



**Gold Mountain**  
Limited

ASX: GMN

# Wabag Project

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#### **Forward Looking Statement**

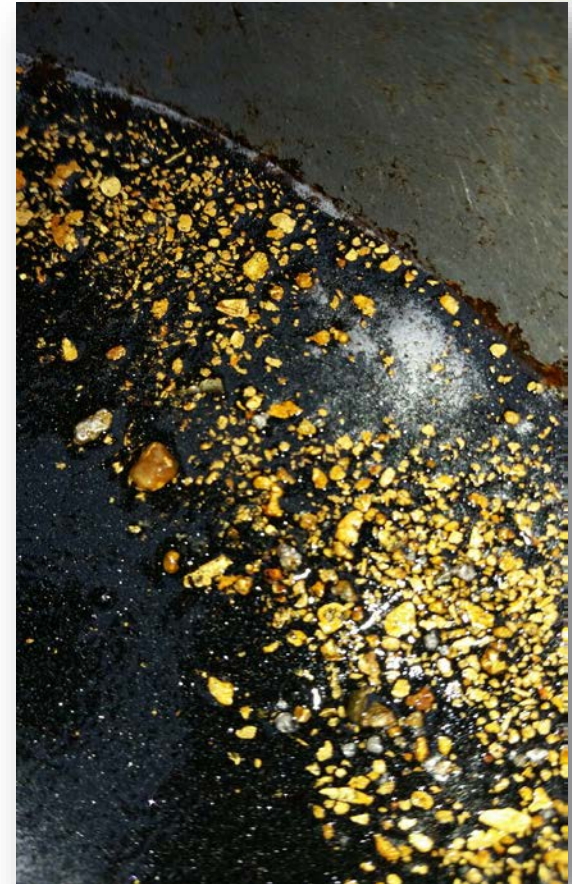
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#### **Competent Person Statement**

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.

# Company Overview

- The Wabag Project comprises a highly prospective tenement package in a region internationally recognized for major economic deposits.
- Results of work carried out to date highlight the prospect for a range of arc-related gold and copper mineralisation styles.
- Exploration activities have uncovered several potential mineralisation styles:
  - Free gold in altered and weathered conglomerate
  - High grade gold in quartz veins along the crater rim at Crown Ridge
  - Deeper porphyry styled mineralization at Crown Ridge, Sak Creek and within EL2306
- Gold Mountain's activities to date, as highlighted above, could also be described as the "peeling of the onion" approach to obtain early cashflow and commercialisation and continue to develop and explore the opportunities that lie within this well known mineralized belt.



Coarse alluvial gold & platinum

# Exploration Programs Overview

- Exploration work consists of two simultaneous exploration programs. The first of these seeks to confirm a Mineral Resource Estimate (MRE) compliant to JORC 2012 for Crown Ridge, with work expected to be completed in early 2018. The work includes:
  1. A further 32 test pits (1m x 1m x 4m deep) within 500m x 500m area, spaced to infill the previously completed pits. targeting an interpreted higher grade zone within the same area as the nine diamond drill holes.
  2. Up to nine 40m-60m deep vertical diamond drill holes testing the extension of the area of the interpreted palaeo-alluvial gold, covering an area that returned the best gold results from the previous 52 test pits.
  3. The combination of the pits and the drill holes is targeting an interpreted higher grade zone within the same area as the nine diamond drill holes. A number of the drill holes will be outside the 2.5km<sup>2</sup> "pit zone", and successful results within this larger area will open up the possibility for a larger inferred resource.
- Four 150m-200m deep diamond drill holes targeting the shallow hard rock potential in the interpreted south-west caldera margin.
- Further exploration on other potential discoveries on other leases.

