



ASX RELEASE: GMN

02 March 2015

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000
Electronic Lodgement

❖ **Stage 1 Exploration Results – Sak Creek, PNG**

❖ **Porphyry Copper – Gold System potential**

The Board of Gold Mountain, (ASX:GMN) is pleased to release the Stage 1 exploration results from the Sak Creek prospect within EL1966, Enga Province.

Matthew Morgan (Director – Exploration) stated:

“It is very encouraging to see that the initial exploration program results confirm a potential porphyry copper gold mineralisation system at Sak Creek. The area is currently mined by local artisanal miners and consistently producing alluvial gold, including large nuggets up to 60g in weight.”

Crown Ridge Prospect (EL1968)

Preliminary results from the Crown Ridge prospect have been received. On completion of interpretation, results will be released shortly.

The Board is also appreciative of the strong support from new and old shareholders in its recent private placement of \$840,000 in a difficult market.

Eric Kam
Company Secretary

GOLD MOUNTAIN LIMITED

ABN 79 115 845 942

EXPLORATION UPDATE REPORT 2 MARCH 2015

KEY POINTS

- Assay results received for geochemical sampling at Sak Creek prospect, EL1966, in PNG.
- Geochemical zonation indicative of porphyry copper-gold system.

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), 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 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).

As part of the due diligence process, a reconnaissance exploration program, consisting of geological mapping, stream sediment, rock chip and soil sampling, was completed on the Sak Creek prospect in EL1966 during September 2014 (Figure 5 & Figure 6).

Assay results have been received from ITS (PNG) Limited (part of the Intertek group) for the first-pass sampling. Samples were analysed for gold by 50g Fire Assay and for a suite of multi-elements by ICP-OES following an aqua regia digest.

Sak Creek Prospect Results

Stream Sediment Samples

Gold assays for the 19 -80# stream sediment samples ranged from below detection (<0.005 ppm Au) to 0.223 ppm Au (Figure 7). Three samples returning gold values greater than 0.1 ppm Au are regarded as highly significant as indicators of gold mineralisation. The highest value came from a stream where local artisanal miners have panned gold nuggets up to 60g weight.

Of the other elements analysed, nickel showed a significant anomalous pattern (Figure 8) with higher values mostly to the south of the gold zone.

Soil Samples

331 soil samples were collected along ridges and spurs at nominal 50m intervals, as well as at the bases of slopes at nominal 80m intervals either side of streams.

Gold assays for the soil samples ranged from below detection (<0.005 ppm Au) to a high of 0.31 ppm Au. Most of the high values came from the central part of the prospect area, to the northwest of the camp site (Figure 9). Several high copper values were also recorded for samples from this zone (Figure 10).

By contrast, higher lead, zinc, arsenic and nickel values appear to occur peripheral to this central zone (Figure 11 to Figure 14) and barium and vanadium highs occur even further out (Figure 15, Figure 16).

Rock Chip Samples

Assays for the 17 rock chip samples returned highest values coming from a breccia with Fe-oxides (sample 124025: 0.20 ppm Au, 539 ppm Cu, 2526 ppm Zn) and a fault breccia with disseminated sulphides and stockwork carbonate veining (sample 124002: 0.04 ppm Au, 792 ppm Cu) (see Figure 5 for sample locations).

Interpretation

The geochemical zonation (Figure 2) determined from the soil sampling is considered to be similar to typical patterns associated with porphyry copper-gold systems. Further exploration is proposed to better define the mineralised system at Sak Creek, leading to possible drilling targets.

Landowner Relations

Gold Mountain has established very strong co-operative relationships with the local landowners from the Sak Creek prospect area (Photo 1).

Crown Ridge Prospect (EL1968)

Preliminary results have been received for stream sediment and panned concentrate samples taken from the Crown Ridge Prospect in EL1968. Results will be released to the market shortly, once final results have been received and interpreted.

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.

