

**Market Release**

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Exploration Update**Highlights:**

- ❖ **Highly Encouraging Exploration Results from Crown Ridge prospect, PNG**
- ❖ **Ground Magnetism Survey supports current Geological Model, indicating hydrothermal alteration and high-grade gold mineralisation associated with a conceptual Porphyry System**
- ❖ **Extensive exploration target identified over 3.8 kilometre strike length**
- ❖ **External Geophysical Consultant engaged to further model results**

The Board of Gold Mountain Limited, (ASX:GMN) is pleased to release the initial results from a Ground Magnetism exploration survey over the Crown Ridge prospect within EL1968, Enga Province, PNG.

Matthew Morgan (Director – Exploration) said:

“It is very encouraging to see that the recent Ground Magnetism results continue to support the current geological interpretation at Crown Ridge, with hydrothermal alteration and mineralisation associated with the eruption of a diatreme breccia. The initial interpretation from the Ground Magnetism survey indicates the system has potential to host mineralisation with significant scale over several kilometres long. As an External Consultant has now been engaged to review the initial data and complete 3D modelling, we eagerly anticipate further results.”

GOLD MOUNTAIN LIMITED

ABN 79 115 845 942

EXPLORATION UPDATE REPORT 1 FEBRUARY 2016

KEY POINTS

- Initial Ground Magnetism Survey results reinforce the conceptual model of hydrothermal alteration & mineralisation associated with a diatreme breccia pipe within mafic volcanics. The conceptual source of the alteration/mineralisation is a deep-seated porphyry system.
- Results enhance the prospectivity of the Crown Ridge project and encourage further exploration, including drilling within current targets, plus an additional Ground Magnetism Survey extending the current target zone over several kilometres.
- External Geophysicist engaged to further model the initial data with the aim of producing a 3D Geophysical Model for the Crown Ridge Project, EL1968

PROJECTS

Wabag, PNG (EL1966, EL1967, EL1968) – (earning 70%)

As previously announced on 30 June 2014, the Company negotiated a binding Heads of Agreement with Viva No.20 Limited, a Papua New Guinea incorporated company, to acquire an initial 20% interest in three exploration licences in Enga Province, Papua New Guinea (collectively termed the Wabag Project, Figure 1), with an option to acquire a further 50% interest subject to certain conditions.

The Wabag project 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 identified gold and platinum anomalies in stream sediments, most notably in the Timun River area of EL1968, where historic production of around 100kg gold and 3.5kg platinum was recorded from alluvial mining operations since 1948. Artisanal gold mining is currently being undertaken in several locations within the Wabag Project area.

Renewal applications for all three ELs have been lodged with the PNG Mineral Resources Authority, with mandatory reductions in area of 50%. The current status of the tenements is shown in Table 1.

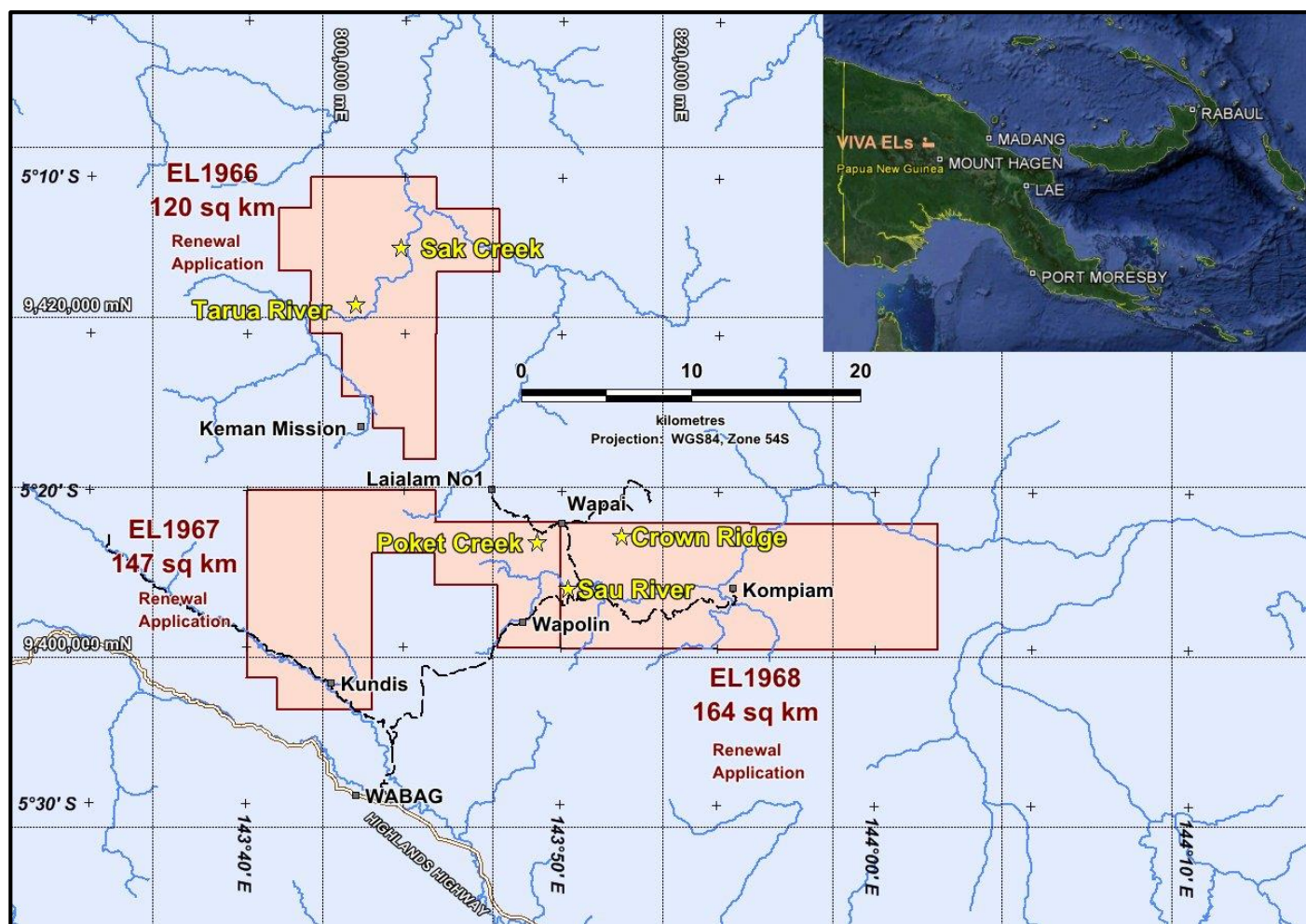


Figure 1: Location of Wabag Project ELs and prospects, PNG

Tenure	Status	Date Granted	Date Expiry	Sub-blocks	Area (sq km)
EL1966	Renewal	27/06/2013	26/06/2015 ¹	35	120
EL1967	Renewal	28/11/2013	27/11/2015 ²	43	147
EL1968	Renewal	28/11/2013	27/11/2015 ³	48	164

Table 1 : Viva No 20 tenements as at 28/01/2016

¹ Application for renewal lodged with MRA on 4 June 2015.

