(ASX: GMN)

ASX RELEASE

**14th April 2020**

# MONOYAL DRILLING UPDATE – STRONGEST INDICATORS YET OF MAJOR POPHYRY STYLE MINERALISATION

## Highlights

- **Gold Mountain's nine-hole diamond drill programme continues to show strong indications of a porphyry system**
- **Core from hole MCD005 indicates higher levels of fracturing and veining than observed in previous drill holes**
- **Hole MCD006 has shown the highest level of brecciation and alteration encountered in the drill programme thus far**
- **Chalcopyrite (copper sulphide) and molybdenum mineralisation is present in both holes on fracture surfaces and in discrete veins**
- **Observations to date confirm that in GMN's view, the Company has identified a major porphyry system**
- **Assays for MCD005 and MCD006 are due to be reported in May 2020**

**In compliance with the JORC Code (2012), GMN cautions investors and notes that comments on visual inspection of mineralisation is a matter of supposition and should not be considered a proxy or substitute for laboratory analyses. Samples are being analysed by the laboratory and full disclosure of these results will be made in due course.**

Gold Mountain Limited (ASX: GMN) is pleased to provide an update on its drilling programme at the Monoyal Prospect. Initial observations for holes MCD005 and MCD006 are summarised below and discussed in more detail in subsequent sections of the release. In summary GMN is greatly encouraged by visual interpretations of the drill core which indicate that GMN continues to close in on a major porphyry system. The Company eagerly awaits further analysis of the core from MCD007 to further confirm this.

The Monoyal Prospect is a copper – molybdenum – gold porphyry target and is one of the many prospects which comprise the Company's flagship Wabag Project in PNG.

As of the 31st of March 2020, GMN has completed five drill holes at Monoyal (MCD003 to MCD007) comprising a total of 2,152m. Drilling of MCD007 was completed on the 30th of March down to a depth of 409m (details of this hole will be reported separately). The assay results for MCD003[1] and MCD004[2] have been previously reported to the market and it is expected that the first assay results from MCD005 and MCD006 will be announced in May 2020. This is later than expected due to the State of Emergency (SOE) declared by the PNG government due to the COVID-19 crisis, and with the movement of freight across provincial boundaries and helicopter support having been restricted. Once SOE is lifted samples will be transferred to Townsville for immediate processing. Based on recent developments, GMN has identified a schedule of the expected release of assay results, presented in Table 1.

**Table 1. Schedule for release of assay results for MCD005, MCD006 and MCD007**

**GMN - Core Sample Schedule**

| *Core Sample ID* | *Prepared for Shipment* | *Depart Crown Ridge* | *Assay Results Received* |
|---|---|---|---|
| **MCD005 (hole 3)** | Prepared | April 13, 2020 | Early May, 2020 |
| **MCD006 (hole 4)** | In progress | April 21, 2020 | Mid May, 2020 |
| **MCD007 (hole 5)** | In progress | April 27, 2020 | Late May, 2020 |

MCD005 was drilled to test a zone of coincident Cu – Mo anomalism which was identified in trench MCTR006[3]. The top 89m of MCD005 is strongly oxidised and fractured with limonitic veins and limonite (after sulphides) coated fractures common (Figure 1).

From 89m to 320m, MCD005 intersected a variably altered and mineralised tonalite, with iron-pyrite, chalcopyrite and molybdenum mineralisation observed on fracture surfaces and in veins. Fracture density ranges from 3 to 4 fractures a meter to in excess of 10 fractures a meter, with approximately 30% of the fractures coated with sulphides. The mineralisation on the fractures predominantly comprises iron-pyrite, chalcopyrite and molybdenum, other minerals including. quartz – epidote – chlorite and biotite are also observed on the fracture. Total sulphide content of the fractures is estimated to be between 20 to 30% which the primary sulphide mineral observed being iron pyrite. The

[1] First reported in ASX Announcement of 13th February 2020: 'Initial Drill Hole at Monoyal Prospect Validates Surface Anomalies and Model'. Competent Person: Mr Patrick Smith.
[2] First reported in ASX Announcement of 28th February 2020: 'Results from MCD004 Continue to highlight the Potential for Porphyry Style Mineralisation at the Monoyal Prospect l'. Competent Person: Mr Patrick Smith.
[3] First reported in ASX Announcement of 8th July 2019: 'Trench Results at Mongae Provide Strong Case to Drill High Quality Porphyry Targets": Mr Douglas Smith.

tonalite contains more veining, and alteration than that seen in holes MCD003 and MCD004 and suggests that MCD005 is testing a separate part of the porphyry system.

