

GOLD MOUNTAIN LIMITED

ABN 79 115 845 942

JUNE 2015 QUARTERLY REPORT

KEY POINTS

- Completion of Due Diligence on PNG prospects
- Results from Stage 2 exploration programs at Crown Ridge prospect, EL1968 in PNG, define highly anomalous gold associated with a diatreme breccia.
- Significant platinum assays from the eastern part of the Crown Ridge prospect may be associated with Alaskan-style mineralisation in layered gabbro intrusions.
- Commencement of Stage 3 exploration programs at Crown Ridge prospect, including ground magnetics survey, aiming to define drilling targets.
- Location of gold-platinum prospect in EL1967.
- Gold Mountain Limited (GMN) together with other shareholders of Goldsmith Resources SAC (GRSAC) has entered a Binding Heads of Agreement with Montan Mining Limited of Toronto for that company to acquire GRSAC's Peruvian Project for a consideration of \$3,300,000. GMN holds an 18.75% interest in GRSAC.

PROJECTS

Wabag, PNG (EL1966, EL1967, EL1968) – (earning 70%)

As previously announced on 30 June 2014, the Company negotiated a binding Heads of Agreement with Viva No.20 Limited, a Papua New Guinea incorporated company, to acquire an initial 20% interest in three exploration licences in Enga Province, Papua New Guinea (collectively termed the Wabag Project), with an option to acquire a further 50% interest subject to certain conditions.

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 (Figure 1).

In addition, first-pass exploration programs at Sak Creek prospect (EL1966) and Crown Ridge prospect (EL1968), completed during 2014, detected anomalous gold \pm base metal zones. Follow-up programs have concentrated on Crown Ridge, which is more accessible and is of higher priority.

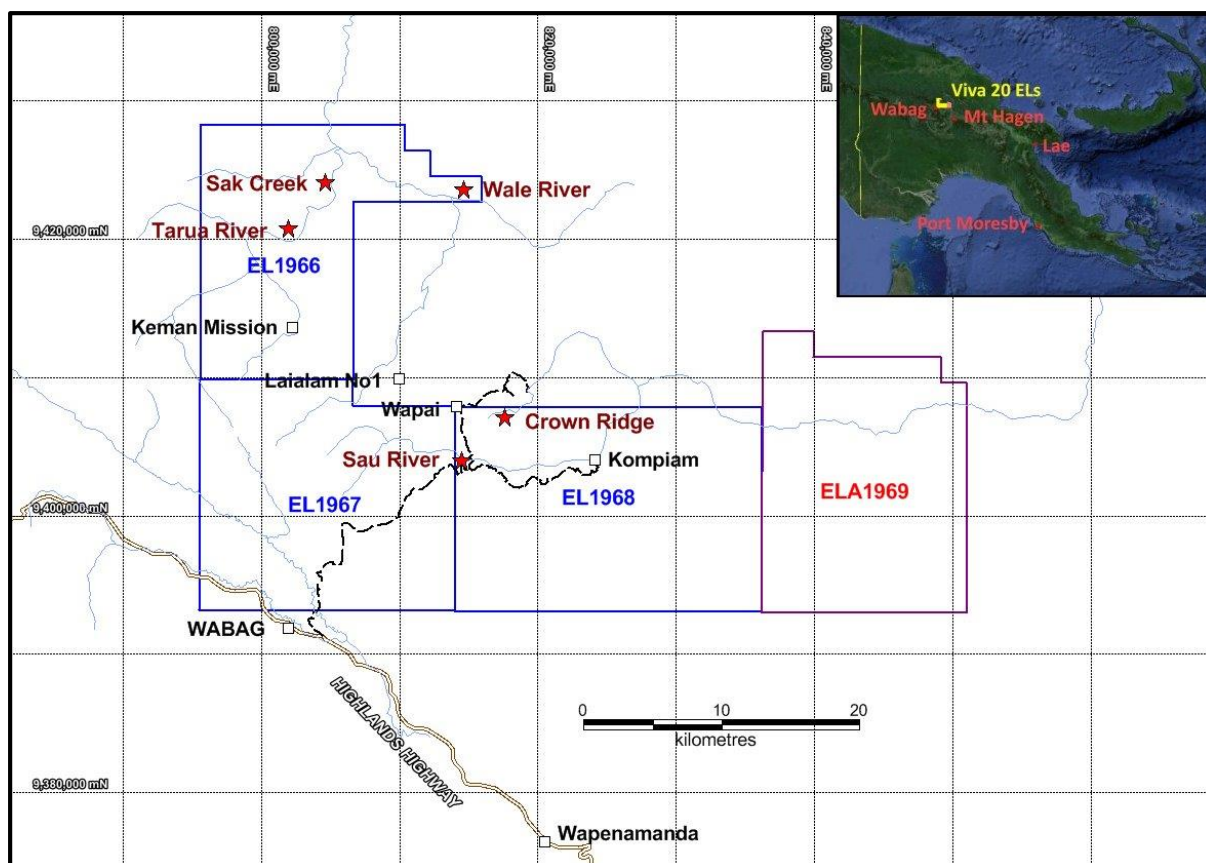


Figure 1: Location of Wabag Project ELs and prospects, PNG

Crown Ridge Prospect EL1968

Results were received for the Stage 2 follow-up sampling programs, consisting of 31 stream sediment samples, 56 rock chip/float samples and 532 ridge-and-spur soil samples (Table 1, Figure 2).

Highly anomalous gold values (up to 3.55 ppm Au) were reported for -80# stream sediment samples collected from creeks draining the Crown Ridge prospect area (Figure 3). Float samples of quartz veins with disseminated pyrite mineralisation recorded gold values up to 29.2 ppm Au.

