



(ASX: GMN)

ASX RELEASE

Quarterly Activities Report For the Quarter Ended 31st December 2020

Gold Mountain Limited, (ASX: GMN) advises its activities during the October to December 2020 Quarter.

Wabag Project PNG

- **Drilling resumed at the Monoyal prospect on the 6th of November 2020**
- **MCD008 was completed to a depth of 684.20m in December, results are pending**
- **Drilling of MCD009 commenced in mid-January 2021**
- **Stream sediment, rock chip and channel sampling highlighted the prospectivity of EL2632 - Wipi tenement**
- **Initial exploration work on EL2632 has identified mineralised intrusives and skarns at Mt Wipi which highlight the exploration potential for a large mineralised system**

In the December quarter GMN recommenced drilling at the Monoyal Prospect, targeting a large copper-molybdenum porphyry system. One drill hole (MCD008) was completed in December and drilling of the second hole (MCD009) commenced in mid-January.

The first hole, MCD008 was drilled to a depth of 684.20m and was designed to test anomalous zones of copper and molybdenum mineralisation beneath MCD003 and MCD004. MCD003 intersected sheeted veins and stockwork style mineralisation between 50m to 250m and high background copper mineralisation (+500ppm Cu) throughout the hole with the best intercept being 72m @ 0.13% Cu and 88ppm Mo from 404m¹.

MCD008 was terminated at 684.20m due to broken ground preventing further drilling, after testing the targeted zones. Core from MCD008 has been logged, photographed, and sampled, with all core samples dispatched to the Intertek laboratory in Lae for sample preparation and analysis. Assay results are due in late January 2021.

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

Drilling of the second hole, MCD009 commenced in January 2021. This hole is designed to test below MCD002 (55m @ 0.11% Cu from 103m and 49m @ 0.12% Cu from 165m, including 10m @ 0.22% Cu from 183m)². The drill hole parameters for MCD008 and MCD009 are included in Table 1. The drill hole location map and an idealised section for MCD009 are included as Figure 1 and Figure 2 respectively.

Table 1. Monoyal MCD008 and MCD009 (planned) drillhole parameters

Hole No	Easting	Northing	RL	Azimuth	Dip	Max Depth (m)
MCD008	809,995	9,419,939	1,655	225	-60	684.20 (EOH)
MCD009*	810,589	9,419,192	1,766	225	-60	700.00 to 750.00 (proposed)

