

**GOLD MOUNTAIN LIMITED**

ABN 79 115 845 942

**DECEMBER 2017 QUARTERLY ACTIVITIES REPORT**

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**OVERVIEW****Corporate**

- Private share placement for 2017 completed raising total of \$6.65 million
- Securities of 29,245,000 shares and 14,622,500 options issued during Quarter Period representing \$2.92 million of the funds raised in the 2017 share placement
- In receipt of notices to exercise Share Options (GMNAA) with 2,500,000 shares issued during the reporting period
- Unanimous support of Shareholder resolutions at AGM 2017 providing incentive and motivation in management leadership and the assurance of continuing exploration program of PNG projects are fully funded
- New subsidiary companies registered in PNG for planned new exploration licence applications surrounding the Crown Ridge and the Abundance Valley prospects

**Crown Ridge Prospect – EL1968**

- Diamond drilling program commenced targeting hard rock gold potential along the margins of the interpreted volcanic crater
- Five drillholes totalling 1,265.6m completed during the quarter
- Bulk sampling pits – eleven 1m x 1m pits excavated and sampled at 0.5m intervals to average depth of 4.8m
- Samples processed on-site through Knelson concentrator and sluice box collection of heavy mineral concentrates
- Concentrates and representative samples of tailings sent to ALS Perth for laboratory testing and analysis

## Mongae Creek Prospect – EL2306

- Reconnaissance exploration program of geological mapping, stream sediment and rock chip sampling in an area north of Alakula village discovered mineralised porphyry outcrops exposed over an area of 1km x 850m, open in all directions
- Visual chalcopyrite, chalcocite and bornite observed in outcrop, indicative of porphyry copper system with added potential for gold