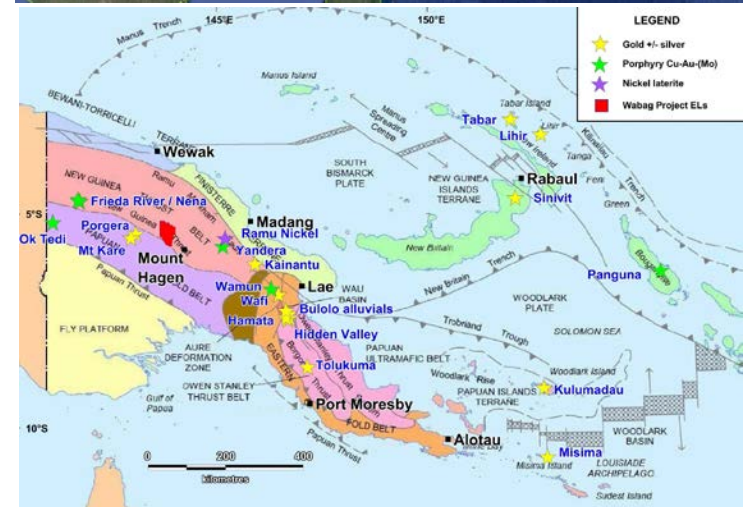


# PNG: Mining Resources Location

- PNG is a country that is well endowed in mineral resources, having one of the largest concentrations of major gold deposits globally.
- Well-developed mining law similar to the state based systems in Australia.
- Gold Mountain is concentrating activities in the Wabag area, where the intrusive rocks of the Maramuni Arc are located.
- This structural zone, along with the adjacent Papuan Fold Belt, hosts several major gold, copper-gold and copper-molybdenum deposits in PNG (Ok Tedi, Porgera, Mt Kare, Frieda River, Yandera)
- Major gold operations in PNG include:

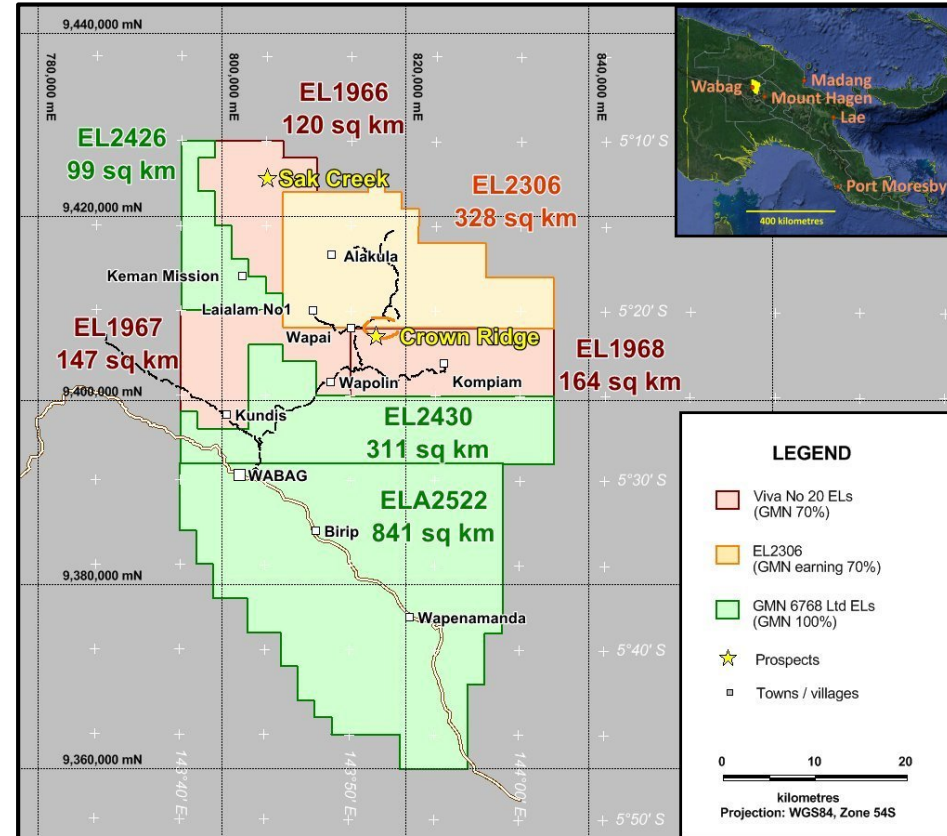
Porgera Mine	28 Million Oz
Frieda River Project	20 Million Oz
Ok Tedi Mine	16 Million Oz
Wafi/Golpu Project	20 Million Oz

- Prior to Gold Mountain's exploration only reconnaissance mapping and geochemical sampling being carried.



