

**GOLD MOUNTAIN LIMITED**

ABN 79 115 845 942

**DECEMBER 2016 QUARTERLY ACTIVITY REPORT**

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**KEY POINTS**

- **Completion of initial bulk test pits in Area 1 zone with 48 of 52 pits containing free gold (92%)**
- **3D modelling of magnetics has identified a possible large porphyry target as well as multiple shallow free gold targets**
- **Mechanised larger bulk sampling initiated and to be tested with newly acquired screening plant**
- **Follow up 3D modelling has identified 2 possible large caldera systems associated with the porphyry target**

**PROJECTS****Wabag, PNG (EL1966, EL1967, EL1968) – (70%)**

The Wabag Projects covers a suite of Miocene intermediate intrusive rocks, related volcanics and younger metasediments of the New Guinea Thrust Belt, a strongly mineralised structural zone that dominates the Central Highlands region of PNG. Previous exploration has identified gold and platinum anomalies in stream sediments, most noticeably in the Timun River area of EL1968, where historic production of around 100kg gold and 3.5kg platinum has been recorded from alluvial mining operations since 1948. Artisanal gold mining is currently being undertaken in several locations within the Wabag Project area (Figure 1).

Exploration conducted by Gold Mountain Limited during 2014 & 2015 has detected anomalous gold and base metal zones over numerous locations, including the Sak Creek prospect (EL1966), Pocket Creek (EL1967) and Crown Ridge prospect (EL1968).

3D magnetic geophysical modelling from the completed helicopter survey has identified highly prospective porphyry target as well as multiple shallow free gold zones at the Company's flagship gold project "Crown Ridge" (EL1968). Interpretation is supported by the successful completion of the 'mini' bulk sampling programme.

## Wabag, PNG (EL2426, EL2430,) – (GMN 100%)

During the reporting period, no work was reported on the recently granted tenements.

## Wabag, PNG EL2306

Reconnaissance sampling has been conducted on the eastern areas of EL2306, with assay results pending. 3D modelling of the airborne geophysical survey conducted over the lease has recently been finalised and follow up work is ongoing.

