



(ASX: GMN)

ASX RELEASE

29 October 2021

Quarterly Activities Report For the Quarter Ended 30 September 2021

Gold Mountain Limited, (ASX: GMN, “Gold Mountain” or the “Company”) advises its activities during the September 2021 Quarter.

- Drilling commenced at the highly prospective Mt Wipi Prospect (EL2632) in the September quarter, with the first hole (MWD001) collared in August 2021
- MWD001 targeted the Northwest Copper anomaly where high levels of copper in soil (+1,000ppm Cu) with anomalous gold, silver, bismuth and molybdenum were recorded¹
- A total of 9 drill targets have been identified on EL2632 to date comprising approximately 2,000m of diamond drilling
- Results were received for MWTR003² in the September quarter, MWTR003 was excavated along the western part of the northwest copper soil anomaly (Targets 1 and 2³), with the best intercepts recorded being:
 - **37m @ 0.24g/t Au, 0.25% Cu and 5.4g/t Ag from 6m**, which includes a **22m zone from 9m which assays 0.38g/t Au, 0.32 % Cu and 7.7g/t Ag**
 - **62m @ 0.20g/t Au, 0.18% Cu and 4.65g/t Ag from 145m**, which includes a **26m zone from 145m which assays 0.29g/t Au, 0.28% Cu and 6.7g/t Ag**
- An additional two trenches (MWTR004 and 005) were excavated at Mt Wipi in the September quarter, results are pending
- Rock chip sampling in the structural corridor between Monoyal and Sak Creek was also undertaken with rock chip results pending
- The Company remains well-funded to execute on its exploration plans at the Wabag project, with cash at bank of ~\$3.6 million at quarter end

¹ Refer ASX Announcement dated 4 August 2021, “Additional Highly Prospective Diamond Drill Targets Identified at Mt Wipi” Competent Person, Patrick Smith.

² Refer ASX Announcement dated 9 September 2021, “Successful Trenching at Mt Wipi Highlights Porphyry Prospectivity” Competent Person, Patrick Smith.

³ Refer ASX Announcement dated 4 August 2021, “Additional Highly Prospective Diamond Drill Targets Identified at Mt Wipi”. Competent Person: Patrick Smith.

Mt Wipi (EL2632) Drilling Programme

The first hole at the Mt Wipi prospect was collared in the September Quarter, with the hole targeting the Northwest copper anomalies which are referred to as Target 1 and 2. MWD001 was drilled at the southern end of the Northwest anomaly (Target 2) to test a postulated buried porphyry system.

The Northwest copper anomaly is defined by approximately 11 samples that returned assay results in excess of 1,000ppm Cu in soils, with a maximum of 2,900ppm Cu which is associated with a spot gold high of 0.52g/t Au. The excavation of a trench (MWTR003) along the western edge of the anomaly has highlighted a quartz diorite, diorite and quartz feldspar porphyry as well as skarns and sediments with occasional malachite staining evident.

Planned Drill Hole Programme

A further four holes are planned for the Northwest anomaly and an additional four holes are planned to test Targets 3 to 6. The hole parameters for MWD001 and the proposed hole locations are presented in **Table 1** and the hole locations are presented in **Figure 1**. A photo of the drilling rig set up on MWD001 is presented in **Figure 2**.

Table 1. Targets 1 to 6 - Planned Drill Hole Parameters

| Hole Number | Easting | Northing | RL | Dip | Azim | Proposed depth (m) | Comments |
|-------------|---------|-----------|------|-----|------|--------------------|-----------|
| MWD001 | 799,152 | 9,434,483 | 1619 | -60 | 090 | 250 to 350m | Commenced |
| PHA | 799340 | 9,435,030 | | -60 | 270 | 350 | Target 1 |
| PHB | 799,390 | 9,434,800 | | -60 | 270 | 350 | Target 1 |
| PHC | 799,340 | 9,434,470 | | -60 | 270 | 350 | Target 2 |
| PHD | 799,570 | 9,434,410 | | -60 | 270 | 350 | Target 2 |
| PDE | 800,840 | 9,433,395 | | -60 | 135 | 350 | Target 3 |
| PHF | 800,990 | 9,433,480 | | -60 | 135 | 350 | Target 4 |
| PHG | 801,310 | 9,434,400 | | -90 | - | 350 | Target 5 |
| PHI | 800,540 | 9,433,380 | | -90 | - | 350 | Target 6 |