# Wabag Gold Project

- Dual potential development:
  - i) Bulk mining for Eluvial gold from surface
  - ii) Drilling for hard rock potential
- Six ELs and one EL Application totalling 2,010 km<sup>2</sup>.
- Miocene aged intrusions within the Wabag project area form part of the Maramuni Event, giving rise to Porphyry-related gold, copper & molybdenum mineralisation.
- Wabag projects are readily accessible by road.



# Wabag Project

## "Hunting Elephants in Elephant Country"

Exploration and Operations Director Doug Smith said:



*"In my 20+ years working as a geologist, I have never worked on a gold project with such compelling geology. I can confidently say we have the opportunity to very quickly develop a low-cost bulk mining operation at Crown Ridge (EL 1968), while at the same time identifying what is clearly a very large hard rock source for future exploitation. There is no doubt in my mind we are sitting on another PNG Elephant."*

1. [Independent Investment Research \(IIR\) February 2017](#)

Coarse gold particles and gold-quartz vein material from the trommel oversize (diameter of coin approx. 28mm), Pit 200, Crowne Ridge (EL 1968)

# Crown Ridge Prospect



Excavator digging bulk sample Pit 200 at Crown Ridge, gold source “*in situ*” weathered rock – December 2016

- The following table encapsulates the total gold and platinum recovery from Pit 200:

Fraction	Sample Weight	Gold recovered	Platinum recovered
>1mm oversize	1,722 g	10.00 g	3.48 g
<1mm magnetic fraction	14,963 g	0	0
<1mm non-magnetic fraction	13,662 g	65.05 g	5.23 g
<b>TOTALS</b>	<b>30,347 g</b>	<b>75.05 g</b>	<b>8.71 g</b>

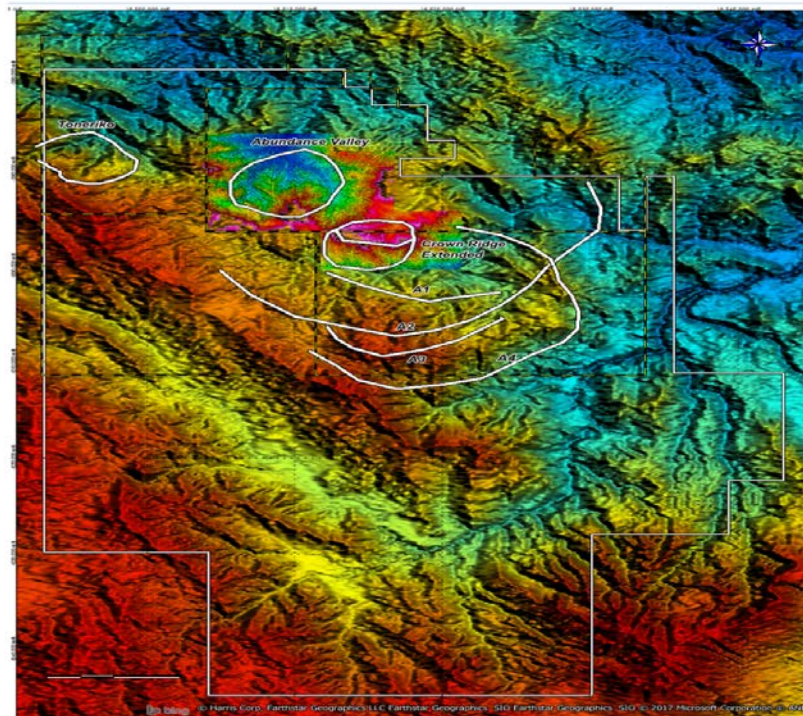
- GMN is highly encouraged by these results (in situ weathered rocks) & also the ease in which coarse grain gold and platinum contents are amenable to recovery using gravity (non-chemical) processes.