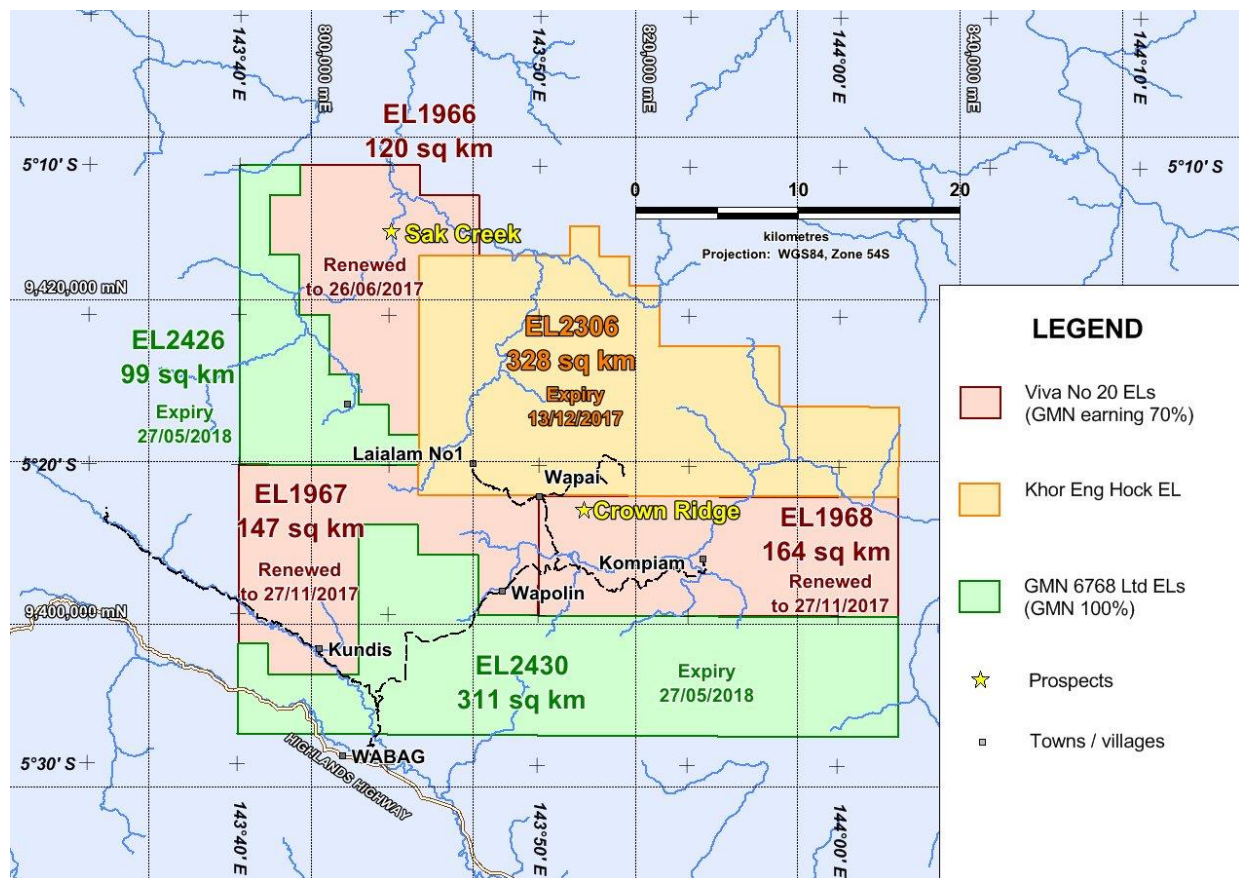
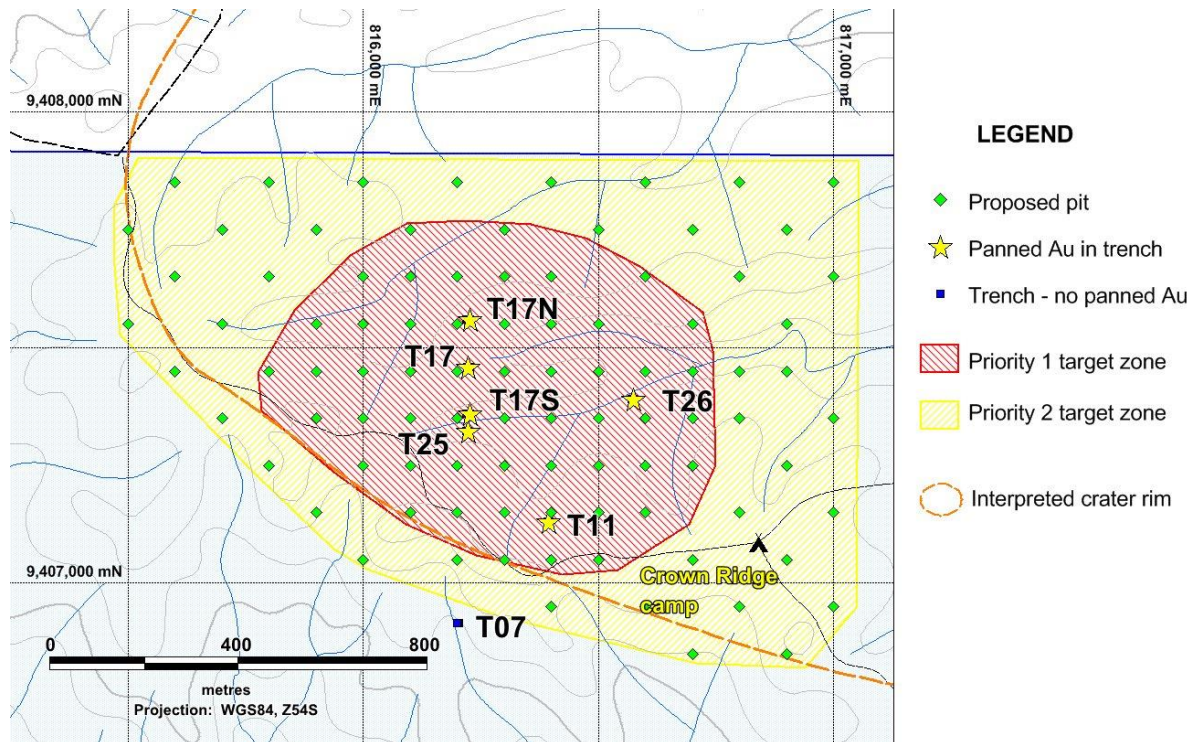