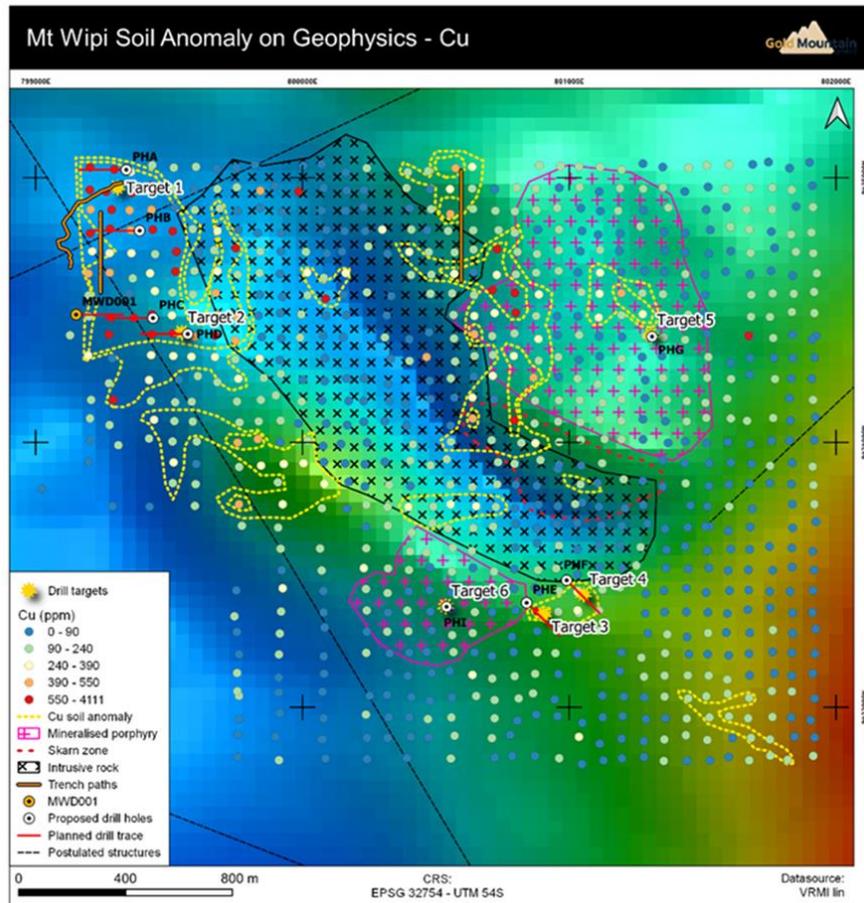


Figure 1. Mt Wipi Drill Hole and Proposed Drill Hole Locations



Figure 2. Drill Rig set up on MWD001

EL 2632 Trench Results (MWTR003)

Wide zones of copper and gold mineralisation were intersected in trench MWTR003⁴, with the best intercept recorded being 37m @ 0.24 g/t Au, 0.25% Cu and 5.4 g/t Ag from 6m and 62m @ 0.20 g/t Au, 0.18% Cu and 4.65 g/t Ag from 145m. These include higher grade intervals of; 22m @ 0.38g/t Au, 0.32 % Cu and 7.7g/t Ag from 9m and 24m @ 0.30g/t Au, 0.28% Cu and 6.8g/t Ag from 146m.

A list of significant intercepts is included as Table 2.

Table 2. MWTR003 – Significant Intercepts

| | From (m) | To (m) | Interval (m) | Cu % | Au g/t | Ag g/t | Mo ppm | Zn ppm |
|---------|----------|--------|--------------|------|--------|--------|--------|--------|
| MWTR003 | 6 | 43 | 37 | 0.25 | 0.24 | 5.34 | 1.0 | 123 |
| *Incl. | 9 | 31 | 22 | 0.32 | 0.38 | 7.7 | | |
| | 47 | 50 | 3 | 0.12 | 0.07 | 0.13 | 0.8 | 356 |
| | 68 | 71 | 3 | 0.15 | 0.06 | 1.66 | 1.2 | 40 |
| | 145 | 207 | 62 | 0.18 | 0.20 | 4.65 | 1.0 | 46 |
| *Incl. | 146 | 170 | 24 | 0.28 | 0.3 | 6.8 | | |

Intercepts calculated above using a 1,000ppm Cu Cut-off Grade (COG) which incorporates individual 3m zones of internal dilution and a minimum intercept width of 3m

** Higher grade intercepts calculated above a 1,500 ppm Cu COG.*

The gold, copper and silver mineralisation recorded in the trench is associated with high levels of tungsten (to 0.1% W) and tellurium (to 74ppm Te) and moderate to weak porphyry trace elements including bismuth (Bi), tin, (Sn) and arsenic (As).

