Great Gold Mines N.L.

ABN 44 009 157 439

REPORT TO SHAREHOLDERS
FOR THE HALF YEAR ENDED
31 DECEMBER 2006

THIS REPORT SHOULD BE READ IN CONJUNCTION WITH THE 2006 ANNUAL FINANCIAL REPORT

Great Gold Mines N.L.
ABN 44 009 157 439
Chairman's Report

14 March 2007

Dear Shareholder

Great Gold Mines N.L. (the "Company" or "GNL") is an Australian gold and base metals explorer with strategic and significant tenement holdings covering over 3,000 square kilometres within the Southern Laverton Tectonic Zone ("SLTZ"), a highly prospective gold province in the Eastern Goldfields of Western Australia. Recent exploration results in the region also suggest that the SLTZ is likely to become a significant base metals province.

The tenements cover zones of highly favourable lithology and structure under a cover of recent sediments. High priority targets have been delineated for drilling within these zones in the coming field season. Several prospects are structurally similar to the Sunrise Dam gold mine to the north, while others have close affinities to the Granny Smith gold mine style of mineralisation. Significant areas within these tenements have only recently been granted, and accordingly have not been drill tested to date.

A field program to drill test these new areas as well as a number of other areas within the SLTZ has returned significant anomalous gold and zinc along with elevated copper.

REVIEW OF OPERATIONS

Southern Laverton Tectonic Zone

100% Owned Tenements

Triumph Gold Project

The Triumph group of gold workings is located at Edjudina, 130 kilometres south of Laverton, WA. The old workings lie along a regionally significant mineralised structure. The Company has identified high priority targets both to the northwest and to the southeast along this structure where internal granites have intruded the sequence, and where the trends are under the cover of recent sediments. This setting is very similar to that at Granny Smith to the north.

A RAB drilling program was completed at Triumph North. This program was designed to drill at 80 metre hole spacing on broad spaced lines 1,280 metres apart. Results of this work to date have identified substantial linear trends of anomalous gold with associated arsenic and copper from 4 metre composites. The main trend, up to 4 kilometres long, also correlates with structures identified on air magnetics.

These anomalous zones have been assayed at one metre intervals for gold, and where copper levels were elevated, were also assayed for zinc and lead. Broad anomalous gold intersections were returned and require follow up drilling. This infill drilling is currently being planned.

Significant zinc results were returned from the first RAB line of the program. RAB hole TRIB276 returned 8 metres @ 1840 parts per million ("ppm") zinc from 18 metres along with elevated copper and anomalous gold. A further intersection of 4 metres @ 1,207 ppm zinc was returned from 28 metres. This intersection occurs along a 4 kilometre anomalous zone identified by the drilling program and is open to the south. Anomalous zinc and copper results were returned from other areas of Triumph North and require follow up.

Anglo Saxon Gold Project

The project area is located 35 kilometres east of the Carosue Dam gold deposit. The Saxon Extended gold resource consists of multiple events of quartz pyrite veining over a distance of at least 1,200 metres and is open to the north, south and at depth. The results of previous core drilling are currently being re-examined in order to piece together the dominant vein orientation. There are indications that this may provide greater confidence in the interpretation.

Given the current gold price the joint venture partners have agreed to update the existing resource incorporating the last two years drill results. The updated database will be completed during the next quarter. An external consultant will then be retained in order to update the pit optimisation to determine the feasibility of mining the Saxon Extended gold deposit.

There are at least three regional structural trends containing extensive old gold workings over a distance of 11 kilometres. Previous drilling has intersected widespread gold mineralisation. Additional lode structures adjacent to previously delineated mineralisation have been discovered and will require further assessment.

Yundamindera

The Yundamindera prospect is located approximately 95 kilometres south of Laverton and covers an area of over 400 square kilometres, of which 180 square kilometres is available for exploration. The prospect is located to the south of the major gold deposits of Sunrise Dam, Wallaby, and Grannie Smith and occupies a regional corridor with prospective lithologies and mineralised structures.

Previous regional RAB drilling has returned highly encouraging results, particularly at the Yundamindera 4 prospect. The mineralisation occurs within quartz sulphide veining along the footwall of an east dipping porphyry body, an association which is significant in this region. RC drilling is planned to test these zones down plunge. A number of other targets have also been earmarked for soil sampling programs.