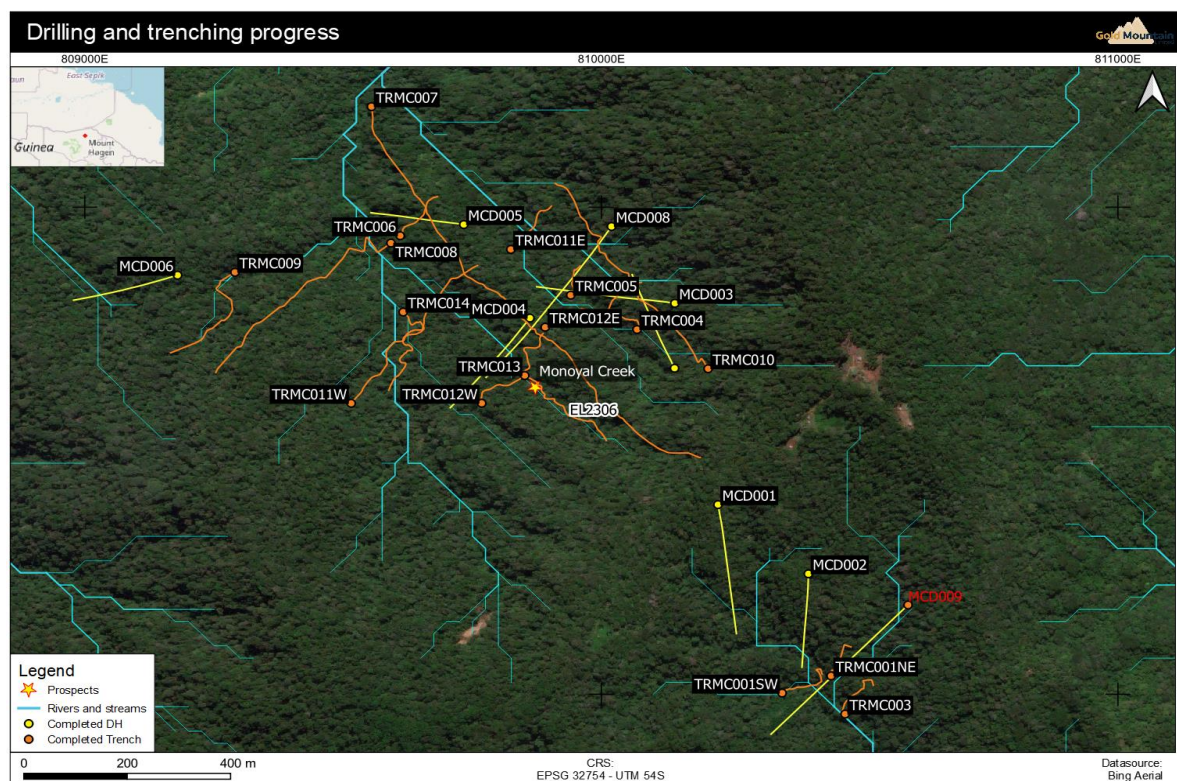


Figure 1. Mongae, Monoyal Proposed Hole Locations

² First reported in ASX Announcement of 30th November 2018: ‘Significant Copper Intercept in Drill Hole MCD002 at Mongae Creek’. Competent Person: Mr Douglas Smith