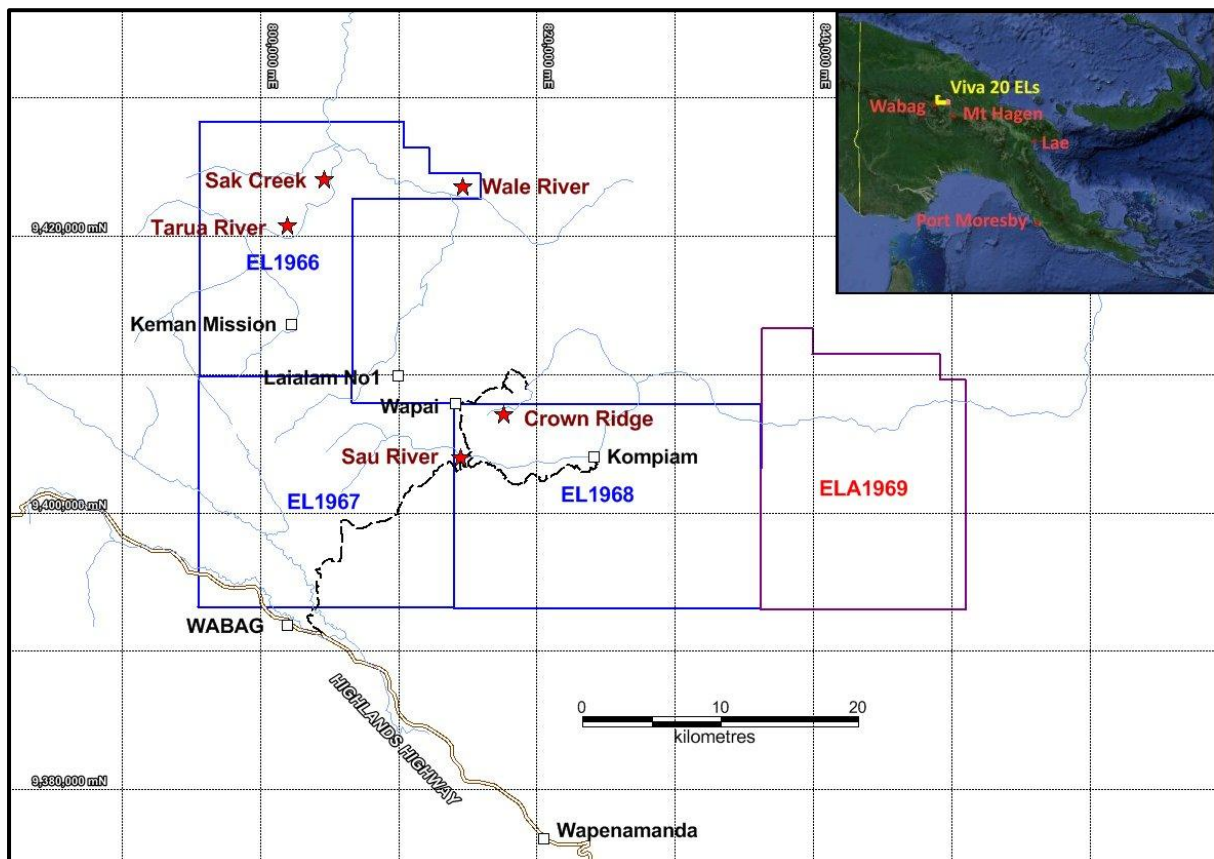


Figure 1: Location of Wabag Project ELs and prospects, PNG

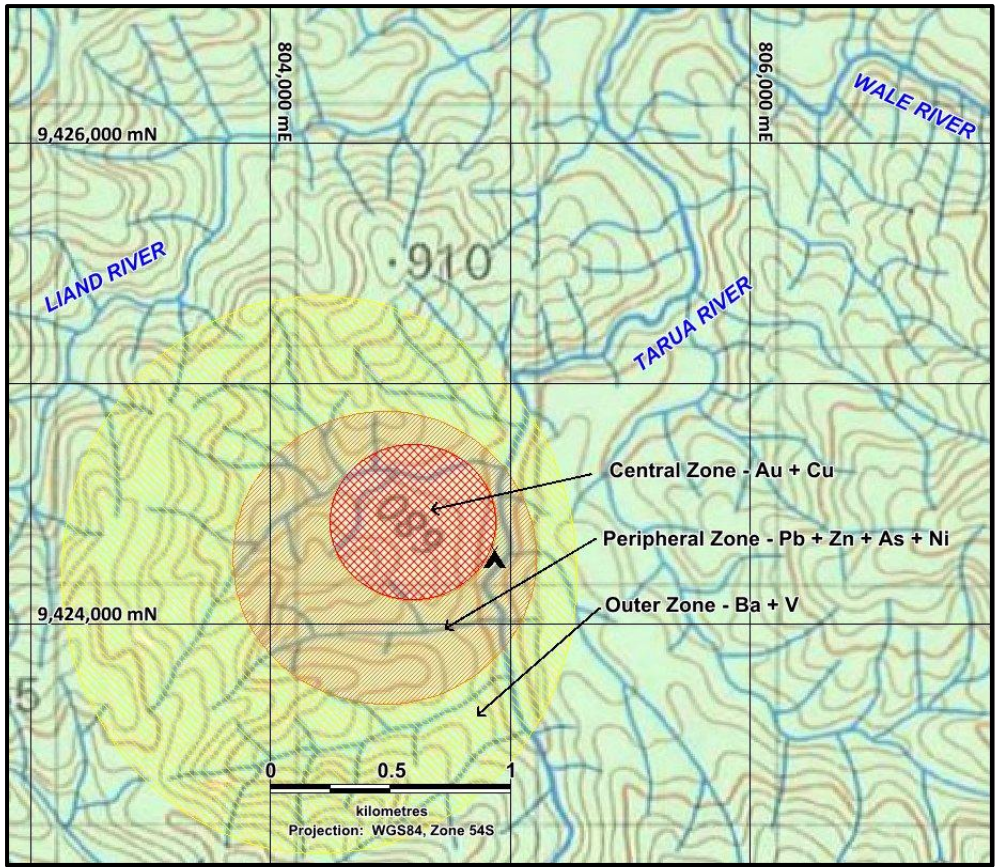


Figure 2: Sak Creek schematic soil geochemical zonation

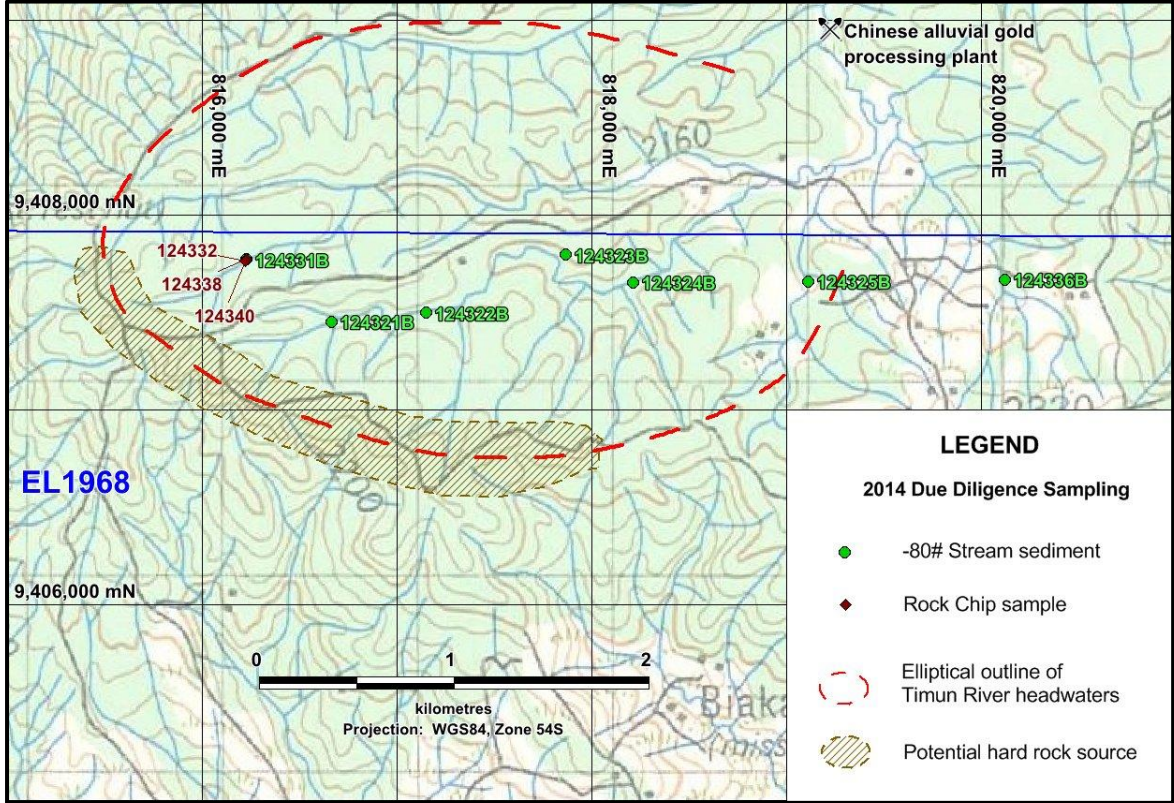


Figure 3: Sample locations for Crown Ridge prospect, EL1968

Note: Panned concentrates also collected at stream sediment sites.