MWTR003 is 306m in length and the trench was excavated along the eastern slope of a major ridge line, generally following the contour of the mountain. The trench was excavated immediately adjacent to an area recording +500ppm copper in soils, with associated spot highs of +50ppb gold. Continuous 1m channel samples were collected along the trench, with the geology and structures observed in the trench recorded.

MWTR003 – Discussion

The anomalous Cu-Au-Ag intervals identified over a combined 99m trench length are interpreted as representing a structurally deformed NW-trending metasedimentary corridor that has been subjected to several phases of intrusives comprising diorites, porphyritic diorites and quart-feldspar porphyries. The alteration and mineralisation defined by the trenching are dominated by skarn mineralogies which is associated with occasional visible oxidised copper and rare sulphide copper mineralisation.

Pending trench and soil analytical results will confirm whether mineralisation continues to the northwest and west of MWTR003 and current drill hole (MWD001).

⁴ Refer ASX Announcement 9 September 2021, "Successful Trenching at Mt Wipi Highlights Porphyry Prospectivity" Competent Person, Patrick Smith.

Tenement Details

There were no changes to ownership of the tenements in the September quarter and no farm in agreements or joint venture agreements were entered into. Two Exploration Licences, EL2426 and EL2430 were allowed to expire without renewals being lodged due to the low prospectively or the ground.

A complete schedule on the status of the GMN tenements that comprise the Wabag project is included as **Table 3** and a map showing the status of the GMN tenements is included as **Figure 3**.

Table 3. Wabag Project – Tenement Schedule

| License | License name | License Holder | GMN Interest | License Status | Area | Granted | Expiry |
|----------------|------------------------|-------------------------------------------------------------------|---------------------|--------------------------------------|----------------------|------------------|--------------------------------------------|
| EL1966 | Sak Creek | Viva No. 20 Limited | 70% | Active – Renewal Pending | 30 sub-blocks | 27-Jun-13 | 26-Jun-21 Renewal Pending |
| EL1967 | Poket Creek | Viva No. 20 Limited | 70% | Active – Renewal Submitted | 30 sub-blocks | 28-Nov-13 | 27-Nov-21 Renewal Submitted |
| EL1968 | Crown Ridge | Viva No. 20 Limited | 70% | Active – Renewal Submitted | 30 sub-blocks | 28-Nov-13 | 27-Nov-21 Renewal Submitted |
| EL2306 | Alakula/Kompam Station | Khor ENG Hock & Sons (PNG) Limited/Abundance Valley (PNG) Limited | 70% | Active – Renewal Submitted | 48 sub-blocks | 14-Dec-15 | 13-Dec-21 Renewal Submitted |
| EL2563 | Kompam | Abundance Valley (PNG) Limited | 100% | Active | 66 sub-blocks | 23-Jan-20 | 22-Jan-22 Renewal in Preparation |
| EL2565 | Londol | Viva Gold (PNG) Limited | 100% | Active – Renewal Pending | 157 sub-blocks | 27-May-19 | 26-May-21 Renewal Pending |
| EL2632 | Mt. Wipi | GMN 6768 (PNG) Limited | 100% | Active | 148 sub-blocks | 14-Aug-20 | 13-Aug-22 |
| ELA2705 | Kaipares | Abundance Valley (PNG) Limited | 100% | Application | 5 sub-blocks | | |
| <i>EL2426</i> | <i>Keman</i> | <i>GMN 6768 (PNG) Limited</i> | <i>100%</i> | <i>Expired</i> | <i>14 sub-blocks</i> | <i>28-May-16</i> | <i>Expired</i> |
| <i>EL2430</i> | <i>Meriamanda</i> | <i>GMN 6768 (PNG) Limited</i> | <i>100%</i> | <i>Expired</i> | <i>45 sub-blocks</i> | <i>28-May-16</i> | <i>Expired</i> |