An elliptical structure of topographic highs surrounds the drainages within the Crown Ridge prospect and is interpreted to be due to a diatreme breccia within a volcanic crater (Figure 7).

Sample Type	Crown Ridge (EL1968)	EL1967
-80# stream sediment	31	8
Panned concentrate	0	0
Rock chip	56	4
Soil	532	0

Table 1 : Geochemical samples collected during Stage 2 follow-up programs

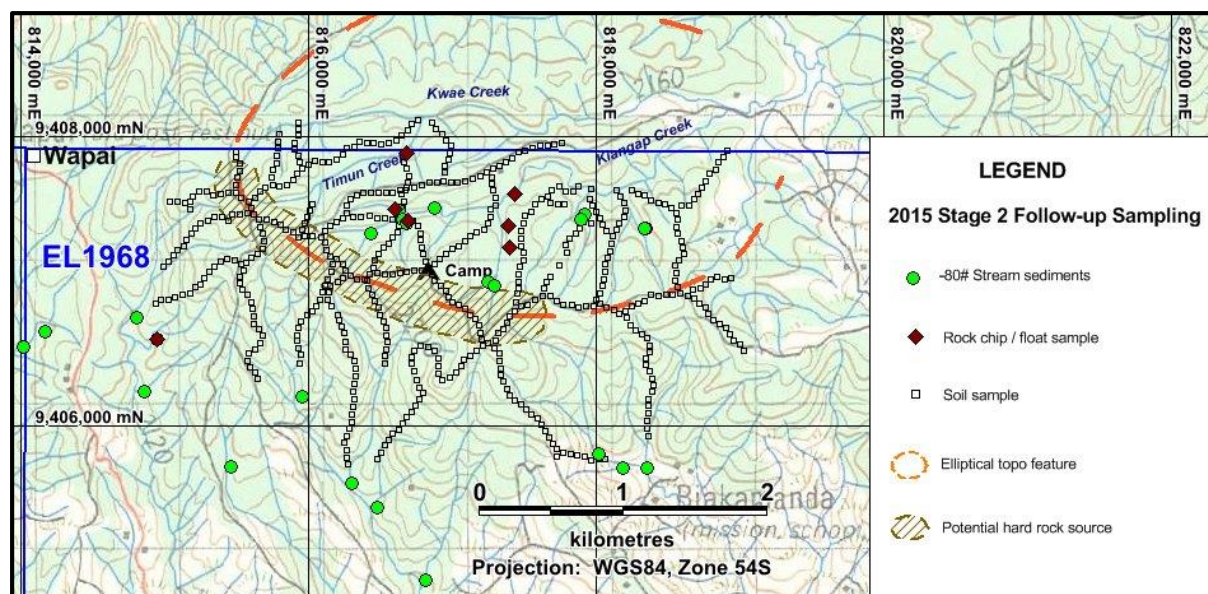


Figure 2: Crown Ridge Stage 2 sample locations - rock chips, stream sediments and soils

