



ASX RELEASE | ASX:GMN

31 October 2022

Quarterly Activities Report For the Quarter Ended 30 September 2022

Gold Mountain Limited (**ASX:GMN**) ("**Gold Mountain**" or the "**Company**") advises its activities during the September 2022 Quarter.

Highlights

- Gold Mountain has executed a binding heads of agreement (**HoA**) with Mars Mines Limited (**Mars**) granting the Company a 60-day exclusive option to acquire up to a 75% interest in a package of highly prospective lithium licences in north-eastern Brazil (**Projects**) (**Proposed Transaction**)
- The tenements lie within the eastern Brazilian lithium belt over parts of the highly prospective Borborema Province and São Francisco craton. The eastern Brazilian lithium belt covers all known past and present lithium producing districts in Brazil.
- Subject to shareholder approval, Gold Mountain will acquire an initial 20% interest in the Projects through the issue of shares and options to Mars, with the ability to acquire an additional 55% interest through incurring project expenditure of \$2.75 million over a 2-year period
- Geologists from Gold Mountain and Mars Mines Limited are presently in Brazil as part of the Company's technical due diligence
- The presence of potential lithium bearing pegmatites has been observed in outcrop and sub-crop on both the Custodia and Juremal projects*, with initial updates on the Cerro Cora and Porta D'Agua project pending and the Jacurici Project yet to be visited
 - Field observations confirmed the presence of numerous pegmatites of varying widths (0.5 to 5m, and one pegmatite swarm up to ~300m wide) which has been traced for 1100 metres in strike length, but further mapping is required to confirm full continuity and trace the further extent of the swarm
 - Part of this particular swarm is thought to be present in one of the tenements in which several additional occurrences of visually identified spodumene are present
 - None of the project areas have been previously explored for lithium minerals
- Initial rock chip sampling has commenced at Custodia and Juremal with additional work planned in the weeks ahead
- Gold Mountain successfully raised \$1.56 million via way of a placement to sophisticated and professional investors

Brazilian Lithium Projects (Option to earn up to 75%)

On 19 September 2022, the Company entered into a proposed acquisition in earn up to a 75% interest in 4 lithium projects in north-eastern Brazil, covering ~285km² from Mars Mines Limited (**Figure 1**). The Proposed Transaction is subject to shareholder approval, to be sought at the Company's upcoming Annual General Meeting (AGM). The projects, Cerro Cora and Porta D'Agua, Custodia, Juremal and Jacurici, are all prospective for lithium bearing pegmatites.

On 25 October 2022, the Company announced that geologists from Gold Mountain and Mars Mines Ltd (Mars) have commenced high level regional field reconnaissance and due diligence work on the four lithium project areas in Brazil. This initial reconnaissance survey will take approximately 10 days to complete with the geologists visiting three out of the four project areas.

Initial reports from the geologists are encouraging with potential lithium bearing pegmatites observed in sub-crop, outcrop and proximal float at both the Juremal and Custodia project areas (**Photographs 1 and 2**). Spodumene (lithium aluminium silicate) was visually identified on and adjacent to both of these tenements, hosted by pegmatites.



Figure 1. Five projects (four project areas) of Mars' tenements, Brazil



Photograph 1. Weathered spodumene from Juremal that occurs as large, disseminated masses in the pegmatite. The whole sample shown is composed of part weathered spodumene crystals *



Photograph 2. Weathered spodumene crystal cluster from Juremal that occur as disseminated masses in the host pegmatite. The entire sample shown is composed of spodumene crystals *

The Cerro Cora and Porta D'Agua Projects

The Cerro Cora and Porta D'Agua project comprise three tenements that lie within the Brasileiro Orogen. Pegmatite related minerals have been recorded in and adjacent to the tenement areas. This underexplored area has never been sampled and analysed for lithium by previous exploration companies, despite the abundance of tantalum, niobium and LCT1 pegmatite minerals, being present. A regional structure can be seen which broadly trends north northeast which may control the emplacement of the pegmatite bodies.

The tantalum occurrences and the interpreted pegmatite occurrences are located predominantly in the schists that are sandwiched between syn to late orogenic granites of Ediacaran age and Orthogneiss comprised of Migmatites, Metagranites, Augen gneiss, Granodiorite Orthogneiss, Tonalitic Orthogneiss of middle Lower Proterozoic age.

The Ediacaran age granites are thought to be the probable source of the pegmatites, however unmapped younger post tectonic Cambrian age granites may also be present.

