



14 August 2019

Charlotte Hope
Senior Adviser, Listing Compliance (Sydney)
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Dear Charlotte

Response to Appendix 5B Query

We refer to your email notification of an Appendix 5B query letter dated 8 August 2019.

In respect of the questions raised, the following responses are submitted:

1. GMN does expect that it will continue to have negative operative cash flows for the foreseeable future, given its status as an exploration company.
2. On an announcement of 30 July 2019, GMN provided an update on the investor participation in the capital raising of the Company for the issue of up to 100 million shares along with other equity securities entitlement to raise \$10 million. The Company is advised that the intent of the Placement Investors is to complete the capital transaction which is dependent on approvals from the international banking regulatory authorities.

As a supplement to further capital raising, GMN has on 31 July 2019 announced the proposed share placement to raise \$2.5 million by the issue of shares and other securities. The placement funds are progressively received and the directors of the Company anticipate completing the placement along with lodgement of Appendix 3B be announced before the end of this month.

The Company advises that mobilisation is now in progress for the target drilling at the Mongae Prospect in Wabag, Papua New Guinea.

3. GMN has taken necessary steps including reducing cash burn to ensure that it can operate within the short term.

In addition, the Company is engaging on a new strategy to support the continuing and future development of the PNG Wabag Project. This includes new capital raising and the final proposal will be presented to Shareholders for approval at the coming 2019 Annual General Meeting.

4. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1 and confirms that there is no information about its financial condition that should be given to the ASX in accordance with Listing Rule 3.1 that has not already been released to the market.
5. GMN confirms that the responses to the questions above have been authorised and approved by the Board.

Yours sincerely

Eric Kam
Company Secretary



8 August 2019

Mr Eric Kam
Company Secretary
Gold Mountain Limited
Suite 2501, Level 25
31 Market St
Sydney, NSW, 2000

By email:

Dear Mr Kam

Gold Mountain Limited ('GMN'): Appendix 5B Query

ASX refers to GMN's Appendix 5B quarterly report for the period ended 30 June 2019 lodged with ASX Market Announcements Platform on 31 July 2019 (the 'Appendix 5B').

ASX notes that GMN has reported:

- negative net operating cash flows for the quarter of \$980,000;
- cash at the end of the quarter of \$54,000; and
- estimated cash outflows for the next quarter of \$800,000.

It is possible to conclude, based on the information in the Appendix 5B that if GMN were to continue to expend cash at the rate indicated by the Appendix 5B, GMN may not have sufficient cash to continue funding its operations.

In view of that, ASX asks GMN to respond separately to each of the following questions and requests for information:

1. Does GMN expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has GMN taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does GMN expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that GMN is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that GMN's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of GMN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEST Wednesday, 14 August 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in GMN's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, GMN's

obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to GMN’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that GMN’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in GMN’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Charlotte Hope
Senior Adviser, Listings Compliance (Sydney)