

GOLD MOUNTAIN LIMITED

ABN 79 115 845 942

JUNE 2017 QUARTERLY ACTIVITIES REPORT

OVERVIEW**Corporate**

- Funding program in focus to support continuity of bulk sampling and exploration drilling activities at Crown Ridge and on its enlarged tenement holdings of the PNG Projects
- Placement capital - total of 29.2 million new shares and 14.6 million options issued during the period to secure \$2.92 million
- Further \$1 million in funding commitments from new sophisticated investors
- 750,000 new shares issued for unlisted options exercised

Wabag Projects (PNG)

- New EL application lodged with MRA for additional 841 km² highly prospective ground on southside of existing tenements
- Exclusivity agreement extended to secure highly prospective 328 km² EL2306 "Abundance Valley" which adjoins the Crown Ridge Prospect
- Crown Ridge Prospect Activities
 - Geophysical modelling for bulk sampling completed
 - Resource Definition design finalised with external consultants
 - Exploration planning for upcoming season completed
 - Exploration Drill program and combined JORC reserve design finalised
 - Site activities to recommence after PNG national election

NSW Projects

- EL5939 "Cobarra" now 100% owned and reviewing status to enhance resource estimates for eventual development into a production mine
- Lease cancellation approved for EL6922 "Dalton" and EL8263 "Grenfell"

Wabag Projects PNG

Gold Mountain Limited is concentrating activities on its highly prospective Wabag Project situated in Enga Province of Papua New Guinea, immediately to the north of Wabag township of the provincial capital. The Wabag Project collectively consists of seven exploration licences covering a contiguous area in total of 2,010 km².

The Wabag Projects cover 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 to date has detected highly anomalous gold (Au), platinum (Pt) and base metal zones over numerous locations, including the Sak Creek prospect (EL1966), Pocket Creek (EL1967) and Crown Ridge prospect (EL1968).

On 11 April 2017, Gold Mountain Limited announced that a new lease application for additional exploration grounds (ELA2522) has been lodged with the PNG Mineral Resources Authority through its subsidiary, GMN 6768 (PNG) Limited. The ELA covers an additional 841 km² of highly prospective ground located south of the existing tenements. The grant of this new application will increase the overall tenement holding at the flagship Crown Ridge Project to over 2010 km², that is 72% increase approximately.

On 15 May 2017, Gold Mountain Limited extended an agreement to secure the highly prospective 328 km² EL2306 tenement, which adjoins the Crown Ridge. Subject to the completion of due diligence on the EL2306 tenement, a decision to acquire will be made.

Crown Ridge Prospect EL1968

The 3D geophysical modelling completed in April 2017 indicates that the Crown Ridge is sitting on top of a continuous body over 4 km in a North-South direction and extending into the adjacent lease EL2306 Abundance Valley. The body has an overlain weathered zone of 60 and 100 meters thick, producing the copious free gold that is confirmed in the bulk sampling pits completed to date.

Gold Mountain has followed up with bulk sampling program for a full-scale processing facility to treat the Crown Ridge resource. A Knelson concentrator is procured for its innovative technology that meets the processing requirements consistent to the nature of mineralisation at Crown Ridge. It will be used to prove gold recoveries for the sampling programs for resource assessment, and is expected to enhance recovery of fine gold missed out in previous sampling program.

Activities during the reporting period consisted mainly of forward planning for a maiden resource estimation of the free gold mineralisation at Crown Ridge. Site visits by external consultants have resulted in program design for an inferred JORC compliant resource statement (ASX 11/05/2017).

Site operations are planned to ramp up early in August 2017.

Preparations are well underway for a scale up exploration program at Crown Ridge which will consist of both ongoing bulk sampling of pits and a diamond drilling campaign. The work to be undertaken includes,

- Expanding the camp facilities and other logistics;
- Clearing access tracks;
- locating suitable sites for more bulk sampling pits, and
- designing and implementing a diamond drilling program.