The Juremal Project

The Juremal project covers a series of pegmatites outcropping in an orthogonal pattern, some of which are being mined for quartz. Pegmatites crop out over an area, interpreted from satellite imagery, of approximately 25 x 15km. A thin cover of Pleistocene calcrete and calcareous breccia covers the majority of the pegmatite field, with pegmatites surrounded in some cases by a thin margin of granite, cropping out as inliers in the Pleistocene cover.

The basement rocks in the region consists of the early Archean Mairi Complex of migmatitic orthogneiss, tonalite, trondhjemite and granodiorite intruded by Late Archean monzogranite to quartz syenite and subordinate granodiorite. Post tectonic middle to late Lower Proterozoic high potassium (K) peraluminous leucogranite, two mica granite, and biotite granites are present immediately north of the newly discovered pegmatite field. A major structural zone with a NS orientation cuts through the field and extends south for about 220km.

Post tectonic granites of Lower Proterozoic age are mapped in the region, which lies on the edge of the Pan African-Brasiliano orogen however no granites of Late Proterozoic age are mapped in the area of the pegmatite field.

The Jacurici Project

The Jacurici project area is underlain by basement rocks of the Middle Archean Santa Luz Complex Granulitic orthogneisses comprised of Migmatites, Orthogranulites with small remnants of greenstone belts and the Late Archean Caraíba Complex of orthopyroxene bearing granite to tonalite.

The Archean sequences are intruded by the Lower Proterozoic Itiúba Syenite, closely followed by the post tectonic granite, granodiorite, monzonite and syenite of the Pé de Serra de Ipirá and Pedra Solta.

An existing competitor's lithium tenement overlaps the Archean complexes adjacent to the granted Jacurici tenements which cover parts of the Archean complexes and the contact zone with the younger granite complex.

¹ Lithium – Cesium- Tantalite

The Custodia Project

Lithium pegmatites have been reported within the granted Custodia project tenements by Neliton Santos, Mars Mines' local geologist. Mars Mines carried out a soil and rock chip sample program and the Local geologist identified visible spodumene in pegmatite and these samples are currently at the laboratory, pending analysis. Tenements granted by the Brazilian Mining Agency are designed to cover the most likely favourable geology.

Favourable pegmatite source geology is considered to be the Brasiliano/Pan African age Itaporanga and Camalau intrusive suites and its immediate hosts within an approximate 5km of the granite margins.

The Mars tenements are located in an underexplored lithium bearing pegmatite provinces and very few samples have been collected by the Brazilian Geological Survey in their regional rock sampling program. This gives Gold Mountain the unique opportunity to be one of the first to explore this highly prospective region.

Proposed Initial Exploration and Study Activities

The Company proposes to undertake the following exploration and study activities within 12 months following the completion of the transaction:

- Desktop review of available datasets (geological & geophysical);
- Detailed geological mapping
- Stream sediment sampling on most project areas
- First pass rock chip sampling on all projects
- Grid-based soil geochemical sampling
- Diamond drilling of lithium bearing pegmatites.

The Commercial terms of the Acquisition are contained within the Company's ASX announcement dated 19 September 2022.

Wabag Copper-Gold Project, PNG

The Wabag Project is located within the under-explored northern part of the Papuan Mobile Belt (PMB), a highly fragmented segment of the earth's crust which hosts numerous world-class gold and copper-gold deposits. The PMB was formed by the collision between the northward moving Australian continental plate and oceanic crust of the westward moving Pacific plate. Interaction between these two major tectonic plates over millions of years has produced a highly complex accretion zone up to 250km wide characterized by tectonism, folding, large-scale deep-seated faulting, thrusting and ophiolite obduction, metamorphism, magmatism, mountain uplift and terrane accretion.



Figure 2: Location of the Wabag Project within the PMB

Gold Mountain acquired the initial tenements which comprise the Wabag Project in 2014. Currently Gold Mountain has seven ELs and one ELA which cover approximately 1,230km² of highly prospective exploration ground in the Papuan Mobile belt. Prior to acquiring the tenements, parts of the areas acquired by the Company were also under application by BHP Ltd, one of the world's largest mining companies. Gold Mountain views this as a strong endorsement of the area's potential for the discovery of a porphyry system. The Wabag Project comprises multiple tenements lying within a northwest – southeast striking structural corridor. Four key tenements, which hosts the Company's three main prospects, will be the focus of the ongoing works program in 2022/23:

- Mt Wipi (EL2632)
- Monoyal & Lombokai (EL2306 & EL2563)
- Sak Creek (EL1966)

