

**ASX RELEASE**

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**01 September 2016****Visible gold in preliminary trenching at  
Crown Ridge gold project, PNG**

- **14 trenches completed totalling 92m – free gold recovered**
- **Gold +/- platinum panned from trenches**
- **Trenching program still in early stages**
- **Program commenced to test magnetic anomalies at EL1968**
- **Regional Helicopter Magnetic Survey continuing around adjoining exploration areas**
- **Trenching program continues with further results pending**

Papua New Guinea focused precious metals exploration company Gold Mountain Limited (**ASX: GMN**) (“**Gold Mountain**” “**the Company**” “**GMN**”) is pleased to report preliminary results from its ongoing trenching program, which has confirmed visible gold, from initial 92 metres of trenching at their flagship project, Crown Ridge, EL1968, Wabag, PNG.

The trenching program has been undertaken to investigate magnetic anomalies defined by the processing of the ground magnetics surveyed during 2015. 14 trenches, totalling 92 metres in length were excavated to depths ranging from 2 metres to 4 metres. All trenches are orientated east to west at various coordinates surrounding the project’s ‘interpreted crater rim’ diatreme, throughout exploration tenement EL1968 (see table 1).

The trenches exposed the Timun Conglomerate and silty volcanoclastics units, both fresh (blue-grey colour characteristics) and weathered (orange-brown colour characteristics). In places, the conglomerate has been thoroughly altered to clay.

Samples from the base of the trenches were panned to detect the presence of visible free gold (see figures 4, 6 and 7) with all panned concentrates containing high proportions of magnetite and other heavy ferro-magnesium minerals. A cluster of trenches located to the Northwest of the Crown Ridge camp all contained visible gold in panned concentrates (see figure 3). This result reinforces the developing model of gold mineralisation associated with fractures of the rim of the volcanic crater.

Channel sampling of the rocks exposed in the trenches, was undertaken at 1 metre sampling intervals with assay results to be collected shortly from the trenches.



Matthew Morgan, Director – Exploration, commented: “The Crown Ridge project is continuing to produce high quality, anomalous results. We are greatly encouraged by the recovery of free gold from trenches that are only several metres deep and in a very preliminary stage. We are also further encouraged by the presence of platinum mineralisation from parts of EL1968.

“These results, although only preliminary, justify the Company’s decision to continue the ongoing trenching program and extensive Helicopter-borne magnetic surveying into what we believe is the highly prospective EL2306, to fully explore the other half of the interpreted Crown Ridge diatreme structure.

“Crown Ridge continues to demonstrate very compelling geology and we look forward to updating shareholders on further trenching and other exploration results in the near future.”



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For information please see our website [www.goldmountainltd.com.au](http://www.goldmountainltd.com.au) or contact

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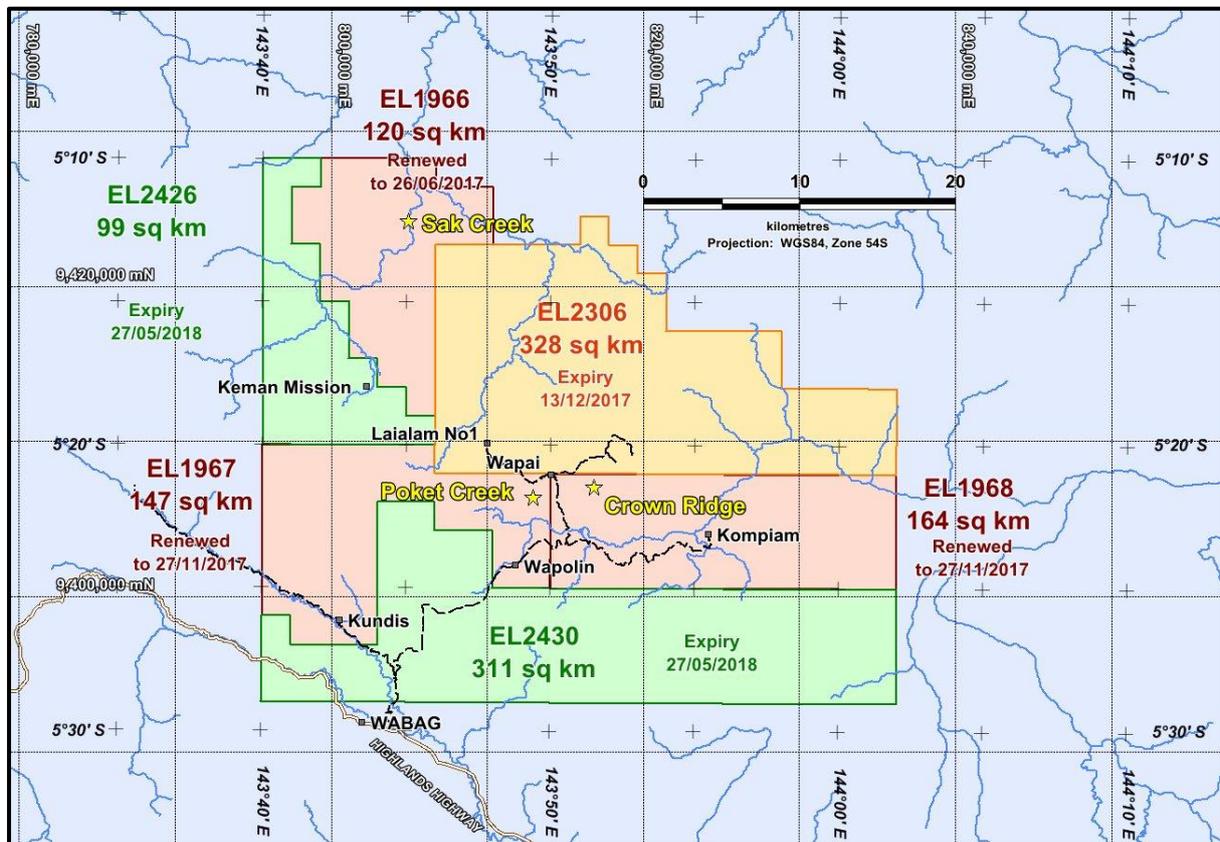