² Application for renewal lodged with MRA on 24 August 2015

³ Application for renewal lodged with MRA on 24 August 2015

Crown Ridge Geology EL1968

Major geological units that underlie the Crown Ridge area are (Figure 2): Pliocene Timun Conglomerate (TQt) – boulder to cobble conglomerate; Middle Miocene Tarua Volcanics (Tmt) – mafic to intermediate volcanics and volcanolithic sediments; Middle Miocene Maramuni Diorite (Tmm) – diorite, granodiorite, minor gabbro.

An elliptical topographic feature that forms the ridges around the upper Timun River drainages is interpreted to be the rim of a volcanic crater, with unaltered volcanics occurring outside of the crater and highly altered Timun Conglomerate occurring inside the crater. The diorite intrusions are probably coeval with the mafic volcanics. The regional geology map does not show outcropping mafic intrusions that have been mapped along Kiangap Creek.

The Timun Conglomerate is interpreted to be volcanoclastics erupted from the volcanic crater. Figure 3 & Figure 4 below describe the current conceptual Geological Model for Crown Ridge. Float samples of epithermal quartz-sulphide veins, that have returned high grade gold-silver values, have been found throughout the Timun River drainages and they constitute the primary target for exploration.

Crown Ridge Geochemistry

Gold Mountain geologists collected rock float samples of quartz-sulphide veins that returned assay values up to 29.2 ppm Au, 48.9 ppm Ag, 2.53% Cu, 1.08% Pb and 1.50% Zn. Stream sediment samples have also returned very high gold values, up to 5,430 ppb Au (5.43 ppm Au), in streams draining the southwest rim of the crater (Figure 6).

Several elements analysed from ridge and spur soil sampling programs demonstrated higher values outside of the postulated crater (Figures 8 – 10). This pattern is interpreted to show alteration within the crater has decreased metal contents, and supports the current Crown Ridge Geological Model of Hydrothermal alteration & mineralisation associated with a diatreme breccia pipe within mafic volcanics.

Ground Magnetism Survey

Geophysicists from the Mineral Resources Authority (MRA), in conjunction with Gold Mountain geologists, completed a ground magnetism survey targeting the Crown Ridge prospect within EL1968 during September 2015.

The magnetism survey covered a total of 17.5 line-km, including 15 north-south orientated lines with lengths ranging from 600m – 1400m and a 3.9 km nearly east – west trending base line. Except for a 400 m separation distance between lines 1 and 2 (traverse lines towards the western end), all lines were separated by approximately 200m. The baseline was located along the ridge (main track) toward the southern end of the survey area and runs almost east - west. This is also where most of the traverse lines were terminated due to rugged terrain / steep hills.

Field magnetism data was acquired using a Geometrics GS859 magnetometer and uploaded to a field laptop via Magmap 2000 software at the end of each working day.

Initial interpretation has identified several geological structures and zones of varying magnetism that correlate with the current conceptual Geological Model of hydrothermal alteration & mineralisation associated with a diatreme breccia pipe within mafic volcanics, derived from a deeper porphyry system (Figure 4).

The initial data is currently being interpreted by an External Geophysical consultant, with further updates anticipated once final 3D Modelling is complete.

Ground Magnetic Survey Summary

The ground magnetics survey completed during August-September 2015 recorded broad magnetic highs in the eastern part of the prospect area and magnetic lows in the southwest (Figure 11). The magnetic highs are associated with outcrops of mafic / ultramafic intrusions seen in Kiangap Creek. Linear magnetic lows within the broad highs are interpreted to be faults along which hydrothermal fluids have destroyed magnetic minerals. The magnetic lows in the southwest are approximately 1000m x 500m in dimension, with an additional 2.8km target zone that roughly corresponds with the rim of the crater. They are interpreted to be due to strong hydrothermal alteration of the mafic volcanics along structural weaknesses along the crater rim.

Conclusions

Geological interpretation, geochemistry results and the ground magnetics all point to the southwest rim of the crater as the Priority 1 target zone for gold mineralisation. The geological model that has been applied is high-grade epithermal veins within fracture zones around the crater rim (Figure 4). There is also potential for porphyry-style mineralisation at depth.

Statements contained in this report relating to exploration results and potential is based on information compiled by Murray Hutton, who is a Member of the Australian Institute of Geoscientists. He is a consultant geologist employed by Geos Mining 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). Murray Hutton consents to the use of this information in this report in the form and context in which it appears.

Assay results in the attached images are for geochemical samples that may not represent potential mineralisation. The values are presented as either parts per million ("ppm") or parts per billion ("ppb"). Parts per million is equivalent in scale to grams per tonne ("g/t"), which is usually restricted to presenting grades for defined mineral resources.