NB: Metallurgical report from Tony King: “it is apparent there are significant losses below 0.1mm as well as some below 0.2mm”. GMN is seeking to improve the quantity of gold and platinum recovered.



# Crown Ridge Prospect

The elevation (DTM) data from MRA are shown below with the GMN data set superimposed. Major circular and arcuate features are shown in white.



## Airborne Geophysical Survey

- The assessment was followed by Geophysical surveys and created a 3D body of magnetic susceptibility of the target area.
- The results indicated extensive, shallow drill targets within the Project and identified similarities to the world-class mining project in Porgera.
- This survey and other work also concerned areas that have become of functional intent such as lease EL 2306.

# Crown Ridge Prospect

## 5 EXPLORATION PHASES TO DATE

### PHASE 1

Reconnaissance  
mapping &  
geochemical sampling

2016

### Phase 2

Ground Magnetics &  
Airborne Magnetics  
geophysical surveys

September 2016

### Phase 3

Trenching program

October 2016

### PHASE 4

Non-mechanised  
pitting & bulk sampling  
program

Nov 2016 – Jan 2017

### PHASE 5

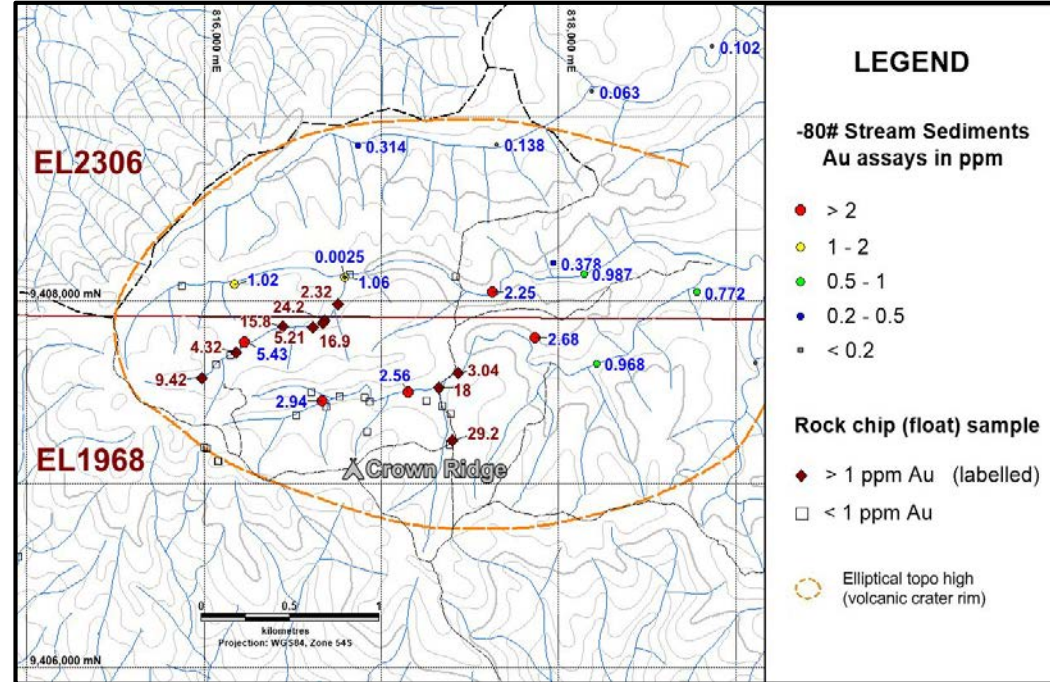
Mechanised  
bulk sampling &  
Diamond drilling

