



ASX RELEASE

23 August 2016

Gold Mountain enters exclusivity arrangement to acquire highly prospective 328km² tenement to flagship Crown Ridge gold project

- **Highly prospective tenement EL2306 adjoins flagship project**
- **Acquisition of the additional 328km² would give the Company access to promising 'interpreted crater rim' geology**
- **If EL2306 is acquired, the Company's Project area would encompass ~1169km² of tenements with significant mineralisation**
- **Airborne Helicopter Magnetic Survey planned to commence this week as first stage of due diligence review**
- **Extensive trenching and sampling program at flagship Crown Ridge gold project continues – first test results pending**

Papua New Guinea focused precious metals exploration company Gold Mountain Limited (**ASX: GMN**) ("**Gold Mountain**" "**the Company**" "**GMN**") is pleased to announce that it has signed an exclusive dealing agreement with the owner of the highly prospective EL2306 tenement, which adjoins flagship Crown Ridge gold project.

In consideration for the payment by the Company of the fee of AUD150,000, the owner has granted the Company an exclusive dealing period of 270 days ending on 19 May 2017. Under the terms of the agreement, the owner has undertaken to not negotiate, deal with or enter into any agreement with any third party in relation to EL2306 during the exclusive dealing period. The Company will utilise the exclusive dealing period to conduct its due diligence on the tenements, commencing with an airborne helicopter magnetic survey planned for this week.

Subject to successful due diligence inquiries, the Company intends to commence negotiations with the owner for the acquisition of the EL2306 with a view to entering into a binding acquisition agreement prior to the expiration of the exclusive dealing period. Pursuant to the PNG Mining Act, completion of the acquisition can only take place after **14 December 2017** being the second anniversary of the registration of EL2306. Should the Company proceed to acquire EL2306, on completion of the acquisition the Company's total tenement area in the Wabag Mineral province will be ~1,169km².

Gold Mountain's Director – Exploration, Matthew Morgan commented: “The addition of EL2306 would be a significant milestone for the Company. This would allow Gold Mountain 100% exploration access to the highly prospective Crown Ridge diatreme structure (See figure 2).

“The crater that hosts the Crown Ridge project is ~3.8km long by 2.2km wide and fully encompasses the headwaters to the Timun River. As such, we are confident that the exploration of EL2306 would bring us a step closer to narrowing down the potential hard rock source of the productive Timun River alluvial gold field, located immediately downstream from Crown Ridge.

“The Company is also pleased to confirm large regional Helicopter based Magnetic Survey will commence this week which will encompass EL2306, as well as EL1967, EL1968 and EL1966. The data will then be processed for three-dimensional modelling to identify additional mineralised targets.

“Also, the trenching and sampling program at EL1968 (refer ASX announcement, 9 August 2016) is progressing well and we look forward to updating shareholders on results as they come to hand in the near term.”