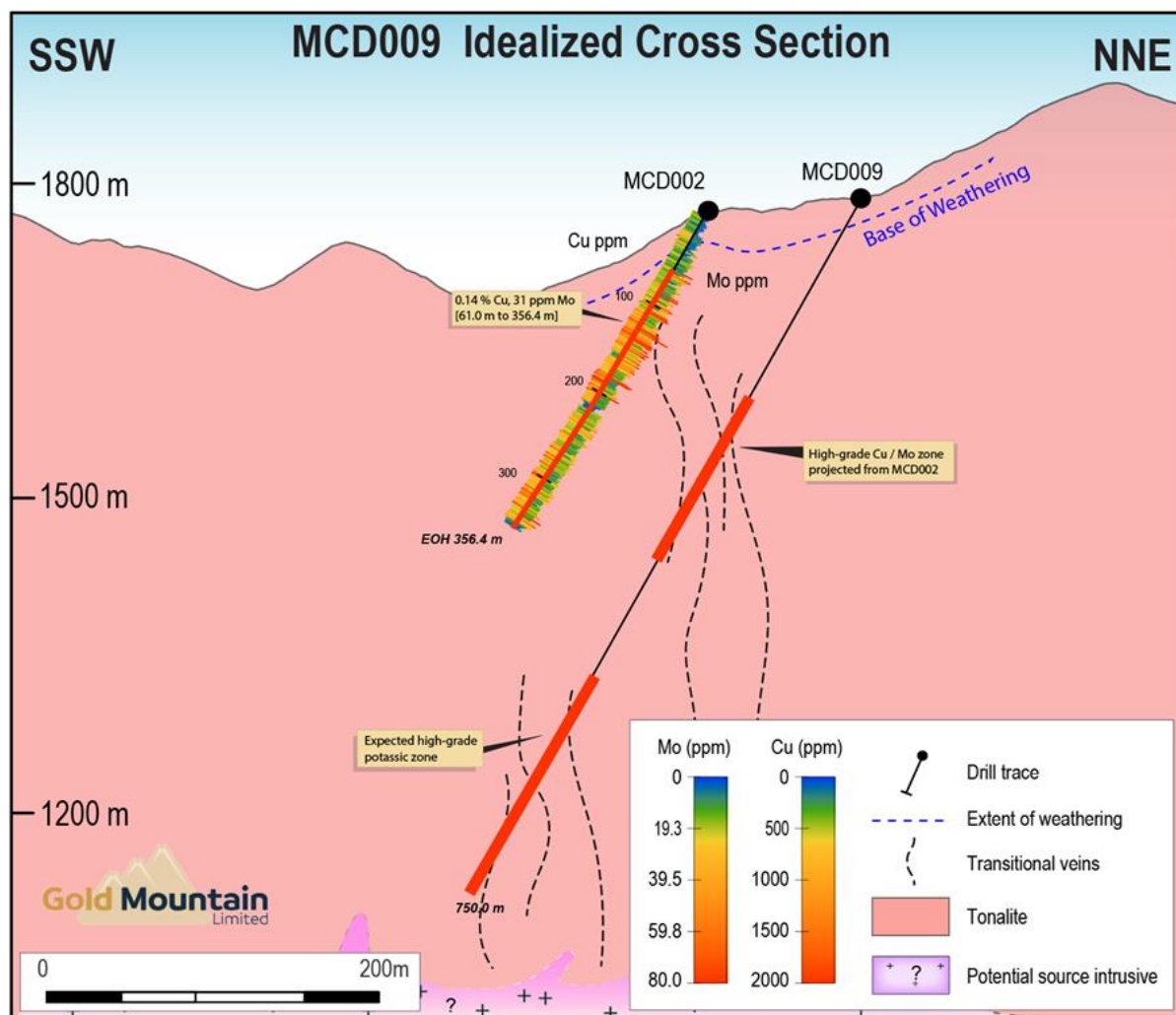


Figure 2. MCD009 – Idealised Cross section of proposed drill hole trace

Mt Wipi (EL2632) Update

GMN initiated exploration on EL2632 after it was granted to the company in August 2020. GMN commenced work in the Waa Creek drainage in September 2020 as this area was highlighted as prospective by local landowners who found oxidised copper rich rocks in the drainage. In the December quarter, GMN has concentrated exploration efforts in the Waa Creek area but will extend exploration activities out over the entire tenement in the coming months.

In the last 3 months, GMN has completed rock chip and channel sampling programs, and initiated a regional stream sediment sampling programme in EL2632. Soil sampling and a possible close spaced airborne magnetic survey is being planned for 2021. The exploration work and subsequent results for activities undertaken on EL2632 to date is summarised below:

Results from channel samples taken along the banks of Waa Creek within EL2632 indicate that there are at least four, 3 to 7m wide “veins and or structures” within the Waa drainage area which contain highly anomalous copper, gold and silver mineralisation with the intercept recorded being:

- 5m @ 2.57% Cu, 0.53 g/t Au and 33.56 g/t Ag from 172m
- 3m @ 2.51% Cu, 0.54 g/t Au and 27.36 g/t Ag from 163m
- 7m @ 0.91% Cu, 0.19 g/t Au and 3.62 g/t Ag from 33m
- 7m @ 0.82% Cu, 0.63 g/t Au and 7.37 g/t Ag from 45m

The locations of these channel samples are presented in **Figure 3**, and a list of individual samples which comprise of the intercepts was announced to the market on the 20th of January 2021³.



Figure 3. Channel sample location Map - Waa Creek at Mt Wipi

GMN has initiated a regional stream sediment sampling programme over EL2632. In the December quarter GMN took stream sediment samples in the Waa Creek area as this area has been shown to be

³ First reported in ASX Announcement of 20th January 2020; ‘Significant results at Mt Wipi affirm Gold Mountain’s multiple target strategy’ “. Competent Person: Mr Patrick Smith

prospective for copper and gold mineralisation. Assays results from this work have been received, and highly anomalous values to 439ppb Au⁴ (MWD003) were returned, with other anomalous sites identified which are located up to 1.6 km from MWD003 in adjacent drainages (MWD002, 54ppb Au and MWD006, 41ppb Au⁵).

The locations for the anomalous gold Stream sediment and rock chip and channel sampling at Mt Wipi has highlighted a significant area of copper, gold anomalism associated with a NW structure within a NE trending structural corridor associated with a magnetic low feature which geological mapping shows to be associated with an intrusive.

Gold values for the stream sediment samples taken in the Waa Creek area are on Figure 4 and the magnetic low feature showing anomalous copper in the stream sediment samples is included as Figure 5.

