report.
<p>Intangibles Refer to note 12 (Intangible Assets)</p> <p>At 30 June 2017, the Group has Goodwill on acquisition valued at \$6.005M</p> <p>On 16 August 2016 the company completed the acquisition of an additional 50% of the issued capital of Viva. On completion of this acquisition, the Company now holds a controlling interest of 70% in Viva No. 20 Limited. Goodwill of \$6,004,982 is recorded from the acquisition (Note 28).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Assessing the current market capitalisation of \$42.13M which includes the tenements of Viva No. 20 Limited compared to the net assets of Gold Mountain Limited;• Reviewing the purchase agreement;• Reviewing the adequacy of the market valuation for the tenements which included the valuation of the Viva No. 20 Limited tenements;• Assessing whether the external expert engaged by management to provide independent valuations were appropriately experienced and qualified;• Assessing the accuracy of management's cash flow by assessing the reliability of historical and future forecasts and reviewing whether current market conditions would impact those forecasts; and• Assessing whether appropriate disclosure regarding significant areas of uncertainty has been made in the financial report.

Other information

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

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

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

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

Directors' responsibility for the financial report

The directors are responsible for the preparation of the 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 presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

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

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 30 June 2017.

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

In our opinion, the Remuneration Report for the year ended 30 June 2017 complies with section 300A of the Corporation Act 2001.


Responsibilities

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

KS Black & Co
Chartered Accountants


Scott Bennison
Partner
Dated: 28/7/2017
Sydney

Phone 02 8839 3000
Fax 02 8839 3055


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CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

ADDITIONAL SHAREHOLDER INFORMATION

AS AT 15 SEPTEMBER 2017

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	7.560%
2	G H A DEVELOPMENT PTY LTD	22,013,694	5.225%

2. Number of holders in each class of equity securities and the voting rights attached (as at 15 September 2017)

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 were sixty-four (64) holder of options at 15 September 2017.

3. Distribution schedule of the number of holders in each class of equity security as at close of business on 15 September 2017.

Ordinary Shares

Spread of Holdings	Holders	Units	% of Issued Capital
1 - 1,000	16	2,079	0.000%
1,001 - 5,000	20	67,105	0.016%
5,001 - 10,000	125	1,182,717	0.281%
10,001 - 100,000	247	11,120,845	2.640%
100,001+	282	408,914,219	97.063%
TOTAL ON REGISTER	690	421,286,965	100%

4. Marketable Parcel

There are 38 non-marketable parcels at 15 September 2017, representing 80,184 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 15 September 2017) is as follows:

Ordinary Shares Top 20 holders and percentage held

	Shareholder	Holding	% of Issued Capital
1	SUWARDI	31,850,000	7.560%
2	G H A DEVELOPMENT PTY LTD	22,013,694	5.225%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,243,404	4.330%
4	CITICORP NOMINEES PTY LIMITED	13,154,879	3.123%
5	ISMAIL HARITH MERICAN	12,000,000	2.848%
6	MR GHINAN MOHAMED SANI	10,266,667	2.437%
7	KO CHU HONG	10,250,000	2.433%
8	MS IRENE TENG	10,083,311	2.393%
9	ASLAN EQUITIES PTY LTD <ASLAN EQUITIES A/C>	10,076,250	2.392%
10	PAY CHUAN LIM	10,000,000	2.374%
11	MINPAX RESOURCES LIMITED	9,000,000	2.136%
12	MS IRENE TENG	8,900,000	2.113%
13	SIEW HONG KOH	8,880,000	2.108%
14	GHINAN MOHAMED SANI	8,750,000	2.077%
15	MISS YOKE LAN GAN	8,050,000	1.911%
16	MS QIN ZHANG	7,406,334	1.758%
17	MR SUWEI CHEN	6,910,000	1.640%
18	RODBY HOLDINGS PTY LIMITED <SIN PYNG TENG SUPER FUND A/C>	4,500,000	1.068%
19	MS NYOK CHIN WONG	4,392,846	1.043%
20	MS KWAI SAU HAU	3,850,000	0.914%
	TOP 20 TOTAL	218,577,385	51.88%
	Other shareholders	202,709,580	48.12%
	TOTAL ISSUED CAPITAL	421,286,965	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

60,000,000 ordinary shares escrowed to 16 August 2017

Options

Number	Strike	Expiry	Restriction
42,610,715	\$0.055	18 January 2018	
18,614,800	\$0.15	30 June 2019	
14,800,000	\$0.30	28 November 2019	ESOP Vesting VWAP \$0.50


Review of Operations

A review of operations is contained in the Directors' Report on page 12 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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Back Cover Image

Sliced rock sample with visible gold on quartz-pyrite texture



