



Viking Mines Limited

ABN 38 126 200 280

Interim report
for the half year ended
31 December 2015

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Viking Mines Limited
ABN 38 126 200 280

Corporate Information

Directors	John (Jack) Gardner Peter McMickan Raymond Whitten
Company secretary	Michael Langoulant
Registered office and principal place of business	Level 1, Suite 2, 47 Havelock Street West Perth, Western Australia 6005 Telephone: (08) 6313 5151 Facsimile: (08) 9324 2977 Website: www.vikingmines.com
Share registry	Computershare Investor Services Pty Ltd Level 11, 172 St George's Terrace Perth, Western Australia 6000
Auditors	Rothsay Chartered Accountants Level 18, 152 – 158 St Georges Terrace Perth, WA, 6000
Solicitors	Jackson McDonald Lawyers Level 25, 140 St Georges Terrace, Perth, Western Australia 6000
ASX code	Viking Mines Limited is listed on the Australian Stock Exchange (Shares: VKA; Options VKAO)

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Viking Mines Limited ("Viking" or "the Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2015. In order to comply with the Corporations Act 2001 the directors report as follows:

DIRECTORS

The following persons were directors of Viking during the whole of the period and up to the date of this report:

John (Jack) Gardner – *Executive Chairman*

Peter McMickan – *Executive Director*

Raymond Whitten - *Non-executive director*

OPERATIONS

During the half year period, Perth-based Viking Mines (Viking or the Company) focussed on concluding the sale agreement for the Akoase gold project in Ghana to Akoase Resources Limited.

1. Akoase Gold Project (Ghana, VKA 100% - reducing to 0% upon completion of sale)

On 1 June 2015, the Company announced that it had executed a sale contract for its Akoase Gold Project for an overall transaction value of US\$10 million. The purchaser, Akoase Resources Limited (ARL) is owned by the Chinese party that controls Akroma Gold Limited, the owner of the Sian gold project located 12kms from Akoase.

During the half year ARL commenced making payments to honour its contractual obligation to pay a non-refundable deposit amount of US\$2 million.

On 1 February 2016 the Company announced that it had received the full US\$2 million in non-refundable deposit proceeds from ARL, in accordance with the Akoase Gold Project Sale Agreement.

Following this payment by ARL the only remaining condition precedent to completion of the sale is for Viking to obtain the necessary government approvals to transfer the Akoase tenements to ARL.

Viking is preparing and collating the necessary applications and documents required to obtain the Minister of Mines approval to the transfer of the Akoase licences to ARL. This process includes making various submissions to the Minerals Commission and obtaining a tax clearance for its Ghanaian incorporated subsidiary. This process is expected to take approximately 3 months from lodgement. It is expected that the completed documents will be lodged in March 2016. Viking does not expect to encounter any abnormal difficulties in obtaining the necessary government approvals.

Once the necessary Ministerial approvals for the transfer of the tenements are received a further US\$6 million in Akoase sales proceeds becomes immediately payable to Viking. Non-payment of this amount will void the sale transaction and the Akoase project ownership will remain with Viking. In this event there is no obligation upon Viking to refund any portion of the US\$2 million deposit already paid by ARL.

A further US\$2,000,000 cash sale proceeds will be paid to Viking as a gold royalty from future gold production at Akoase.

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The Akoase Project is an advanced exploration gold project located approximately 125km northwest of Accra in Ghana. The Project comprises the Akoase East (JORC (2012) classified Inferred resource of 790,000 ounces), Akoase South-East and Akoase West licences. Akoase is 25km from Newmont's 8 million ounce Akyem Gold Mine, on the margins of the Ashanti Gold Belt, one of the most prolific gold bearing provinces in the world (Figure 2).

The information in this report concerning the Mineral Resources of Viking Mines is extracted from the report entitled "12% Increase to 790,000 oz in Gold Resource for Ghana Project" created on 4 October 2013 and is available to view on Viking Mines website at www.vikingmines.com. Viking Mines confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Viking Mines confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

2. West Star/Blue River Gold Project (Ghana, VKA 100% hard rock)

Preparatory work continues for a planned reconnaissance drill program testing a strong gold in soil anomaly located adjacent to the Salman shear zone in the northern part of the West Star prospecting licence. Timing of this program is dependent upon the Joint Venture partner resolving issues with the Ghana Minerals Commission which impact on licence renewals for both West Star and Blue River.