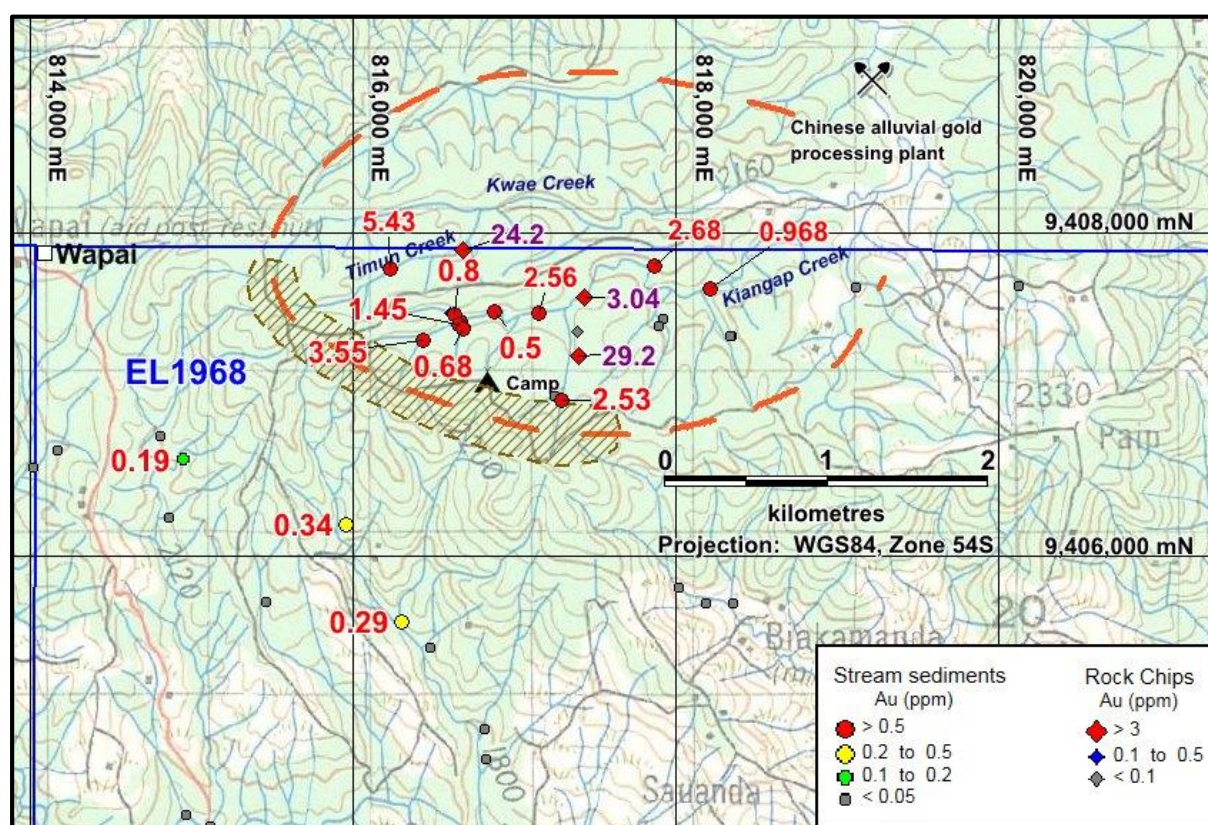


Figure 3: Crown Ridge Stage 1+2, significant Au assays (in ppm) for stream sediments (red) and rock chip samples (purple)

Assays for soil samples showed a scattering of high gold values (up to 0.256 ppm Au) (Figure 4). Results for most base metals show a marked depletion in values within the diatreme breccia (Figure 5 & Figure 6). This is interpreted to be due to alteration of rocks within the structure by hydrothermal fluids.

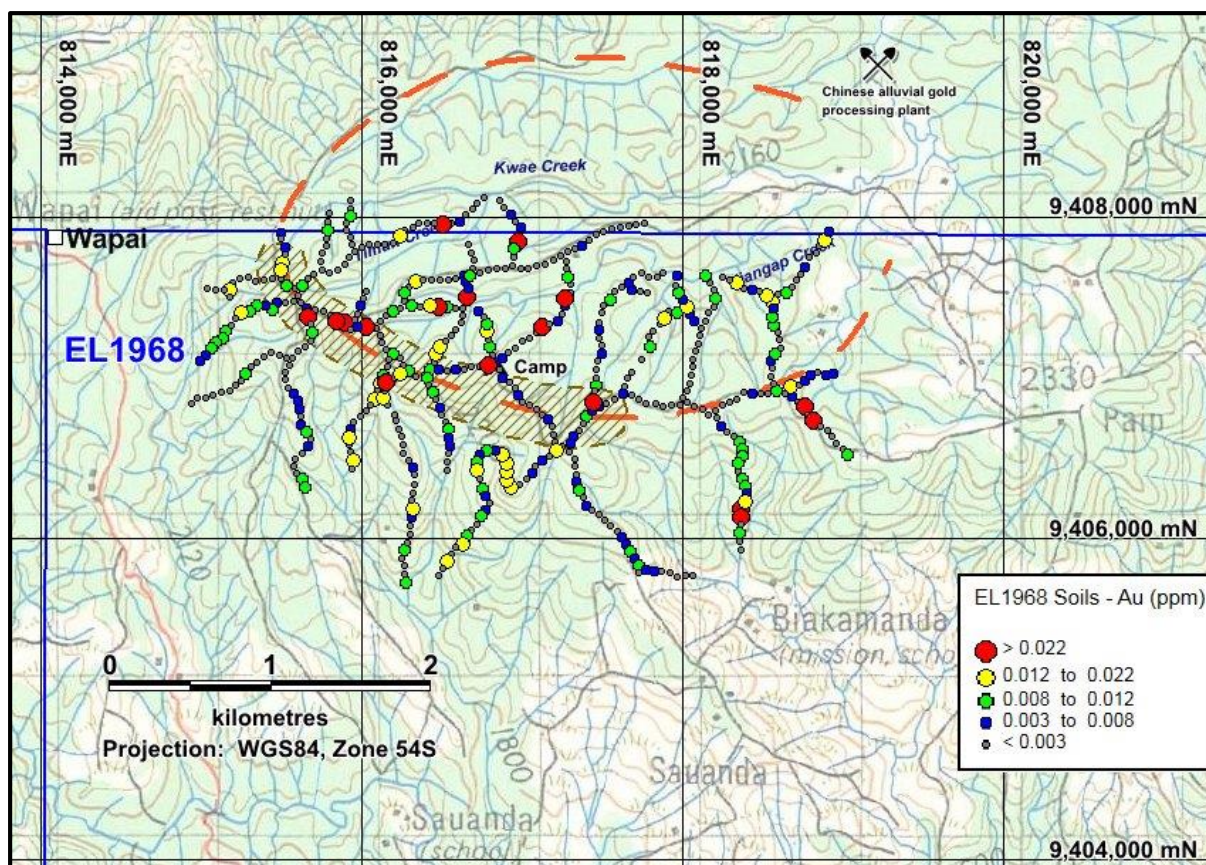


Figure 4: Crown Ridge Stage 2 soil results – Au (ppm)

