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ASX RELEASE

13 December 2016

3D Magnetic Survey Identifies Multiple Future Shallow Free Gold Zones and Significant Porphyry Target at Crown Ridge

Initial 3D Magnetic Survey Results

- **Large porphyry target and multiple shallow 'free gold' targets identified**
- **Further exploration targets identified correlates to known mineralisation produced from free gold recovered from bulk sampling and panning**
- **Geophysical interpretation by Allender Exploration of 3D Magnetic Survey to be released shortly**

Bulk Sampling Program Continues to Produce Extensive Visible Gold at Crown Ridge

- **Bulk sampling program from first 52 holes of Priority 1 zone confirms 48 holes (>92%) of pits have produced visible gold over >1 square kilometre**
- **Area is proving highly prospective for potential shallow economic production**
- **Greater gold & platinum recovery anticipated from Phase 2 mechanical bulk sampling at Crown Ridge and will facilitate JORC Code (2012) compliant resource estimation**
- **Portable gold screening test plant from Gray Brothers Engineering, New Zealand en route to site for commencement of Stage 2 mechanical bulk sampling**

Papua New Guinea-focused precious metals exploration company Gold Mountain Limited, (ASX:GMN) ("Gold Mountain" "the Company" "GMN") is pleased confirm that extensive exploration works are continuing at the Company's flagship Crown Ridge Gold Project with 3D Magnetic Survey Work nearing completion with initial results highly encouraging, and the Phase 1 bulk sampling program confirming visible gold in over 92% of the 52 pits (Priority 1 zone) completed.

Both works programs confirm the highly prospective geology of Crown Ridge and give the Board and Technical Team every confidence that Crown Ridge has the capacity to join the ranks of the major PNG precious metals projects.

Initial 3D Magnetic Survey Results

Gold Mountain in pleased to report highly encouraging initial results from the 3D Magnetic Survey which confirm the presence of a large porphyry target and multiple new shallow free gold targets **(See figures 1, 2 & 3).**

Particularly noteworthy is the fact that the newly-identified multiple shallow free gold targets from the 3D magnetic survey **correlate directly** to the known mineralisation produced from the free gold recovered from the Phase 1 bulk sampling program.

A geological intepretation and report of the 3D Magnetic survey modelling will be published very shortly by respected geological consulting firm Allender Exploration.

Phase 1 bulk sampling confirms 92% of pits have produced visible gold over >1 square kilometre

Gold Mountain is also pleased to release updated results on its ongoing Phase 1 bulk sampling program at Crown Ridge where it is sampling a total of 94 test pits, each two cubic metres in dimension.

52 pits have now been completed across a 'Priority 1' zone, and the technical team is pleased to confirm that 48 of the first 52 pits produced significant quantities of visible free gold. This represents a strike rate of more than 92%. Analytical results from panned concentrates sent to Australia for analysis are due to be completed soon. **(Figures 4 through to 11 show bulk sampling locations on the 3D model and testing of panned concentrates undertaken by ALS Metallurgy at their Perth laboratory).**

Given the high success rate from the bulk sampling program to date, Gold Mountain's team will now initiate Phase 2 of the bulk sampling and scale up sampling activities. This process will be helped by the immiment arrival on site of the portable test plant concentrator from Gray Brothers Engineering which is currently being air freighted to Crown Ridge.

The test plant concentrator will facilitate the increase in current sample recoveries of fine gold and produce representative samples which will allow Gold Mountain to complete a JORC Code (2012) compliant resource estimation for EL1968.

Management Commentary

Gold Mountain's Director – Exploration, Matthew Morgan stated: "The combination of supportive 3D Geophysical results that indicate potential multiple shallow free gold mineralisation zones, underlain by a large porphyry target, as well as visible gold and some platinum concentrates recovered from more than 92% of the bulk sample pits, demonstrates that Crown Ridge's geology is compelling and we are only just starting to recognise its potential value.

"With 48 of 52 bulk sampling pits (Priority 1 Zone) producing visual free gold, the area is proving highly prospective for potential shallow economic production. Shareholders should also note that, due to the presence of very high levels of free visible gold across an area of greater than one square kilometre, Gold Mountain has moved straight to a bulk sampling phase and bypassed in the short term the need for an extensive and costly drilling program. This alone reflects the highly prospective nature of Crown Ridge and demonstrates that we can unlock significant value much more quickly.

"The initial 3D survey results are also highly encouraging and give us a much clearer picture of Crown Ridge's geology. The identification of what could be a large porphyry target adds yet another element to the project."

Supervising Geologist, Mr Douglas Smith, added: "The preliminary bulk sampling results to date are highly encouraging and our focus now is to take the bulk sampling program to the second phase. We can only anticipate that once the portable test plant concentrator arrives on site at Crown Ridge, and mechanical sampling commences, gold and platinum recoveries will be significantly higher than what they are now.

"Forty-eight out of fifty-two completed pits in the Priority 1 area produced plentiful free visible gold in concentrates. It is quite remarkable that the pits to date are only two metres deep, and the more pits we dig, the more gold we are finding."

Near term events

Gold Mountain expects to release a geophysical report of the Magnetic Survey and 3D modelling by Allender Exploration, as well as provide an update on Phase 2 of the bulk sampling program once the portable concentrator arrives and is in operation, also expected to occur shortly.