Wild Dog Dam

The Wild Dog Dam tenements lie to the south of Anglo Saxon where regional structures rotate from southeast to a favourable southerly trend. The Company is targeting the continuation of the structural corridor containing prospective lithologies and mineralised structures in this direction. Early drill programs returned up to 4 metres @ 1.88 g/t gold. Elevated copper was also returned from these earlier programs so base metal levels will need to be tested.

The Company has planned further regional drilling through the various tenements. A portion of this has been completed where heritage surveys had allowed drilling to be conducted. Heritage surveys have now been completed over other high priority targets and drilling will be carried out during the year.

Yindana

The Yindana tenements are located 100 kilometres east of Kalgoorlie at the southern end of the SLTZ. The Keith-Kilkenny shear zone and associated graben sediments joins with the SLTZ in this area, and both continue in a southerly direction. The Company is targeting these prospective structures and host rocks along these corridors.

Heritage surveys were delayed by rain during the half-year and are currently being completed. Drilling has been planned at a number of locations within the project area following favourable results of these surveys.

Jumnania Hill

The prospect area is located within the Yindana tenements and refers to a sequence of rocks that the Company believes are prospective for volcanogenic base metal deposits as well as gold. The Company believes that the rock sequence is a continuation to that hosting mineralisation to the south at Erayinia which is in joint venture with ABM Resources. A significant chert marker horizon is present within the Company's wholly owned tenements over a distance of 10 kilometres.

A program of ground EM (electromagnetics) has just been completed in order to determine if any significant conductors are present. While the processing of the data has not been completed, an anomally was noted in the southern portion of the area for which further EM was completed. Results of this work are awaited.

Four Corners

The Company holds a 100% interest in the Four Corners tenement which is prospective for iron ore. The Company has obtained Landsat TM image data over the area, and has completed a detailed low level aeromagnetic survey covering the tenement.

Jupiter Mines have announced high grade iron ore intercepts (to 30 metres @ 63.3% iron ore) along the host horizon to the south. This horizon extends approximately 10 kilometres into the Company's Four Corners tenement.

Joint Ventures

Erayinia Joint Venture

ABM Resources NL is earning an interest in the Company's Erayinia base metal tenements 130 kilometres southeast of Kalgoorlie. Past drilling by ABM on the joint venture tenements has returned significant widths and grades of base metal mineralisation including 10 metres @ 3.49% zinc, 0.36% Pb, 311 ppm copper, 44 ppm silver and 0.1 ppm gold. The mineralisation appears to represent a Volcanic-hosted Massive Sulphide (VMS) style of mineralisation.

Results of diamond drilling completed in December 2006 returned 8.4 metres @ 3.72% zinc and 29.5 ppm silver. The hole was drilled in an area of known mineralisation in order to carry out test work.

The next program to commence will include considerable drilling in order to test the southerly strike and down-plunge extensions of the main Calliope (formerly E1 target) base metal mineralisation. Exploration will also test for other lenses at Calliope and at new targets to the north such as the Calypso anomaly. RAB drilling will also be carried out in order to test for uranium.

ABM are earning a 70% interest in the joint venture tenement by sole funding for first $1,250,000 on exploration. To date ABM have earned a 51% interest. Once ABM have earned the 70% interest, ABM are to free carry the Company's 30% interest to decision to commence a bankable feasibility study. At that time, the Company can either elect to contribute to ongoing exploration, dilute or convert its interest to a 2% net smelter royalty.

As part of the joint venture arrangements, following ABM earning a 51% interest, ABM have included further tenements surrounding the existing joint venture tenement into the joint venture.

Newmont Joint Venture

Newmont Exploration Pty Ltd has entered into a joint venture covering several tenements associated with the Company's Wild Dog dam project. The tenements are approximately 20 kilometres south of Pinjin and cover the interpreted southern extension of the Pinjin shear. Detailed airborne magnetics have been completed as well as an extensive ground gravity survey.

East Kimberley Joint Venture (Edison Prospect)

Thundalarra Exploration has earned an 80% interest in the Company's exploration license E80/2559, located 45 kilometres southwest of Hall's Creek in Western Australia where significant drill results such as 33 metres @ 2.77 g/t platinum + palladium + gold were previously announced. Numerous wide intercepts have since been reported such as 46 metres @ 1.87 g/t, and 60 metres @ 1.0 g/t platinum + palladium + gold. Subsequent drilling 1 kilometre to the south returned 24 metres @ 1.34 g/t platinum + palladium + gold. These results are all located within the basal ultramafic portion of the Lamboo Igneous Complex. The broad intercepts and significant available strike length indicates that there is potential for large bulk tonnage types of platinum + palladium + gold mineralization.