3. Berkh Uul Coal Project (Mongolia, VKA 100%)

No on-ground work was undertaken on the project during the reporting period.

As previously reported, the Mongolian Government has been in the process of reviewing and amending the Law on Prohibiting Mineral Exploration and Extraction Near Water Sources, Protected Areas and Forests (commonly referred to as the "Long Name Law"). Following recent announcements, including a Government Resolution that licence areas in headwater zones and river basins are to be annexed and revoked, the Company has been advised by the Ministry of Tourism, Green Development and Environment that approximately 53% of the Berkh Uul prospecting licence falls within a headwaters of rivers zone. This government determination impacts upon the Company's current coal resource and Viking continues to engage in discussions on this matter with the Mineral Resource Authority of Mongolia (MRAM) and the Ministry of Tourism, Green Development and Environment. MRAM and the Ministry of Tourism, Green Development and Environment have indicated they are prepared to review the Long Name Law zone boundaries at Berkh Uul on receipt of a formal written submission. This submission is in preparation and will be lodged in the March quarter with MRAM.

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

The information in this report concerning the Mineral Resources of Auminco is extracted from Viking's announcement to the ASX entitled "New 38.3Mt resource for Merger Company's Mongolian coal project" dated 17 March, 2014, and is available to view on Viking's website at www.vikingashanti.com. Viking confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Viking confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Other Projects

No field activity was undertaken on any other Company project areas during the half year.

4. Corporate and Administration

A number of project farm-in/acquisition opportunities were considered during the half year. None are currently at an advanced stage of consideration. Viking will continue to pursue these and any other opportunities, which are complementary to its existing project portfolio and consistent with its core objective to acquire near term production assets with potential to deliver sustainable cash flow.



Jack Gardner
Executive Chairman

Perth
9 March 2016

Competent Persons Statement: The information in this Public Report that relates to gold Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter McMickan, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McMickan is a full time employee of Viking Mines Limited. Mr McMickan has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McMickan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this Public Report that relates to coal Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Lorge, who is a Member of the Society of Mining, Metallurgy, and Exploration Inc. (SME) and a Fellow of the Society of Economic Geologists (SEG). Mr Lorge is a full time employee of RSC Consultants. Mr Lorge has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Lorge consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