Figure 1: Gold Mountain tenement suite, Enga Province, PNG Highlands

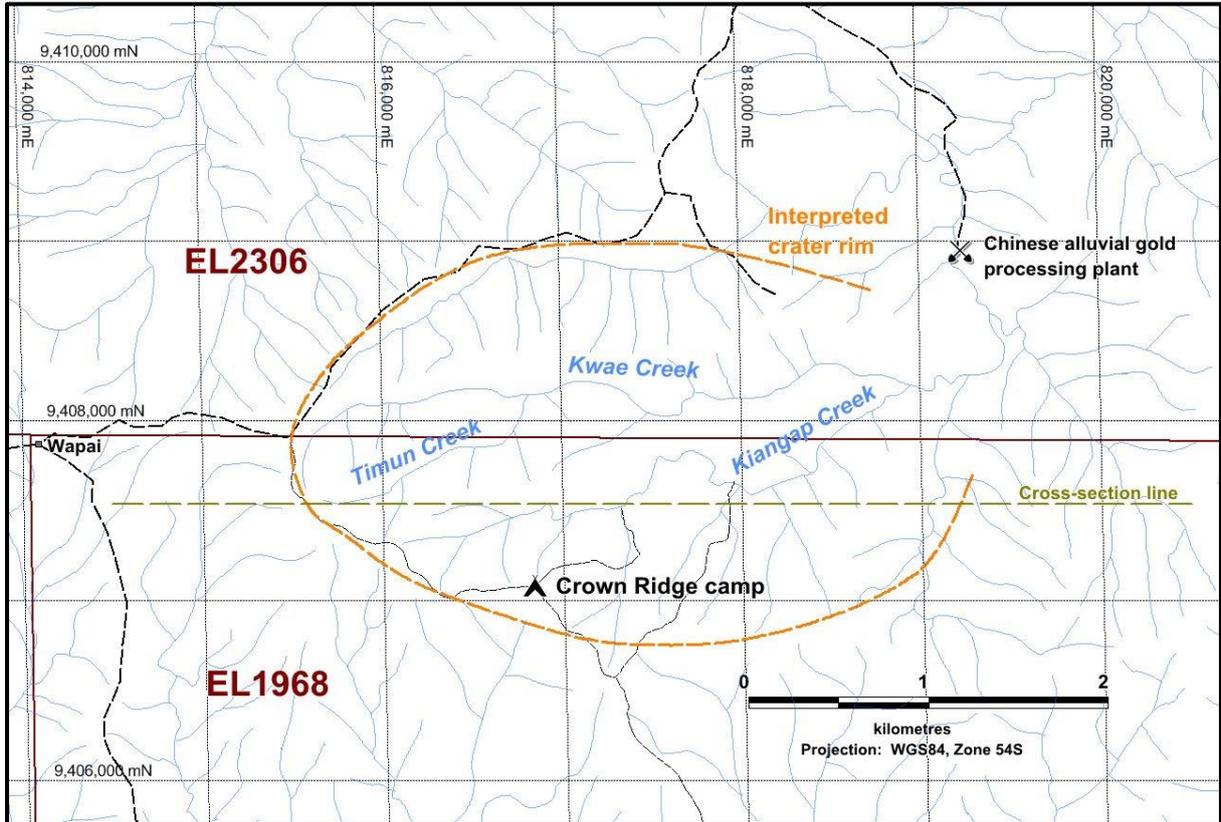


Figure 2: Outline of the Highly Prospective Crown Ridge Diatreme Crater

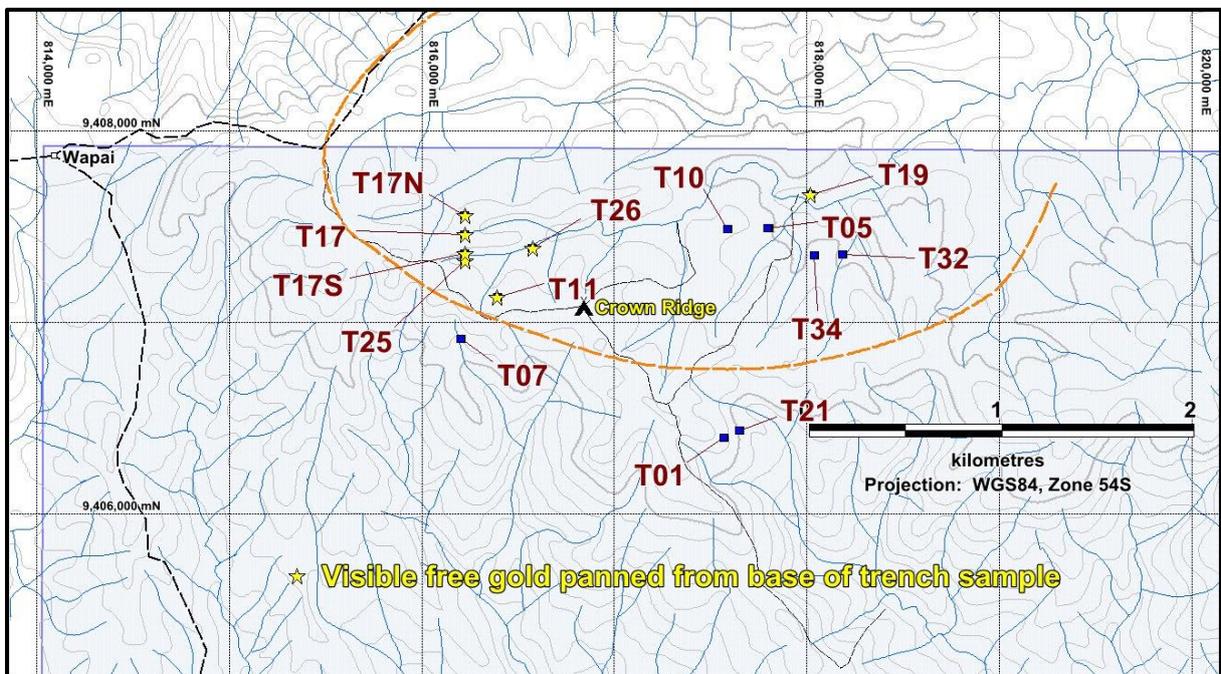


Figure 3: Location of trenches at Crown Ridge prospect, EL1968



Trench	East	North	Length (m)	Gold panned
T01	817574	9406398	7	N
T05	817803	9407495	8	N
T07	816204	9406916	5	N
T10	817590	9407489	7	N
T11	816396	9407131	6	Y
T17	816227	9407459	7	Y
T17N	816227	9407559	8	Y
T17S	816227	9407360	8	Y
T19	818021	9407667	5	Y
T21	817654	9406437	6	N
T25	816224	9407323	5	Y
T26	816575	9407390	5	Y
T32	818190	9407356	7	N
T34	818041	9407350	8	N

**Table 1: Crown Ridge trenches**

All trenches oriented E-W.

Co-ordinates in WGS84, Zone 54S datum for eastern end of trench.

**Figure 4: Gold panned at Trench 25**



**Figure 5: Panning sample from trench**



**Figure 6: Visible gold from Trench 19**



**Figure 7: Gold and Platinum panned in Trench 17 and 25 Areas**

*Statements contained in this report relating to exploration results and potential are based on information compiled by Doug Smith, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Doug is a 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 Australian 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.*



## JORC Code, 2012 Edition – Table 1 report

### 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"><li>• <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li><li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li><li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li><li>• <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li></ul>	<ul style="list-style-type: none"><li>• Horizontal channel sampling at 1m intervals was conducted along the trench walls within bedrock.</li><li>• Trench locations were determined by hand-held GPS readings at the eastern ends of the trenches (accuracy +/- 5m) and recorded in WGS84, Zone 54S datum</li></ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"><li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, logging or sampling was conducted as part of this release.</li></ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"><li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li><li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li><li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, logging or sampling was conducted as part of this release</li></ul>
<i>Logging</i>	<ul style="list-style-type: none"><li>• <i>Whether core and chip samples have been</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, logging or</li></ul>