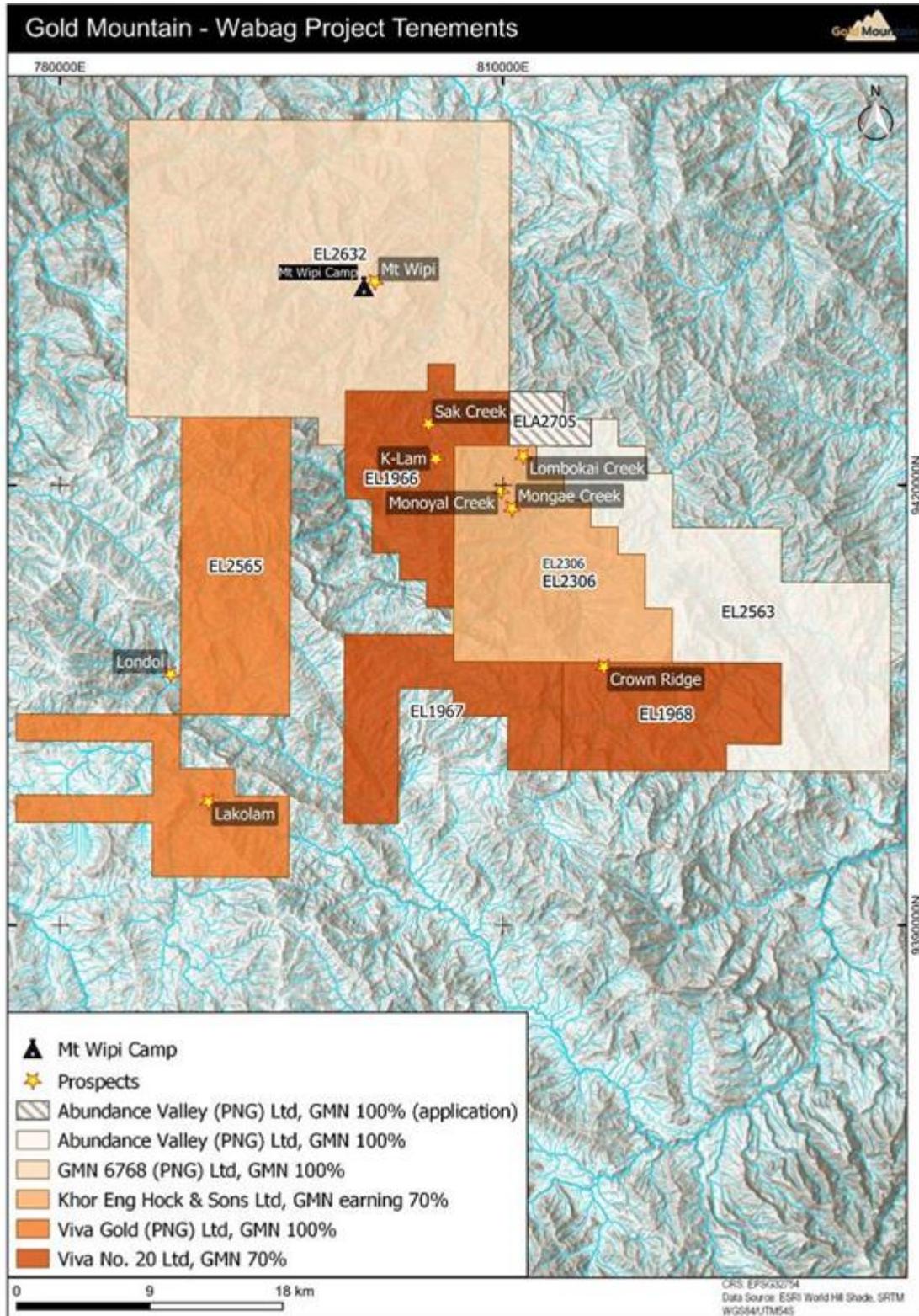


Figure 3. GMN's Wabag Project – Tenement Details as of 30 September 2021

Exploration and Evaluation Expenditure

During the reporting quarter, the Company spent approximately \$771,000 on exploration and evaluation activities on the Wabag Projects in PNG. This expenditure is capitalised as reported in Appendix 5B item 2.1(d).

Corporate

Board & Management Changes

On 12 July 2021 Mr Steven Larkins was appointed as a non-executive director of the Company.

On 5 July 2021 Mr Daniel Smith was appointed as a joint-company secretary.

Capital Raisings

On 12 August 2021 the Company announced that its partially underwritten 1 for 3 renounceable rights issue to raise up to \$5.1 million (before costs) through the issue of up to 256 million new shares at \$0.02 each (**Rights Issue**) had closed oversubscribed. The Rights Issue was partially underwritten by Mahe Capital Pty Ltd to \$2.05 million.

To accommodate a portion of the excess demand, the Company has agreed to undertake a placement to raise an additional \$281,834 on the same terms as the rights issue (**Follow-on Placement**).

