

29 July 2014

June 2014 Quarterly Report

Highlights

- High grade drilling results continue on strike
- Key permits awarded for Gunung Rosa mine development
- Appointment of experienced resource finance executive, Daniel Poller, as Chief Executive Officer and Managing Director

GUNUNG ROSA HIGH GRADE GOLD, SILVER AND BASE METAL PROJECT, WEST JAVA PROVINCE, INDONESIA

HIGH GRADE DRILLING RESULTS CONTINUE NORTHWARD ON STRIKE

During the period, Paramount released results from seven more diamond drill holes at Gunung Rosa, with the highlights shown below.

These drill holes intersected high grade mineralisation extending over 150 metres to the north of known limits at Cap Palu as well as continuity of mineralisation to depth beneath the lower limits of historic mining and drill testing. A steep northward plunge for the mineralisation is interpreted from the results and remains to be tested by drilling.

The drilling intersects high grade reef at Cap Palu North and to depth in holes GRD030 and GRD026 confirming mineralisation is open, possibly with a shallow northerly plunge in that section of the vein.

Significant grade intersections include:

- Hole GRD026: 3.04m @ 5.45g/t Au; 30.1g/t Ag
including 0.38m @ 22.9g/t Au; 82.4g/t Ag; 1.64m @ 0.47% Cu
and 1.70m @ 5.58g/t Au; 8.2g/t Ag
- Hole GRD030: 7.0m @ 3.30g/t Au
including 0.48m @ 19.0g/t Au; 50.7g/t Ag
including 1.00m @ 6.53g/t Au; 5.0g/t Ag
and 2.65m @ 6.02g/t Au
including 0.95m @ 11.0g/t Au; 18.1g/t Ag
- Hole GRD031: 4.0m @ 13.4g/t Au; 12.5g/t Ag
including 1.05m @ 20.4g/t Au; 24.5g/t Ag
including 1.00m @ 20.7g/t Au; 14.1g/t Ag; 0.45% Cu