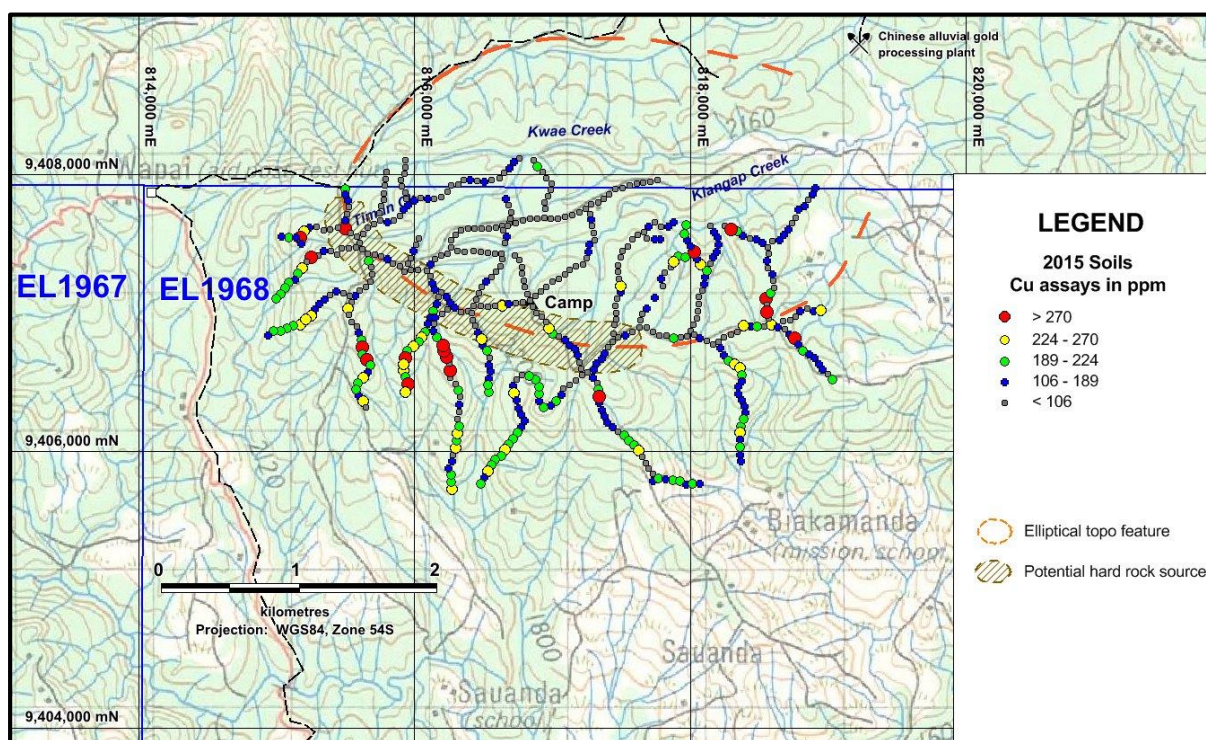


Figure 5: Crown Ridge Stage 2 soil results – Cu (ppm)

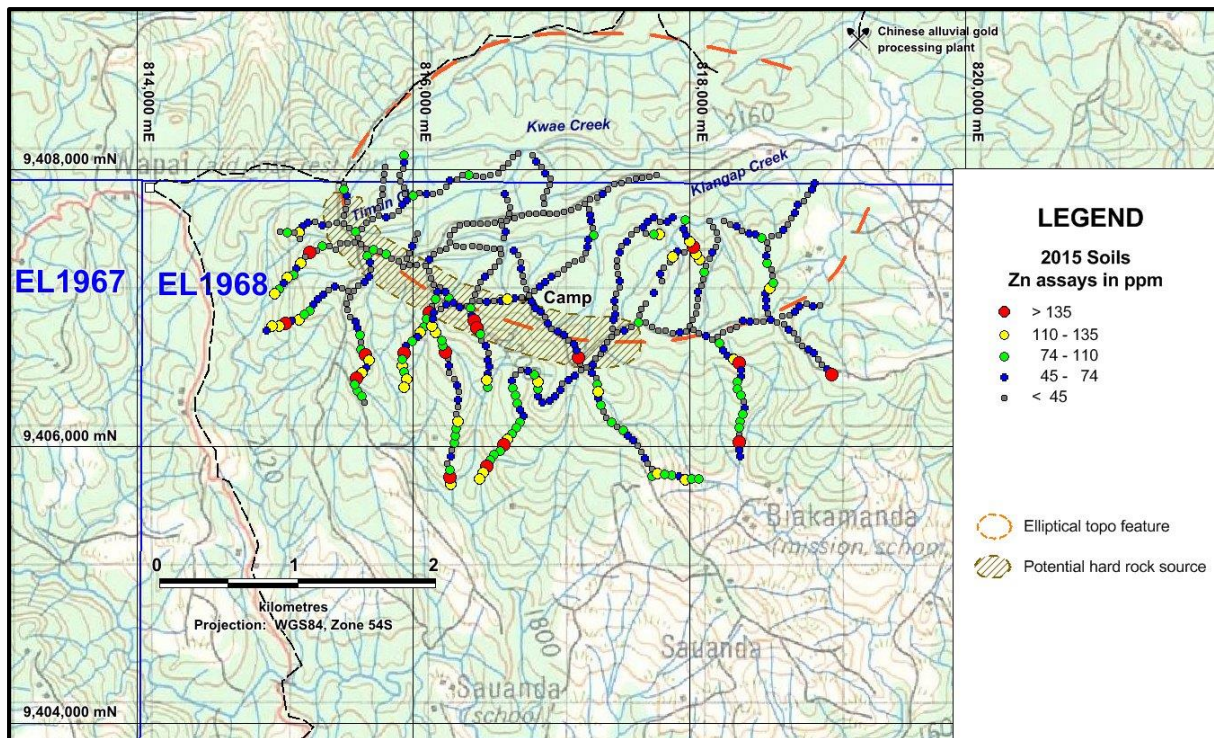


Figure 6: Crown Ridge Stage 2 soil results – Zn (ppm)