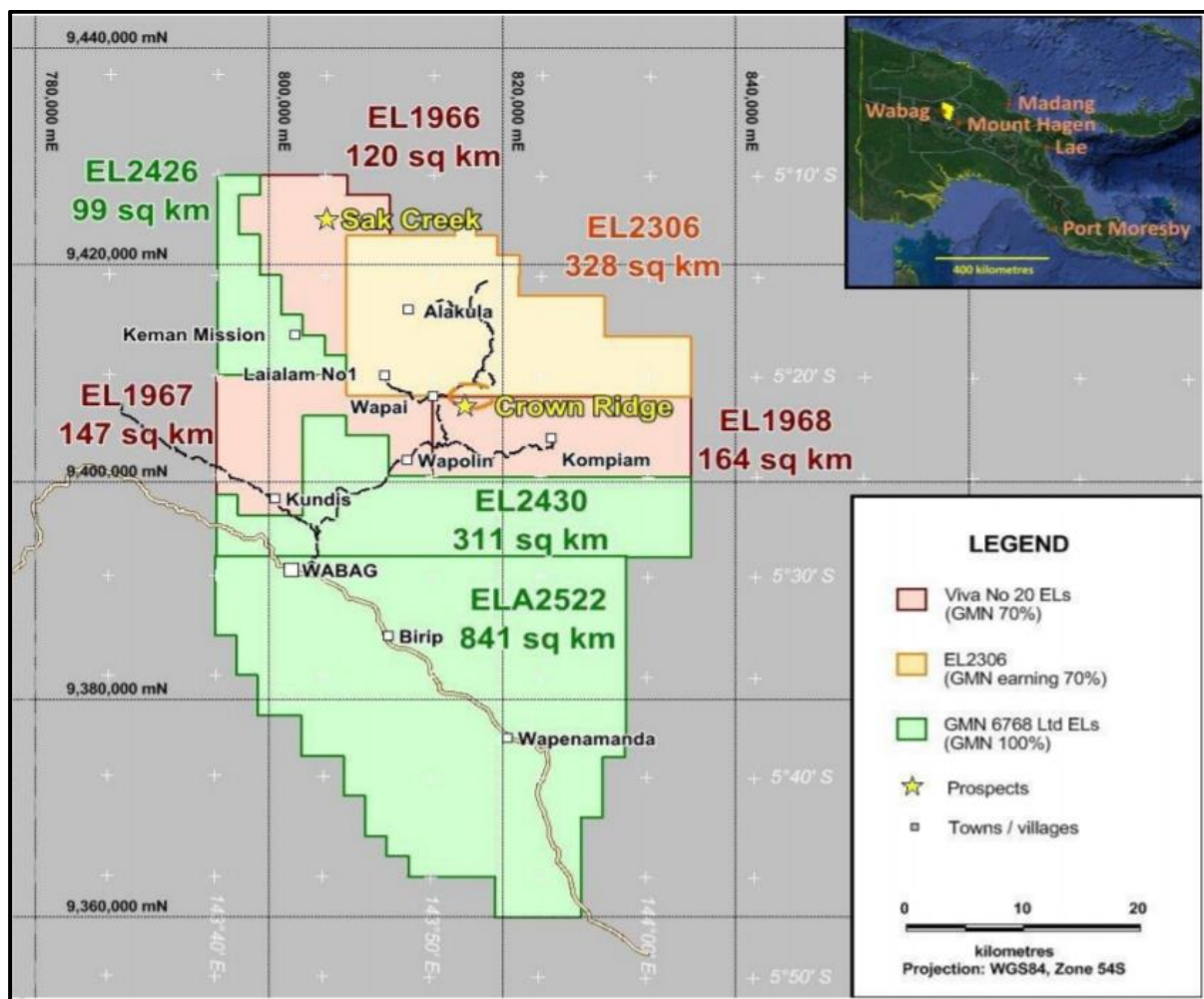


Figure 1: Wabag Project – tenement map

## EL1968 - Crown Ridge Prospect

### Diamond drilling program

Five diamond drillholes were completed during the quarter (Table 1, Figure 2). The drillholes were designed to test for hard rock gold mineralisation associated with conceptual structures along the margin of the interpreted volcanic crater. All drillholes intersected the near-surface conglomerate unit (Photo 1), along with volcanic breccia units and mafic volcanics. Half core samples will be sent to a NATA-certified laboratory in Lae for analysis of gold and other elements.

Hole_ID	East	North	RL	Dip	Azim	Length (m)	Status
CRD001	815,692	9,407,435	2,319	-60	050	200.9	Completed
CRD002	815,904	9,407,294	2,318	-60	045	104.9	Completed
CRD003	816,238	9,407,086	2,298	-60	040	302.1	Completed
CRD004	816,814	9,408,155	2,300	-60	330	70.5	Completed
CRD005	816,814	9,408,155	2,300	-70	180	470.6	Completed

**Table 1: Drillholes completed during the quarter at Crown Ridge**

Note: Co-ordinates in WGS84, Zone 54S datum; Azimuth relative to WGS84 grid



**Photo 1: Conglomerate unit in drillhole CRD004**

## Bulk Sampling Activities

Eleven bulk sampling 1m x 1m pits were excavated and sampled during the quarter (Table 2, Figure 3). The pits were dug by hand to ensure precision in the excavation dimensions and sampled at nominal 0.5m intervals to provide detailed information on the distribution of free gold mineralisation within the Timun Conglomerate and interbedded sediments and volcanoclastic rocks. The initial phase will be conducted at a nominal pit spacing of 200m, with infill pitting at 50m spacings within areas of higher grade mineralisation.

The samples are being processed on-site through a Knelson concentrator and sluice box to collect a heavy mineral concentrate. Test sampling undertaken from a pit alongside the concentrator demonstrated that the Knelson / sluice box procedure was collecting almost all of the visible gold into the concentrates. The concentrates will be sent to ALS laboratories in Perth to determine the total contained gold in the samples. Representative samples of the tailings are also being collected for analysis. As well as the bulk samples, vertical channel samples are being collected and analysed by fire assay to compare with the bulk assays.

Pit_ID	East	North	RL	Depth (m)	Status	Samples collected
CRP001	816,432	9,407,067	2,296	5.00	Completed	10
CRP002	816,167	9,407,137	2,328	4.85	Completed	9
CRP003	815,880	9,407,336	2,334	4.80	Completed	10
CRP004	815,875	9,407,344	2,331	5.00	Completed	9
CRP005	816,129	9,407,393	2,273	4.15	Completed	8
CRP006	816,665	9,407,405	2,253	3.10	Completed	5
CRP007	816,382	9,407,445	2276	4.4	Completed	9
CRP008	816,672	9,407,634	2315	5.22	Completed	9
CRP009	816,304	9,407,592	2303	4.85	Completed	9
CRP010	816,458	9,407,612	2292	4.1	Completed	7
CRP011	816,402	9,407,258	2280	4.65	Completed	9

**Table 2: Bulk sampling pits completed at Crown Ridge**

Note: Co-ordinates in WGS84, Zone 54S datum

In conjunction with the test pits, up to nine 40m-60m deep vertical diamond drillholes will test the potential depth of the interpreted conglomerate-hosted gold deposit, covering an approximate area of 0.25 km<sup>2</sup> that returned the best gold results from the previous 52 test pits.