Whiteheads Project

The Whiteheads Project is located 60 kilometres northeast of Kalgoorlie and is subject to a joint venture with Quantum Resources Limited ("QUR"). QUR completed a RAB drilling program over continuations of known mineralised structures within the tenements. Results to date include 18 metres @ 1.32 g/t gold from 36 metres to the end of the hole. These were 4 metre composite samples. Resampling by individual metres and fire assay returned 6 metres @ 2.03 g/t from 38 metres, followed by 4 metres @ 0.46 g/t, another 4 metres @1.01 g/t and ending in 2 metres @ 0.44 g/t at 54 metres.

Further recent drilling along the trend has intersected values such as 8 metres @ 1.01 g/t from 40 metres and 11 metres @ 1.07 g/t gold from 32 metres. A program of infill aircore drilling is proposed by QUR to determine the extent and orientation of mineralization.

Corporate

During the half-year, the Company issued 10,100,000 options pursuant to the 2005 employee share option plan, at an exercise price of 10 cents, a latest exercise date of 19 October 2011 and with a 2 year vesting period. The Company has also, with the consent of holders, cancelled 280,000 unlisted options expiring on 24 March 2010.

J.I. Gutnick

JI Gutnick
Chairman & Managing Director

The technical information in this report has been reviewed and approved by Dr D Tyrwhitt who is Fellow of the Australasian Institute of Mining & Metallurgy and who has over 40 years experience in the exploration field.

Great Gold Mines N.L.
ABN 44 009 157 439
Directors' Report

The Directors of Great Gold Mines N.L. present their report for the half year ended 31 December 2006.

1. Directors

The Directors of the Company in office during the half year and at the date of this Report are:

Mr Joseph Gutnick FAusIMM FAIM MAICD
Chairman and Managing Director

Dr David Tyrwhitt PhD(Geology) BSc(Hons) FSEG(USA) FAusIMM CPGeo
Non-Executive Director

Mr Mordechai Gutnick
Non-Executive Director

2. Review and Results of Operations

The Company recorded a net loss of $1,265,130 (2005: $1,008,816) for the half-year ended 31 December 2006.

Objectives

The Company's objective is to increase shareholder wealth through successful exploration activities whilst providing a safe workplace and ensuring best practice in relation to its environmental obligations.

Income Statement

As an exploration company, the Company does not have an ongoing source of revenue. Its revenue stream is normally from ad-hoc tenement disposals and interest received on cash in bank and other entity loan. In the 2006 half-year, revenue has increased from $16,683 in 2005 to $54,708 in 2006.

Expenses increased from $1,025,499 for 2005 to $1,319,838 for 2006. Exploration expenditure written off in 2006 increased from $147,157 in 2005 to $699,356 in 2006 as a number of previously granted exploration licenses and applications for mining leases were reverted into prospecting and/or exploration licenses and the reversions are pending; administration expenses decreased from $794,078 in 2005 to $438,175 in 2006 primarily relating to a reduction in consulting costs; finance costs decreased from $84,468 in 2005 to $3,155 in 2006 as a result of repayment of long term interest bearing debt; and other expenses in 2006 increased to $179,152 as a result of the reversal of the profit on the sale of investments in 2005 that did not proceed of $151,200 and $27,270 for the amortization of employee share options.

As a result, the loss for the period from continuing activities after income tax was $1,265,130 in the 2006 half-year compared to $1,008,816 in 2005.

Balance Sheet

At 31 December 2005, the Company had working capital of $1,442,757 made up of cash at bank of $1,175,417, receivables of $325,525, other current assets of $106,884 and payables of $165,069.

Non current assets totaled $7,233,768 primarily made up of carried forward exploration expenditure and had long-term interest bearing liabilities of $327.

Net assets at 31 December 2006 were $8,676,198 which has been a decrease of $731,078 from 30 June 2006.

Cash Flow

During the half-year, the Company has repaid borrowings of $1,080,536, paid $580,039 in the normal course of operations and $1,272,144 for exploration expenditure and advanced $324,845. The repayment of debt has put the Company in a significantly stronger position to move forward with its exploration activities.