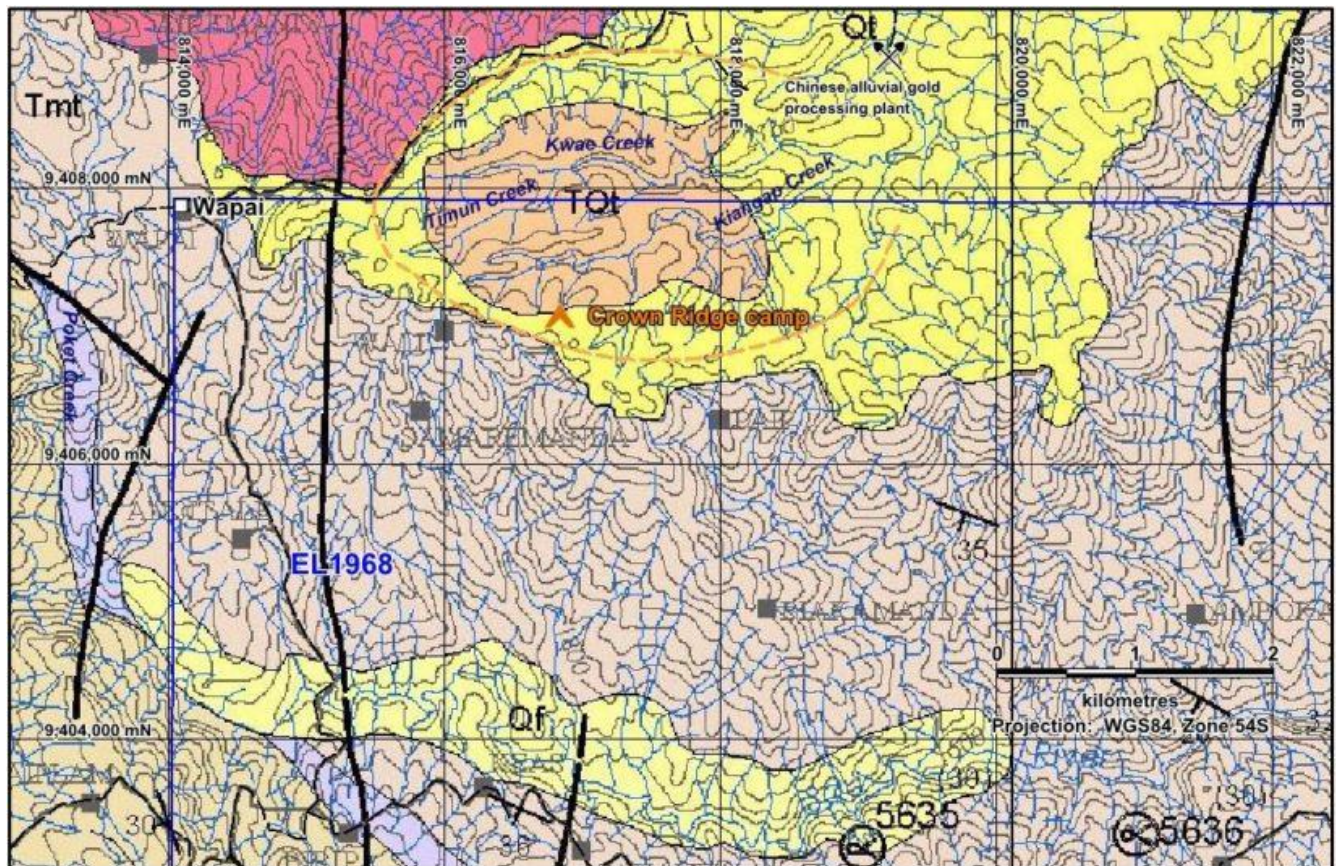


Figure 2: Regional geology of the Crown Ridge prospect

Elliptical topographic feature marked in orange

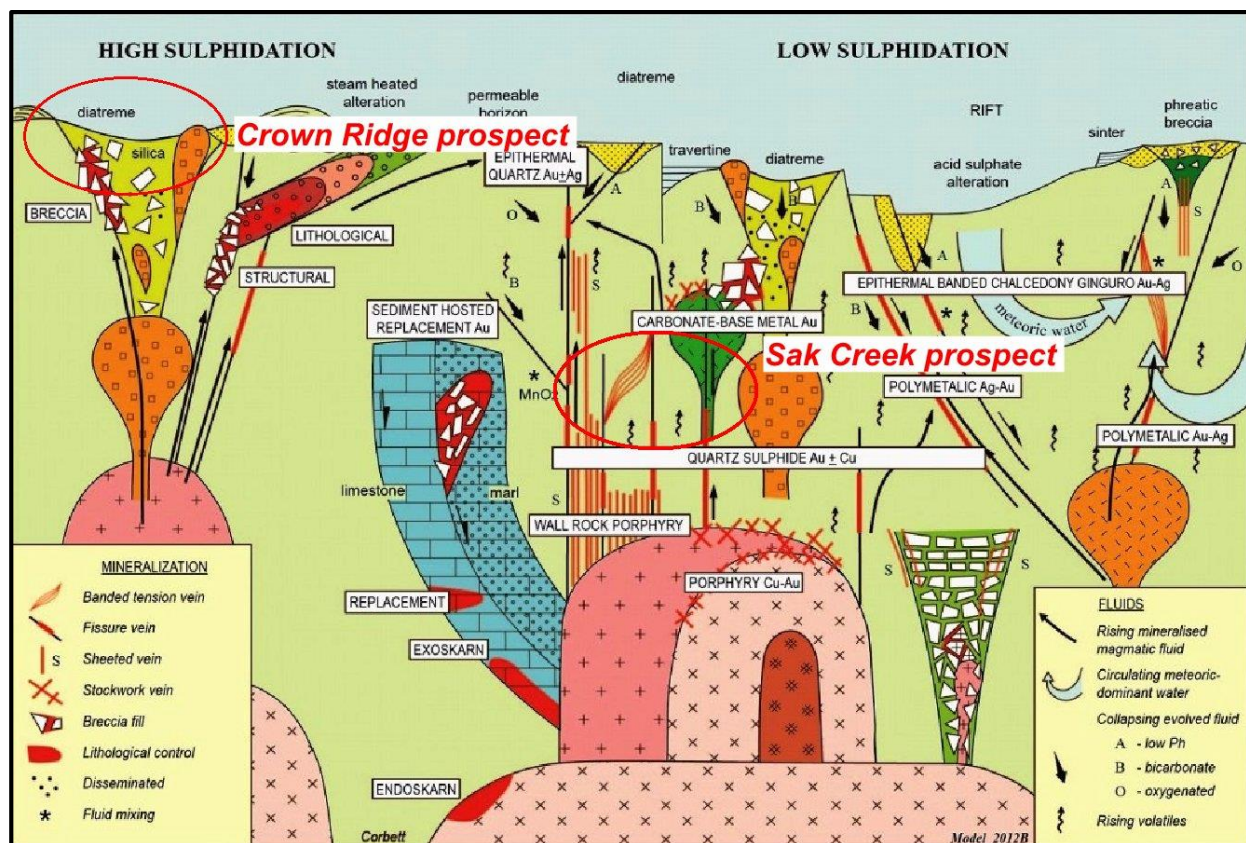


Figure 3: Conceptual models for Crown Ridge and Sak Creek prospects (after Corbett, 2012)

