

## GOLD MOUNTAIN LIMITED

ABN 79 115 845 942

### JUNE 2016 QUARTERLY REPORT

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#### KEY POINTS

- **Successful completion of the Independent three dimensional modelling (3D) on the recently completed Ground Magnetics Geophysical Survey data from “Crown Ridge” EL1968 aiming to define hard rock drilling targets.**
- **Renewal of all three PNG Wabag tenements for an additional two years - EL1966, EL1967, & EL1968.**
- **Granting of two additional tenements, EL2426 & EL2430, via the fully owned PNG -registered subsidiary, GMN 6768 (PNG) Limited, adjacent to the current highly prospective Wabag Suite.**

#### PROJECTS

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

The Wabag Projects 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 and base metal zones over numerous locations, including the Sak Creek prospect (EL1966), Pocket Creek (EL1967) and Crown Ridge prospect (EL1968).

Recently Completed Ground Magnetic 3D Geophysical modelling has identified highly prospective drill-ready targets at the flag ship gold project “Crown Ridge” (EL1968).

## Wabag, PNG (EL2426, EL2430,) - (GMN 100%)

During the reporting period the Company, via a wholly owned PNG registered subsidiary GMN 6768 (PNG) Limited, was successfully granted two additional tenements, EL2426 & EL2430, adjacent to the highly prospective Wabag suite of projects.