Following completion of the Follow-on Placement, the total amount raised will be \$5.4 million before costs. The Company issued a total of 270 million new fully paid ordinary shares and 90 million new options exercisable at \$0.04, with an expiry of 16 February 2023.

The proceeds from the rights issue and the Follow-on Placement will be used to advance the Company's projects and prospects within the Wabag Project in PNG through:

- A 6,000 – 8,000m targeted drilling program at the highly prospective Mt Wipi target;
- Conducting a detailed airborne geophysical survey;
- Compilation and review of the extensive geological database for the highly prospective Monoyal and Sak Creek target areas, with specific focus on Lombokai Creek; and
- Continued Regional exploration works programme

Securities

On 19 August 2021, the Company announced, in accordance with LR3.11.2, the exercise prices of various option classes were amended in accordance with their terms and conditions.

Note 6 to Appendix 5B

During the September quarter, the aggregate amount of payments to related parties and their associates as reported in Appendix 5B item 6.1 (\$96,000) was paid to directors, comprising of director's fees and superannuation contributions, and consulting services fee (inclusive of GST), at a discount from normal commercial rates.

- END -

This announcement is authorised for release by the Board of Gold Mountain Limited.

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

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Reference to Previous Releases

Drilling results referred to in this announcement have been previously announced to the market in the reports dated, 4 August 2021 and 9 September 2021 and are available to view and download from the Company website: www.goldmountainltd.com.au/announcements

Regional aeromagnetic data used as underlays in some figures of this announcement have been previously reported to the market in the report dated 23 September 2020 and can be viewed and downloaded from the Company website: www.goldmountainltd.com.au/announcements

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement.

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. Mr Smith is the owner and sole director of PSGS Pty Ltd and is contracted to Gold Mountain Ltd as their Operations Manager. Mr Smith confirms there is no potential for a conflict of interest in acting as the 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Gold Mountain Limited

ABN

79 115 845 942

Quarter ended ("current quarter")

September 2021

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|-----------------------------------------------------------|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | | |
| (b) development | | |
| (c) production | | |
| (d) staff costs | | |
| (e) administration and corporate costs | (358) | (358) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | | |
| 1.5 Interest and other costs of finance paid | (34) | (34) |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other (provide details if material) | (91) | (91) |
| 1.9 Net cash from / (used in) operating activities | (483) | (483) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) tenements | | |
| (c) property, plant and equipment | | |
| (d) exploration & evaluation | (771) | (771) |
| (e) investments | | |
| (f) other non-current assets | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---------------------------------------------|-------------------------------------------------------|------------------------------------|------------------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | | |
| | (b) tenements | | |
| | (c) property, plant and equipment | | |
| | (d) investments | | |
| | (e) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| 2.6 | Net cash from / (used in) investing activities | (771) | (771) |

| | | | |
|-------------|-----------------------------------------------------------------------------------------|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 5,400 | 5,400 |
| 3.2 | Proceeds from issue of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | | |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (320) | (320) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | (939) | (939) |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | | |
| 3.10 | Net cash from / (used in) financing activities | 4,141 | 4,141 |

| | | | |
|-----------|------------------------------------------------------------------------------|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 780 | 780 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (483) | (483) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (771) | (771) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 4,141 | 4,141 |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---------------------------------------------|---------------------------------------------------|------------------------------------|------------------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 3,667 | 3,667 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 20 | 81 |
| 5.2 | Call deposits | 3,647 | 699 |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details) | | |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,667 | 780 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|-----------------------------------------------------------------------------------------|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 96 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------|
| 7.1 | Loan facilities | | |
| 7.2 | Credit standby arrangements | | |
| 7.3 | Other (please specify) Shareholders Loan | | |
| 7.4 | Total financing facilities | | |
| 7.5 | Unused financing facilities available at quarter end | | - |
| 7.6 | <p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Shareholders Loan – unsecured temporary working capital loan accruing interest quarterly at 5% per annum.</p> | | |
| 8. | Estimated cash available for future operating activities | \$A'000 | |
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (483) | |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (771) | |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (1,254) | |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 3,667 | |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - | |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 3,667 | |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 2.9 | |
| | <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | | |
| 8.8 | If item 8.7 is less than 2 quarters, please provide answers to the following questions: | | |
| 8.8.1 | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | | |
| | Answer: - | | |
| 8.8.2 | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | | |
| | Answer: - | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

-

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 / 10 / 2021

The Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.