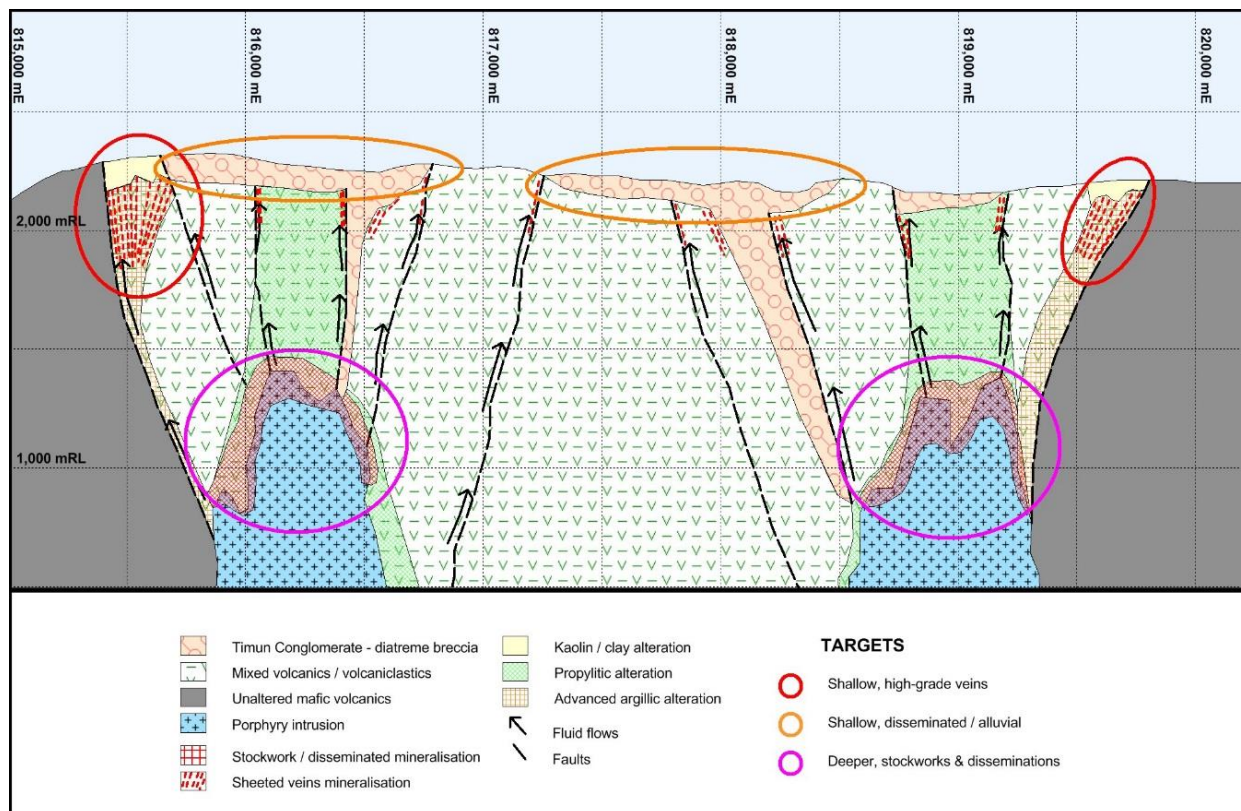


Figure 4: Conceptual model for Crown Ridge hydrothermal alteration / mineralisation, EL1968

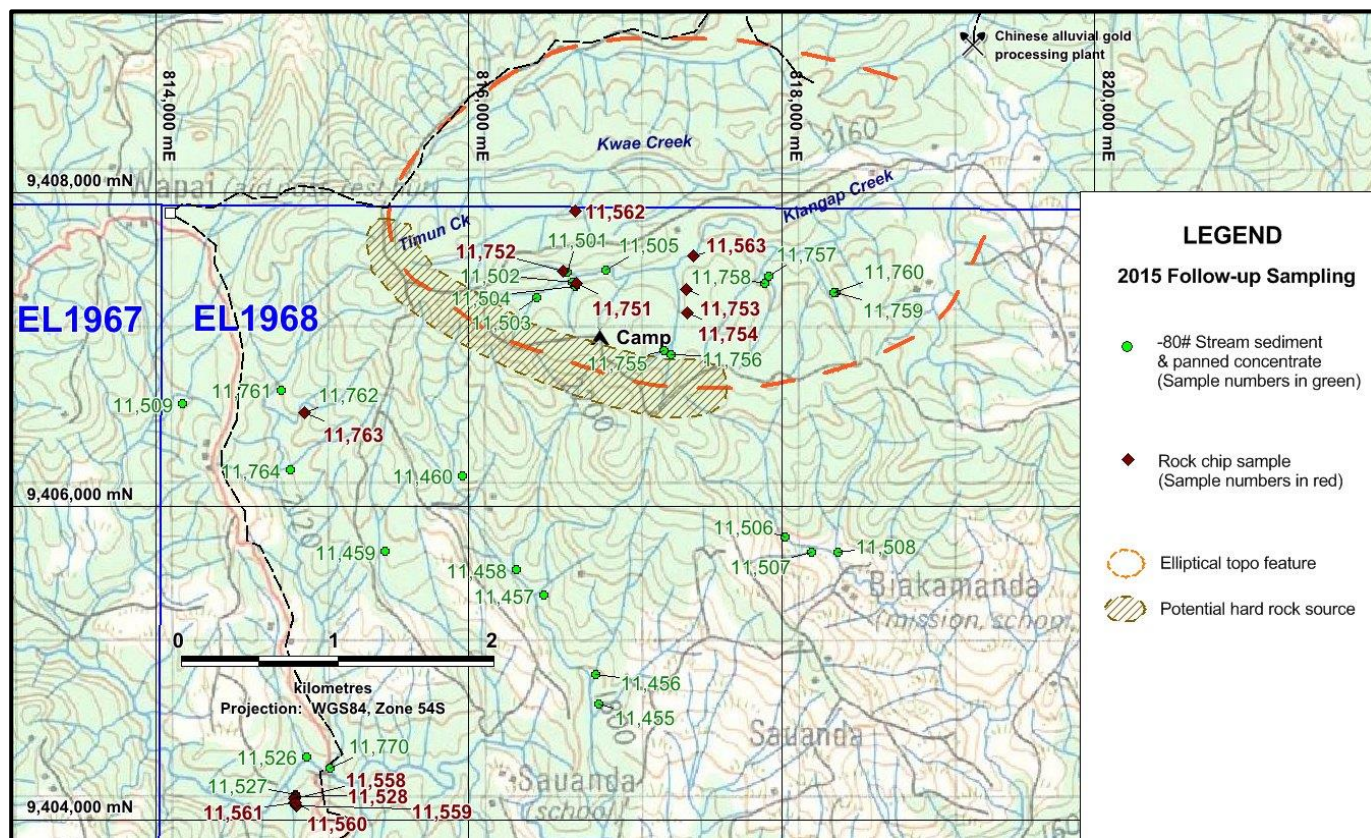


Figure 5: Crown Ridge prospect, 2015 sample locations - rock chips and stream sediments