In order to meet its ongoing exploration commitments, working capital requirements and other obligations, the Company will need to raise further funds through either equity or debt raisings

3. Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this Report.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 14th day of March 2007.

J. I. Gutnick

J I Gutnick
Director

Chartered Accountants
& Business Advisers

14 March 2007

The Directors
Great Gold Mines N.L.
Level 8
580 St Kilda Road
MELBOURNE VIC 3000

Dear Directors

INDEPENDENCE DECLARATION

As lead engagement partner for the review of Great Gold Mines N.L. for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF
Chartered Accountants

M L Port
Partner

Tel: +61 3 9603 1700 | Fax: +61 3 9602 3870 | www.pkf.com.au
Victorian Partnership | ABN 56 527 914 493
Level 11, CGU Tower | 485 La Trobe Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

Great Gold Mines N.L.
ABN 44 009 157 439
Condensed Income Statement
For the Half-Year Ended 31 December 2006

	Notes	2006 $	2005 $
Continuing Operations			
Finance revenue	3	54,708	16,683
Revenue		54,708	16,683
Other income	3	-	204
Exploration expenditure written off		(699,356)	(147,157)
Administration expenses		(438,175)	(794,078)
Finance costs	3	(3,155)	(84,468)
Other expenses	3	(179,152)	-
Loss before income tax		(1,265,130)	(1,008,816)
Income tax expense		-	-
Loss for the period after tax from continuing operations		(1,265,130)	(1,008,816)
Loss attributable to members		(1,265,130)	(1,008,816)
Earnings per share		Cents	Cents
Basic loss per share for the half-year attributable to ordinary equity holders	4	(0.34)	(0.41)
Diluted loss per share for the half-year attributable to ordinary equity holders	4	(0.34)	(0.41)

The condensed income statement should be read in conjunction with the accompanying notes to the condensed financial statements.

Great Gold Mines N.L.
Condensed Balance Sheet as at 31 December 2006

	Note	31 December 2006 $	30 June 2006 $
ASSETS			
Current Assets			
Cash and cash equivalents		1,175,417	3,998,870
Receivables		325,525	186,115
Other current assets		106,884	5,000
Total Current Assets		1,607,826	4,189,985
Non-Current Assets			
Available-for-sale investments		1,173,918	667,820
Exploration expenditure		6,024,670	5,512,711
Plant and equipment		35,180	37,184
Total Non-Current Assets		7,233,768	6,217,715
TOTAL ASSETS		8,841,594	10,407,700
LIABILITIES			
Current Liabilities			
Trade and other payables		165,069	320,425
Total Current Liabilities		165,069	320,425
Non-Current Liabilities			
Interest bearing borrowings		327	679,999
Total Non-Current Liabilities		327	679,999
TOTAL LIABILITIES		165,396	1,000,424
NET ASSETS		8,676,198	9,407,276
EQUITY			
Issued capital	6	55,371,312	55,371,312
Reserves		1,920,604	1,386,552
Accumulated losses		(48,615,718)	(47,350,588)
TOTAL EQUITY		8,676,198	9,407,276

The condensed balance sheet should be read in conjunction with the accompanying notes to the condensed financial statements

Great Gold Mines N.L.
Condensed Cash Flow Statement for the Half Year Ended 31 December 2006

	2006 $	2005 $
Cash flows from operating activities		
Payments in the course of operations	(577,745)	(297,145)
Interest received	53,973	14,776
Borrowing costs paid	(2,687)	-
Net cash (used in) operating activities	(526,459)	(282,369)
Cash flows from investing activities		
Payments for exploration expenditure	(1,272,144)	(355,541)
Loans to other entity	(324,845)	-
Acquisition of plant and equipment	(3,011)	-
Recovery from joint venture partner	-	2,934
Proceeds from security deposit refunds	-	5,000
Net cash (used in) investing activities	(1,600,000)	(347,607)
Cash flows from financing activities		
Proceeds from issue of shares	-	1,858,641
Payment of share issue costs	(16,458)	(10,122)
Proceeds from borrowings	400,000	533,350
Repayment of borrowings	(1,080,536)	(1,774,310)
Net cash provided by/(used in) financing activities	(696,994)	607,559
Net decrease in cash held	(2,823,453)	(22,417)
Cash and cash equivalents at beginning of period	3,998,870	43,955
Cash and cash equivalents at end of period	1,175,417	21,538

The condensed cash flow statement should be read in conjunction with accompanying notes to the condensed financial statements.