Quartz - iron pyrite veins, which comprise 50% quartz and 50% sulphide, are also more prevalent and thicker in MCD005 than in the two holes previously drilled at Monoyal, i.e. the veins are between 1cm to 1.5cm wide (Figure 2) with approximately 2 to 3 veins observed every meter. From a depth of 320m to the end of hole (EOH), the tonalite became less altered and fractured, with the hole being terminated in an unaltered fresh quartz - feldspar porphyry unit.


**Figure 1.** MCD005, Oxidised (LHS) and un-oxidised core from MCD005 exhibiting greater fracturing, veining and Alteration than MCD003 and MCD004

**Figure 2.** Examples of veining and mineralisation in MCD005, **from left to right**, qtz-pyrite-malachite bearing vein from 112.42m, vein is approximately 5mm wide and contains between 3 – 5% sulphide minerals, C**entre**, qtz-pyrite vein, which is 4mm wide with Fe-pyrite (5%) and molybdenum (0.5%) from 106.76m**, Right**, evidence of malachite and chalcocite coating on fracture surface at 98.30m, these copper minerals coat the fracture with the coating being 3mm thick

MCD006 intersected strongly oxidised tonalite from surface to a depth of 85.20m. From 85.20m to the EOH, a variable altered and fractured tonalite was intersected

Visual observations indicate that there is increased brecciation and alteration in hole MCD006 that has not previously been observed in the holes drilled at Monoyal. Quartz - pyrite veining is more prevalent than seen in MCD003, 004 and 005. The vein abundance has effectively doubled from 2 to 3 veins a meter to between 5 to 6 veins a meter, the veins are also wider and have well developed alteration selvages which have also not been noted in the previous holes drilled at Monoyal (Figure 3 and Figure 4).

Tim Cameron the CEO of GMN, who has recently returned from a site visit to Monoyal said; "*I was very encouraged and excited with what I saw on site. I was particularly happy to see the amount of alteration and veining which I observed in MCD006 which was being logged when I was there. Each hole we drill is providing us with greater encouragement and additional information and we are making significant progress in developing a model for Monoyal which will assist us with our ongoing drilling campaign. I was also very happy to meet with the GMN technical team and the leaders of the various clans whose land we are drilling on. The landowners expressed their ongoing support for the exploration programme at Monoyal and assured me that they wanted to work productively and positively with GMN. I came away from the visit feeling very positive about the project, the technical ability of the GMN team on the ground and the relationship GMN have cultivated with the local people. The sense of anticipation for the assay results for holes MCD005 and 006 inside the Company is palpable and we look forward to reporting on the results next month. In the meantime, the Company intends to provide its initial review of the core from MCD007 in the near term".*


**Figure 3.** MCD006 –LHS strongly oxidised core from 79.4m to 84.5m with iron-oxides after sulphides, RHS core exhibiting intense fracturing and brecciation from 216.0m to 221.0m


**Figure 4.** MCD006 – Quartz – pyrite veins with well-developed alteration selvages seen in MCD006, (LHS from 8.00m, contains approximately 5% sulphides, centre, veins 3mm wide with 5 mm wide alteration selvages , veins contain 30% pyrite and 70% quartz, with 2% pyrite in the tonalite matrix 115m to 117.60m, RHS – chalcocite (approximately 2%) on fracture surface associated with quartz and pyrite from 76m

**In compliance with the JORC Code (2012), GMN cautions investors and notes that these are selected pictures of the core and that visual estimates of sulphide mineral abundance should not be considered a proxy or substitute for laboratory analyses.** Samples from MCD005 are ready for shipment to the laboratory and assay results are expected to be received in early May (Table 1).