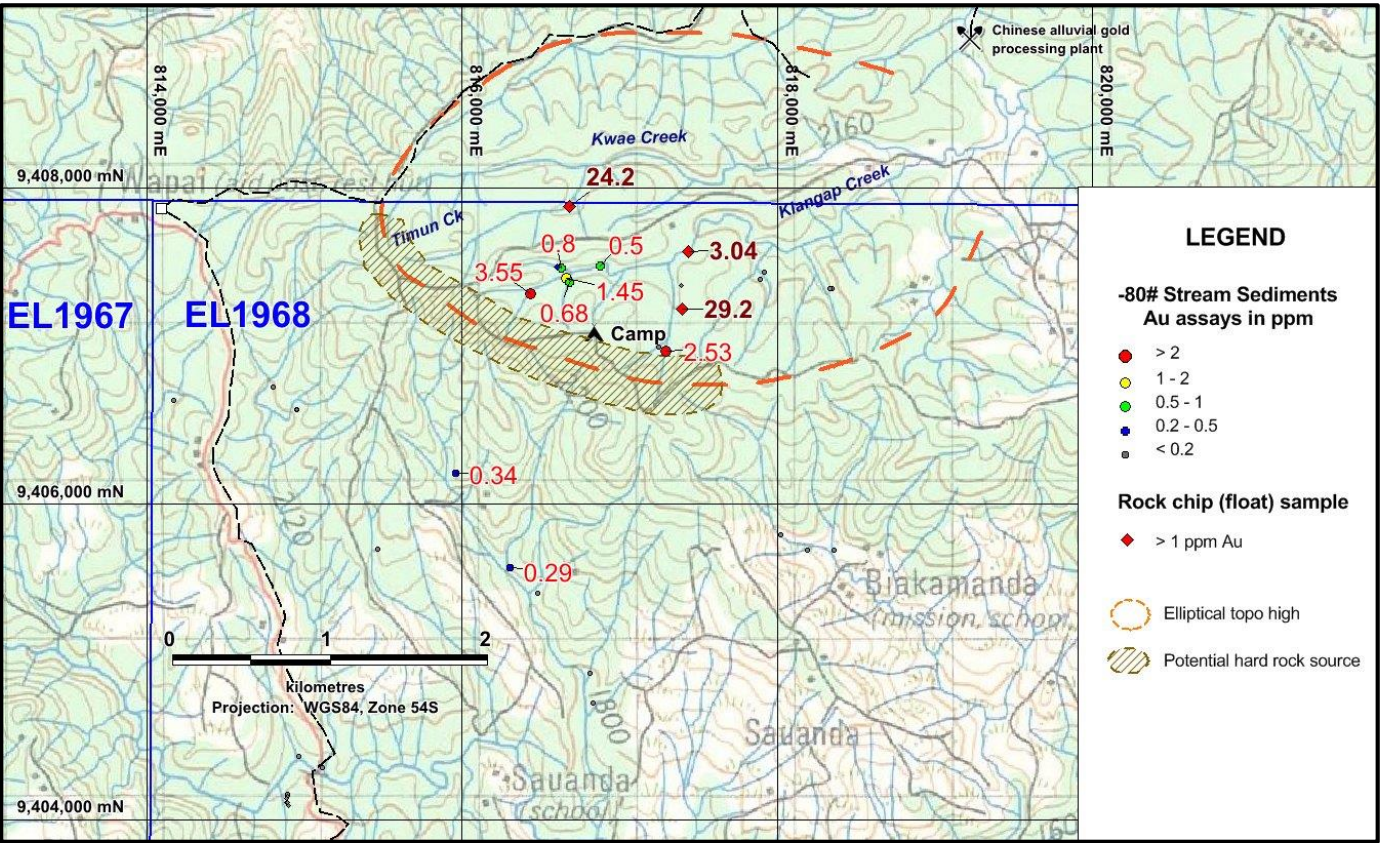


Figure 6: Crown Ridge stream sediment & significant rock chip results – Au (ppm)

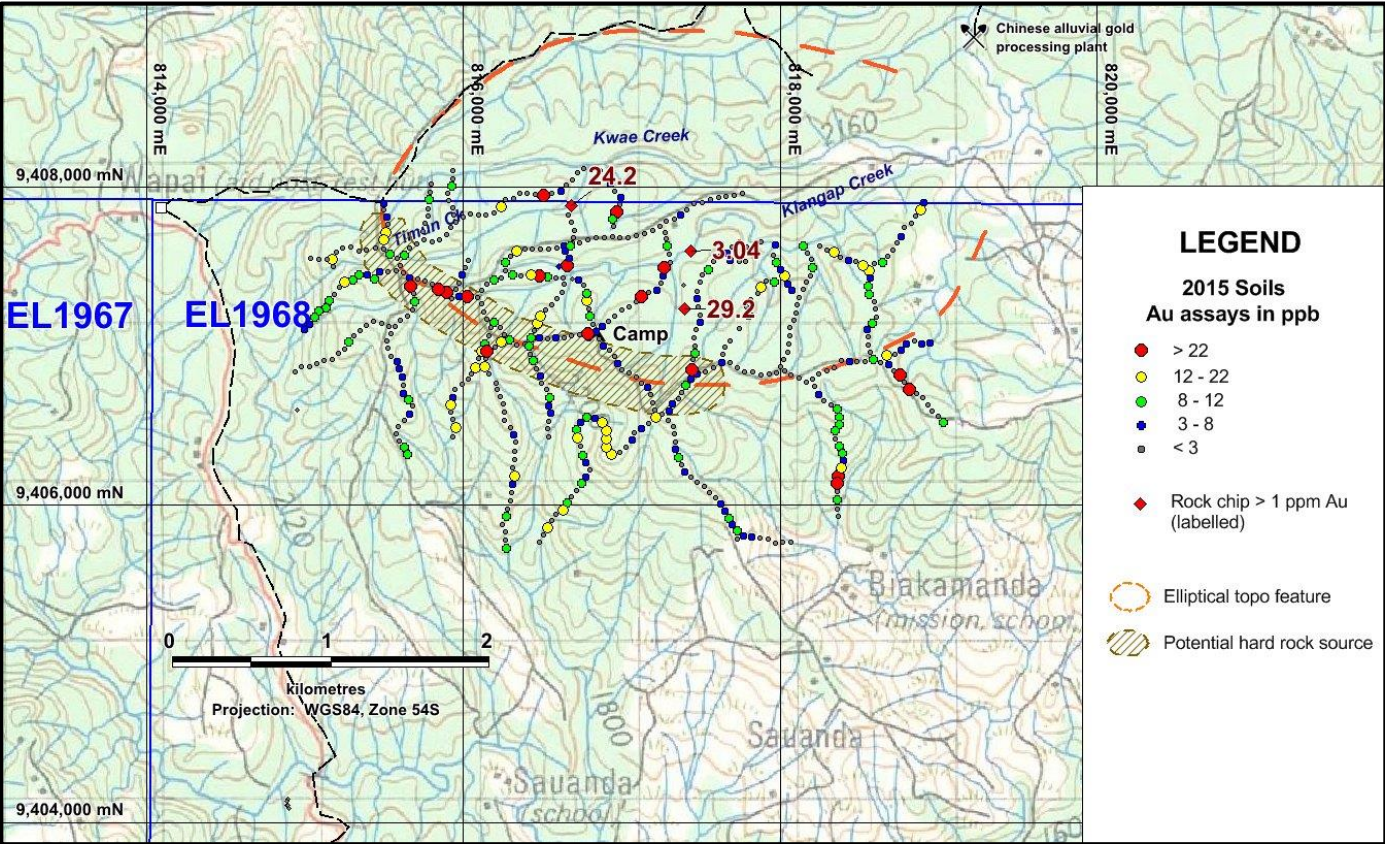


Figure 7: Crown Ridge soil results – Au (ppb) – and significant rock results – Au (ppm)