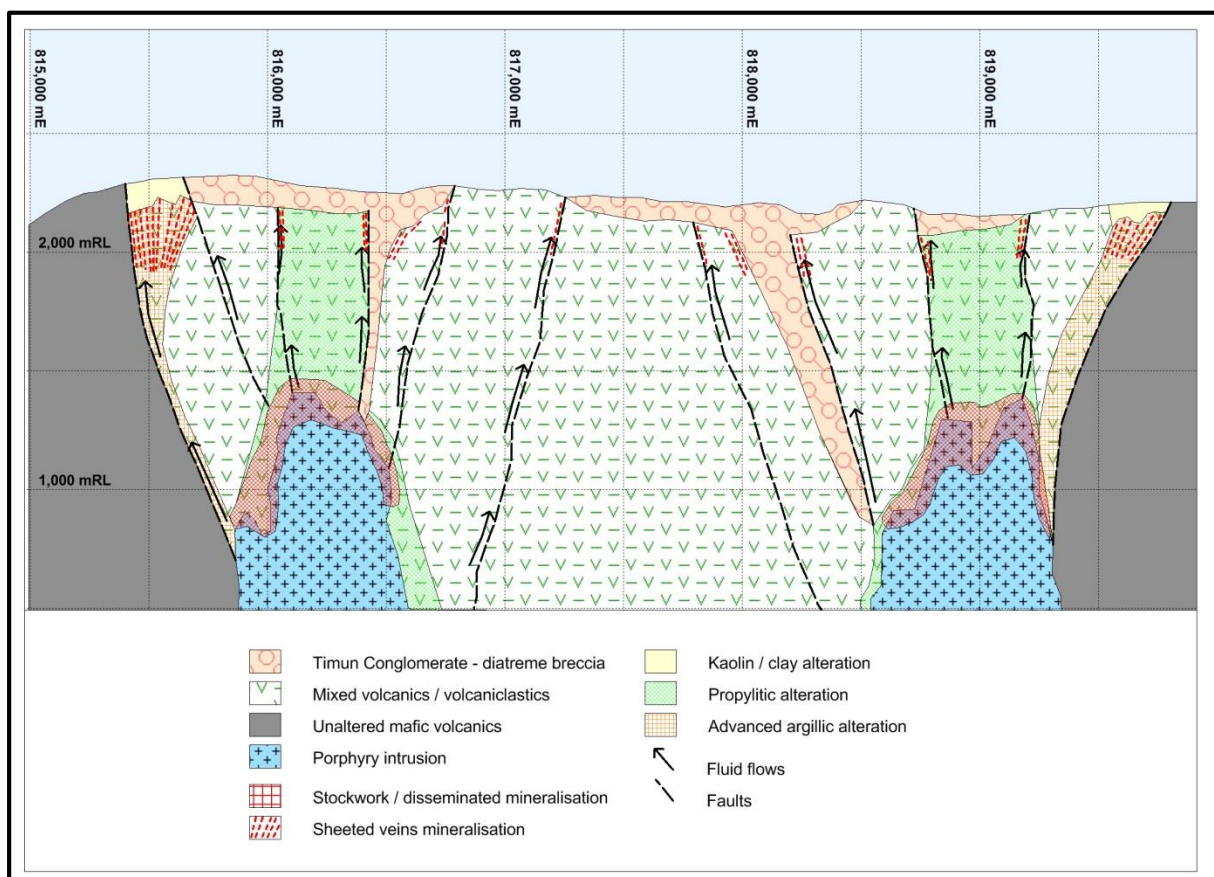


Figure 7: Crown Ridge, conceptual geological model, E-W cross-section

Anomalous platinum values were recorded for stream sediment and panned concentrate samples collected from streams in the eastern part of the Crown Ridge prospect area (Figure 8). Layered gabbro intrusions were located in the area and may be host to Alaskan-style platinum deposits (Photo 1). Follow-up programs are planned to trace the source(s) of the platinum occurrences.