Figure 1: Location of Wabag Project ELs and prospects, PNG

## Crown Ridge Prospect EL1968

A highly successful ‘mini’ bulk test pit campaign targeted in Priority 1 zone identified by previous trenching results (Figure 2), was completed. Of the 52 eight cubic metre pits tested, 42 pits (>92%) produced visible gold (ASX December 13, 2016). During the final stages of the “mini’ bulk programme, the 125 cubic metre test pits were planned based on results obtained, and mechanised excavation work has begun. The test screening plant was commissioned and is now fully operational for assessment of the larger pits with the work and reporting carrying over into the following reporting period.



**Figure 2: Location of the 52 mini bulk test pits**

## NSW Projects

### Cowarra, NSW (EL5939) – (acquiring 100% interest)

The Cowarra Project (EL5939) is held by Gold Mountain Limited (50%) and Capital Mining Limited (ASX:CMY) under a farm-in agreement whereby Gold Mountain can earn up to 85% by exploration expenditure.

On 6th January 2015, the Company announced that it had entered into an agreement with Capital Mining Limited to purchase the remaining unearned interest in the Cowarra Project.

No further work was completed on the tenement during the December 2016 quarter. Application for renewal of the tenement, reduced to 7 graticular sub-blocks, was lodged on 20 April 2015. In recent conversations with NSW Titles Resources & Energy, (NSW TIRE), Gold Mountain Limited has been informed that the transfer of the title to Gold Mountain is still in progress.

### Dalton, NSW (EL6922) – (100%)

No further work was completed on the tenement during the December 2016 quarter. EL6922 Dalton has been renewed and expires 23 November 2017. The subsequent renewal area is 7 units (19.5km<sup>2</sup>).

## Grenfell, NSW (EL8263) – (100%)

No further work was completed on the tenement during the December 2016 quarter. The EL is due to expire on 30 April 2017.

## Tenements Summary

EL No.	Holder	GMN interest	Location	Area (sq km)	Expiry
EL1966	Viva No.20 Limited	20% - 70%	Enga Province, PNG	120	26/06/2017
EL1967	Viva No.20 Limited	20% - 70%	Enga Province, PNG	147	27/11/2017
EL1968	Viva No.20 Limited	20% - 70%	Enga Province, PNG	164	27/11/2017
EL2426	GMN6768 (PNG) Ltd	100%	Enga Province, PNG	99	27/05/2018
EL2430	GMN6768 (PNG) Ltd	100%	Enga Province, PNG	311	27/05/2018
EL5939	Capital Mining Ltd	50% - 100%	Cowarra, NSW	19.5	29/04/2015 <sup>1</sup>
EL6922	Gold Mountain Limited	100%	Dalton, NSW	19.5	23/10/2017
EL8263	Gold Mountain Limited	100%	Grenfell, NSW	11.4	30/04/2017
EL2306	Khor Eng Hock & Sons (PNG) Limited	Exclusivity to Acquire	Enga Province, PNG	328	13/12/2017

**Table 1: Summary of tenements**

*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 company director and 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.*

<sup>1</sup> Application for renewal of EL5939 was lodged with NSW TIRE on 23 April 2015. GMN is in the process of acquiring 100% equity in the tenement.