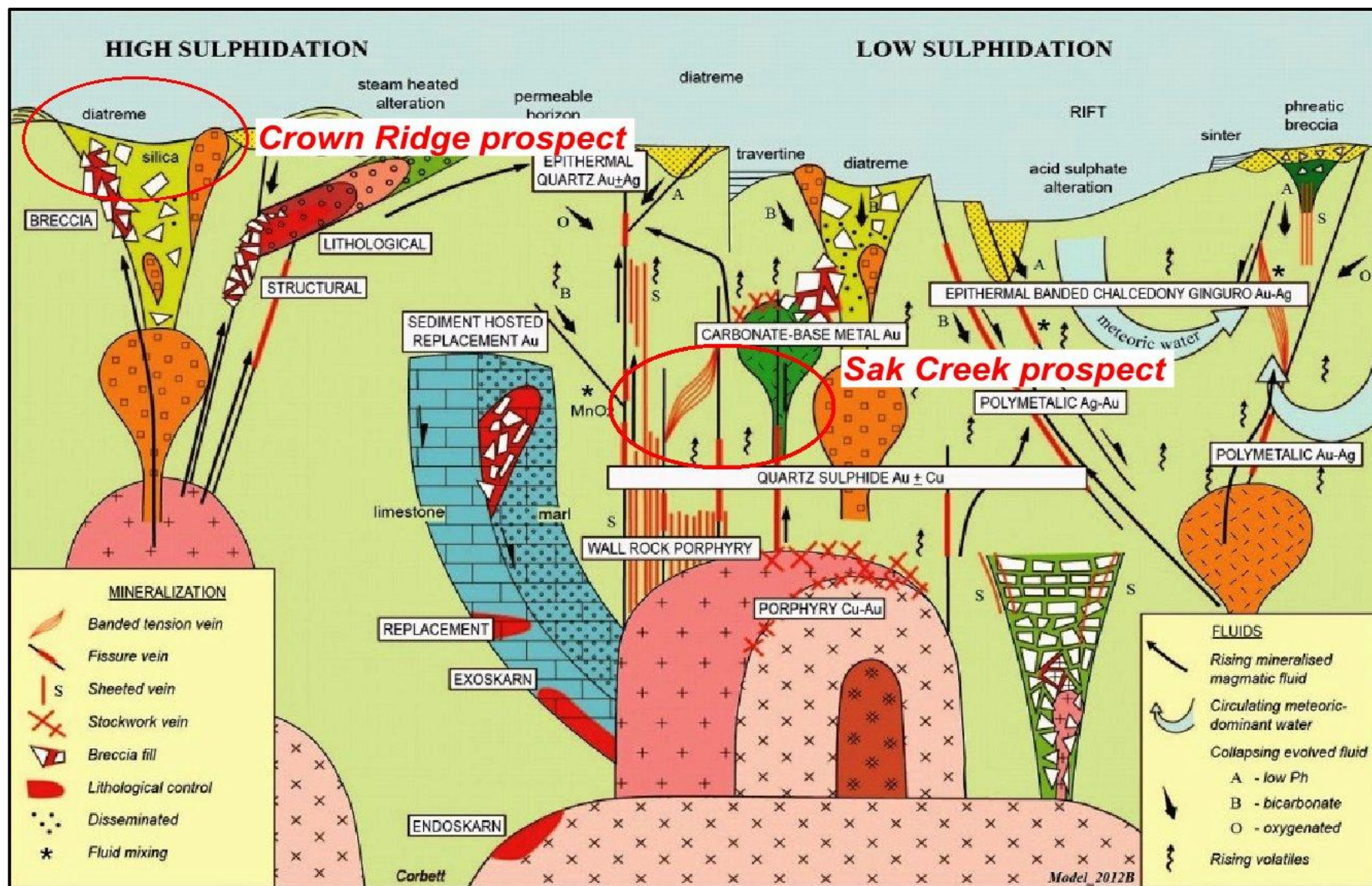


Figure 4: Conceptual models for Sak Creek and Crown Ridge prospects (after Corbett, 2012)