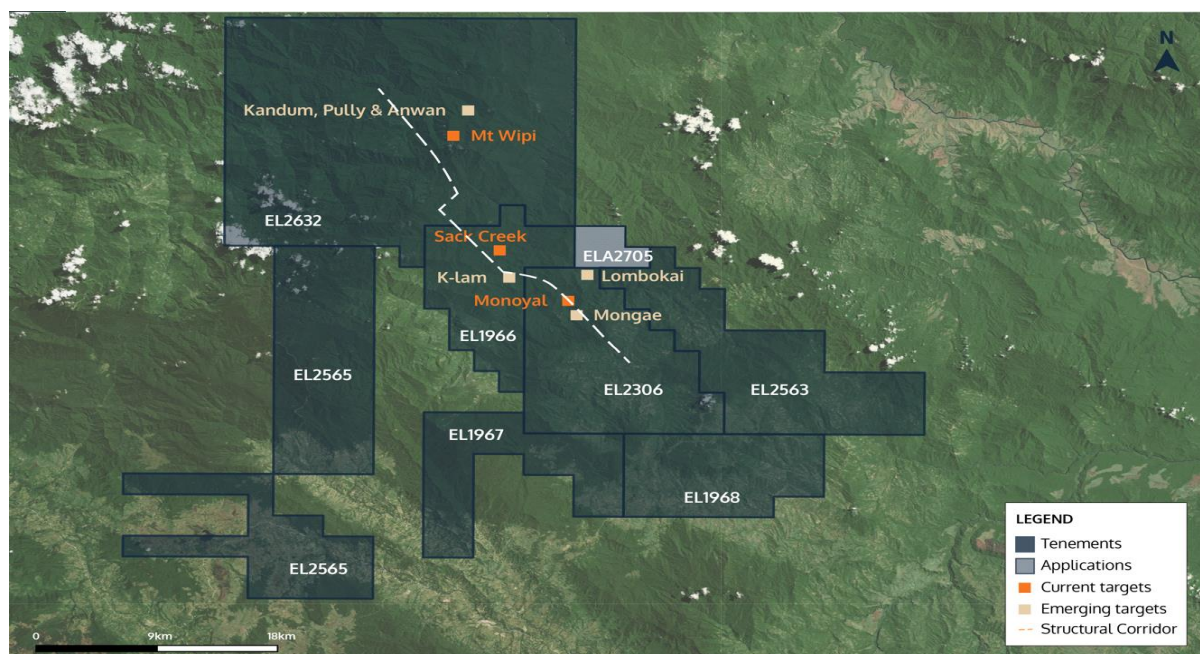


Figure 3. Gold Mountain's Wabag Project (tenements and emerging targets within a +17km long structural corridor)

Exploration and Evaluation Expenditure

During the September quarter, the Company spent approximately \$225,000 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

Securities

On 19 September 2022, the Company advised it had issued Mars Mines Limited (or their nominees) with 30,000,000 new ordinary shares as part consideration for the Option fee payable in relation to the Brazilian lithium projects.

On 21 September 2022, the Company announced it had received firm commitments for a placement of 260,000,000 new ordinary shares at an issue price of \$0.006 each (**Placement**). The Placement shares were issued to the investors in the Placement on 30 September 2022.

On 4 July 2022, the Company advised that 23,411,924 unlisted options exercisable at \$0.146 each had expired unexercised on 3 July 2022.

Cash Position

As at 30 September 2022, the Company had approximately \$1,780,000 of cash and nil debt.

Note 6 to Appendix 5B

Payments to related parties of the entity and their associates: during the September quarter \$45,000 was paid to Directors and associates for director and consulting fees.

- 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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Competent Person Statement

The information in this report that relates to Geological Data and Exploration Results at the Wabag project 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 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.

The information in this report that relates to Geological Data and Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Mr Peter Temby, who is employed by Mars Mines Limited and is an independent consulting geologist to Gold Mountain Limited, and a Member of the Australian Institute of Geoscientists.

Mr Temby has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Temby consents to the inclusion in this report of the matters based on his information, and information presented to him, in the form and context in which it appears.

*Cautionary Statement

The Company notes that the pegmatites identified by field observation comprised of varying relative abundancies of coarse grained (<4cm) minerals dominantly feldspar, quartz and muscovite mica. At this stage it is too early for the Company to make a determinative view on the approximate percentages of these minerals.

Investors should note that while pegmatites are a known host for accessory lithium bearing minerals such as spodumene, it is also known that this is not a universal association.