Great Gold Mines N.L.
Condensed Statement of Changes in Equity for the Half-Year Ended 31 December 2006

	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
At 1 July 2005	48,725,121	(45,060,627)	1,001,480	4,665,974
Net gains on available-for–sale financial assets	-	-	31,189	31,189
Loss for the period	-	(1,008,816)	-	(1,008,816)
Issue of share capital	1,858,640	-	-	1,858,640
Cost of share-based payment	192,500	-	-	192,500
Equity transaction costs	(67,522)	-	-	(67,522)
At 31 December 2005	50,708,739	(46,069,443)	1,032,669	5,671,965
At 1 July 2006	55,371,312	(47,350,588)	1,386,552	9,407,276
Loss for the period	-	(1,265,130)	-	(1,265,130)
Net gain on available-for-sale financial assets	-	-	506,782	506,782
Share-based payments charge	-	-	27,270	27,270
At 31 December 2006	55,371,312	(48,615,718)	1,920,604	8,676,198

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

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

(a) Reporting Entity

Great Gold Mines N.L. (the "Company") is a company domiciled in Australia. The financial report of the Company as at and for the half-year ended 31 December 2006 comprises the Company only and has not been consolidated with any other entity.

The annual financial report of the entity as at and for the year ended 30 June 2006 is available upon request from the Company's registered office at Level 8, 580 St Kilda Road, Melbourne, VIC 3004 or at www.greatgoldmines.com.au.

(b) Statement of compliance

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "*Interim Financial Reporting*" and other mandatory professional reporting requirements.

The half-year financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual Financial Report of Great Gold Mines N.L. as at and for the year ended 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by Great Gold Mines N.L. during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was approved by the Board of Directors on 14 March 2007.

(c) Summary of significant accounting policies

(i) Except as described below, the accounting policies applied by the entity in this half-year report are the same as those applied by the entity in its financial report as at and for the year ended 30 June 2006.

(ii) Share-based payment transactions

Share-based compensation benefits are provided to employees, Directors, officers or consultants of the Company or an associated body corporate and such other persons nominated by the Directors under the Great Gold Mines N.L. 2005 Share Option Plan which allows participants to acquire shares of the Company.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the participants become unconditionally entitled to the options. The fair value of the options granted is measured using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest at each balance sheet date.

(iii) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that reflect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS (Cont'd)

(c) Summary of significant accounting policies (Cont'd)

(iii) Estimates (Cont'd)

In preparing the interim financial report, the significant judgements made by management in applying the entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2006.

2. SEGMENT INFORMATION

The principal business and geographical segment of the Company is mineral exploration within Australia.

3. REVENUE AND EXPENSES

	2006 $	2005 $
Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
(i) Finance revenue		
Interest		
Other Entity	8,475	13,747
Other	46,233	2,936
Total finance revenue	54,708	16,683
(ii) Other income		
Sundry income	-	204
Total other income	-	204
(iii) Finance Costs		
Borrowing costs		
Related Parties	863	84,402
Other	2,292	66
Total finance costs	3,155	84,468
(iv) Other expenses		
Reversal of sale of investments	151,200	-
Employee share option plan amortisation	27,270	-
Impairment of available-for-sale assets	682	-
Total other expenses	179,152	-

4. EARNINGS PER SHARE

Basic earnings per share

The calculations of basic earnings per share for the six months ended 31 December 2006 was based on the loss attributable to ordinary shareholders of $1,265,130 (six months ended 31 December 2005: loss $1,008,816) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2006 of 375,359,658 (six months ended 31 December 2005: 243,163,438) calculated as follows:

4. EARNINGS PER SHARE (Cont'd)

	2006 $	2005 $
Loss attributable to ordinary shareholders		
For the six months ended 31 December		
Loss for the period	(1,265,130)	(1,008,816)
	Number of shares	Number of shares
Weighted average number of ordinary shares		
For the six months ended 31 December	375,359,658	243,163,438

Diluted earnings per share

There is no calculation of diluted earnings per share as the effect of converting "out of the money" options at reporting date would be anti-dilutive.