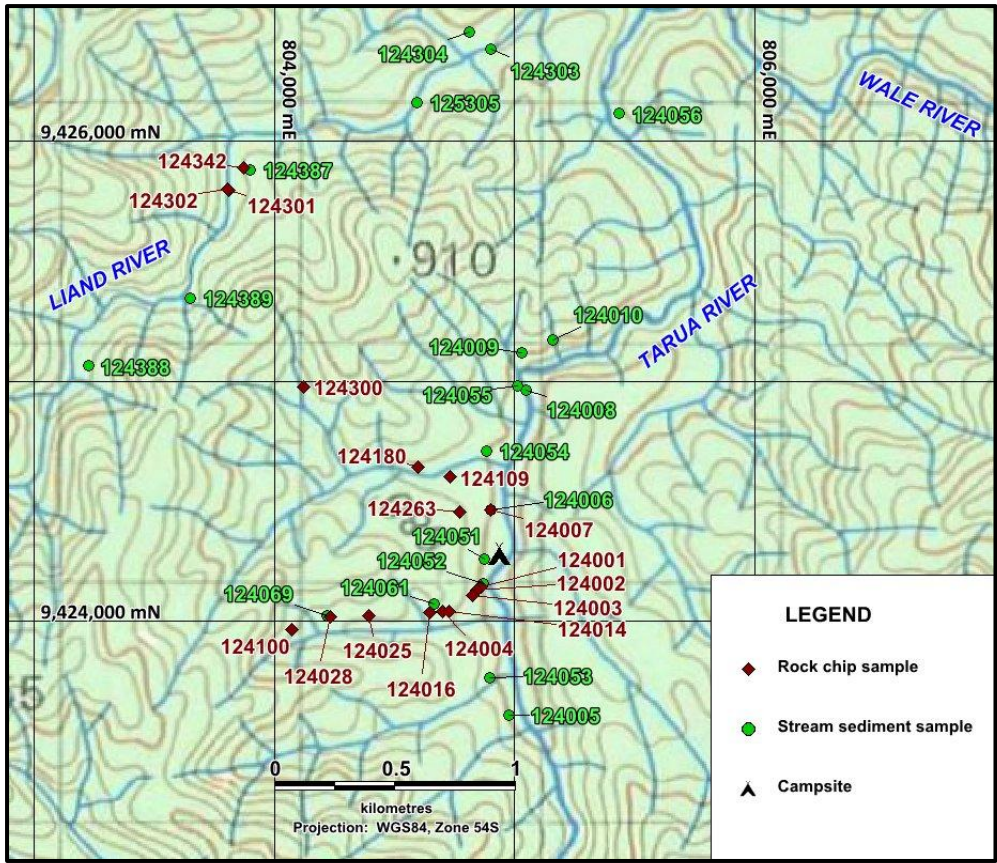


Figure 5: Sak Creek prospect, sample locations - rock chips and stream sediments

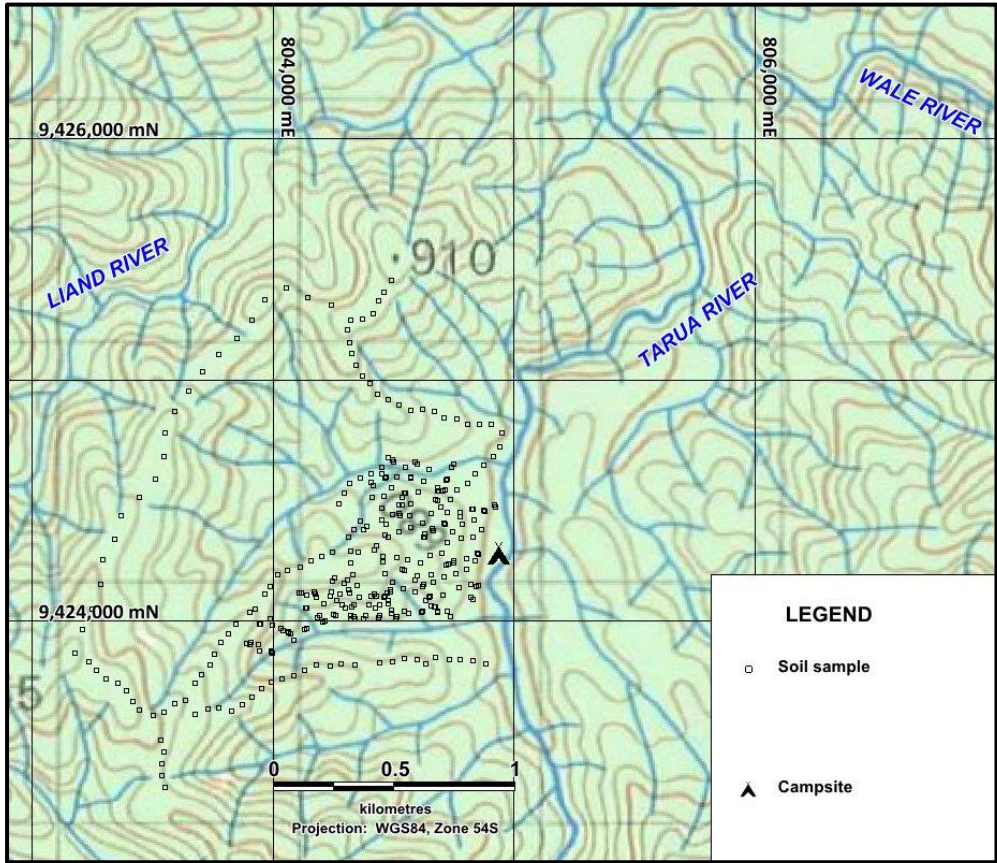


Figure 6: Sak Creek prospect, sample locations - soils

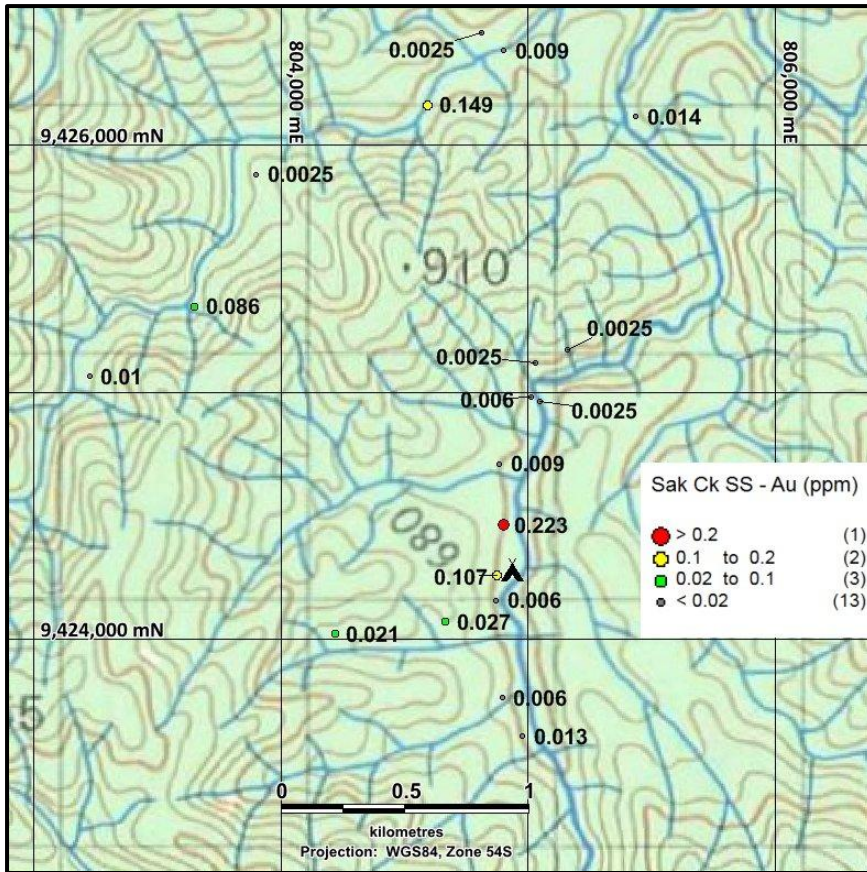


Figure 7: Sak Creek stream sediment results – Au (ppm)