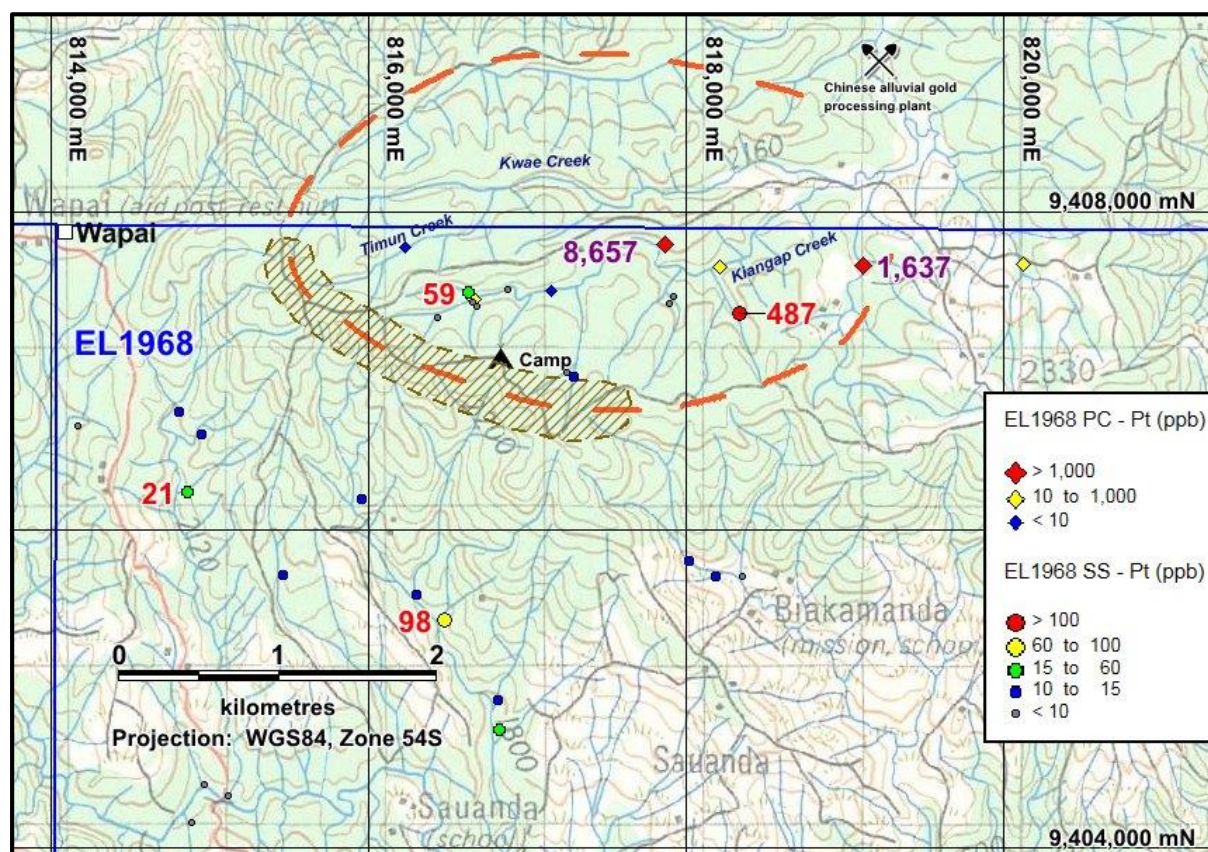


Figure 8: Crown Ridge, significant platinum results (in ppb) for Stage 2 stream sediments (red) and Stage 1 panned concentrate samples (purple)

Regional exploration programs

Stream sediment and rock chip sampling programs were conducted to the south of the Crown Ridge prospect, along the Kompaim Road and in the eastern part of EL1967 (Figure 9).

Three weak stream sediment gold anomalies were detected from streams draining the southern side of the Crown Ridge prospect (Figure 10).

One stream sediment sample in Poket Creek (EL1967) returned a weak gold anomaly (0.089 ppm Au). Follow-up mapping located recent artisanal mining activities upstream from this sample location (Figure 10), where locals have panned coarse nuggets of gold and platinum (Photo 2). Further follow-up programs are planned to trace the source(s) of the Poket Creek alluvials.



Photo 1: Layered gabbro intrusion in lower part of Kiangap Creek, Crown Ridge prospect

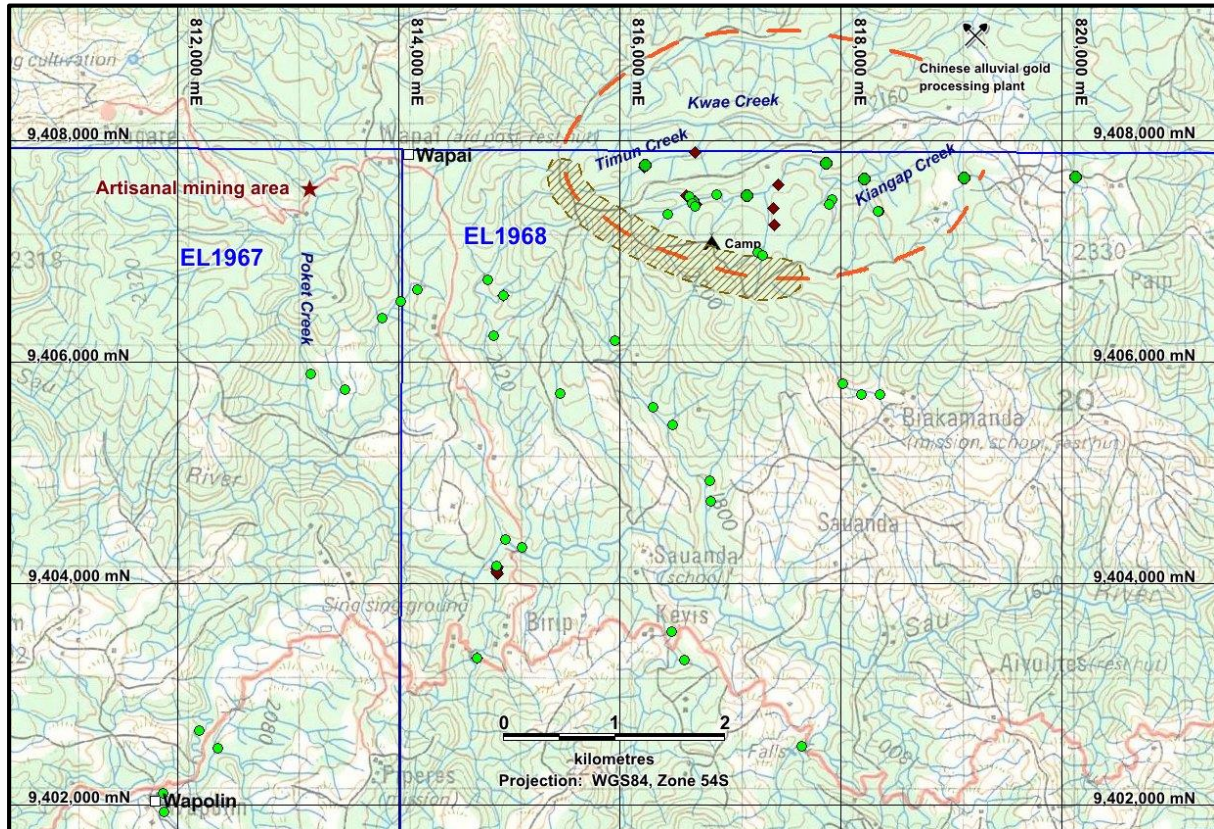


Figure 9: Regional Stage 2 stream sediment (green) and rock chip (maroon) sampling