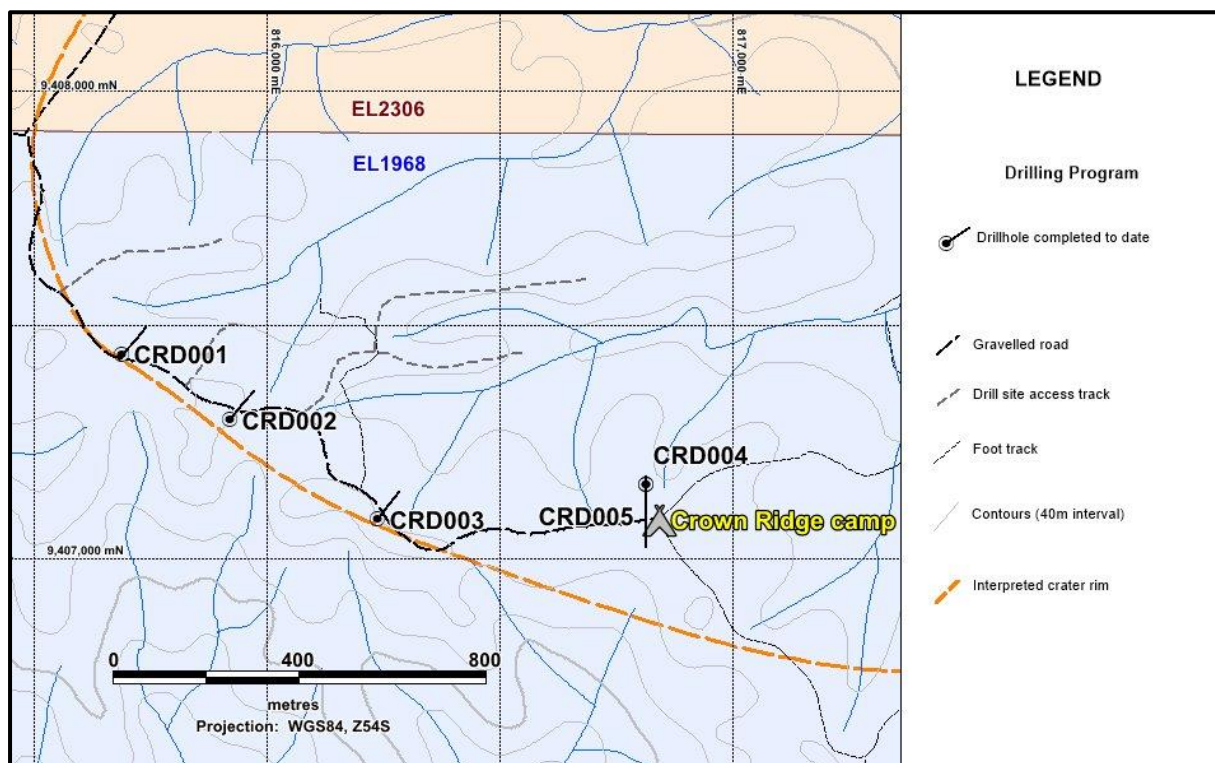


Figure 2: Crown Ridge prospect, showing drillholes completed during the quarter

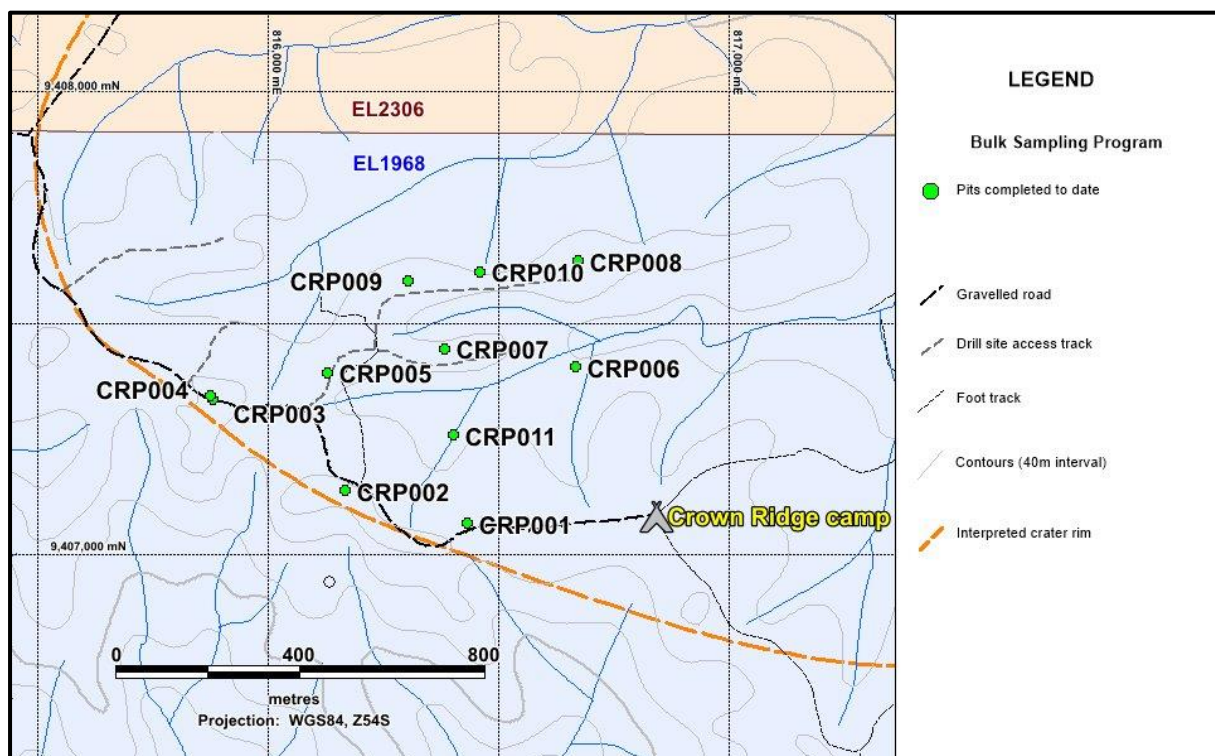


Figure 3: Crown Ridge prospect, showing bulk sampling pits completed during the quarter

## EL2306 – Abundance Valley

### New Porphyry Copper discovery at Mongae Creek prospect

Geological mapping has successfully identified a strongly mineralised quartz-pyrite vein system (Photo 2) hosted by altered diorite porphyry and hydrothermal breccias at the Mongae Creek prospect, approximately 3km northwest of Alakula village (Figure 