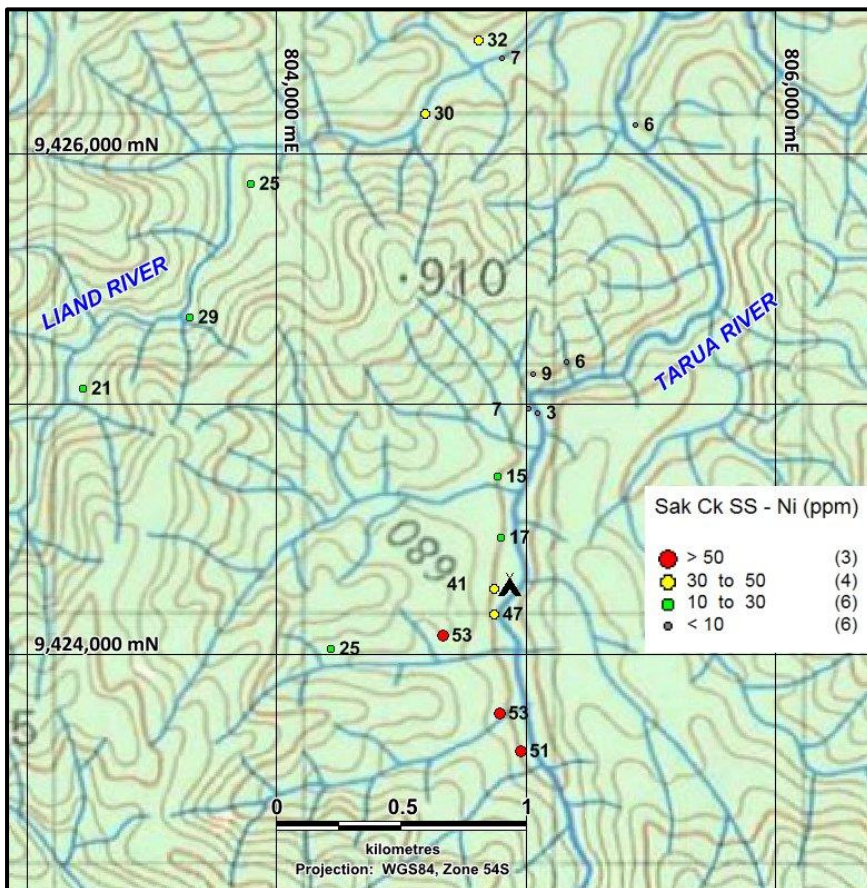


Figure 8: Sak Creek stream sediment results – Ni (ppm)

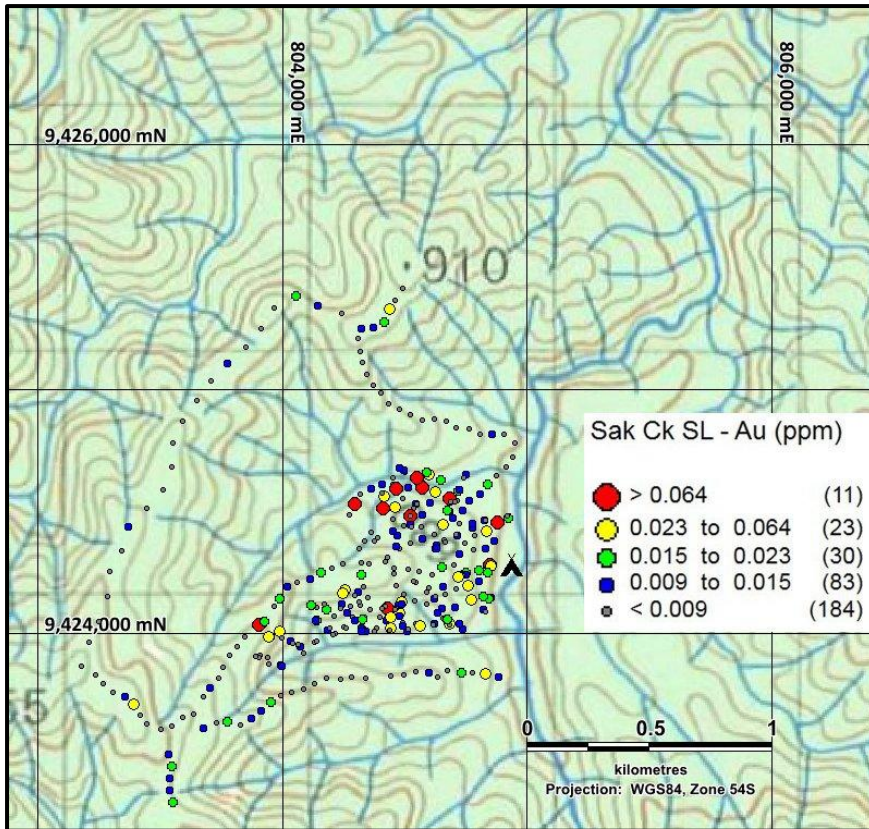


Figure 9: Sak Creek soil results – Au (ppm)