Dec 2016 – Jan 2017



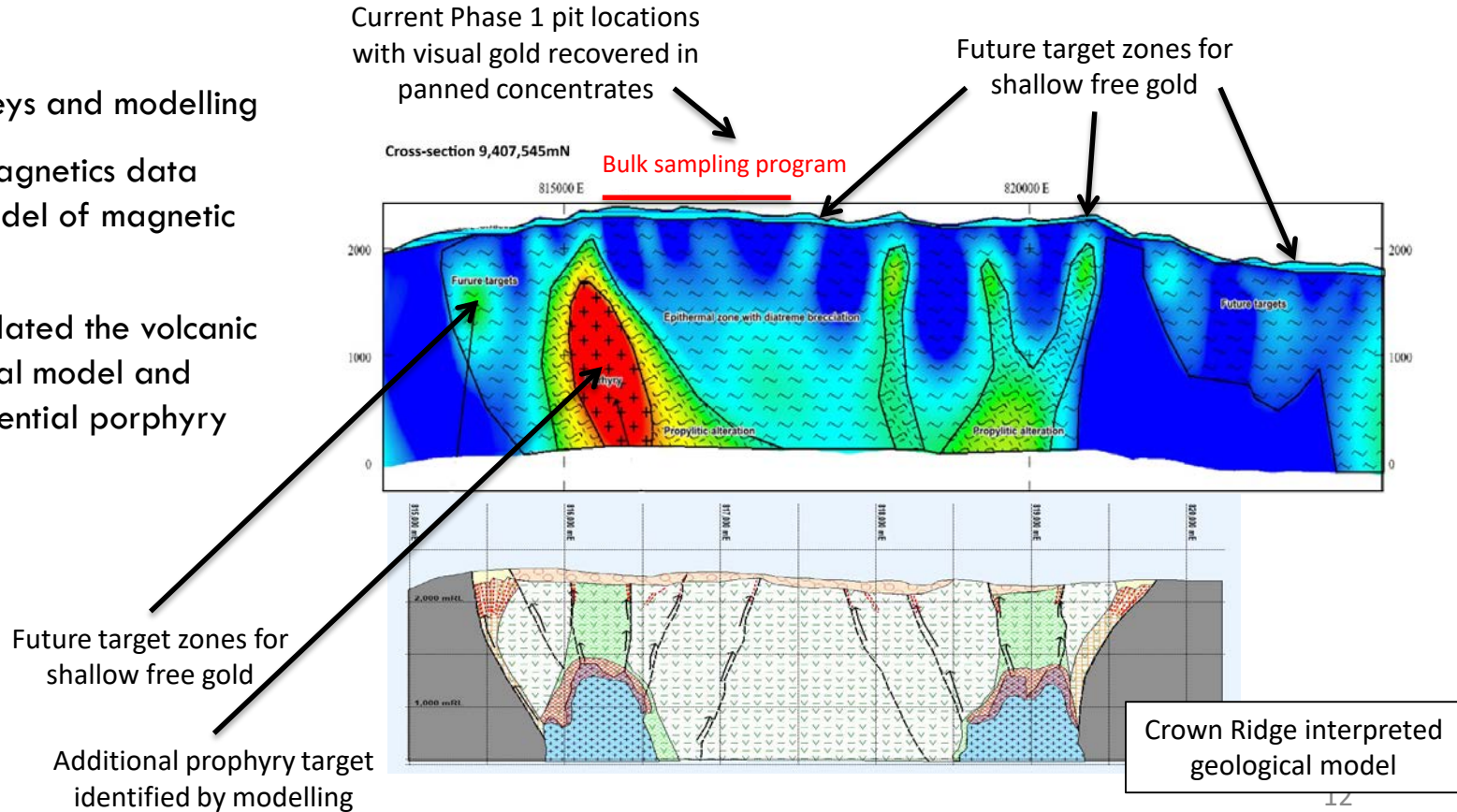
## •Phase 1: (2016) Reconnaissance Programs