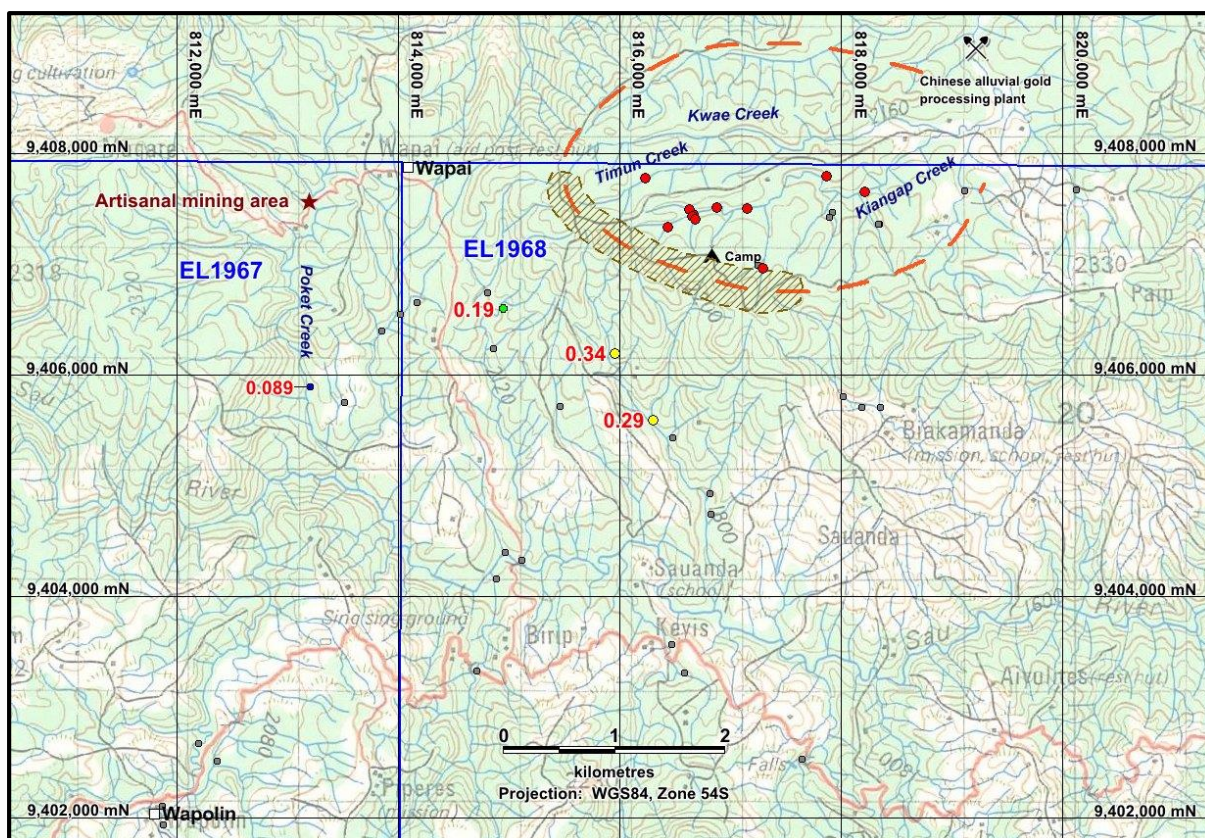


Figure 10: Regional stream sediment sampling, significant gold assays (in ppm)



Photo 2: Coarse nuggets of gold and platinum panned from the Poket Creek area

Goldsmith Resources SAC, Peru – (18.75% interest)

As previously announced (ASX: 30/04/2015) GRSAC has entered into a binding agreement with Montan Mining Corp to purchase the Peruvian processing facility. The transaction is progressing as scheduled. GMN holds an interest of 18.75 %.

Cowarra, NSW (EL5939) – (acquiring 100% interest)

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

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

No further work was completed on the tenement during the June 2015 quarter. Application for renewal of the tenement, reduced to 7 graticular sub-blocks, was lodged on 20 April 2015. Transfer of the title to Gold Mountain is in progress.

Dalton, NSW (EL6922) – (100%)

No further work was completed on the tenement during the June 2015 quarter. The EL is due to expire on 24 October 2015.

Grenfell, NSW (EL8263) – (100%)

No further work was completed on the tenement during the June 2015 quarter. The EL is due to expire on 30 April 2017.

Tenements Summary

EL No.	Holder	GMN interest	Location	Area (sq km)	Expiry
EL1966	Viva No.20 Limited	20% - 70%	Enga Province, PNG	239	26/06/2015 ¹
EL1967	Viva No.20 Limited	20% - 70%	Enga Province, PNG	293	27/11/2015
EL1968	Viva No.20 Limited	20% - 70%	Enga Province, PNG	327	27/11/2015
EL5939	Capital Mining Ltd	50% - 100%	Cowarra, NSW	19.5	29/04/2015 ²
EL6922	Gold Mountain Ltd	100%	Dalton, NSW	42.4	24/10/2015
EL8263	Gold Mountain Ltd	100%	Grenfell, NSW	11.4	30/04/2017

Table 2: Summary of tenements

¹ Application for renewal of EL1966 was lodged with PNG Mineral Resources Authority on 4 June 2015.