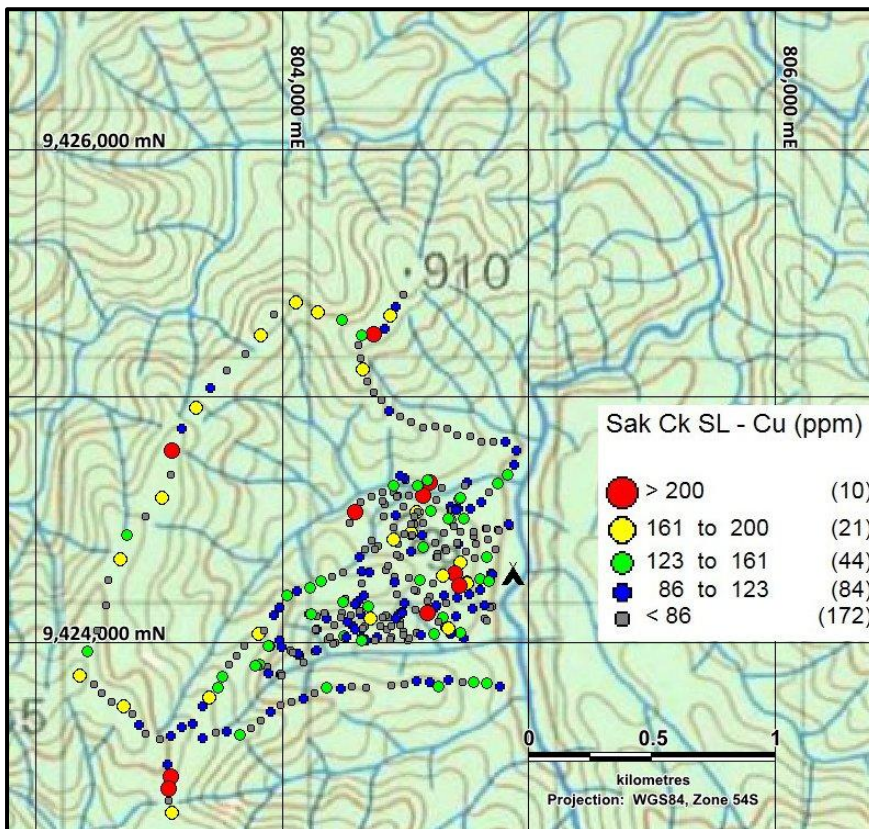


Figure 10: Sak Creek soil results – Cu (ppm)

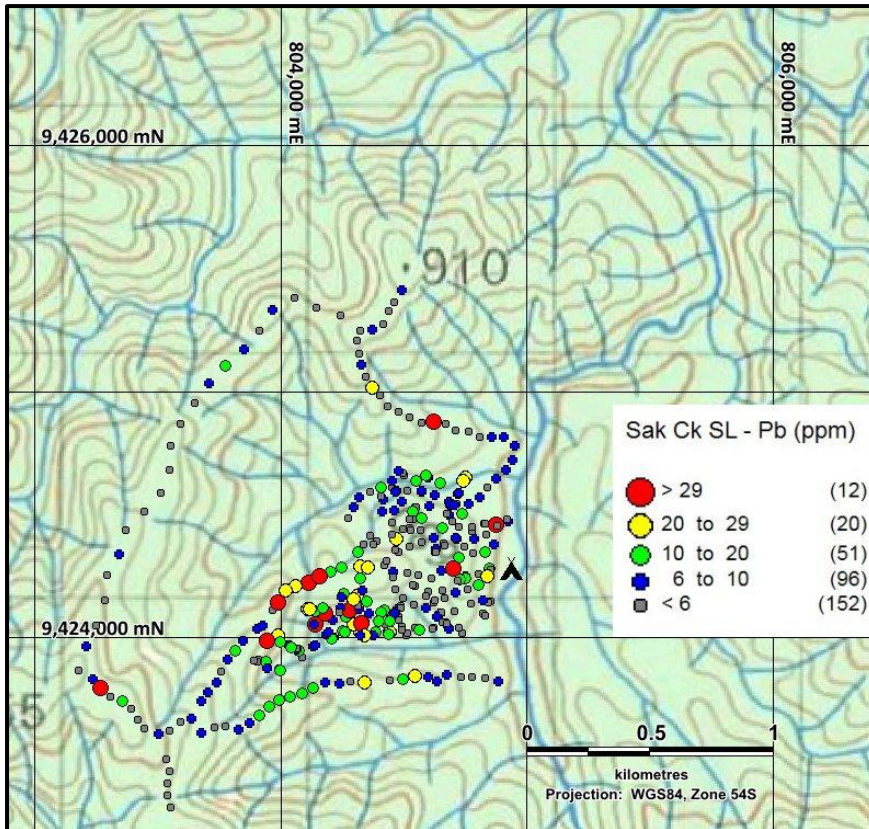


Figure 11: Sak Creek soil results – Pb (ppm)

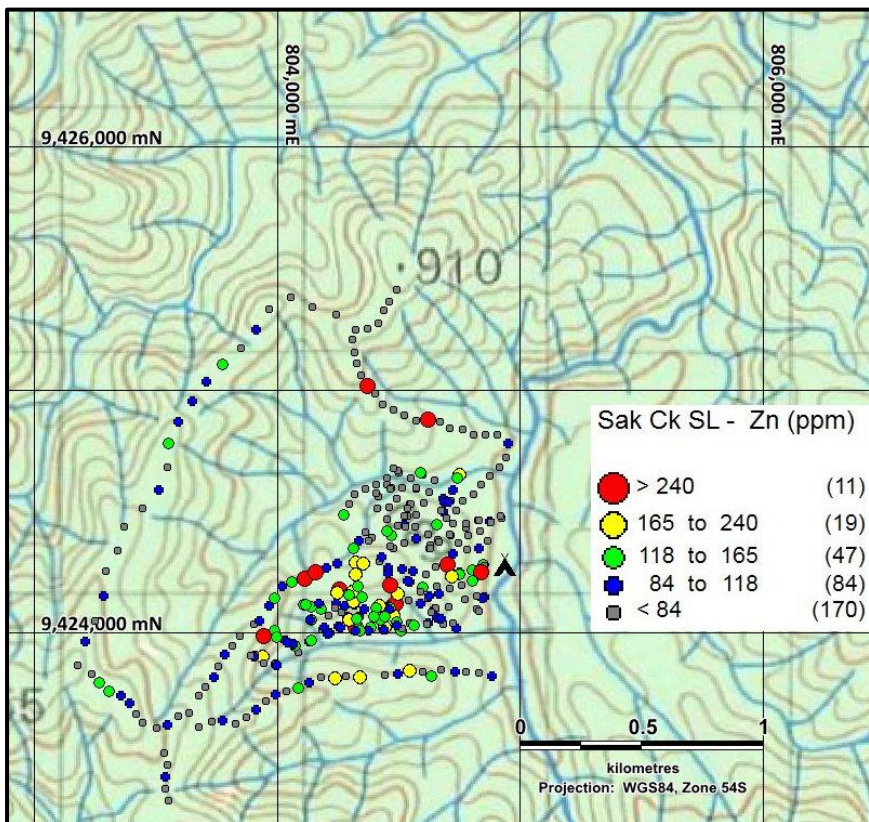


Figure 12: Sak Creek soil results – Zn (ppm)