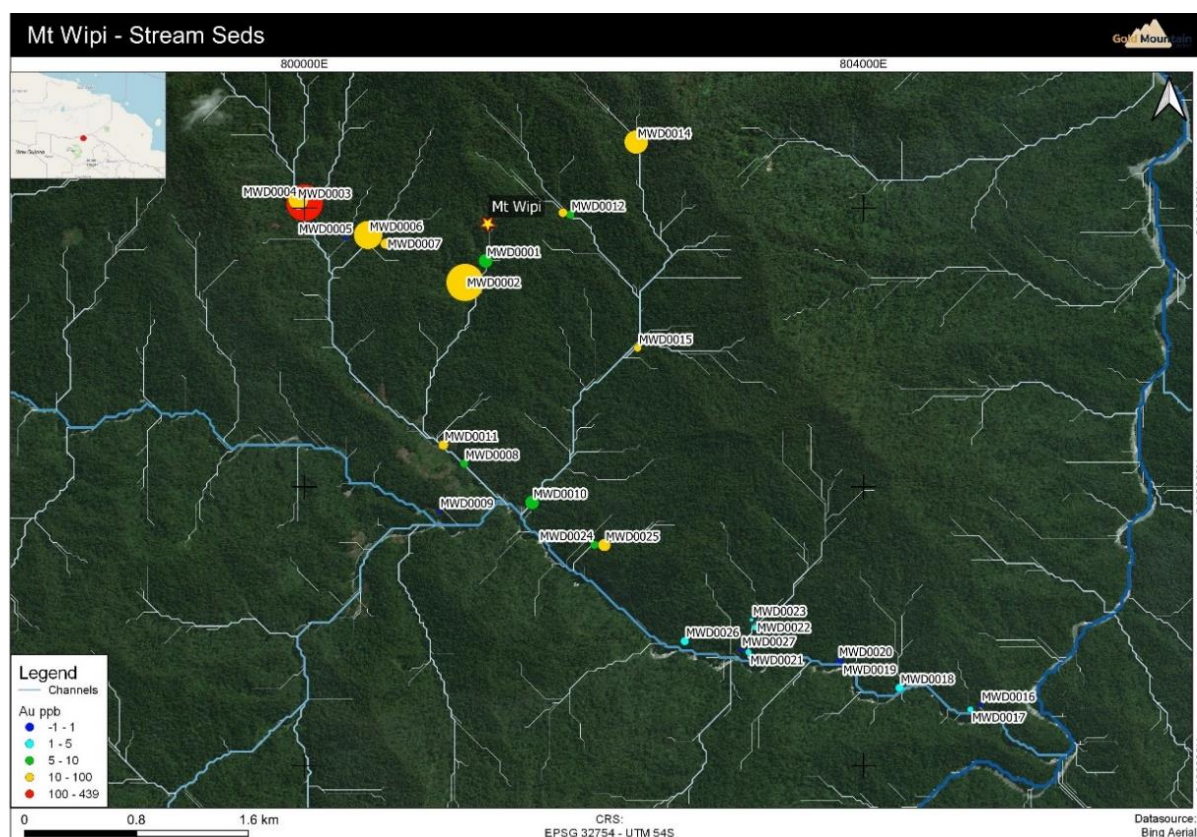


Figure 4. Mt Wipi, Waa Creek Stream sediment results (Au ppb)

⁴ The background levels of gold in drainages in the Wabag project are approximately 5ppb Au, any result over this is considered to be anomalous

⁵ All stream sediment sampling results are presented as ppb (for gold) and ppm for other elements, as this style of sampling technique is looking for subtle anomalies over large regional areas and therefore the tenor of mineralization reported is lower than in rock chips