Figure 1: Viking Mines Project Locations, Mongolia

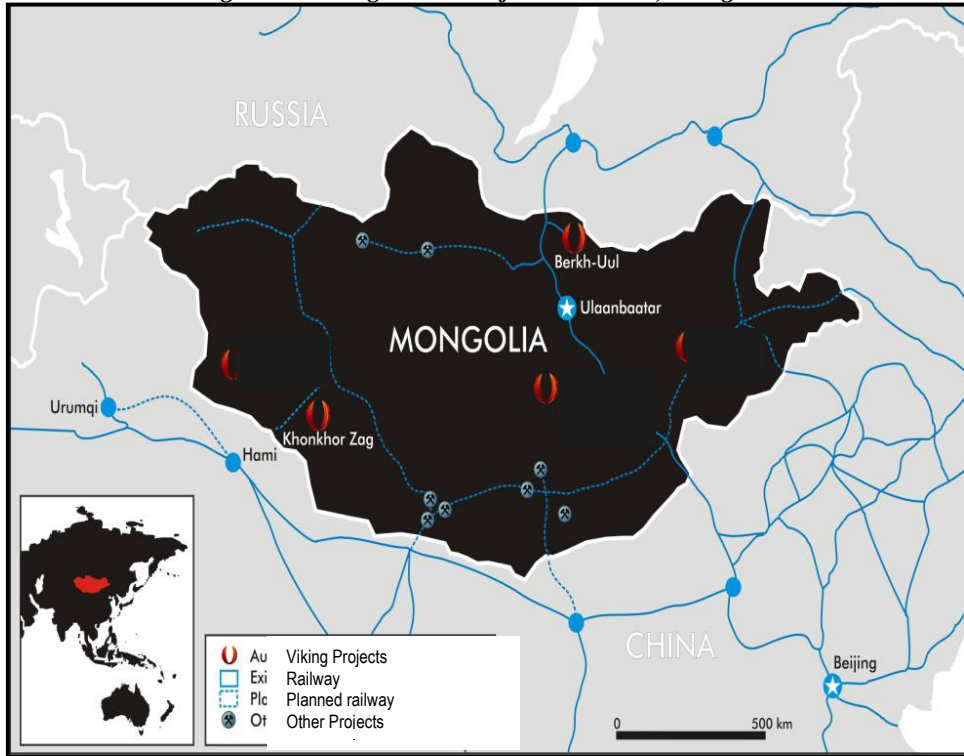
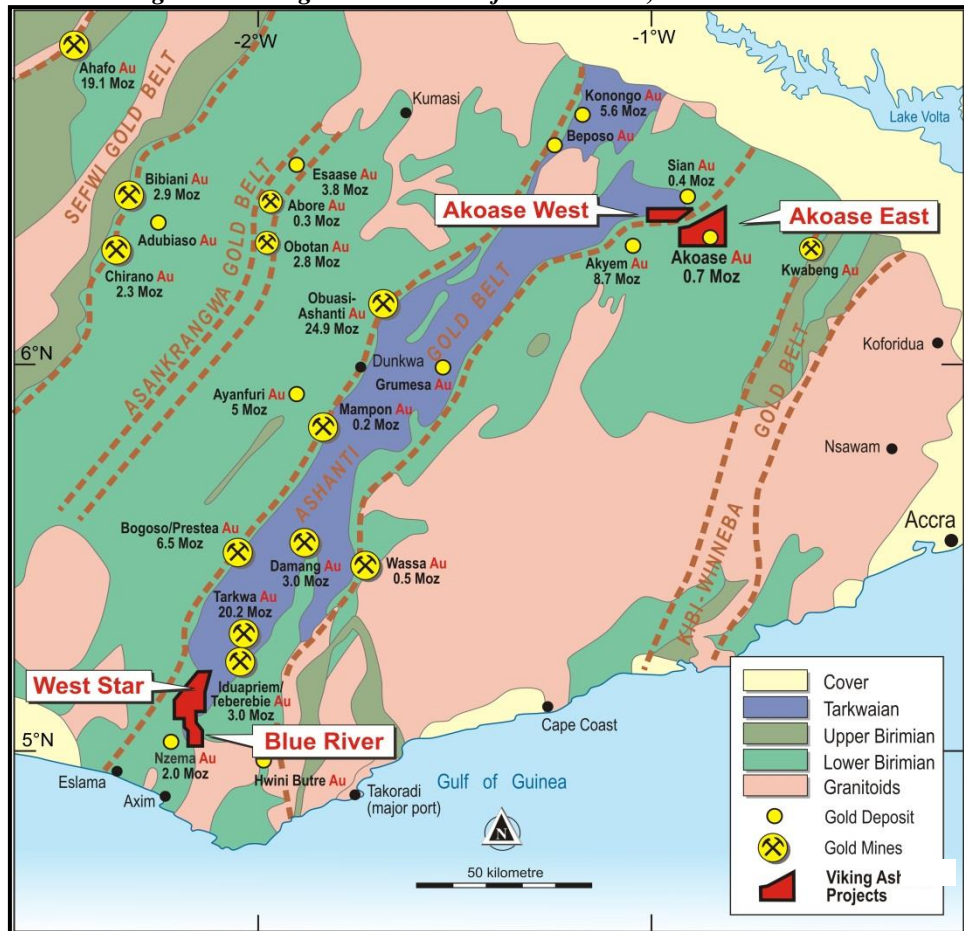


Figure 2: Viking Mines Gold Project Locations, Southern Ghana





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

The Directors
Viking Mines Limited
Suite 2, Level 1
47 Havelock Street
West Perth WA 6005

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2015 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rolf Garda (Lead auditor)

Rothsay Auditing

Dated 9th March 2016



Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

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Condensed Statement of Comprehensive Income
For the half year ended 31 December 2015