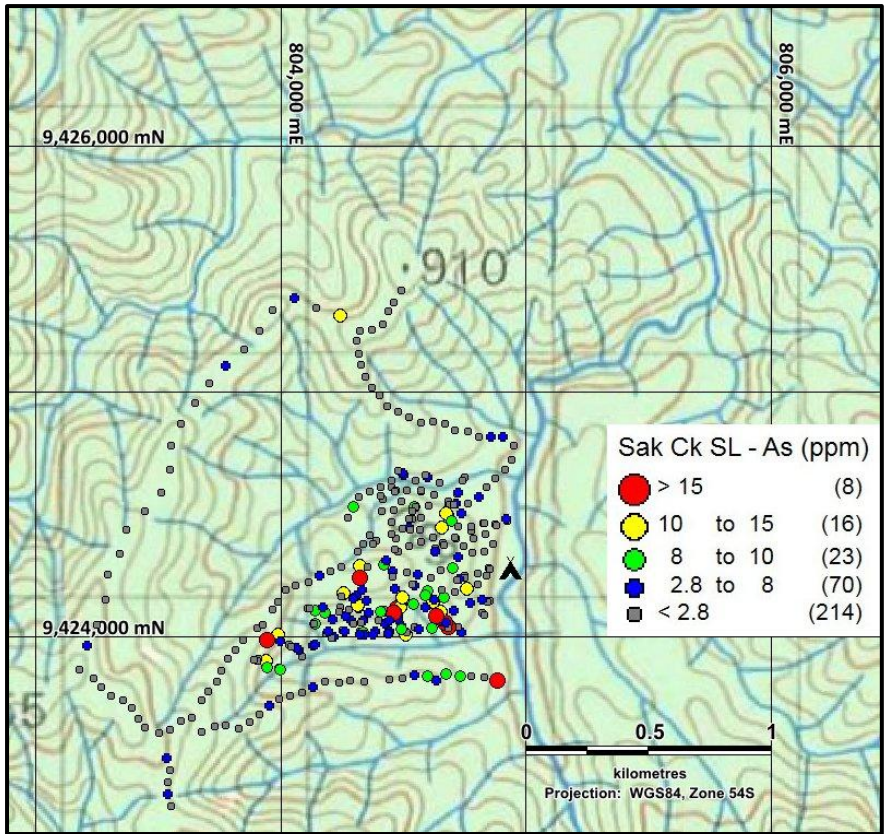


Figure 13: Sak Creek soil results – As (ppm)

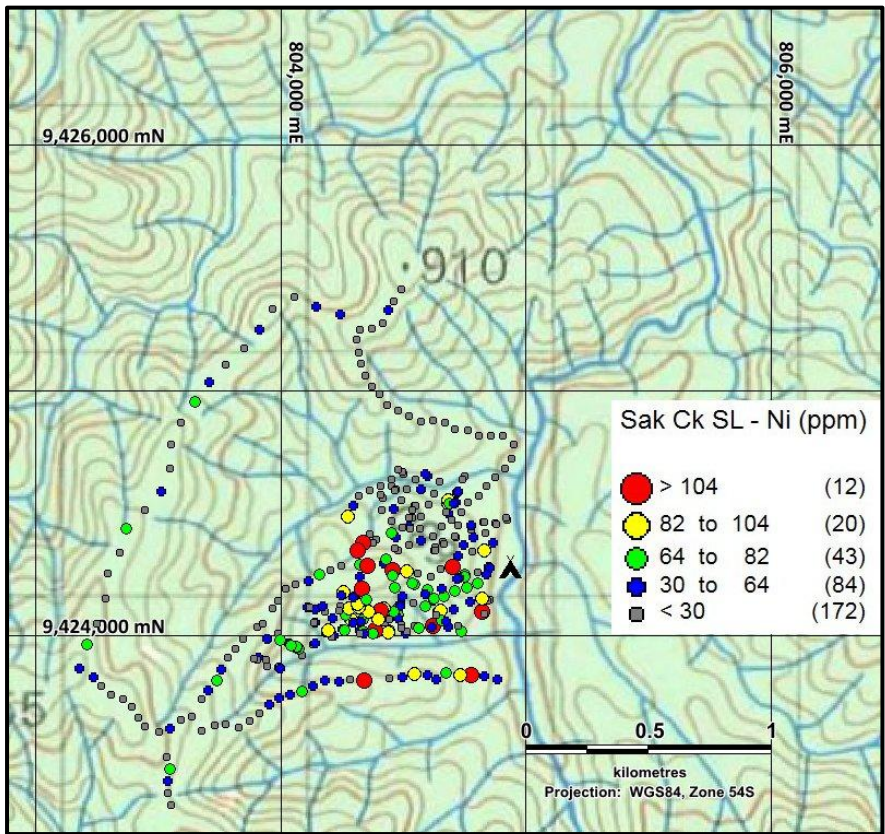


Figure 14: Sak Creek soil results – Ni (ppm)