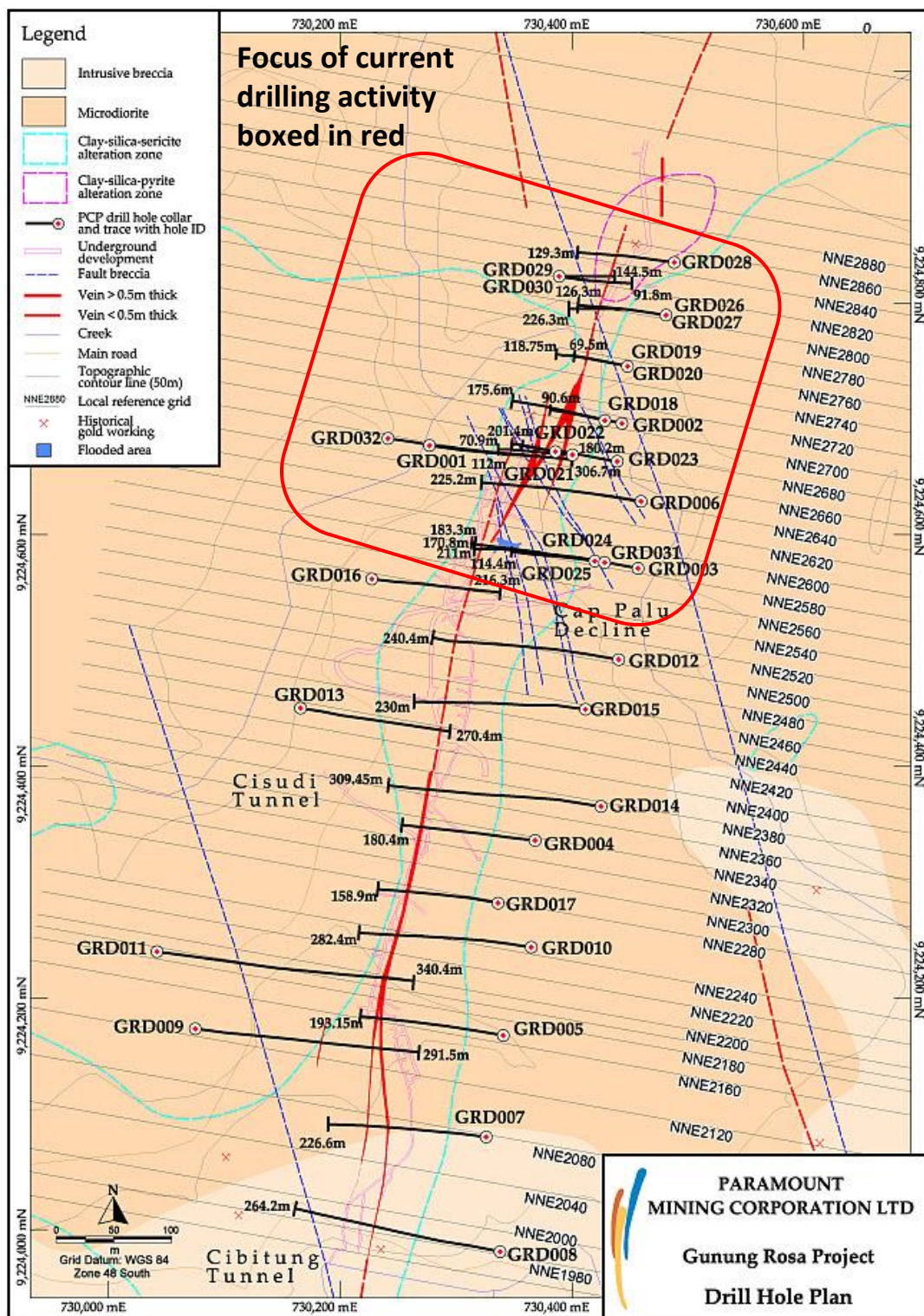


Figure 1: Plan of drill holes completed by Paramount over historic mine workings and geology. New drilling is planned on the drill sections extending 900 metres south from Cap Palu to Cibitung.

The results from this drilling in the previously untested northern extension of the ore body adds additional mineralisation amenable to early stage mining, and high grade mineralisation at depth for a later stage of mining.

Results from the seven holes are presented on summary plans and sections in the 3 April 2014 announcement, which may be found at www.paramountmining.com.

KEY PERMITS AWARDED FOR GUNUNG ROSA MINE DEVELOPMENT

Permits were issued by the Mines Department, which allow the acquisition of surface rights and infrastructure construction:

1. Location Permit – to allow the acquisition of surface rights
2. Principal Permit – to allow the company to proceed with its approved business plan
3. Disturbance Permit – to allow the clearing of ground for construction, and
4. Construction Permit – to allow the construction of infrastructural buildings

HIGH GRADE ROCK CHIPS DEMONSTRATE MINERALISATION EXTENSION

Paramount also presented, on 1 April 2014, analytical results from composite rock chip sampling from veins and wall rock underground in narrow drives and adits at the Cinemo-Legok Kadu and Mala project extensions.

The rock chip samples from the narrow workings in the northern project extensions to the Gunung Rosa mineralisation continue to demonstrate high grade values and extensive distribution of metal anomalism in breccias and veins

- Significant composite chip results include:
 - Cinemo: 1m @ 3.53 g/t Au; 61.9 g/t Ag
 - Cinemo: 1m @ 1.95 g/t Au; 30.3 g/t Ag; 4.2% Pb
 - Legok Kadu: 1m @ 19.7 g/t Au; 91.8; g/t Ag; 0.72%; Cu; 9.6% Zn; 4.05% Pb
 - Legok Kadu: 1m @ 15.4 g/t Au; 54.8 g/t Ag; 0.50%; Cu; 1.41% Zn; 2.88% Pb
 - Legok Kadu: 1m @ 12.0 g/t Au; 74.8 g/t Ag; 0.67%; Cu; 6.75% Zn; 1.15% Pb
 - Legok Kadu: 1m @ 9.78 g/t Au; 46.0 g/t Ag; 0.43%; Cu; 4.87% Zn; 0.48% Pb
 - Mala: 2m @ 0.13 g/t Au; 10.4 g/t Ag; 0.21% Zn; 1.13% Pb
- Elevated copper values associated with molybdenum and bismuth next to magnetic high zone at Legok Kadu suggest porphyry affiliation

