GOLD MOUNTAIN LIMITED

ABN 79 115 845 942

SEPTEMBER 2015 QUARTERLY REPORT

KEY POINTS

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- Completion of Ground Magnetics Geophysical Survey on "Crown Ridge" EL1968 aiming to define hard rock drilling targets.
- Extensive Helicopter based exploration survey completed at Sak Creek confirm continual presence of alluvial gold.

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).

Exploration conducted by Gold Mountain Limited during 2014 & 2015 has detected anomalous gold ± base metal zones over numerous locations including the Sak Creek prospect (EL1966) and Crown Ridge prospect (EL1968).

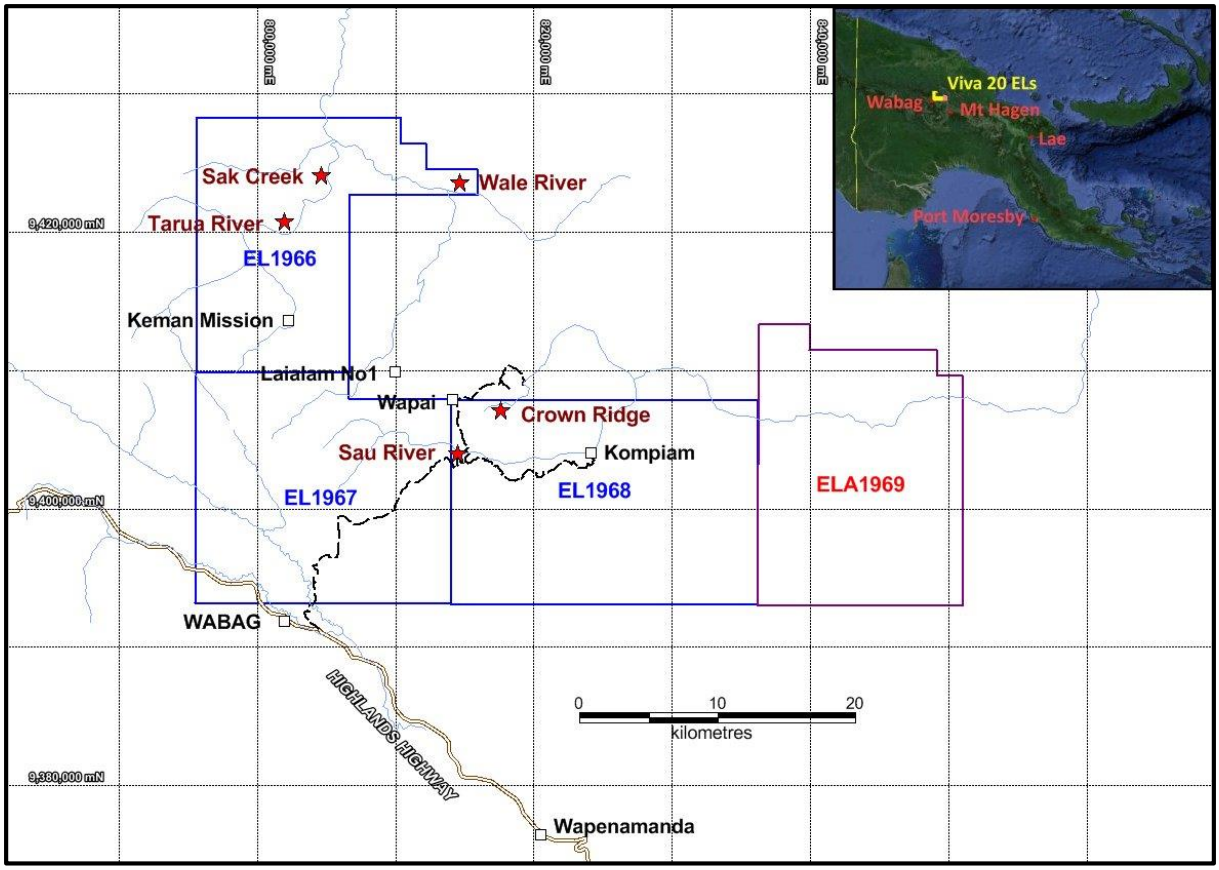

Figure 1: Location of Wabag Project ELs and prospects, PNG

Crown Ridge Prospect EL1968

The Mineral Resource Authority (MRA) of Papua New Guinea were contracted to conduct a ground magnetics geophysical survey on GMN's highly prospective Crown Ridge project (EL1968) in order to define and enhance GMN's conceptual model for the gold and platinum mineralisation discovered.

The aim of the survey was as follows:

- Ground magnetics may outline the current Geological Structural setting, and assist in planning future hard rock drill targets.
- Ground magnetics may help in differentiating the varying lithology recovered in float sampling programs.

The survey data is currently being modelled and interpreted. It is anticipated this will be completed by mid-November 2015.

Sak Creek Prospect EL1966

Gold Mountain Limited has recently completed a helicopter supported, combined soil and rock sampling program on the Sak Creek prospect (EL1966), designed to follow up on previous anomalous results from the initial late 2014 field investigation.

A total of 40 soil samples and 8 representative rock samples were collected during the program with assay results pending.

Testing of streams and tributaries in the sampling area was conducted using traditional gold panning methods with positive results with gold grains recovered in all instances.

Local Artisanal miners continue to produce significant gold by panning within Sak Creek, as displayed in Figure2.

Figure 2: 4.5g gold nuggets recovered by local artisanal miners panning within Sak Creek, EL1966

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 %.

NSW Projects

The Board of Gold Mountain Limited have been approached by two individual companies expressing an interest in the NSW tenement suite. To date two NDA's have been executed with the projects currently under due diligence & consideration.

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 6th January 2015, the Company announced that it had entered into an agreement with Capital Mining Limited to purchase 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. In recent conversations with NSW TIRE, Gold Mountain Limited have been informed the 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, subsequently a renewal application for an additional two years has been submitted to NSW TIRE.

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[3]
EL8263	Gold Mountain Ltd	100%	Grenfell, NSW	11.4	30/04/2017

Table 1: Summary of tenements

Statements contained in this report relating to exploration results and potential is based on information compiled by Doug Smith, who is a Member of AusIMM. Doug is a consultant geologist 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). Doug Smith consents to the use of this information in this report in the form and context in which it appears.

[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.
[3] Application for renewal of EL6922 was lodged with NSW TIRE on 22 October 2015.

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
Sampling techniques	• *Nature and quality of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• 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 faction. 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.
Drilling techniques	• *Drill type and details.*	• No drilling undertaken.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• No drilling undertaken.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate.*	• No drilling undertaken.
Sub-sampling techniques and	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• 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
sample preparation	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• 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.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.*	• 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.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No drilling undertaken. • Site and sample descriptions recorded in field notebooks and data entered into Excel spreadsheets.
Location of data points	• *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.*	• 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
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• Stream sediment & panned concentrate samples – stream catchments range from 0.3 sq km to 4 sq km (average ~ 0.8 sq km).. • Data spacing is sufficient for reconnaissance stage sampling programs.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Rock chip samples collected from float material in streams.
Sample security	• *The measures taken to ensure sample security.*	• Samples packed into polyweave sacks, sealed by tape and taken to ITS (PNG) laboratory in Lae by company personnel.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews undertaken.