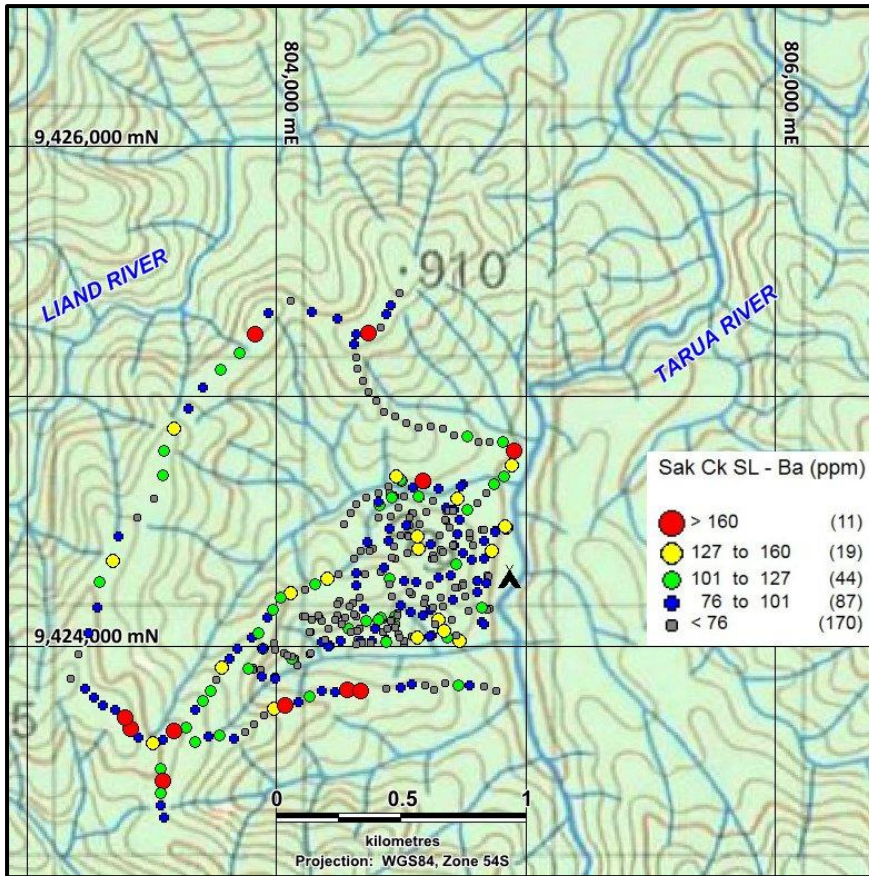


Figure 15: Sak Creek soil results – Ba (ppm)

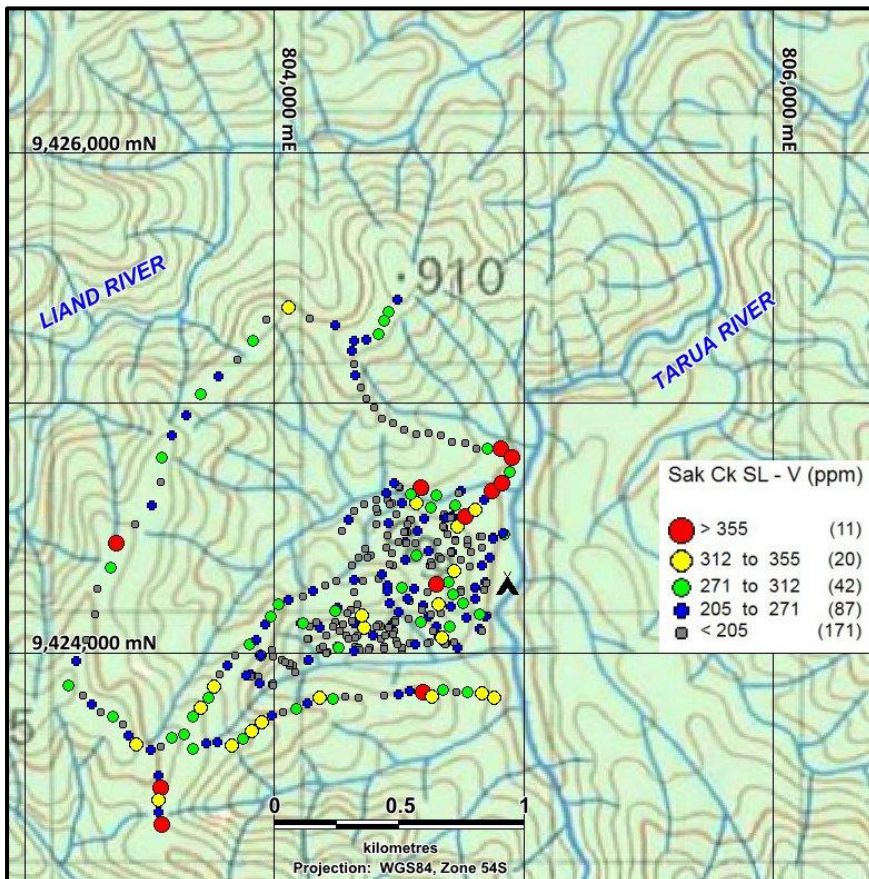


Figure 16: Sak Creek soil results – V (ppm)



Photo 1: Local landowners at Sak Creek prospect

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
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<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. 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 and at bases of slopes ~ 20m away from stream channels. 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.
Drilling techniques	<ul style="list-style-type: none"> Drill type and details. 	<ul style="list-style-type: none"> No drilling undertaken.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> No drilling undertaken.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate. 	<ul style="list-style-type: none"> No drilling undertaken.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field 	<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.

Criteria	JORC Code explanation	Commentary
	<p><i>duplicate/second-half sampling.</i></p> <ul style="list-style-type: none"> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <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"> • Industry standard analytical methods undertaken by Intertek and affiliated laboratories in Lae, PNG, Townsville, Queensland and Jakarta, Indonesia. • Gold assays – 50g fire assays (method FA50/AA). • 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 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. Base of slope sampling at nominal 80m spacing. • Data spacing is sufficient for reconnaissance stage sampling programs.

Criteria	JORC Code explanation	Commentary
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	<ul style="list-style-type: none"> Rock chip samples collected across structures with no sampling bias.
<i>Sample security</i>	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples packed into polyweave sacks, sealed by tape and taken to Mt Hagen by company personnel, then dispatched to ITS (PNG) laboratory in Lae by airfreight.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<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 1966 in Enga Province, PNG. EL1966 is held by Viva No.20 Limited, a PNG-incorporated company. Gold Mountain Limited has signed a Heads of Agreement with Viva. EL1966 is current to 26/06/2015. 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"> EL1966 contains potential for intrusive-related gold-copper 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 	<ul style="list-style-type: none"> No drilling undertaken to date. Reconnaissance exploration results detailed in attached report. No relevant data has been omitted from the exploration results.

Criteria	JORC Code explanation	Commentary
	<i>of the report, the Competent Person should clearly explain why this is the case.</i>	
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <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> 	<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"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	<ul style="list-style-type: none"> No drilling undertaken to date.
<i>Diagrams</i>	<ul style="list-style-type: none"> <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> 	<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"> <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> 	<ul style="list-style-type: none"> All exploration results detailed in attached report.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <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 test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> All exploration results detailed in attached report.
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> 	<ul style="list-style-type: none"> EL1966 - Follow-up detailed soil and rock chip sampling is planned. Maps showing areas of potential included in the attached report.