

GOLD MOUNTAIN LIMITED

ABN 79 115 845 942

DECEMBER 2015 QUARTERLY REPORT

KEY POINTS

- Independent Geophysical Consultants engaged to model and interpret the recent Ground Magnetics Geophysical Survey data on “Crown Ridge” EL1968 aiming to define hard rock drilling targets
- EL 5939 Cowarra under review for potential mining and toll treatment
- Goldsmith resources SAC (GRSAC) sale to Inca One terminated

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 and base metal zones over numerous locations including the Sak Creek prospect (EL1966) and Crown Ridge prospect (EL1968).

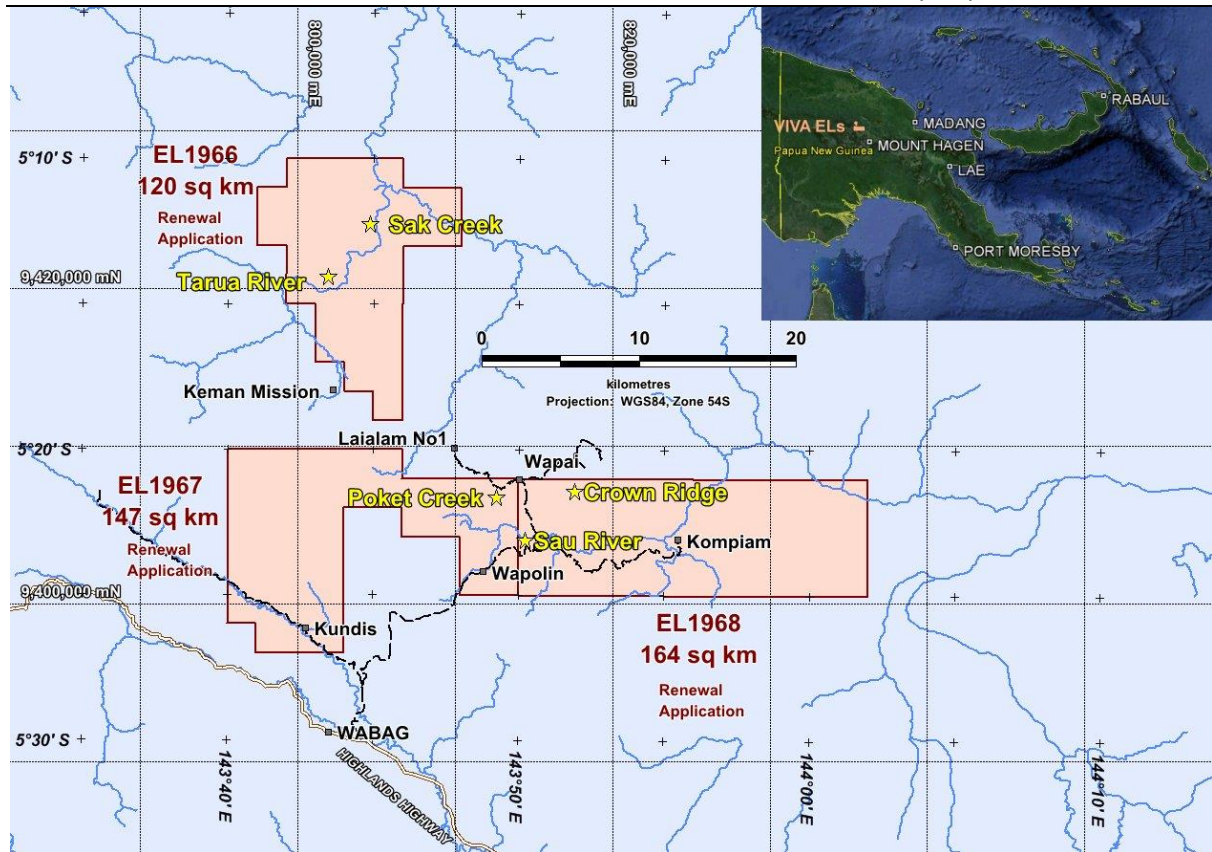


Figure 1: Location of Wabag Project ELs and prospects, PNG

Crown Ridge Prospect EL1968

Following the completion of a ground magnetics geophysical survey on GMN's highly prospective Crown Ridge project (EL1968) by The Mineral Resource Authority (MRA) of Papua New Guinea, an independent Geophysical Consultants has been engaged to review and process & model the data.

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.

It is anticipated this will be completed by early-February 2016.

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

As previously announced (ASX: 30/04/2015) 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: 02/11/2015). Inca one failed to complete the transaction and terminated the purchase agreement. GRSAC are now reviewing alternative options. GMN holds an interest of 18.75 %.

NSW Projects

The Board of Gold Mountain Limited have been approached by several individual companies expressing interests in the NSW tenement suite. The projects are currently under due diligence and 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 December 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 Titles Resources & Energy, (NSW TIRE), Gold Mountain Limited have been informed the transfer of the title to Gold Mountain is still in progress.

The Board has agreed to conduct an internal review of the Cowarra Project and conduct an initial scoping study to assess the feasibility of mining and toll treatment of ore via a third party. It is envisaged the initial study will be completed in April 2016.

Dalton, NSW (EL6922) – (100%)

No further work was completed on the tenement during the December 2015 quarter. The EL was 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 December 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 Limited	100%	Dalton, NSW	42.4	24/10/2015 ³
EL8263	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.

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.