The sample results continue to demonstrate the widespread distribution and tenor of vein mineralisation away from the main vein zone at Gunung Rosa. Local centres associated with intrusive breccias and pebble dykes with intense alteration contain high grade gold and silver with elevated co-anomalous copper, molybdenum, bismuth and arsenic. A magnetic high in the vicinity also adds confirmation of a late intrusive association for the mineralisation and alteration and generally supports the possibility of porphyry intrusive source bodies at depth.

The geological setting and results from the vein and adit wall sampling for a range of elements are presented as thematic plan plots in the 1 April 2014 announcement, which may be found at www.paramountmining.com

Many of the samples were from adits approximately one metre in width and this limited the extent of sampling laterally about the veins. The sites of interest will need to be drilled to determine their broader economic significance in this area, as outcrop is limited.

CORPORATE ACTIVITIES

Appointment of Chief Executive Office and Managing Director

On 1 July 2014 the Company announced the appointment of Mr Daniel Poller as Chief Executive Officer and Managing Director, effective from that date.

Based in Jakarta, Mr Poller is an experienced resource finance executive with in excess of fifteen years in the mining and energy sectors, working throughout Asia, Africa and Australia. Previously a Senior Advisor to JP Morgan's Natural Resources Group in Asia where he co-headed Metals, Mining and Power Investment Banking, Mr Poller has also worked for Northstar Pacific Private Equity Fund in Indonesia overseeing the mining investments, as well as holding positions at BHP Billiton and McKinsey & Co.

Resignation of Executive Director

Mr Terry Holohan resigned from the Board and from his executive role, effective 30 May 2014. Mr Holohan had earlier resigned from his roles as Chief Executive Office and Managing Director, to become Chief Operating Officer and executive director.

For further information please contact:

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CEO & Managing Director
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About Paramount: Paramount is an ASX-listed mining company focussing on precious and base metal deposits in Asia, and in particular Indonesia. The Gunung Rosa project is a high-grade gold, silver and base metals sulphide mine 125km south of Jakarta in West Java which has the potential to be a low cost operation. The project is the flagship project for Paramount and the Company presently holds a controlling 72.25% equity interest with rights of first refusal on the remaining shareholding.

The project has a 20 year Mining Permit (Operation/Production IUP), which was issued in 2010 and has from late 2012 been under Paramount management at the operating level. It is presently in the pre-development phase with Project development scheduled to commence in late 2014 and gold production expected within 18 months of the construction start.

This poly-metallic mineralisation, trending N-S, is known to extend under soil cover from surface to 240m depth, as a sub-vertical, on average 2.26m wide, mesothermal vein with a drilled strike of approximately 900m with geological evidence of some 2.5km of strike; it remains geologically open to the north, south and to depth beyond the present limit of drilling.

The project was extensively developed underground on the 900m of strike, following a positive Definitive Feasibility Study in the early 1990s, by sinking a mining decline, vertical shafts and development drives on four levels up until the Asian Financial Crisis whereupon it was curtailed due to the lack of availability of debt financing. The project has not advanced since that time despite the significant increase in the value of gold in real terms.