4). Minor amounts of chalcocite, chalcopyrite, bornite and molybdenite were identified in outcrops. The occurrence is interpreted to be a highly prospective porphyry copper-gold system.

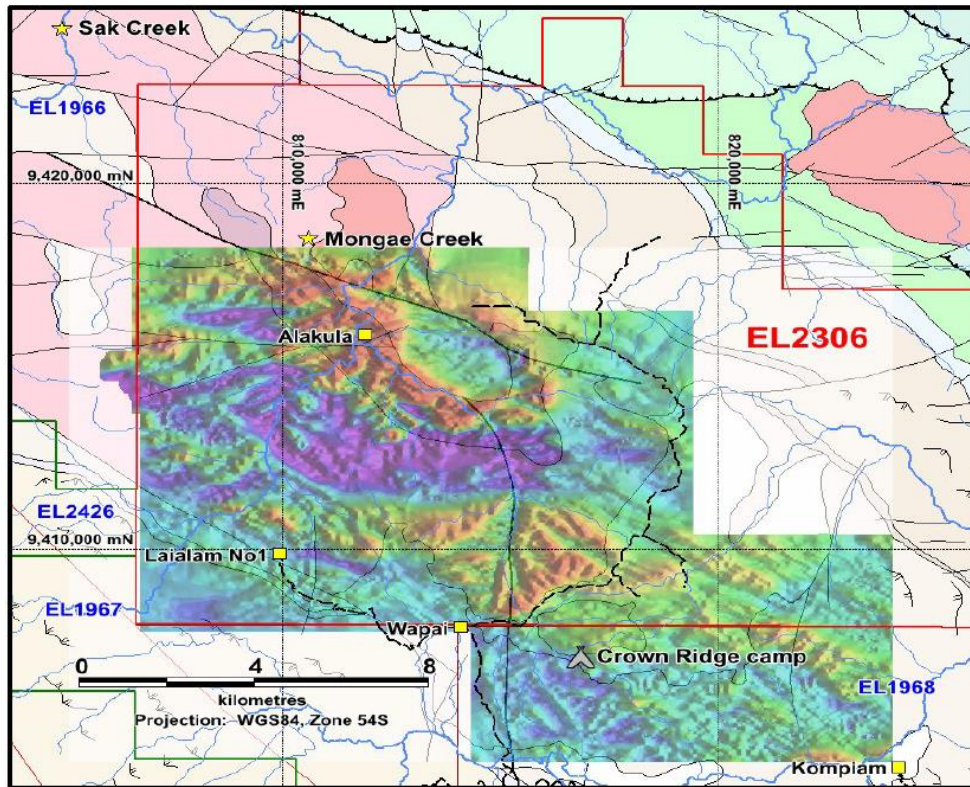
In Mongae Creek, a hydrothermal breccia, 15m long x 4m wide, contains clasts of diorite porphyry in a quartz-carbonate stockwork vein matrix with pyrite-chalcopyrite-bornite-chalcocite mineralisation. The initial program of geological mapping, stream sediment and rock chip sampling has concentrated on an area where local artisanal miners are panning gold from Mongae Creek (.