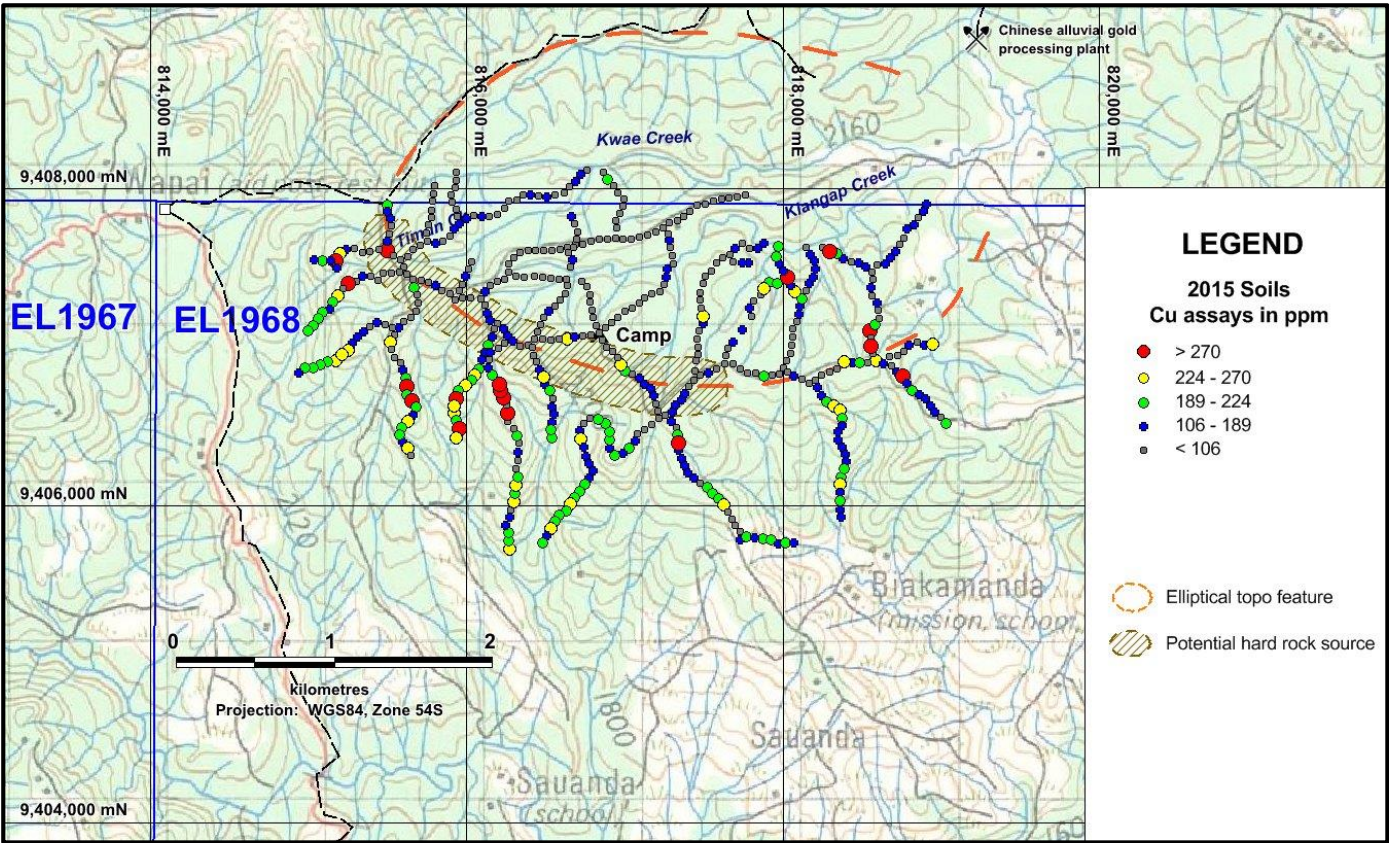


Figure 8: Crown Ridge soil results – Cu (ppm)