GMN continues to complete core logging, sampling and excavating additional trenches to assist with optimising the locations of the next drill holes. Once all the assay data are back from MCD005, 006 and 007, it will be combined with all the Mongae / Monoyal data and reviewed by a porphyry expert who will then assist in future planning of the drilling programme. The completed hole and proposed hole parameters are listed in Table 2, and the hole locations are included as Figure 5.

**Table 2. Monoyal – Current and planned drill hole parameters**

| Proposed Hole ID | Easting | Northing | RL | Planned Depth (m) | Current Depth (m) | Dip | Azimuth |
|---|---|---|---|---|---|---|---|
| **MCD003** | 810,142 | 9,419,803 | 1,737 | 450 | 500.50 EOH | -65 | 275 |
| **MDC004** | 809,861 | 9,419,773 | 1,654 | 475 | 450.20 EOH | -60 | 220 |
| **MCD005** | 809,733 | 9,419,965 | 1,574 | 400 | 372.20 EOH | -60 | 282 |
| **MCD006** | 809,179 | 9,419,861 | 1,609 | 400 | 419.40 EOH | -60 | 255 |
| **MCD007** | 810,141 | 9,419,670 | 1,735 | 400 | 409.60 EOH | -60 | 330 |
| **PHD008** | 809,378 | 9,419,761 | 1,630 | 400 | | -60 | 260 |
| **PHD009** | 809,526 | 9,419,876 | 1,506 | 400 | | -60 | 255 |
| **PHD010** | 809,418 | 9,420,146 | 1,447 | 250 | | -60 | 255 |
| **PHD011** | 809,901 | 9,419,808 | 1,647 | 250 | | -60 | 245 |