- EL 1968 – 164km<sup>2</sup> of highly prospective exploration area
  - Crown Ridge – interpreted volcanic crater 7km<sup>2</sup>
  - Initial results from reconnaissance sampling methods:
    1. Stream sediments
    2. Rock chips
    3. Soil
- >All three of these showed highly anomalous gold values



## PHASE 2: (Sept 2016) Geophysical Surveys

- Magnetics surveys and modelling
- Modelling of magnetics data created 3D model of magnetic susceptibility
- The results validated the volcanic crater geological model and indicated a potential porphyry target at depth





### PHASE 3: (Oct 2016) Trenching Program

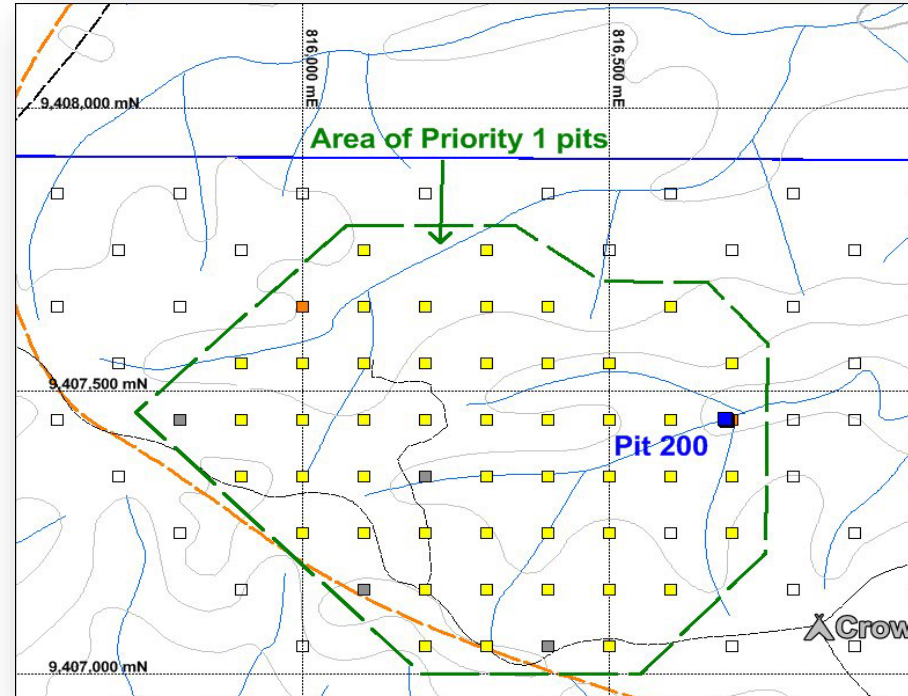
- Trenching of magnetic targets
- Host rock is altered and weathered conglomerate
- Hand panning of excavated weathered rock resulted in recovery of visible free gold, as well as occasional occurrences of platinum
- Two styles of gold recovered:
  - Rounded nuggets from original paleo-alluvial deposit
  - Wirey gold from geothermal fluids associated with the alteration of host rock



Wiry gold from geothermal fluids

## PHASE 4: (Nov 2016 – Jan 2017) Pitting & Bulk Sampling

- Discovery of visible free gold from the earlier trenching program led to the design of a systematic assessment of the near surface potential
- 52 hand-dug pits: 2m x 2m x 2m (8m<sup>3</sup>) on 100m grid spacing
- Hand panning of extracted material
- Consistent amount of visible free gold in 48 of 52 pits through the Priority 1 zone



- 2mx2mx2m pit consisting of gold
- 2mx2mx2m pit consisting of gold and platinum
- 2mx2mx2m without free gold
- Pit 200 site