Rock chip samples have been despatched to ITS-Intertek Laboratory in Lae for analysis; results are pending and are being treated as priority.



**Photo 2: Mineralised quartz vein with pyrite+chalcocite+chalcopyrite+bornite, Mongae Creek prospect**





**Figure 4: Location of Mongae Creek area in EL2306**

Regional geology and RTP image from GMN's airborne magnetics survey also shown.



**Photo 3: Gold nuggets panned from Mongae Creek by artisanal miners (scale in millimetres)**

## Reconnaissance Mapping – EL1967 / EL2306

Reconnaissance mapping and geochemical sampling programs were completed in the Laialam village area to determine whether the rocks outside of the Timun volcanic crater also contain gold mineralisation. Rock chip samples included mineralised quartz-pyrite veins (Photo 4). Final assay results are pending.

Follow-up mapping and sampling is planned for the first quarter of 2018.

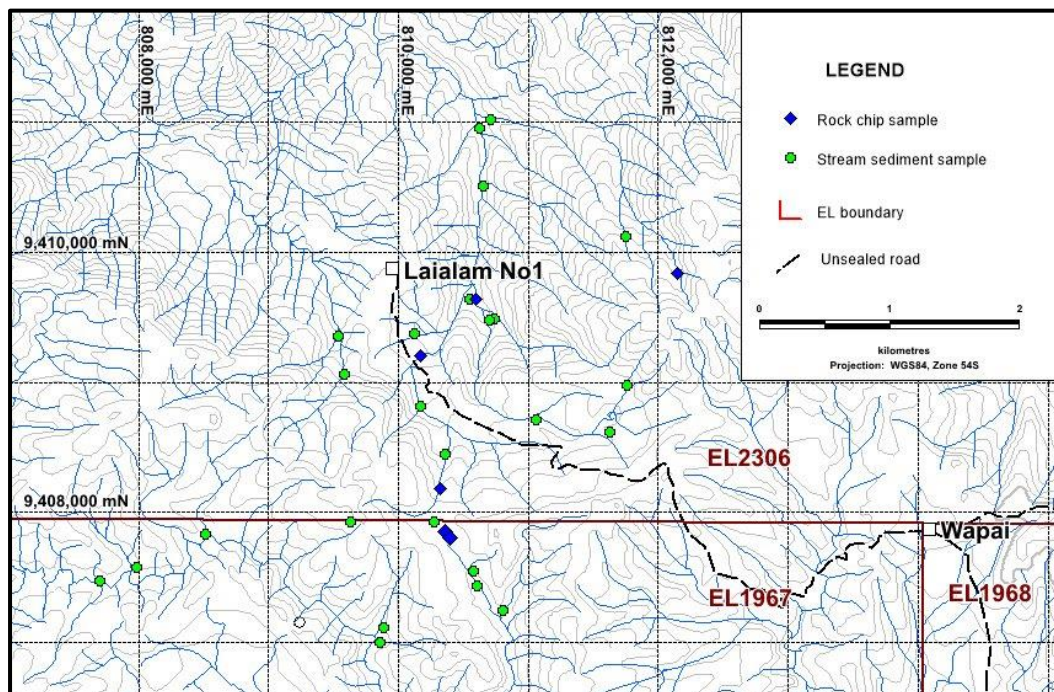


Figure 5: Sample locations, Laialam area



Photo 4: Mineralised quartz-pyrite vein from Laialam area



## Crown Ridge Prospect

### JORC Code, 2012 Edition – Table 1 report

#### Section 1 Sampling Techniques and Data

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

Criteria	Commentary
<b>Sampling techniques</b>	1m x 1m x 4m pits excavated by hand. Heavy mineral concentrates were obtained by slurring excavated material and processing through a Knelson concentrator and sluice box to produce a concentrate of 3-4kg to be shipped for analysis. One sample per 0.5m depth is produced. Sample of the tailings from the concentrator / sluice box is also collected for analysis.
<b>Drilling techniques</b>	Diamond drilling using triple tube PQ / HQ equipment.
<b>Drill sample recovery</b>	Recovery measured for each drill run
<b>Logging</b>	Drill core logging of lithologies, structures, alteration veining and mineralisation.
<b>Sub-sampling techniques and sample preparation</b>	No drillhole sampling completed to date. Sampling will be done by splitting core in half using a diamond core saw.
<b>Quality of assay data and laboratory tests</b>	No assay results are reported in this announcement.
<b>Verification of sampling and assaying</b>	No quality control sampling has been undertaken to date.
<b>Location of data points</b>	Pit locations and drillhole collar positions were determined by hand-held GPS readings (accuracy +/- 5m) and recorded in WGS84, Zone 54S datum.
<b>Data spacing and distribution</b>	First-pass pits are spaced on a nominal 200m x 200m grid. In-fill pitting will be undertaken at 50m x 50m grid spacings. Data spacing and distribution will be sufficient for Mineral Resource estimation. No sample compositing has been applied.