**coordinates in UTM (WGS 84) Zone 54S* projection, # as of 30th March 2020

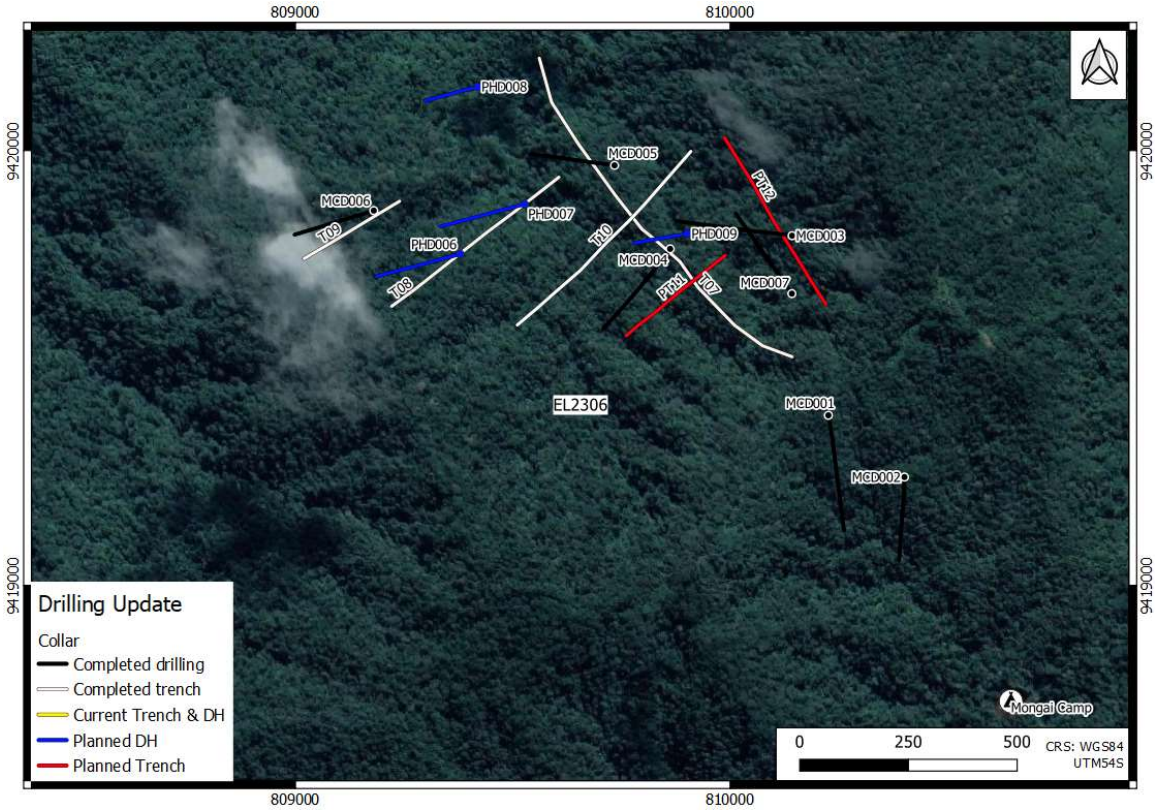


**Figure 5. Monoyal Prospect - completed and Proposed Drill hole and trench locations**

Trenching is ongoing at Monoyal with trenches T8, T9 and T10 completed in 2020 for a total of 1,344 m. Work on T11 and T12 has commenced and it is estimated that they will be excavated and sampled by mid-April 2020. The Lombokai Creek soil programme will now commence in mid to late April.

This announcement is authorised by the CEO of GMN, Tim Cameron.

**For further information please visit the website www.goldmountainltd.com.au or contact:**

**Tim Cameron**
**Chief Executive Officer**
**+61 448 405 860**

**Tony Teng**
**Managing Director**
**+61 414 300 044**

**Follow Gold Mountain on LinkedIn:** www.linkedin.com/company/goldmountain

**Figure 6. CEO of GMN – Tim Cameron with the GMN technical team (LHS) and with local landowners (RHS)**

**-END-**

**Reference to Previous Releases**

Trenching and drilling results referred to in this announcement have been previously announced to the market in reports dated the 8th of July 2019 and the 13th and 28th February 2020 and are available to view and download from the company website www.goldmountainltd.com.au.

Gold Mountain Limited confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. Gold Mountain Limited confirms that the form and context in which the Competent Person (Mr Pat Smith) findings are presented here have not been materially modified from the original market announcements.

**COMPETENT PERSON STATEMENT**

The information in this report that relates to Exploration Results is based on information compiled by Patrick Smith, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy.

Patrick Smith is an external consultant to the Company. Mr Smith confirms there is no potential for a conflict of interest in acting as a Competent Person. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**JORC CODE, 2012 EDITION – TABLE 1**

## Section 1 Sampling Techniques and Data

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

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Sampling techniques* | • *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information* | • SOPs for all work were used to safeguard representivity of the sampling and drilling, which was carried out using best and standard practice. |
| *Drilling techniques* | • *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | Diamond drill-holes are collared with PQ3 and reduced to HQ3 once through the oxidised. Diamond drilling was undertaken by QED using an Atlas Copco helicopter transportable drill rig running triple tube PQ / HQ equipment. Drilling was used to produce drill core with a diameter of 85 mm (PQ) or 63.5mm (HQ). • Diamond core was orientated downhole using a reflex core orientation device and alpha and beta angles recorded where the core was competent enough to collect readings • MCD005 and 006 were orientated at -60° towards azimuths of 255° respectively and to depths of 419 and 409m (see collar table in body of the report).<br>• profile. |
| *Drill sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples*<br>• *Whether a relationship exists between sample recovery and grade and* | • Diamond core recovery by measuring the length of core recovered compared to the length drill run. Drill recoveries were considered good between for both MCD005 and MCD006 with the majority of drill runs achieving > 88% recovery.<br>• Care when drilling broken ground, dispensing with the core into the trays and working closely with the contractors to ensure sample recoveries remained |