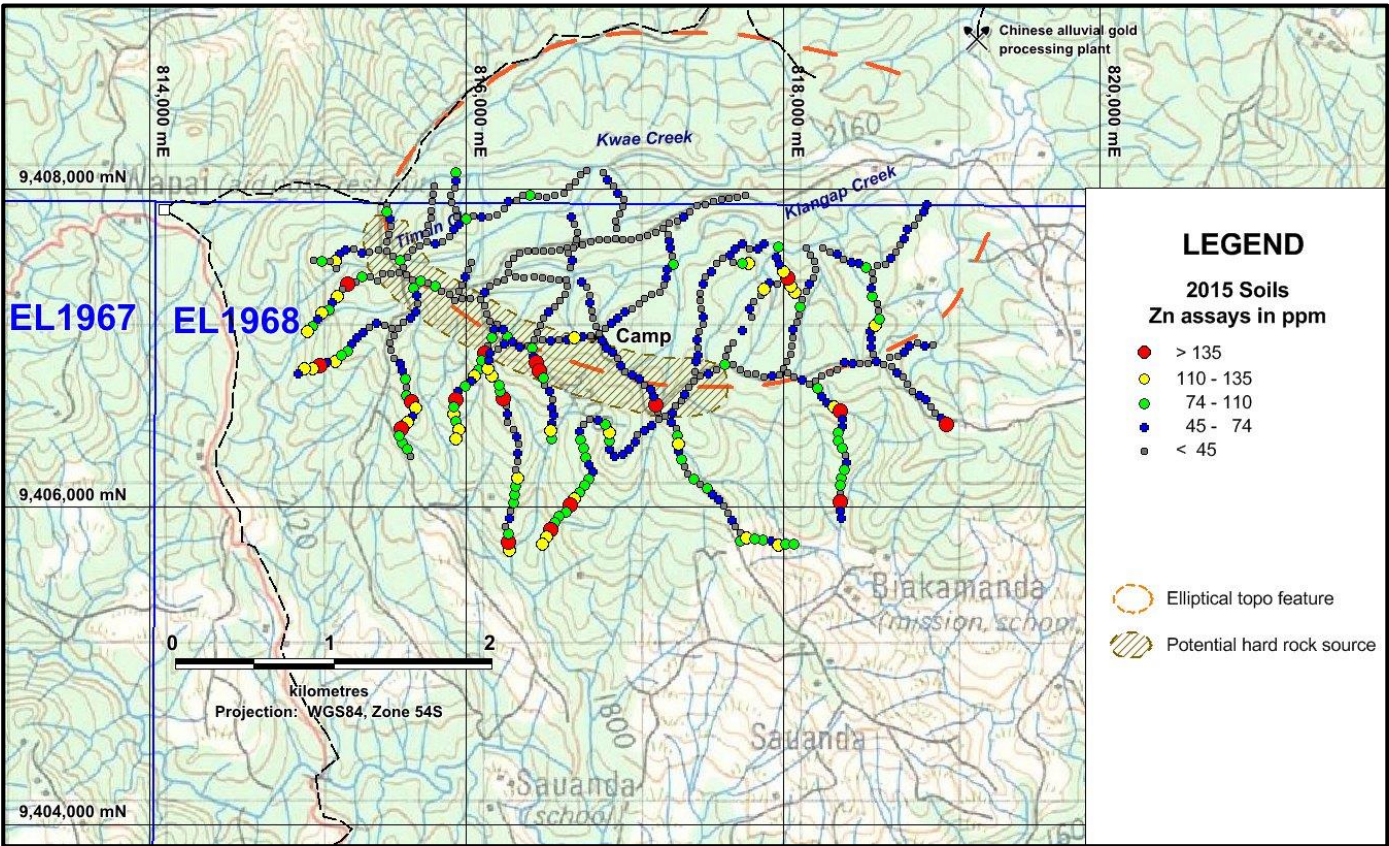


Figure 9: Crown Ridge soil results – Zn (ppm)

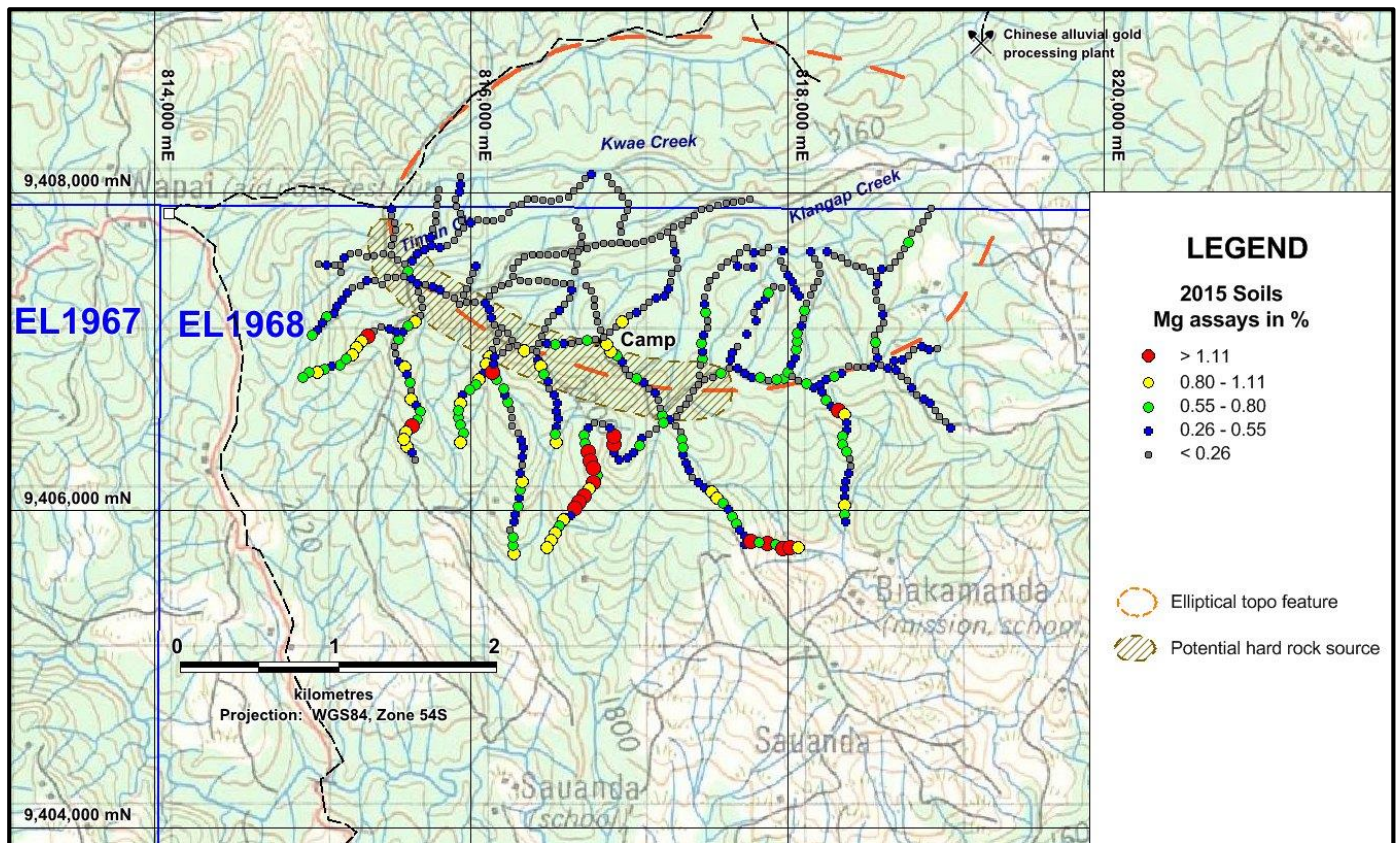


Figure 10: Crown Ridge soil results – Mg (%), showing strong depletion within the diatreme breccia due to hydrothermal alteration

Note: similar patterns of depletion within the elliptical structure were displayed for Ce, Co, Cr, Fe, Mn, Sc, Ti and V.