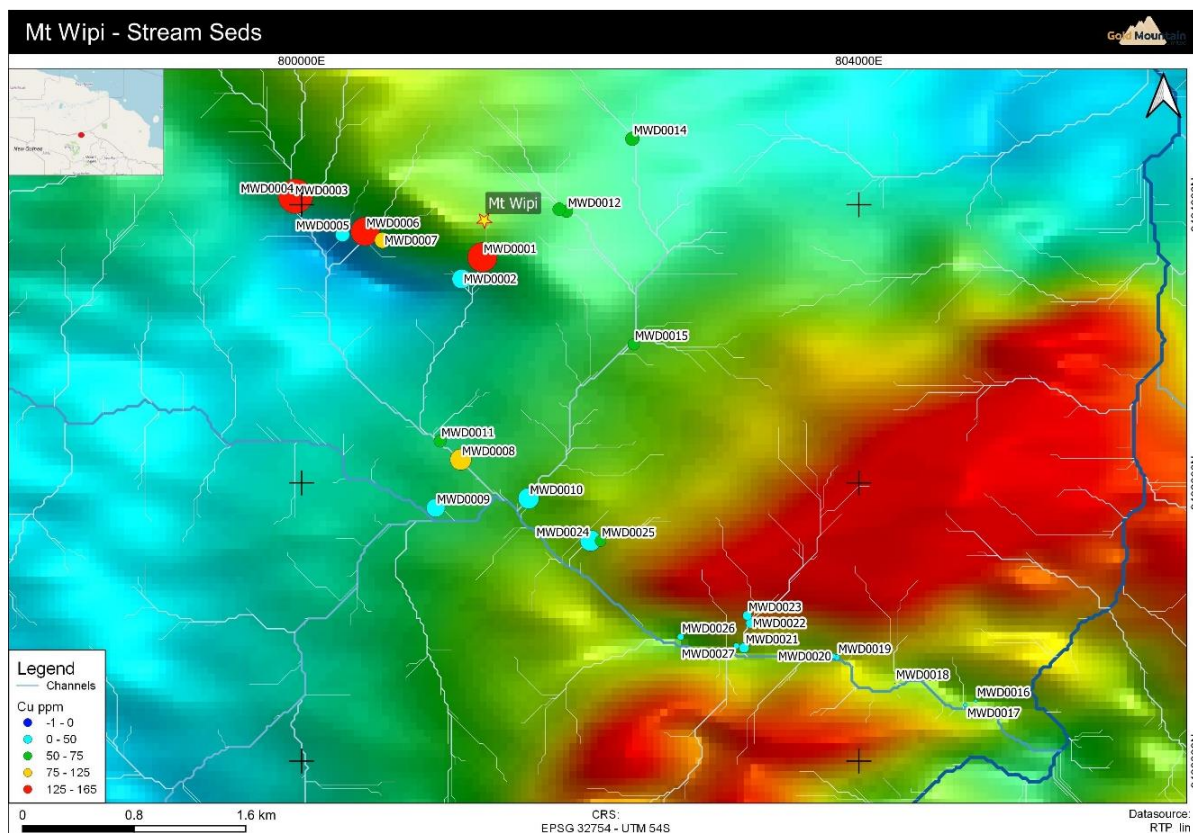


Figure 5. Waa Creek Cu stream sediment geochemistry – superimposed on the airborne magnetic imagery

Petrological from two samples⁶ collected from Waa Creek identified two different styles of copper-gold mineralisation in the drainage with one sample being a highly silicified, potassic altered diorite which has been flooded by hydrothermal fluids causing strong pervasive alteration and mineralisation including covellite chalcopyrite and pyrite. A second petrological sample was classified as an endoskarn, which contained garnet (38%), epidote (20%) and biotite (10%) with copper minerals such as malachite, chalcopyrite and chrysocolla being observed.

Planned Exploration Work in the March Quarter

In the March quarter GMN will continue drilling at the Mongae – Monoyal Prospect, with hole MCD009 expected to be completed in late February. Stream sediment sampling, rock chip sampling and soil sampling will continue at Mt Wipi throughout the March Quarter with the aim of identifying drill targets which can be tested as soon as it is feasible. Exploration at Sak Creek is planned to resume in the June Quarter.

⁶ Petrological studies from nine rock chip samples from the Mt Wipi area were sent to Doug Mason in South Australia for analysis, the two samples described in this report are representative of the nine samples submitted

Tenement Update

During the December quarter no changes in ownership of the tenements were made and no farm in agreements or joint venture agreements were entered into. EL2632 was granted for a period of 2 years and EL1966 has been renewed until June 2021.

A complete schedule on the status of the GMN tenements that comprise the Wabag project is included as Table 2 and a map showing the status of the GMN tenements is included as Figure 5.

Table 2. GMN's Wabag Project Tenement Schedule

Tenure	Area (km ²)	Interest	Expiry Date ²	Commitment (Kina) ³	Notes
EL1966 Sak Creek	103 ¹	70%	26/06/2021	300,000	
EL1967 Pocket Creek	103 ¹	70%	27/11/2021	80,000	
EL1968 Crown Ridge	103 ¹	70%	27/11/2021	300,000	
EL2306 Alakula	164 ¹	70%	13/12/2021	600,000	
EL2426 Keman	48 ¹	100%	27/05/2020	100,000	Pending extension of term for two years to 27/05/2022
EL2430 Meriamanda	154 ¹	100%	27/05/2020	100,000	Pending extension of term for two years to 27/05/2022
EL2522 Wapenamada	839	100%	24/02/2021	180,000	
EL2565 Londol	535	100%	26/05/2021	150,000	
EL2563 Kompiam	225	100%	22/01/2022	150,000	
EL2632 Mt Wipi	505	100%	13/08/2022	100,000	

¹ Renewed Areas

² Renewals pending for EL2426 and EL2430. Warden's hearings postpone due to COVID-19 pandemic.