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| | *whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | consistent.<br>• Cannot comment on recovery-grade relationship yet as no assay are available yet. |
| *Logging* | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged* | • All drill-holes are photographed, geologically and geotechnically logged, and the data stored in a digital database. Information collected in logging is considered appropriate for future studies.<br>• Drill core logging of lithologies, structures, alteration veining and mineralisation.<br>• Drill core logging of lithologies, structures, alteration veining and mineralisation suitable to support MRE.<br>• All core from MCD005 was logged |
| *Sub-sampling techniques and sample preparation* | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • Core samples cut in half by band-saw one half remained in-situ.<br>• Industry standard sample preparation techniques undertaken at ALS in Townsville (Australia).<br>• SOPs for all work were used to safeguard representivity of the sampling and drilling, which was carried out using best and standard practice.<br>• QC procedures - No duplicate samples collected in the field.<br>• Sample sizes are appropriate for the type of material being sampled to ensure good representivity. |
| *Quality of assay data and laboratory tests* | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* | • Not applicable – No assays are reported yet. |
| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • Not applicable – No assays are reported yet. |

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| *Location of data points* | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • The drill hole sites were located using a hand-held Garmin GPS Map 64ST GPS Unit units (lateral accuracy <5 m). This is considered appropriate for this stage of exploration by the competent person.<br>• Grid system used was WGS84, Zone 54S.<br>• Good topographic control is available. |
| *Data spacing and distribution* | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • The drilling being carried out is on specific targets. Therefore, no grid has been applied.<br>• No compositing was applied. |
| *Orientation of data in relation to geological structure* | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • Several mineralised orientations are recorded from surface mapping and sampling. The drilling has aimed to intersect the two main directions (SW-NE and E-W), which may lead to low angle intersections of mineralisation.<br>• Core is orientated and structural orientations will be modelled to further understand the nature of the intercepts. |
| *Sample security* | • *The measures taken to ensure sample security.* | • Half-core samples packed into poly-weave sacks, sealed by cable ties and transported to TNT in Mt Hagan by senior personnel. TNT transported samples to ALS in Australia via air freight. |
| *Audits or reviews* | • *The results of any audits or reviews of sampling techniques and data.* | • No audits or reviews undertaken. |

## Section 2 Reporting of Exploration Results

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

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Mineral tenement and land tenure status* | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • Drilling undertaken on Exploration Licence 2306 in Enga Province, PNG.<br>• EL2306 was granted to Khor Eng Hock & Sons (PNG) Limited (KEH) on 14 December 2015. Gold Mountain Limited (ASX:GMN) is the manager of the exploration programs under an agreement with KEH.<br>• There are no impediments to conduct exploration programs on the tenements. |
| *Exploration done by other parties* | • *Acknowledgment and appraisal of exploration by other parties.* | • All exploration programs conducted by Gold Mountain Limited. No previous exploration known in the area. |

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| *Geology* | • *Deposit type, geological setting and style of mineralisation.* | • EL2306 contains the potential for potential for porphyry copper-gold deposits, intrusive-related gold and epithermal gold deposits and structurally-controlled gold lode deposits |
| *Drill hole Information* | • *A summary of all information material to the understanding of the exploration results.*<br>  • *easting and northing of the drill hole collar*<br>  • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>  • *dip and azimuth of the hole*<br>  • *down hole length and interception depth*<br>  • *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • as per table in document |
| *Data aggregation methods* | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • No drilling assays or intercepts reported.<br>• No metal equivalents or grade intersections reported. |
| *Relationship between mineralisation widths and intercept lengths* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | • No drilling assays or intercepts reported. |
| *Diagrams* | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Maps showing drill hole locations are included in the attached report.<br>• Sections are not available yet as interpretations are still being generated, and will be finalised when assay results are available. |

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| *Balanced reporting* | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • All exploration results are reported in a balanced manner. No assays or other relevant information to interpret the results are omitted. |
| *Other substantive exploration data* | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • All exploration results, including geological observations, are detailed in attached report. |
| *Further work* | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale stepout drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Drill program is ongoing.<br>• A further 4 holes and 2 trenches are planned for Monoyal, with this work to be completed in Q1 and Q2 of 2020. |