	Consolidated	
	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$
Continuing Operations		
Revenue	1,589,003	102,824
Consulting fees	66,000	288,000
Employee benefits	55,833	85,485
Exploration and evaluation expenditure	143,025	346,218
Impairment of exploration properties	-	573,957
Interest expense	7,600	23,464
Loss on sale of plant and equipment	-	14,301
Other expenses	114,627	223,759
	387,085	(1,269,740)
Profit/(loss) before income tax expense	1,201,918	(1,166,916)
Income tax expense	-	-
Net profit/(loss) for the period	1,201,918	(1,166,916)
Other comprehensive income / (expense) for the period, net of tax	(61,022)	(38,355)
Total comprehensive profit/ (loss) for the period	1,140,896	(1,205,271)
Profit/(loss) attributable to:		
Owners of the parent	1,201,918	(1,166,115)
Non-controlling interest	-	(801)
	1,201,918	(1,166,916)
Total comprehensive profit/(loss) attributable to:		
Owners of the parent	1,140,896	(1,204,470)
Non-controlling interest	-	(801)
	1,140,896	(1,205,271)
Basic profit/(loss) per share (cents per share)	0.48	(0.74)
Diluted loss per share (cents per share)	0.48	(0.74)

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

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Condensed Statement of Financial Position
As at 31 December 2015

	Note	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
Current Assets			
Cash and cash equivalents		1,255,542	297,006
Trade and other receivables		50,216	39,387
Total Current Assets		1,305,758	336,393
Non-Current Assets			
Plant and equipment		-	1,723
Exploration project acquisition costs	2	5,500,000	5,500,000
Total Non-Current Assets		5,500,000	5,501,723
Total Assets		6,805,758	5,838,116
Current Liabilities			
Trade and other payables		331,365	384,619
Borrowings		-	120,000
Total Current Liabilities		331,365	504,619
Total Liabilities		331,365	504,619
Net Assets		6,474,393	5,333,497
Equity			
Issued capital	3	21,345,697	21,345,697
Reserves		214,889	275,911
Accumulated losses		(14,344,968)	(15,546,886)
Outside equity interest		(741,225)	(741,225)
Total Equity		6,474,393	5,333,497

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

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Condensed Statement of Changes in Equity
For the half-year ended 31 December 2015

	Consolidated				Total equity
	Issued capital	Accumulated losses	Reserves	Non-controlling Interest	
	\$	\$	\$	\$	
Opening balance at 1 July 2014	16,852,732	(13,453,885)	350,874	(741,225)	3,008,496
Loss for the period	-	(1,166,115)	-	-	(1,166,115)
Other comprehensive income	-	-	(38,355)	-	(38,355)
Total comprehensive loss for the year	-	(1,166,115)	(38,355)	-	(1,204,470)
Issue of shares (net of share issue costs)	4,492,965	-	-	-	4,492,965
Outside equity interest in loss	-	-	-	(801)	(801)
Balance at 31 December 2014	21,345,697	(14,620,000)	312,519	(742,026)	6,296,190

	Consolidated				Total equity
	Issued Capital	Accumulated Losses	Reserves	Non-controlling Interest	
	\$	\$	\$	\$	
Opening balance at 1 July 2015	21,345,697	(15,546,886)	275,911	(741,225)	5,333,497
Profit for the period	-	1,201,918	-	-	1,201,918
Other comprehensive income	-	-	(61,022)	-	(61,022)
Total comprehensive loss for the year	-	1,201,918	(61,022)	-	1,140,896
Issue of shares (net of share issue costs)	-	-	-	-	-
Balance at 31 December 2015	21,345,697	(14,344,968)	214,889	(741,225)	6,474,393

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

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Condensed Statement of Cash Flows
For the half-year ended 31 December 2015

	Consolidated Half year ended December 2015	Consolidated Half year ended December 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,587,952	101,232
Payments to suppliers and employees	(489,015)	(971,550)
Interest expense	(7,600)	(23,464)
Interest received	322	1,592
Net cash outflow from operating activities	1,091,659	(892,190)
Cash flows from investing activities		
Proceeds from sale of PP&E	-	2,241
Net cash outflow from investing activities	-	2,241
Cash flows from financing activities		
Proceeds from issue of shares	-	1,468,437
Proceeds from borrowings	30,000	-
Repayment of borrowings	(150,000)	(300,000)
Share issue costs	-	(81,730)
Net cash inflow from financing activities	(120,000)	1,086,707
Net increase in cash held	971,659	196,758
FOREX	(13,123)	(2,710)
Cash at the beginning of reporting period	297,006	33,014
Cash at the end of the reporting period	1,255,542	227,062

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

Notes to the consolidated financial statements
For the half year ended 31 December 2015

Note 1: Basis of Preparation of Half Year Financial Statements

This general purpose financial report for the interim reporting half year ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2015 and any public announcements made by Viking Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

Significant accounting policies

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Adoption of new and revised accounting standards

In the half year ended 31 December 2015, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

As a result of this review the Directors have determined that there is no impact material, or otherwise, of the new and revised standards and interpretations on its business and therefore, no change is necessary to Group accounting policies.