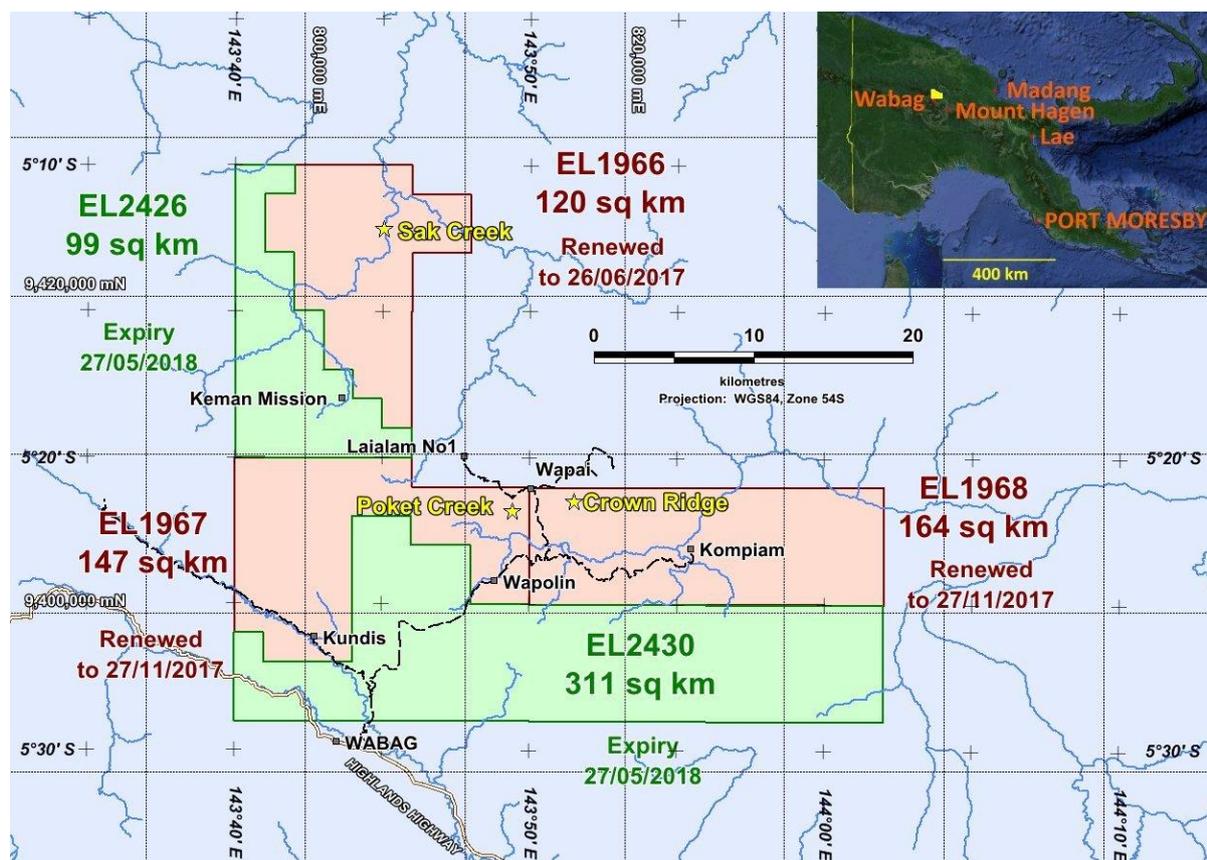


Figure 1: Location of Wabag Project ELs and prospects, PNG

### Crown Ridge Prospect EL1968

The recent completion (Refer ASX: 28 June 2016) of the ground magnetic geophysical data three dimensional modelling (3D) of on GMN's highly prospective Crown Ridge project (EL1968), has successfully identified multiple shallow drill-ready targets. An extensive field based investigation is planned to finalise shallow drill targets.

An additional larger airborne Magnetics Survey was recommended by the consulting geophysicist, Allender Exploration.

### **Goldsmith Resources SAC, (GRSAC) Peru – (18.75% interest)**

As previously announced (ASX: 30 April 2015) GRSAC entered into a binding agreement with Montan Mining Corp (TSXv:MNY) to purchase the Peruvian processing facility. Subsequent to this, Inca One Gold Corp (TSXv:IO) agreed to acquire certain assets from Montan Mining, including the GRSAC Peruvian Gold Project, as announced (ASX: 02 November 2015). Inca One failed to complete the transaction and terminated the purchase agreement. GRSAC continued to review alternative options during the reporting period. GMN currently holds an interest of 18.75 %.

### **NSW Projects**

#### **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 2016 quarter. Application for renewal of the tenement, reduced to 7 graticular sub-blocks, was lodged on 20 April 2015. In recent conversations with NSW Titles Resources & Energy, (NSW TIRE), Gold Mountain Limited has been informed that the transfer of the title to Gold Mountain is still in progress.

An internal review of the Cowarra Project to assess the feasibility of mining and toll treatment of ore via a third party continued during the reporting period, influenced by the continual rise in the Gold Price in AUD\$ terms.

#### **Dalton, NSW (EL6922) – (100%)**

No further work was completed on the tenement during the June 2016 quarter. EL6922 Dalton has been renewed and expires 23 November 2017. The subsequent renewal area is 7 units (19.5km<sup>2</sup>)

#### **Grenfell, NSW (EL8263) – (100%)**

No further work was completed on the tenement during the June 2016 quarter. The EL is due to expire on 30 April 2017.

## Tenements Summary

EL No.	Holder	GMN interest	Location	Area (sq km)	Expiry
<b>EL1966</b>	Viva No.20 Limited	20% - 70%	Enga Province, PNG	120	26/06/2017
<b>EL1967</b>	Viva No.20 Limited	20% - 70%	Enga Province, PNG	147	27/11/2017
<b>EL1968</b>	Viva No.20 Limited	20% - 70%	Enga Province, PNG	164	27/11/2017
<b>EL2426</b>	GMN6768 (PNG) Limited	100%	Enga Province, PNG	99	27/05/2018
<b>EL2430</b>	GMN6768 (PNG) Limited	100%	Enga Province, PNG	311	27/05/2018
<b>EL5939</b>	Capital Mining Limited	50% - 100%	Cowarra, NSW	19.5	29/04/2015 <sup>1</sup>
<b>EL6922</b>	Gold Mountain Limited	100%	Dalton, NSW	19.5	23/10/2017
<b>EL8263</b>	Gold Mountain Limited	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.*

<sup>1</sup> 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.