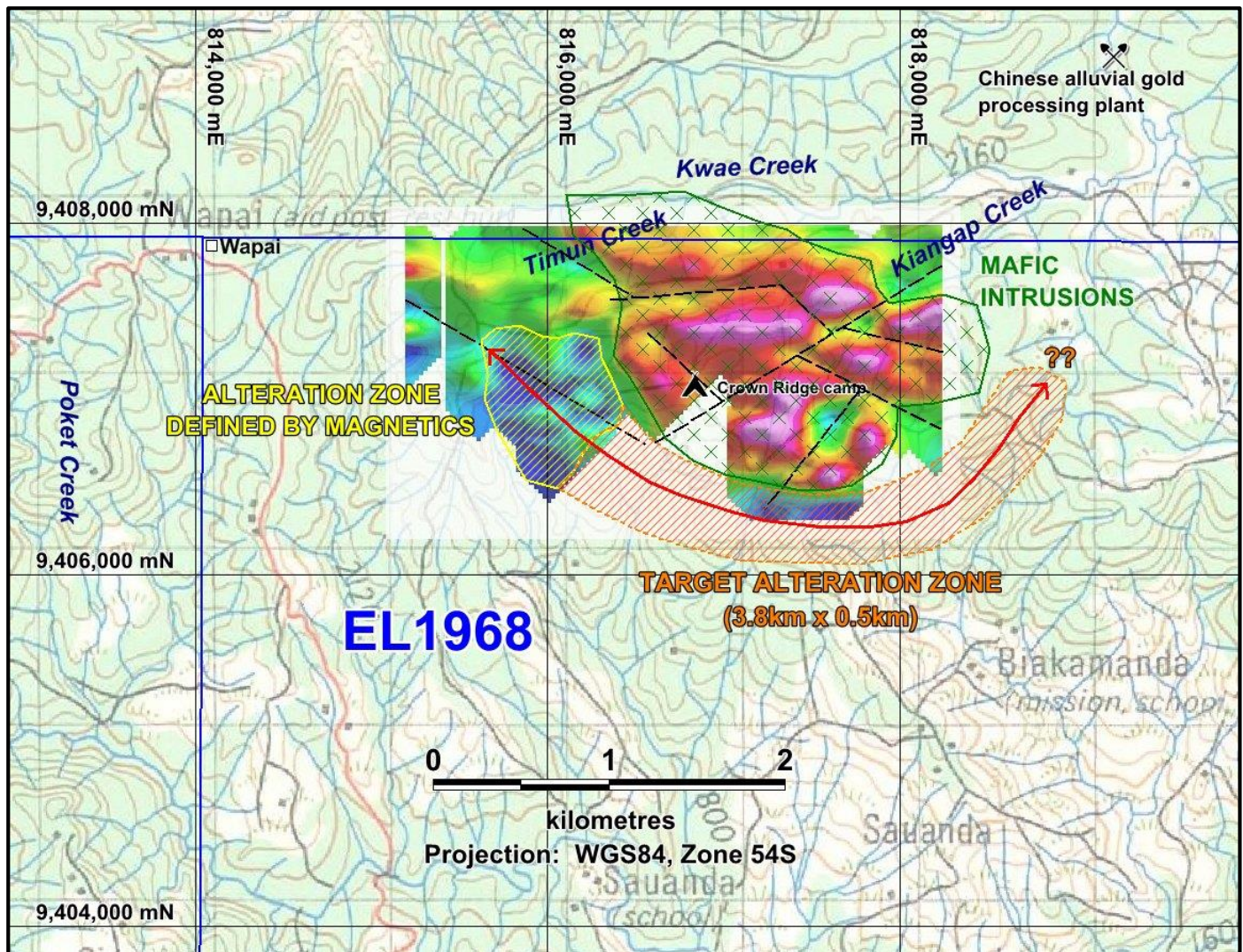


Figure 11: Crown Ridge Target Hydrothermal Alteration Zone up to 3.8km strike length, EL1968

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
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <i>Nature and quality of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> 	<ul style="list-style-type: none"> Stream sediment samples – Active sediments collected from several sites over 20m length of stream to avoid unrepresentative local trap sites. Wet sieved on site to -80# (<180µm). Flocculant used to precipitate fine clay fraction. Nominal sample weight ~ 1kg. Panned concentrate samples (not collected during Stage 2 program) – Active sediments collected from several sites over 20m length of stream to avoid unrepresentative local trap sites. Approximately 40-50kg of sediment sieved to <1mm and panned on site to indicate visible gold. Rock chip samples – Approximately 3-4kg of sample collected on site. Selective float samples collected on basis of visible veining and/or mineralisation (sulphides / iron oxides). Outcrops sampled on basis of structures, veining or mineralisation. Soil samples – Samples collected along ridges & spurs. Approximately 2kg of soil collected from shallow pits dug by shovel. Nominal depth around 40-50cm below base of vegetation layer. Gravel pieces (>1cm) picked out by hand but otherwise entire sample collected. All samples placed in individually labelled calico bags and sun-dried before dispatch to laboratory.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <i>Drill type and details.</i> 	<ul style="list-style-type: none"> No drilling undertaken.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> 	<ul style="list-style-type: none"> No drilling undertaken.
<i>Logging</i>	<ul style="list-style-type: none"> <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate.</i> 	<ul style="list-style-type: none"> No drilling undertaken.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Samples sun-dried on-site before dispatch to laboratory. Industry standard sample preparation techniques undertaken at ITS (PNG) laboratory in Lae, PNG. Entire samples pulverized before sub-sampling. QAQC procedures - No duplicate samples collected in the field. In-house standards and random duplicate sub-samples analysed by ITS (PNG). Sample sizes are appropriate for the type of material being sampled to ensure good representivity.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used</i> 	<ul style="list-style-type: none"> Industry standard analytical methods undertaken by Intertek and affiliated laboratories in Lae, PNG, Townsville, Queensland and Jakarta, Indonesia.

	<p><i>and whether the technique is considered partial or total.</i></p> <ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Gold assays – 50g fire assays (method FA55). • Platinum assays (on stream sediment samples only) - 50g fire assays (method FA55). • Multi-elements – 1g sub-sample digested in aqua regia followed by ICP-OE MS determination (method AR01/OE). • QAQC by laboratories included check assays, duplicate sub-sampling, blanks and standards. QAQC results show acceptable accuracy and precision.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • No drilling undertaken. • Site and sample descriptions recorded in field notebooks and data entered into Excel spreadsheets.
Location of data points	<ul style="list-style-type: none"> • <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Locations of sampling sites recorded using Garmin GPSMAP64S hand-held GPS units (lateral accuracy <5m). • Grid system used – WGS84, Zone 54S.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Stream sediment & panned concentrate samples – stream catchments range from 0.3 sq km to 1.3 sq km (average ~ 0.5 sq km). • Soil samples – ridge and spur sampling at nominal 50m spacing. • Data spacing is sufficient for reconnaissance stage sampling programs.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> 	<ul style="list-style-type: none"> • Rock chip samples collected from float material in streams.
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Samples packed into polyweave sacks, sealed by tape and taken to ITS (PNG) laboratory in Lae by company personnel.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • 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
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> Sampling undertaken on Exploration Licence 1968 in Enga Province, PNG. EL1968 is held by Viva No.20 Limited, a PNG-incorporated company. Gold Mountain Limited has signed a Heads of Agreement with Viva. EL1968 is currently under renewal application. There are no impediments to conduct exploration programs on the tenements.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> All exploration programs conducted by Gold Mountain Limited.
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> EL1968 contains potential for intrusive-related gold-copper deposits, epithermal-style gold deposits, alluvial gold-platinum deposits and Alaskan-style platinum deposits.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results 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. 	<ul style="list-style-type: none"> No drilling undertaken to date. Reconnaissance exploration results detailed in attached report. Apart from results reported in the attached report, no other assay results are considered to be significant.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No drilling undertaken to date.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> No drilling undertaken to date.
<i>Diagrams</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Maps showing sample locations and results included in the attached report.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative 	<ul style="list-style-type: none"> All exploration results detailed in attached report.

	<i>reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All exploration results detailed in attached report.
<i>Further work</i>	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). 	<ul style="list-style-type: none"> EL1968 - Follow-up trenching, geological mapping, rock chip sampling and extensions to the ground magnetics survey are planned for early 2016. Depending on results of this program, further exploration may include geophysical surveys and detailed grid soil sampling to define drilling targets. Maps showing areas of potential included in the attached report.