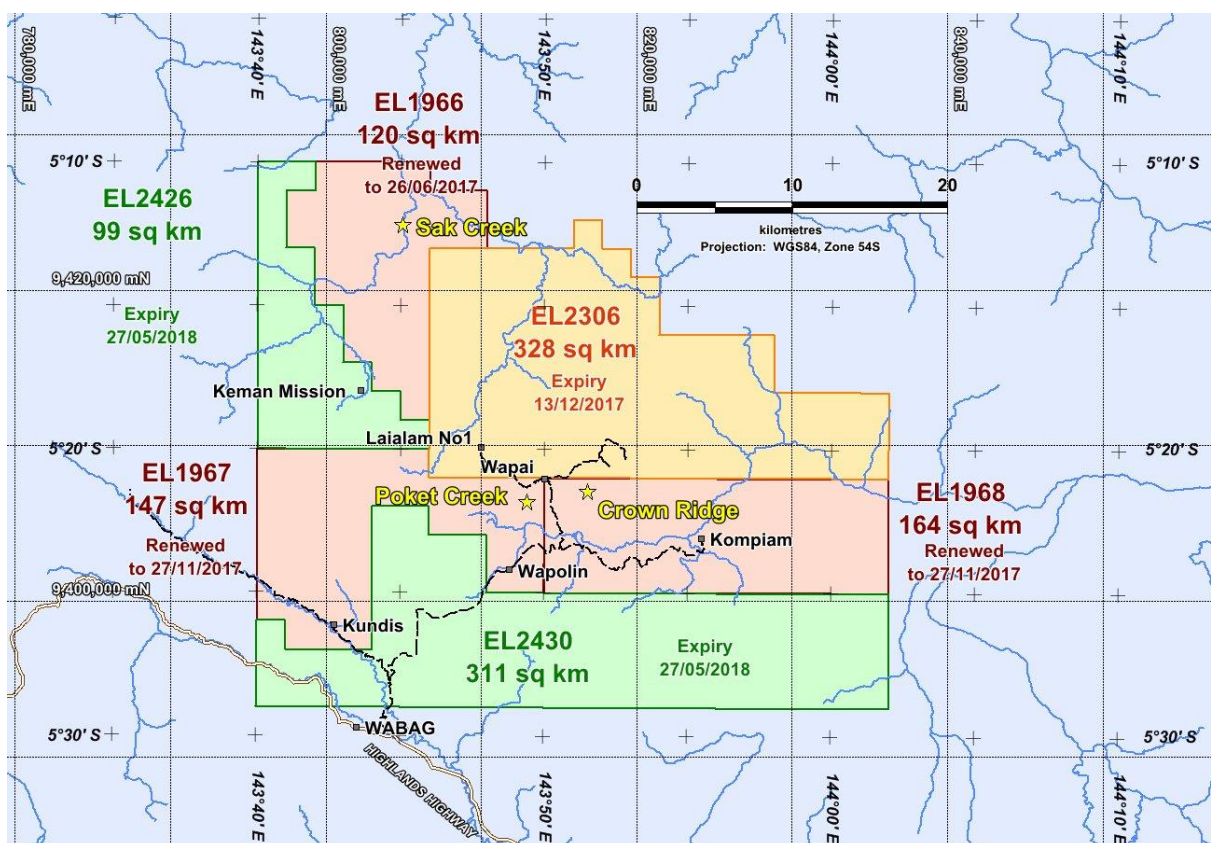


Figure 1: Gold Mountain tenement suite, Enga Province, PNG Highlands

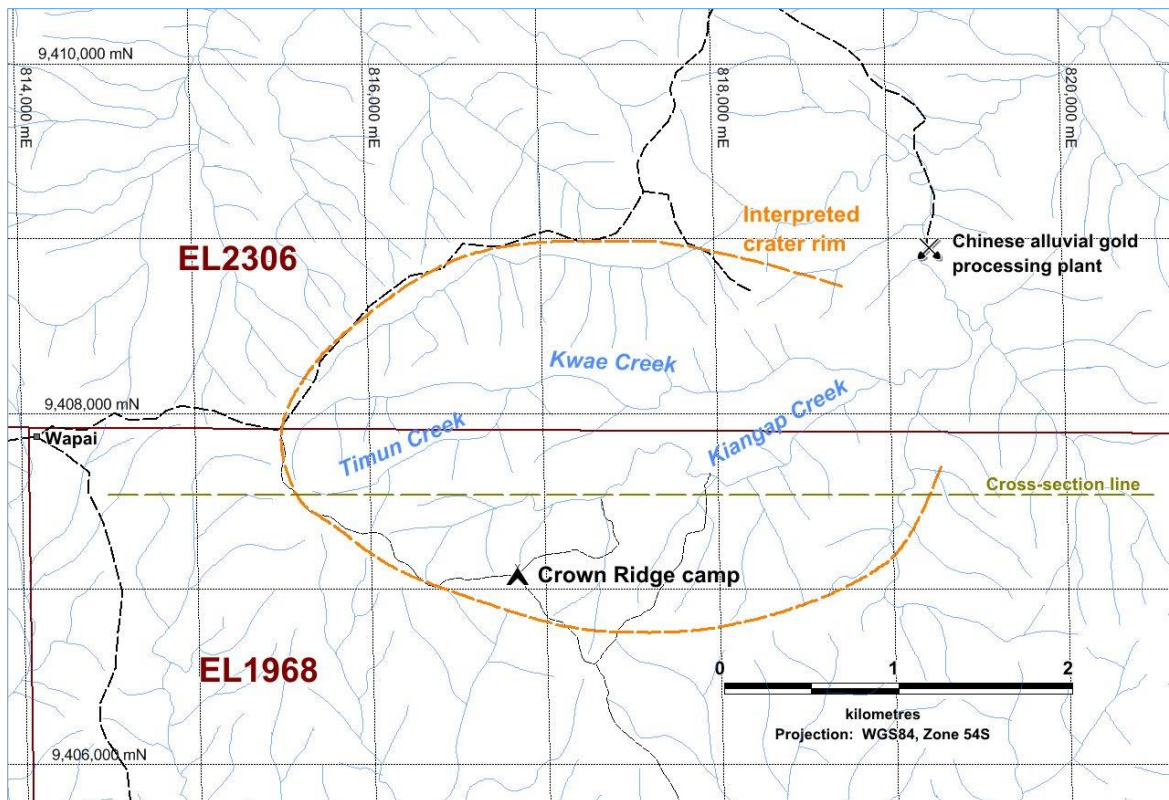


Figure 2: Outline of highly prospective Crown Ridge diatreme crater

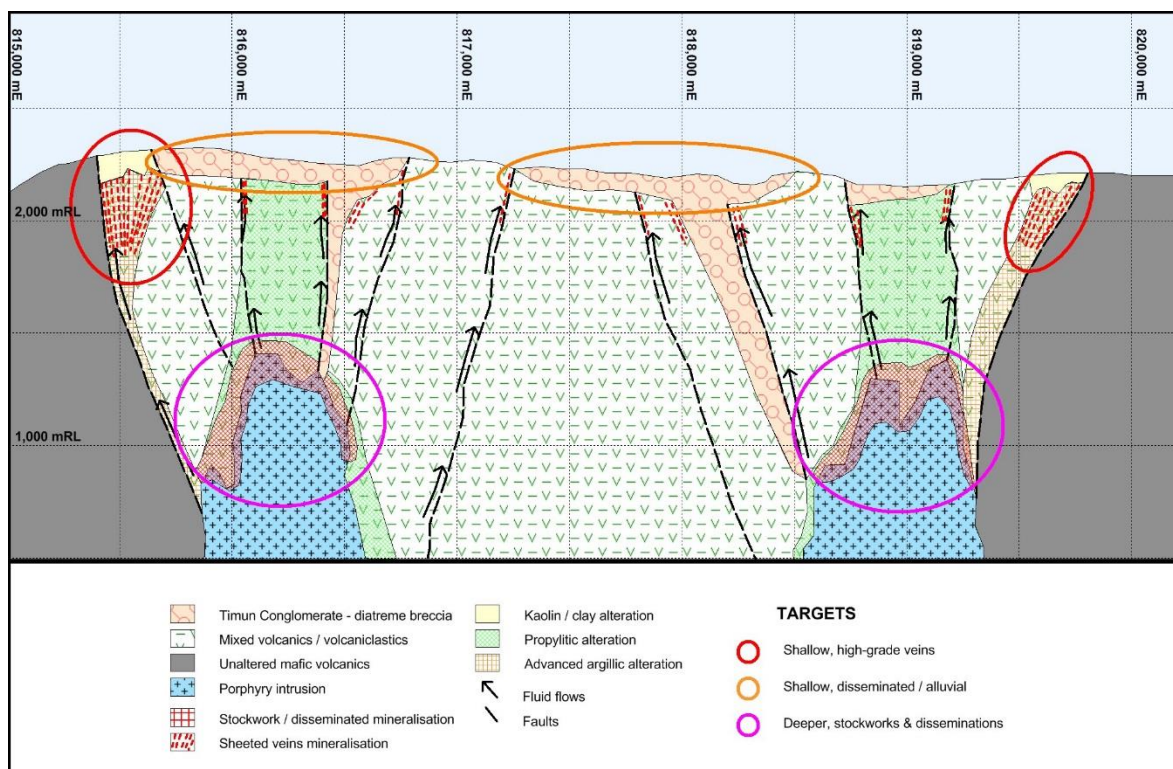


Figure 3: Conceptual cross section through the Crown Ridge diatreme crater

Tenement	Status	Application	Grant date	Expiry date	Units	Sq km	Parties
EL1966	Renewed	20110404	20130627	20170626	35	120	Viva No. 20 Limited (100%)
EL1967	Renewed	20110404	20131128	20171127	43	147	Viva No. 20 Limited (100%)
EL1968	Renewed	20110404	20131128	20171127	48	164	Viva No. 20 Limited (100%)
EL2306	Granted	20131014	20151214	20171213	96	328	Khor Eng Hock & Sons (PNG) Limited (100%)
EL2426	Granted	20151210	20160528	20180527	29	99	GMN 6768 (PNG) Limited (100%)
EL2430	Granted	20160104	20160528	20180527	91	311	GMN 6768 (PNG) Limited (100%)
					Total:	1169	

Figure 4: Tenement schedule – current Wabag project suite



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