³ Expenditure commitment for the current licence year in PNG Kina. As at 21 Jan 2021, 1 Kina = A\$0.36

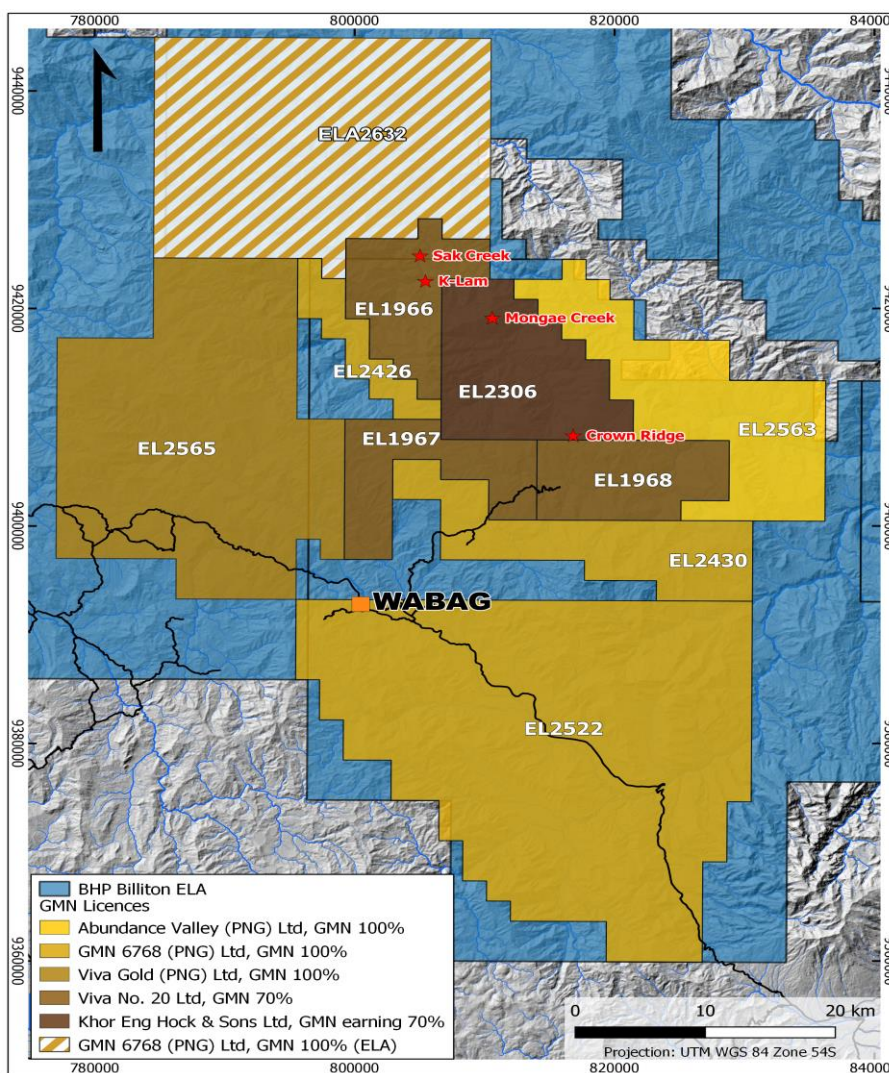


Figure 6. GMN's Wabag Project – Tenement Details as of 31st of March 2020

Exploration and Evaluation Expenditure

During the reporting quarter, the Company spent approximately \$879,000 on exploration and evaluation activities on the Wabag Projects PNG. This expenditure is capitalised as reported in Appendix 5B item 2.1(d).

Corporate

During the quarter, the Company has successfully raised \$2,783,000 (net of issuing costs) by the issue of 54,100,000 shares.

On 2 October 2020, shareholders approved at the EGM the issue of shares and options to Promoters for past services rendered. A total of 10 million shares and 50 million options were issued pursuant to the approved EGM resolutions 3 and 4.

Shareholders approved at the EGM the grant of Performance Options to directors under the Employee Share Options Plan (ESOP). Accordingly, the total of 20,000,000 Performance Options were issued during the Quarter.

During the reporting period, the Company received expression of interests from certain private investment groups for debt and equity financing in relation to the future development of the Wabag Project which will be followed up on.

Appendix 5B Quarterly cash flow report

The aggregate amount of payments to related parties and their associates as reported in Appendix 5B item 6.1 was paid to two (2) executive directors comprising of director's fee and superannuation contributions, and consulting services fee, at normal commercial rate.

Reporting in Compliance with ASX Listing Rules

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Where the Company has re-issued information in this quarterly report that has previously been issued with the written consent of the Competent Person, it has made reference to the original report name, the name of the Competent Person responsible for the original report, and the date and reference of the location of the original source public report for public access.

- END -

The Board of Gold Mountain Limited authorised this announcement be provided to the ASX.

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



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