<b>Orientation of data in relation to geological structure</b>	The orientation of samples is not likely to bias the assay results. The use of regular spaced grids will eliminate the potential bias that could be caused by the use of irregular grids.
<b>Sample security</b>	Samples are currently stored in a locked shed at the Crown ridge camp. Batches of samples will be transported by company personnel to Mount Hagen and despatched by courier to the ALS Laboratory in Perth.
<b>Audits or reviews</b>	No sampling results reported.

## Section 2 Reporting of Exploration Results

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

Criteria	Commentary
<b>Mineral tenement and land tenure status</b>	EL1968 was granted to Viva No 20 Limited on 28 Nov 2013 and expires on 27 Nov 2017. The current tenement area is 164 km <sup>2</sup> . GMN is earning 70% interest. Application for renewal of the tenement has been lodged with MRA in Port Moresby.
<b>Exploration done by other parties</b>	All exploration programs conducted by Gold Mountain Limited
<b>Geology</b>	EL1968 contains potential for intrusive-related gold-copper deposits, epithermal-style gold deposits, alluvial gold-platinum deposits and Alaskan-style platinum deposits
<b>Drillhole Information</b>	Drilling by QED using an Atlas Copco track-mounted CS14 Drill Rig running triple tube PQ / HQ drill rods. Collar co-ordinates, inclination, azimuth and depth presented in Table 1 of this announcement.
<b>Data aggregation methods</b>	No assay results or data aggregation methods included as part of this release. No material information is excluded. No intersections have been reported as part of this release.
<b>Relationship between mineralisation widths and intercept lengths</b>	No assay results included as part of this release No material information is excluded. No intersections have been reported as part of this release.
<b>Diagrams</b>	Maps showing the location of the Crown Ridge prospect within the Wabag suite of tenements and the locations of the drillholes (completed and proposed) at Crown Ridge are presented in this announcement
<b>Balanced reporting</b>	No assay results included as part of this release, hence no reported intersections.
<b>Other substantive exploration data</b>	Geochemical surveys have been previously reported. These included soil sampling, stream sediment sampling, rock chip sampling, trench and pit sampling. A Helimag survey involving flying lines at 100-metre line spacing, was completed in 2016 and processing and reporting of the data were previously announced.
<b>Further work</b>	Continued bulk sampling and diamond core drilling at Crown Ridge, leading up to the estimation of Mineral Resources. Regional geochemical sampling and geological mapping to detect other areas of potential gold mineralisation.