Table 1. Gold Mountain Wabag Project Tenement Status

| 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-23 |
| EL1967 | Poket Creek | Viva No. 20 Limited | 70% | Active – Renewal Pending | 30 sub-blocks | 28-Nov-13 | 27-Nov-21 Renewal Pending |
| EL1968 | Crown Ridge | Viva No. 20 Limited | 70% | Active – Renewal Pending | 30 sub-blocks | 28-Nov-13 | 27-Nov-21 Renewal Pending |
| EL2306 | Alakula / Kompiam Station | Khor ENG Hock & Sons (PNG) Limited/Abundance Valley (PNG) Limited | 70% | Active – Renewal Pending | 48 sub-blocks | 14-Dec-15 | 13-Dec-21 Renewal Pending |
| EL2563 | Kompiam | Abundance Valley (PNG) Limited | 100% | Active – Renewal Pending | 48 sub-blocks | 23-Jan-20 | 22-Jan-22 Renewal Pending |
| EL2565 | Londol | Viva Gold (PNG) Limited | 100% | Active | 74 sub-blocks | 27-May-19 | 26-May-23 |
| EL2632 | Mt. Wipi | GMN 6768 (PNG) Limited | 100% | Active | 148 sub-blocks | 14-Aug-20 | 13-Aug-22 Renewal Submitted |
| ELA2705 | Kaipares | Abundance Valley (PNG) Limited | 100% | Application Warden Hearing postponed | 5 sub-blocks | | |

Table 2. Mars Mines Project Tenement Status (Gold Mountain option to earn up to 75%)

| EL ID | Project | Area (ha) | STATUS | Subs | STATE | PHASE |
|-------------|--------------|-----------|----------------|---------|---------------------|----------------------|
| 848131/2022 | Cerro Cora | 1980.72 | Application EL | Lithium | Rio Grande do Norte | Research Application |
| 848132/2022 | Cerro Cora | 1885.99 | Application EL | Lithium | Rio Grande do Norte | Research Application |
| 848134/2022 | Porta D'Agua | 1365.21 | Application EL | Lithium | Rio Grande do Norte | Research Application |
| 840027/2022 | Custodia | 1955.24 | Granted EL | Lithium | Pemambuco | Search Authorisation |
| 840028/2022 | Custodia | 1988.74 | Granted EL | Lithium | Pemambuco | Search Authorisation |
| 840029/2022 | Custodia | 1957.62 | Granted EL | Lithium | Pemambuco | Search Authorisation |
| 840030/2022 | Custodia | 1959.05 | Application EL | Lithium | Pemambuco | Research Application |
| 840031/2022 | Custodia | 1953.17 | Application EL | Lithium | Pemambuco | Research Application |
| 840195/2018 | Custodia | 1599.49 | Granted EL | Lithium | Pemambuco | Search Authorisation |
| 870216/2022 | Jacurici | 1994.75 | Granted EL | Lithium | Bahia | Search Authorisation |
| 870217/2022 | Jacurici | 1947.17 | Granted EL | Lithium | Bahia | Search Authorisation |
| 870207/2022 | Juremal | 1990.23 | Granted EL | Lithium | Bahia | Search Authorisation |
| 870208/2022 | Juremal | 262.39 | Granted EL | Lithium | Bahia | Search Authorisation |
| 870541/2022 | Juremal | 1969.35 | Application EL | Lithium | Bahia | Research Application |
| 870542/2022 | Juremal | 1999.75 | Application EL | Lithium | Bahia | Research Application |
| 870543/2022 | Juremal | 1988.98 | Application EL | Lithium | Bahia | Research Application |

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")

30 September 2022

| 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 | (155) | (155) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (155) | (155) |

| | | | |
|-----------|---|-------|-------|
| 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 | (225) | (225) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| 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 | (225) | (225) |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 1,568 | 1,568 |
| 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 | (55) | (55) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (14) | (14) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other – Repayment of lease liability | - | - |
| 3.10 | Net cash from / (used in) financing activities | 1,499 | 1,499 |

| | | | |
|-----------|--|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 661 | 661 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (155) | (155) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (225) | (225) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,499 | 1,499 |

| 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 | 1,780 | 1,780 |

| 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 | 1,780 | 661 |
| 5.2 | Call deposits | - | - |
| 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) | 1,780 | 661 |

| 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 | 45 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |
| <i>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.</i> | | |

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) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 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. | | |
| | | |

| | |
|---|----------------|
| 8. Estimated cash available for future operating activities | \$A'000 |
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (155) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (225) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (380) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 1,780 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 1,780 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 4.68 |
| <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: N/A | |
| 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: N/A | |
| 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: N/A | |
| <i>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.</i> | |

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: 31 October 2022

Authorised by: **By the Board**.....
(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.