Criteria	JORC Code explanation	Commentary
	<p><i>geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"><li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li><li>• <i>The total length and percentage of the relevant intersections logged.</i></li></ul>	<p>sampling was conducted as part of this release</p>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"><li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li><li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li><li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li><li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li><li>• <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></li><li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, logging or sampling was conducted as part of this release</li></ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"><li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li><li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li><li>• <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></li></ul>	<ul style="list-style-type: none"><li>• No assay results are reported in this announcement</li></ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"><li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li><li>• <i>The use of twinned holes.</i></li><li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, logging or sampling was conducted as part of this release</li></ul>



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"><li>• <i>Discuss any adjustment to assay data.</i></li></ul>	
<i>Location of data points</i>	<ul style="list-style-type: none"><li>• <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></li><li>• <i>Specification of the grid system used.</i></li><li>• <i>Quality and adequacy of topographic control.</i></li></ul>	<ul style="list-style-type: none"><li>• Trench locations were determined by hand-held GPS readings at the eastern ends of the trenches (accuracy +/- 5m) and recorded in WGS84, Zone 54S datum</li></ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"><li>• <i>Data spacing for reporting of Exploration Results.</i></li><li>• <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></li><li>• <i>Whether sample compositing has been applied.</i></li></ul>	<ul style="list-style-type: none"><li>• Trenches were distributed erratically over ground magnetics anomalies.</li><li>• Data spacing and distribution is not sufficient for Mineral Resource estimation</li><li>• No sample compositing has been applied.</li></ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"><li>• <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></li><li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li></ul>	<ul style="list-style-type: none"><li>• The orientation of horizontal channel samples is not likely to bias the assay results.</li></ul>
<i>Sample security</i>	<ul style="list-style-type: none"><li>• <i>The measures taken to ensure sample security.</i></li></ul>	<ul style="list-style-type: none"><li>• Samples were taken to Mount Hagen by company personnel and despatched by courier to the ITS Laboratory in Lae.</li></ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"><li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li></ul>	<ul style="list-style-type: none"><li>• No audits or reviews have been undertaken at this stage.</li></ul>



## 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"><li>• <i>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.</i></li><li>• <i>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.</i></li></ul>	<ul style="list-style-type: none"><li>• EL1968 was granted to Viva No 20 Limited on 28 Nov 2013 and expires on 27 Nov 2017. The current tenement area is 164 km<sup>2</sup>. GMN is earning 70% interest.</li></ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"><li>• <i>Acknowledgment and appraisal of exploration by other parties.</i></li></ul>	<ul style="list-style-type: none"><li>• All exploration programs conducted by Gold Mountain Limited</li></ul>
<i>Geology</i>	<ul style="list-style-type: none"><li>• <i>Deposit type, geological setting and style of mineralisation.</i></li></ul>	<ul style="list-style-type: none"><li>• EL1968 contains potential for intrusive-related gold-copper deposits, epithermal-style gold deposits, alluvial gold-platinum deposits and Alaskan-style platinum deposits</li></ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"><li>• <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i><ul style="list-style-type: none"><li>○ <i>easting and northing of the drill hole collar</i></li><li>○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li><li>○ <i>dip and azimuth of the hole</i></li><li>○ <i>down hole length and interception depth</i></li><li>○ <i>hole length.</i></li></ul></li><li>• <i>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.</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, logging or sampling was conducted as part of this release.</li></ul>



Criteria	JORC Code explanation	Commentary
<i>Data aggregation methods</i>	<ul style="list-style-type: none"><li>• <i>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.</i></li><li>• <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li><li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, logging or sampling was conducted as part of this release</li><li>• No material information is excluded.</li><li>• No intersections have been reported as part of this release.</li></ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"><li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li><li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li><li>• <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, logging or sampling was conducted as part of this release</li><li>• No material information is excluded.</li><li>• No intersections have been reported as part of this release.</li></ul>
<i>Diagrams</i>	<ul style="list-style-type: none"><li>• <i>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.</i></li></ul>	<ul style="list-style-type: none"><li>• Maps showing the location of the Crown Ridge prospect within the Wabag suite of tenements and the locations of the trenches at Crown Ridge are presented in the announcement</li></ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"><li>• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li></ul>	<ul style="list-style-type: none"><li>• No drilling, sampling or assaying was conducted as part of this release, hence no reported intersections.</li></ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"><li>• <i>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</i></li></ul>	<ul style="list-style-type: none"><li>• Geochemical surveys have been previously recorded. These are soils sampling, stream sediment sampling, rock chip sampling and trench sampling.</li></ul>



Criteria	JORC Code explanation	Commentary
	<i>test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	
<i>Further work</i>	<ul style="list-style-type: none"><li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li><li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li></ul>	<ul style="list-style-type: none"><li>• A Helimag survey is in progress. This will involve flying lines at 100 metre line spacing.</li></ul>