## PHASE 5: (Dec 2016 to Jan-2017) Mechanised Bulk Sampling

- Bulk Sampling program using an excavator - 5m x 5m x 5m pit (125m<sup>3</sup>) for Pit 200
- Samples were processed on-site by mechanised trommel & sluice box
- From first pit ([Pit 200](#)), recovery of:
  - **Over 2 ounces of Gold (75.05g Au)**
  - **8.71g of Platinum**
  - **Average grade ~0.7 g/m<sup>3</sup> Au**
- Fine-tuning of method likely to recover more fine gold (<0.1mm)



Excavator digging bulk sample Pit 200 at Crown Ridge – December 2016

# Future Potential

## Bulk Pit Mining

- Near surface free gold is a key feature – of the company's simple mining target to provide sustainable profitable early cash flow through an effective alluvial mining program from the surface. This plan allows Gold Mountain to seek firstly an inferred resource and then potential cashflow.
- To enhance these objectives, the Company is also continually assessing improving current on-site equipment to maximise the recovery of both fine gold and platinum samples.
- A Knelson Concentrator was been installed on-site during September 2017 for the bulk sampling program.
- Preliminary exploration and float samples of quartz veins with free gold indicate hard rock source, probably located close to the crater rim, has encouraged the Company to mobilise the diamond drilling rig.
- This was done in September to test hard-rock potential as well as depth encouraged to mobilise the diamond drilling rig in September. This rig seeks to test hard-rock potential as well as the depth of the surface free gold.
- The aim of this programme is to achieve Consistency, Continuity and Grade over initially 1 km<sup>2</sup>.



# Key Investment Highlights

## Region and Location are Rich in Gold

- “Hunting Elephant in Elephant Country”
- Papua New Guinea economy is largely driven by natural resources – 31% of exports income derived from gold
- Grasberg in neighboring Indonesia is the largest gold mine in the world
- 28 Moz Porgera Mine is directly adjacent to Wabag

## Potential for Significant Upside

- Preliminary geological studies demonstrate free gold particles in loose shallow soil
- Substantial opportunity for multiple resource discoveries and economic mines

## Six Concessions Secured Ahead of Major Mining Company

- In 2014 the company was able to secure through proprietary access the six concession ahead of a mining major
- Recent acquisition (subject to shareholder approval) of 2306 lease.
- Wabag Exploration Licenses occur within a major structural zone with proven gold reserves – New Guinea Trust Belt
- The potential for new discoveries is very high – large number of streams contains alluvial gold

## Promising Results from Initial Mini Bulk Sampling

- Phase 1: Non-Mechanised reconnaissance assessment results shows highly anomalous gold values
- Phase 2: Geophysical survey show similarities to world class mining project in Porgera
- Phase 3: Small scale non-mechanized trenching and hand panning resulted in free gold discovery
- Phase 4: Mini bulk sampling eight square meters shows visible gold over 92% of 52 pits
- Phase 5: Mechanised Bulk Sampling (towards inferred MRE)

## PNG & Investment Vehicle Subject to Strong Oversight

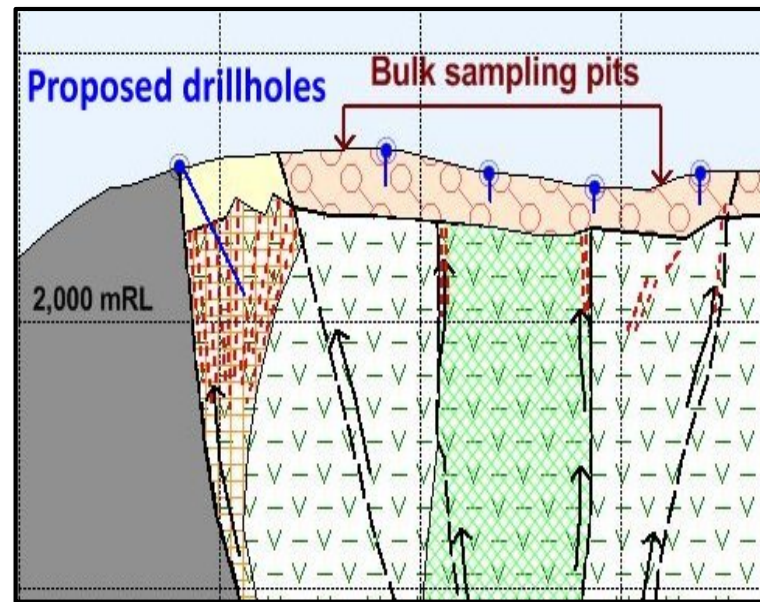
- Gold Mountain is a Australian listed company that must abide by strict exchange and disclosure guidelines
- PNG has well developed mining law similar to the state based systems in Australia and has a long history of mining
- Stable shareholding with Top 20 investors accounting for 60% of the company
- Committed management team