Competent Person Statement

The exploration activities and results contained in this report have been reviewed by Dr. Neil F. Rutherford. Dr Rutherford is a Fellow of the Australian Institute of Geoscientists and is a full time employee of Rutherford Mineral Resource Consultants, mineral industry consultants. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

This review and comments by Dr Rutherford incorporated in the release text are based upon review the geochemical and magnetic data from the Gunung Rosa Project area, West Java, along with several field reviews of geology during the period 2011 to 2014 and input from his associates who processed the data and who are currently working on the property. All of the significant information reported herein was available to Dr Rutherford and was reviewed for this release. Dr. Neil Rutherford has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Paramount Mining Corporation Limited

ABN

73 102 426 175

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

| | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|----------------------------|--|
| Cash flows related to operating activities | | | |
| 1.1 | Receipts from product sales and related debtors | | |
| 1.2 | Payments for (a) exploration & evaluation | (184) | (1,919) |
| | (b) development | | |
| | (c) production | | |
| | (d) administration | (167) | (794) |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | - | 1 |
| 1.5 | Interest and other costs of finance paid | - | (1) |
| 1.6 | Income taxes paid | | |
| 1.7 | Other (provide details if material) | | |
| Net Operating Cash Flows | | (351) | (2,713) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: | | |
| | (a) prospects | | |
| | (b) equity investments | | |
| | (c) other fixed assets | | |
| 1.9 | Proceeds from sale of: | | |
| | (a) prospects | | |
| | (b) equity investments | | |
| | (c) other fixed assets | | |
| 1.10 | Loans to other entities | | |
| 1.11 | Loans repaid by other entities | | |
| 1.12 | Other (provide details if material) | | |
| Net investing cash flows | | | |
| 1.13 | Total operating and investing cash flows (carried forward) | (351) | (2,713) |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

| | | | |
|------|--|-------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (351) | (2,713) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | | 2,489 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | 221 | 221 |
| 1.17 | Repayment of borrowings | | |
| 1.18 | Dividends paid | | |
| 1.19 | Other (provide details if material) | | |
| | Net financing cash flows | 221 | 2,710 |
| | Net increase (decrease) in cash held | (130) | (3) |
| 1.20 | Cash at beginning of quarter/year to date | 143 | 16 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 13 | 13 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 48 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|--|-----------------------------|------------------------|
| 3.1 Loan facilities | 270 | 172 |
| 3.2 Credit standby arrangements | | |
| 3.3 Equity Facility (refer Quarterly Report) | | |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 150 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 180 |
| Total | 330 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 13 | 143 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Loan facilities available | 98 | 98 |
| 5.5 Equity Facility | - | |
| Total: cash at end of quarter (item 1.22) | 111 | 241 |

Changes in interests in mining tenements and petroleum tenements

| | Tenement reference and location | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed | | | |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

| | | | | | |
|-----|---|--|--|--|--|
| 6.2 | Interests in mining tenements and petroleum acquired or increased | | | | |
|-----|---|--|--|--|--|

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|--|--------------|---------------|---|--|
| 7.1 | Preference securities (description) | - | - | - | - |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 | *Ordinary securities | 559,939,708 | 559,939,708 | - | - |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | - | - | - | - |
| 7.5 | *Convertible debt securities (description) | - | - | - | - |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | - | - | - | - |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

| | | | | | |
|------|---|---|---|--|--|
| 7.7 | Options (description and conversion factor) | <i>Unlisted options</i> 2,000,000 <i>Performance Rights</i> 7,250,000 1,000,000 6,250,000 1,000,000 | | <i>Exercise price</i> 20 <i>Market Capitalisation hurdle</i> \$50,000,000 \$60,000,000 \$70,000,000 \$90,000,000 | <i>Expiry date</i> 30 November 2014 <i>Expiry date</i> 30 November 2014 31 March 2015 30 June 2015 31 March 2016 |
| 7.8 | Issued during quarter | - | - | - | - |
| 7.9 | Exercised during quarter | - | - | - | - |
| 7.10 | Expired during quarter | <i>Unlisted options</i> 4,500,000 <i>Performance Rights</i> 6,750,000 | - | <i>Exercise price</i> 15 <i>Market Capitalisation hurdle</i> \$50,000,000 | <i>Expiry date</i> 30 June 2014 <i>Expiry date</i> 30 June 2014 |
| 7.11 | Debentures (totals only) | - | - | | |
| 7.12 | Unsecured notes (totals only) | - | - | | |

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
2. This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 29 July 2014

Print name: ...GARRY TAYLOR.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.