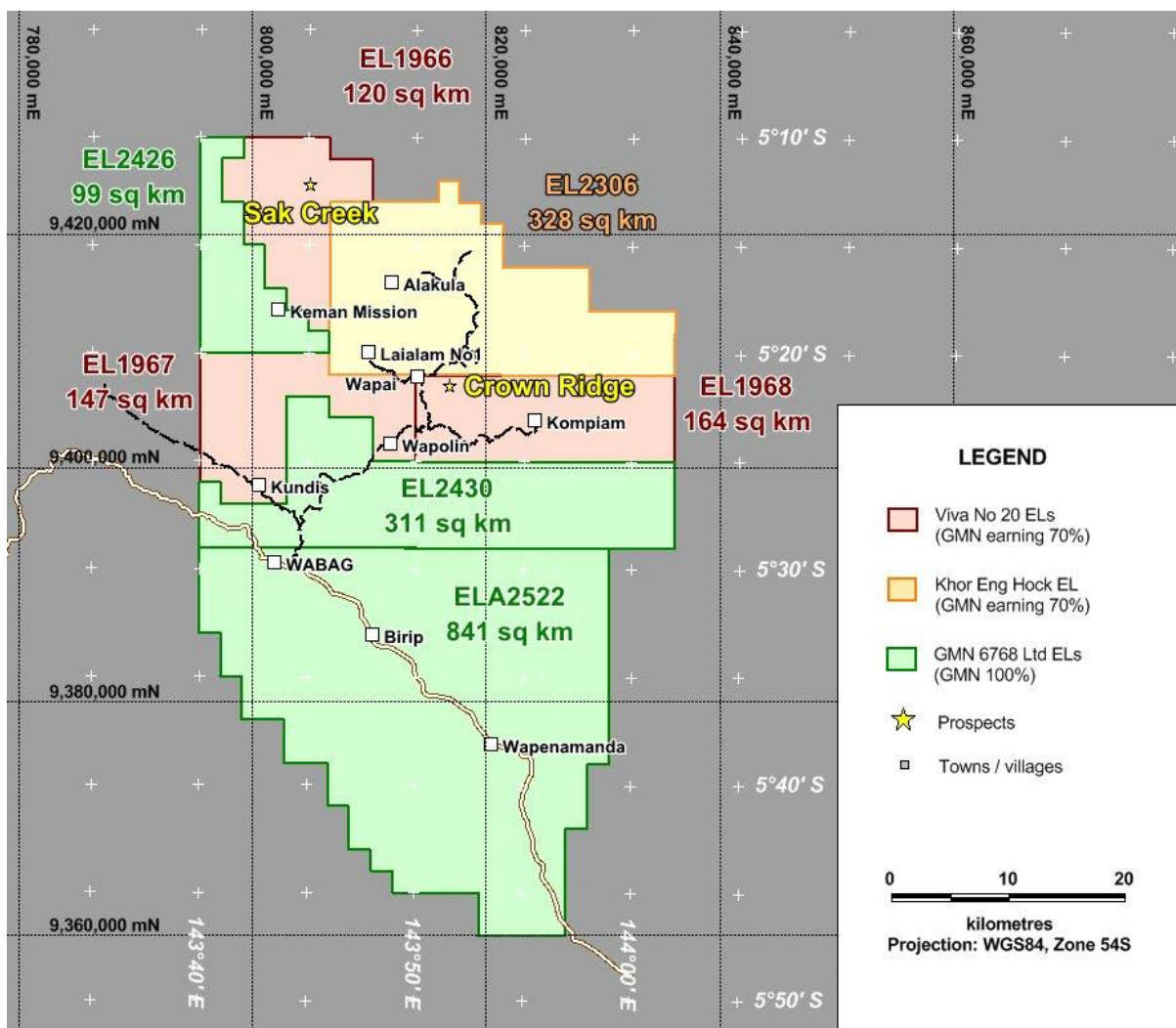


Figure 1: Location of Wabag Project ELs, PNG

NSW Projects

Cowarra EL5939

The Cowarra Project (EL5939) was held by Gold Mountain Limited (50%) and Capital Mining Limited (ASX:CMY) under a farm-in agreement whereby Gold Mountain could 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.

The Department of Industry (Resources & Energy) has on 26 April 2017 effected the transfer of authority of EL5939 to Gold Mountain Limited. The renewal of EL5939 has also been granted for further 2 years effective from 20 June 2017.

No on-site work was carried out on the tenement during the Quarter reporting period. The Company will re-assess the status of Cowarra Project with the aim to enhance its resource estimates of 37,253 ounces of gold (JORC Inferred 500,000 tonnes @ 2.31g/t Au) and eventual development of Cowarra into a production mine.

Cowarra exploration expenditure incurred to date \$609,000.

Dalton EL6922

The Company considers the prospects of EL 6922 do not meet the aspirations of the Company and has lodged an application to the NSW Department of Industry (Resources & Energy) for cancellation of the exploration licence. The cancellation is approved at the time of writing this report.

Grenfell EL8263

The NSW Department of Industry (Resources & Energy) has approved the cancellation of the exploration licence EL8263.

Tenements Summary

EL No.	Holder	GMN interest	Location	Area (sq km)	Expiry
EL1966	Viva No.20 Limited	70%	Enga Province, PNG	120	26/06/2017 (Renewal pending)
EL1967	Viva No.20 Limited	70%	Enga Province, PNG	147	27/11/2017
EL1968	Viva No.20 Limited	70%	Enga Province, PNG	164	27/11/2017
EL2426	GMN6768 (PNG) Ltd	100%	Enga Province, PNG	99	27/05/2018
EL2430	GMN6768 (PNG) Ltd	100%	Enga Province, PNG	311	27/05/2018
EL2306	Khor Eng Hock & Sons (PNG) Limited	Exclusivity to Acquire	Enga Province, PNG	328	13/12/2017
EL5939	Gold Mountain Limited	100%	Cowarra, NSW	19.5	29/04/2019

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 company director and 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.