² Application for renewal of EL5939 was lodged with NSW TIRE on 23 April 2015. GMN is in the process of acquiring 100% equity in the tenement

Statements contained in this report relating to exploration results and potential is based on information compiled by Murray Hutton, who is a Member of the Australian Institute of Geoscientists. He is a consultant geologist employed by Geos Mining and has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code). Murray Hutton consents to the use of this information in this report in the form and context in which it appears.

Appendix 1 – JORC 2012 Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <i>Nature and quality of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> 	<ul style="list-style-type: none"> Stream sediment samples – Active sediments collected from several sites over 20m length of stream to avoid unrepresentative local trap sites. Wet sieved on site to -80# (<180µm). Flocculant used to precipitate fine clay fraction. Nominal sample weight ~ 1kg. Panned concentrate samples – Active sediments collected from several sites over 20m length of stream to avoid unrepresentative local trap sites. Approximately 40-50kg of sediment sieved to <1mm and panned on site to produce ~500g of concentrate. Rock chip samples – Approximately 2-3kg of sample collected on site. Selective float samples collected on basis of visible veining and/or mineralisation (sulphides / iron oxides). Outcrops sampled on basis of structures, veining or mineralisation. Soil samples – Samples collected along ridges & spurs. Approximately 2kg of soil collected from shallow pits dug by shovel. Nominal depth around 40-60cm below base of vegetation layer. Gravel pieces (>1cm) picked out by hand but otherwise entire sample collected. All samples placed in individually labelled calico bags and sun-dried before dispatch to laboratory.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <i>Drill type and details.</i> 	<ul style="list-style-type: none"> No drilling undertaken.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> 	<ul style="list-style-type: none"> No drilling undertaken.
<i>Logging</i>	<ul style="list-style-type: none"> <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate.</i> 	<ul style="list-style-type: none"> No drilling undertaken.
<i>Sub-sampling techniques and</i>	<ul style="list-style-type: none"> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> 	<ul style="list-style-type: none"> Samples sun-dried on-site before dispatch to laboratory. Industry standard sample preparation techniques undertaken at ITS (PNG) laboratory in Lae, PNG. Entire samples pulverized before sub-sampling.

Criteria	JORC Code explanation	Commentary
<i>sample preparation</i>	<ul style="list-style-type: none"> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • QAQC procedures - No duplicate samples collected in the field. In-house standards and random duplicate sub-samples analysed by ITS (PNG). • Sample sizes are appropriate for the type of material being sampled to ensure good representivity.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Industry standard analytical methods undertaken by Intertek and affiliated laboratories in Lae, PNG, Townsville, Queensland and Jakarta, Indonesia. • Gold assays – 50g fire assays (method FA50/AA). • Screened gold assays (panned concentrates only) – Pulverised 1kg sample screened at -200# (<75µm). Entire coarse fraction fire assayed (method FA12) and weight of gold determined by gravimetric methods. Duplicate 25g sub-samples of fine fraction fire assayed. Gold content of sample determined by calculation. • Multi-elements – 1g sub-sample digested in aqua regia followed by ICP-OE MS determination (method AR01/OE). • Platinum & palladium assays (panned concentrates samples only) – 25g fire assay (method FA25/OE2). • QAQC by laboratories included check assays, duplicate sub-sampling, blanks and standards. QAQC results show acceptable accuracy and precision.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • No drilling undertaken. • Site and sample descriptions recorded in field notebooks and data entered into Excel spreadsheets.
<i>Location of data points</i>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> 	<ul style="list-style-type: none"> • Locations of sampling sites recorded using Garmin GPSMAP64S hand-held GPS units (lateral accuracy <5m). • Grid system used – WGS84, Zone 54S.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Stream sediment & panned concentrate samples – stream catchments range from 0.3 sq km to 4 sq km (average ~ 0.8 sq km). • Soil samples – ridge and spur sampling at nominal 50m spacing. • Data spacing is sufficient for reconnaissance stage sampling programs.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> 	<ul style="list-style-type: none"> • Rock chip samples collected from float material in streams.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Samples packed into polyweave sacks, sealed by tape and taken to ITS (PNG) laboratory in Lae by company personnel.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • No audits or reviews undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to</i> 	<ul style="list-style-type: none"> • Sampling undertaken on Exploration Licences 1967 and 1968 in Enga Province, PNG. Both ELs are held by Viva No.20 Limited, a PNG-incorporated company. Gold Mountain Limited has signed a Heads of Agreement with Viva. • Both ELs are current to 27/11/2015. • There are no impediments to conduct exploration programs on the tenements.

Criteria	JORC Code explanation	Commentary
	<i>obtaining a licence to operate in the area.</i>	
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> All exploration programs conducted by Gold Mountain Limited.
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> EL1967 and EL1968 contain potential for intrusive-related gold-copper deposits, epithermal-style gold deposits, alluvial gold-platinum deposits and Alaskan-style platinum deposits.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> No drilling undertaken to date. Reconnaissance exploration results detailed in attached report. Apart from results reported in the attached report, no other assay results are considered to be significant.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> 	<ul style="list-style-type: none"> No drilling undertaken to date.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	<ul style="list-style-type: none"> No drilling undertaken to date.
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> Maps showing sample locations and results included in the attached report.

Criteria	JORC Code explanation	Commentary
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All exploration results shown in attached report.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> All exploration results shown in attached report.
<i>Further work</i>	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). 	<ul style="list-style-type: none"> EL1968 - Follow-up soil, stream sediment and rock chip sampling currently in progress. Grid-based ground magnetics program planned for August 2015. Depending on results of these program, further exploration may include geological mapping, trenching and rock chip sampling to define drilling targets. EL1967 - Follow-up soil, stream sediment and rock chip sampling currently in progress. Maps showing areas of potential included in the attached report.