5. EMPLOYEE BENEFITS

Share based payments

At the 2005 annual general meeting, the Company established the Great Gold Mines N.L. 2005 Share Option Plan which allows employees, Directors, officers or consultants of the Company or an associated body corporate and such other persons nominated by the Directors to participate in the plan.

On 19 October 2006, 10,100,000 options were issued at an exercise price of $0.10. Optionholders must remain eligible (which would usually mean remaining eligible person although the Board has some discretion to allow continued participation in the event of an eligible person's death, mental incapacity, ill health, accident or redundancy) to participate in the plan throughout the two (2) year vesting period and can be exercised at any time following vesting up to 19 October 2011. All options, if exercised, will be settled by physical delivery of the shares.

The number and weighted average exercise price of share options is as follows:

	2006		2005	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	$0.100	10,100,000	-	-
Outstanding at the end of the period	$0.100	10,100,000	$1.875	280,000
Exercisable at the end of the period	-	-	-	-

The options outstanding at 31 December 2006 have an exercise price of $0.10 and a remaining contractual life of 4.8 years.

The value of services received in return for employee share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial option pricing model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

5. EMPLOYEE BENEFITS (Cont'd)

Fair value of shares, options and assumptions	2006	2005
Fair value at measurement date	2.7¢	N/A
Share price	6.0¢	N/A
Exercise price	10.0¢	N/A
Expected volatility (estimated average volatility used in the modelling under binomial option pricing model)	75%	N/A
Option life (expressed as weighted average life used in the modelling under binomial option pricing model)	3.5 years	N/A
Expected dividends	Nil	N/A
Risk-free interest rate (based on Australian Government five-year bond rate at grant date)	5.91%	N/A

The expected volatility is based on the recent historic volatility of comparable listed companies (calculated based on the mid point remaining life of the share options) adjusted for any expected changes to future volatility due to publicly available information.

Employee share options are granted under service conditions. No market or non-market performance conditions are taken into account in the grant date fair value measurement of the services received.

	2006	2005
	$	$
Employee expenses		
Share options granted in 2006		
Total expense recognised as employee cost	27,270	-

Other than the issue of options referred to above, at 31 December 2006 there was no change to the information set out in note 23 to the 2006 annual financial report. Subsequent to 31 December 2006, 280,000 options on issue under the 1999 employee share option plan were cancelled with the consent of the holders.

6. ISSUED CAPITAL

	31 December 2006	30 June 2006
	$	$
Ordinary shares		
Issued and fully paid	55,371,312	55,371,312

There were no movements in the ordinary share capital of the Company for the half-year ended 31 December 2006. Details of the movement in ordinary share capital for the comparative period are contained in the 2006 Annual Report of the Company.

7. COMMITMENTS

Exploration	31 December 2006 $	30 June 2006 $
(a) Changes in existing commitments As a result of a number of tenements being granted since 30 June 2006, the amounts which may be required to be expended to retain tenements has changed. These commitments are as follows		
Not later than one year	1,960,890	1,850,130
Later than one year but not later than five years	7,783,520	7,065,240
Later than five years but not later than twenty-one years	93,730	93,730
	9,838,140	9,009,100

(b) Farm-In contract commitments

There has been no change since June 2006.

8. CONTINGENT LIABILITIES

There has been no change since June 2006.

Great Gold Mines N.L.
Directors' Declaration

In the opinion of the Directors of Great Gold Mines N.L. ("the Company"):

(a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 31 December 2006 and of its performance;

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

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

Signed in accordance with a Resolution of the Directors at Melbourne this 14th day of March 2007.

J.I. Gutnick

J.I. Gutnick
Director

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Great Gold Mines N.L.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Great Gold Mines N.L. ('Great Gold Mines'), which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the disclosing entity at 31 December 2006.

Directors' Responsibility for the Half-Year Financial Report

The directors of Great Gold Mines are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Great Gold Mines' financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Great Gold Mines, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Great Gold Mines would be in the same terms if it had been given at the time the auditor's review report was made.

Tel: +61 3 9603 1700 | Fax: +61 3 9602 3870 | www.pkf.com.au
Victorian Partnership | ABN 56 527 914 493
Level 11, CGU Tower | 485 La Trobe Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

Chartered Accountants
& Business Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Great Gold Mines is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PKF

PKF
Chartered Accountants

M L Port
Partner

Melbourne
14 March 2007