Basis of Consolidation

The half year consolidated financial statements comprise the financial statements of Viking Mines Limited and its subsidiaries at 31 December 2015.

Notes to the consolidated financial statements
For the half year ended 31 December 2015

Note 1: Basis of Preparation of Half Year Financial Statements (cont)

Going Concern

The Company incurred a profit of \$1,201,918 for the six month period ended 31 December 2015 and currently has a strong working capital position.

The Company's ability to continue as a going concern and meet its debts and future commitments as and when they fall due remains dependent on a number of factors, including (but not limited to):

- the ability to raise sufficient working capital to ensure the continued implementation of the Company's business plan; and
- the ability to farm-out or sell down the Company's interest in its mineral tenements

The half year financial report has been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that the Company has, or in the Directors' opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

Notwithstanding the Company's present strong cash position the Company does not have any cash flow producing assets. As such there remains uncertainty into the near future as to whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Note 2: Revenue

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
Interest received	322	1,592
Sundry income	729	-
Proceeds from the sale of mineral projects	1,587,952	101,232
	1,589,003	102,824

During the year ended 30 June 2015 the Group sold its Akoase Gold Project for a total cash consideration of US\$10 million. Under this sale agreement certain non-refundable payments to the Group have been paid, with the first being made during the 6 month period ended 31 December 2014.

As at the date of this report the purchaser of the Akoase Gold Project has paid the US\$2 million in non-refundable deposit payments as required under the sale agreement. A further US\$6 million is payable upon Viking receiving Ministerial approval to the transfer of title to the underlying mineral tenements. This approval is expected to be received prior to 30 June 2016. The US\$2 million balance of the purchase price is payable as a royalty from gold produced from the Akoase project.

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Note 3 Exploration project acquisition costs

	Consolidated	
	31 Dec 2015	30 June 2015
	\$	\$
Opening balance	5,500,000	3,000,000
Acquisition of Auminco Mines Ltd projects	-	3,813,957
Impairment charge	-	(1,313,957)
	<hr/>	<hr/>
Exploration project acquisition costs	<u>5,500,000</u>	<u>5,500,000</u>

The recoverability of exploration project acquisition costs is dependent upon the successful development and commercial exploitation, or alternately the sale of areas of interest.

As all payments received to date under the Akoase sale agreement (as detailed in Note 2 above) are non-refundable deposits the carrying value of the Akoase project has not yet been adjusted.

An impairment charge was raised in the period to 30 June 2015 to reflect both the recent Mongolian government determination regarding the application of the Long Name Law upon the Berkh Uul coal project, plus the subsequent relinquishment of certain Mongolian project areas acquired via the Auminco Mines takeover.

Note 4: Issued capital

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
Issued and fully paid	<u>21,345,967</u>	21,345,967
<i>Movements in ordinary shares on issue</i>		
Opening balance	21,345,967	16,852,732
Movements during the period	-	4,492,965
	<hr/>	<hr/>
Closing balance	<u>21,345,967</u>	21,345,967
	<hr/>	<hr/>
	Shares	Shares
Opening balance	250,974,285	112,688,225
Movements during the period	-	138,28,060
	<hr/>	<hr/>
Closing balance	<u>250,974,285</u>	250,974,285

Note 5: Options

Options exercisable at \$0.09 on or before 30 April 2017

Opening balance	44,771,552	-
Issued in period	-	44,771,552
	<hr/>	<hr/>
Closing balance	<u>44,771,552</u>	44,771,552

Note 6: Contingent liabilities

The Group has no contingent liabilities.

Note 7: Events subsequent to reporting date

There have been no significant events since the end of the period.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance.

- (b) there are reasonable grounds to believe that Viking Mines Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of directors made pursuant to S305 (5) of the *Corporations Act 2001*.



John (Jack) Gardner
Executive Chairman

Perth
9 March 2016



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

Independent Review Report to the Members of Viking Mines Limited

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Viking Mines Limited for the half-year ended 31 December 2015.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2015 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Viking Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Viking Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2015 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rathsay

Rolf Garda
Partner

Dated 9th March 2016



Chartered Accountants