## Abundance Valley Prospect

### JORC Code, 2012 Edition – Table 1 report

#### Section 1 Sampling Techniques and Data

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

Criteria	Commentary
<b><i>Sampling techniques</i></b>	Rock chip sampling of outcrops and rock float. Sample size 2-3kg.
<b><i>Drilling techniques</i></b>	No drilling undertaken to date.
<b><i>Drill sample recovery</i></b>	No drilling undertaken to date
<b><i>Logging</i></b>	No drilling undertaken to date.
<b><i>Sub-sampling techniques and sample preparation</i></b>	No drilling undertaken to date.
<b><i>Quality of assay data and laboratory tests</i></b>	No assay results are reported in this announcement.
<b><i>Verification of sampling and assaying</i></b>	No quality control sampling has been undertaken to date.
<b><i>Location of data points</i></b>	Rock chip sample locations were determined by hand-held GPS readings (accuracy +/- 5m) and recorded in WGS84, Zone 54S datum.
<b><i>Data spacing and distribution</i></b>	Reconnaissance sampling determined by location of outcrops. No sample compositing has been applied.
<b><i>Orientation of data in relation to geological structure</i></b>	The orientation of samples is not likely to bias the assay results.
<b><i>Sample security</i></b>	Samples transported by company personnel to a locked shed at the Crown Ridge camp. Batches of samples will be transported by company personnel to Mount Hagen and despatched by courier to the ITS Laboratory in Lae.
<b><i>Audits or reviews</i></b>	No assay results reported.



## Section 2 Reporting of Exploration Results

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

Criteria	Commentary
<b>Mineral tenement and land tenure status</b>	EL2306 was granted to Khor Eng Hock & Sons(PNG) Limited on 14 December 2015 and expires on 13 December 2017. Application for renewal of the tenement has been lodged and is being processed by MRA in Port Moresby. The current tenement area is 328 km <sup>2</sup> . GMN is earning 70% interest.
<b>Exploration done by other parties</b>	All exploration programs conducted by Gold Mountain Limited
<b>Geology</b>	EL2306 contains potential for intrusive-related gold-copper deposits, epithermal-style gold deposits and alluvial gold-platinum deposits
<b>Drill hole information</b>	No drilling undertaken to date.
<b>Data aggregation methods</b>	No assay results or data aggregation methods included as part of this release. No material information is excluded. No intersections have been reported as part of this release.
<b>Relationship between mineralisation widths and intercept lengths</b>	No assay results included as part of this release No material information is excluded. No intersections have been reported as part of this release.
<b>Diagrams</b>	Maps showing the location of EL2306 within the Wabag suite of tenements and the locations of the outcropping vein are presented in this announcement
<b>Balanced reporting</b>	No assay results included as part of this release.
<b>Other substantive exploration data</b>	A Helimag survey involving flying lines at 100-metre line spacing, was completed in 2016 and processing and reporting of the data were previously announced.
<b>Further work</b>	Continued regional geochemical sampling and geological mapping to define the extent of the outcropping vein are planned.

## Reference:

### ASX Announcements

3/11/2017      Drilling & Bulk Sample Pitting Commenced at Crown Ridge  
19/12/2017      New Porphyry Copper Zone Discovery

The company invites you to view the latest photographs showing progress of exploration programs on the Wabag project here: <https://www.goldmountainltd.com.au/gallery>

### About Gold Mountain

Gold Mountain Limited (ASX:GMN) is a junior mining explorer focused on delivering shareholder returns by developing its gold projects in Papua New Guinea (PNG). The company's experienced management team has assembled a portfolio of tenements prospective for gold, covering a total area of 2010km<sup>2</sup> within the Highlands of PNG. Gold Mountain is now focused on advancing its flagship Crown Ridge Gold project to assess the viability of and, results permitting, develop a relatively short term start up bulk gold mining operation.

The Company is fully funded for the current drilling and bulk sampling program aim at defining a JORC 2012 compliant Mineral Resource Estimate (MRE) and additional exploration as required.

*Statements contained in this report relating to exploration results and potential are based on information compiled by Doug Smith, who is a member of the Australasian Institute of Mining and Metallurgy (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 Australian Code for Reporting of Identified Mineral resources and Ore reserves (JORC Code 2012). Doug Smith consents to the use of this information in this report in the form and context in which it appears.*