## Financial Resources

- The Company has approximately \$5 million currently in funds with over \$2.3 million due in January 2018 from “in the money” options.

# Strategy: Q4 2017 Going Forward

- Shareholder approval for EL 2306 lease
- Operations will concentrate on completing bulk sampling of pits to seek to achieve JORC Compliant Mineral Resource for 2.5km<sup>2</sup>, from surface to +4 metre depth
- Complete all necessary studies for lodgement of Mining Lease Application
- Continued activity to work to an Initial Target Production: 8,000 – 10,000 ounces Au p.a.
- To further develop the extensive potential free gold zones within 7km<sup>2</sup> crater for future production
- Diamond drilling of potential high-grade gold in quartz veins near crater rim
- Continue selective exploration for deeper porphyry targets at Crown Ridge .
- Seek out further mineralised prospects on the Company's various tenements.
- The aim of this programme is to achieve Consistency, Continuity and Grade over initially 1 km<sup>2</sup>



# Company Overview



## GMN CAPITAL STRUCTURE

Shares on issue	443,031,965
Options on issue:	
ESOP Plan (30c strike; 50c trigger)	14,800,000
Others (5.5c strike; expiry 18/1/2018)	40,110,715
Others (15c strike, expiry 30/6/2019)	28,237,300
Market cap at \$0.11 undiluted	\$48.7m
52 week high	\$0.165
52 week low	\$0.08

## Top Shareholdings

## % held

Top 40	63.0%
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## Board & Management

Managing Director	Sin Pyng (Tony) Teng
Expertise in project development and corporate restructuring, as well as experience surrounding investor relations	
Exploration Director	Doug Smith
Experience as an economic exploration geologist with technical & managerial roles in copper and gold resources, both globally and within PNG	

# Geophysical Survey Technology

**Helimag survey involves helicopter borne magnetics survey and is flown at just above tree level.**

**This technology aids greatly in the initial target identification. An example of the Company's use of this is the identification of targets on lease EL 2306.**

The magnetic method is a non-invasive geophysical method which measures the magnetic field associated with magnetic minerals in crustal rocks.

Geophysical inversion software validates and determines geology on grassroots projects and takes some of the risk out of high stakes mineral exploration. Recent technology developments have turned inversion into a fast and responsive tool that is used to delineate targets with greater speed and accuracy.

The airborne Helimag survey data, namely Located total magnetic Intensity and topography are the input data and the output includes 3D models along with vertical and horizontal depth sections.

Integration of these output data sets with existing data allow a comprehensive description of the geology and exploration potential.

The modelling software has been applied to vintage data leading to the successful design of the recent Helimag survey. Similarly further modelling work elsewhere in the GMN licence areas with a view to more Helimag survey work.



# Corporate Social Responsibility & Local Landowner Relations

- We foster good relationships and trust with Chief Land Owners and community.
- We create an opportunity to provide jobs for the local Community.
- We continuously help local communities with social work to improve their overall living conditions.
- We continually improve basic amenities and infrastructure in the surrounding areas, which will improve standard of living and security for the Community.