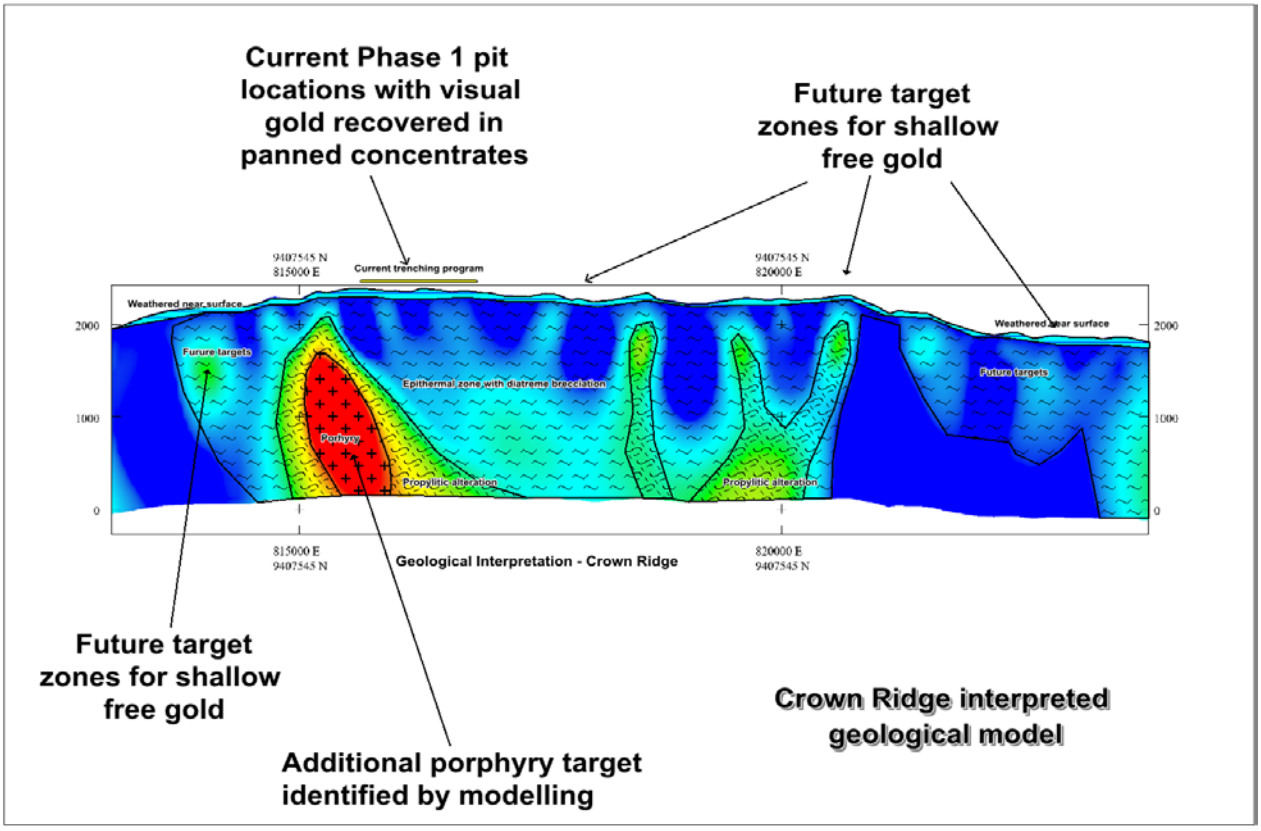


Figure1 -Geological Interpretation from 3D magnetic modelling by Allender Exploration – Crown Ridge Area, EL1968.

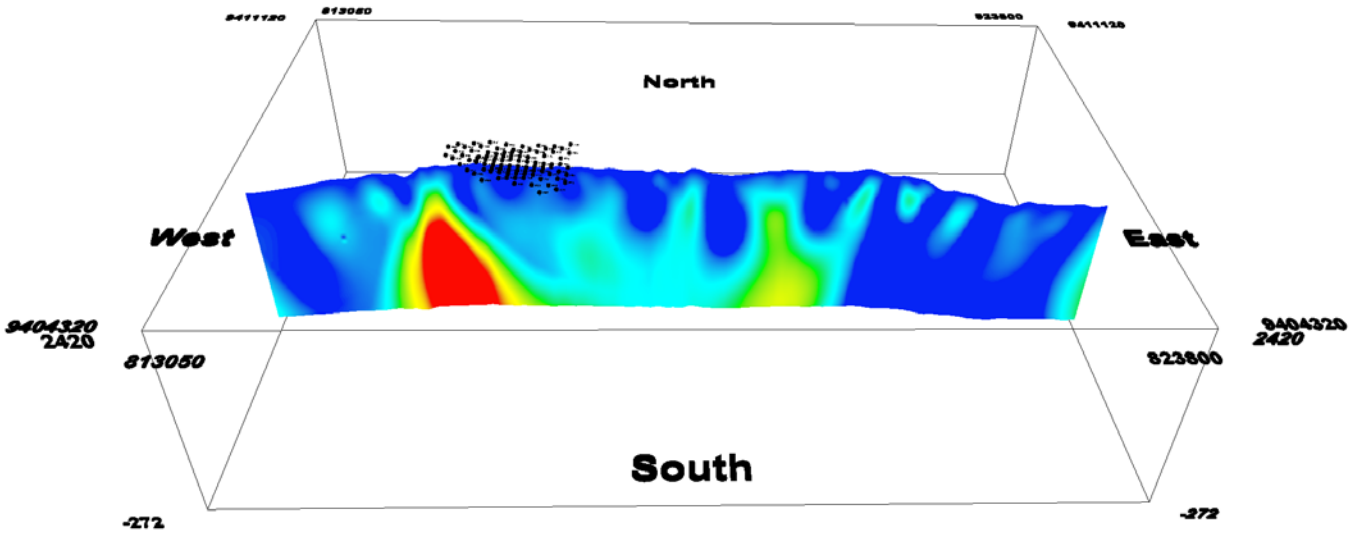
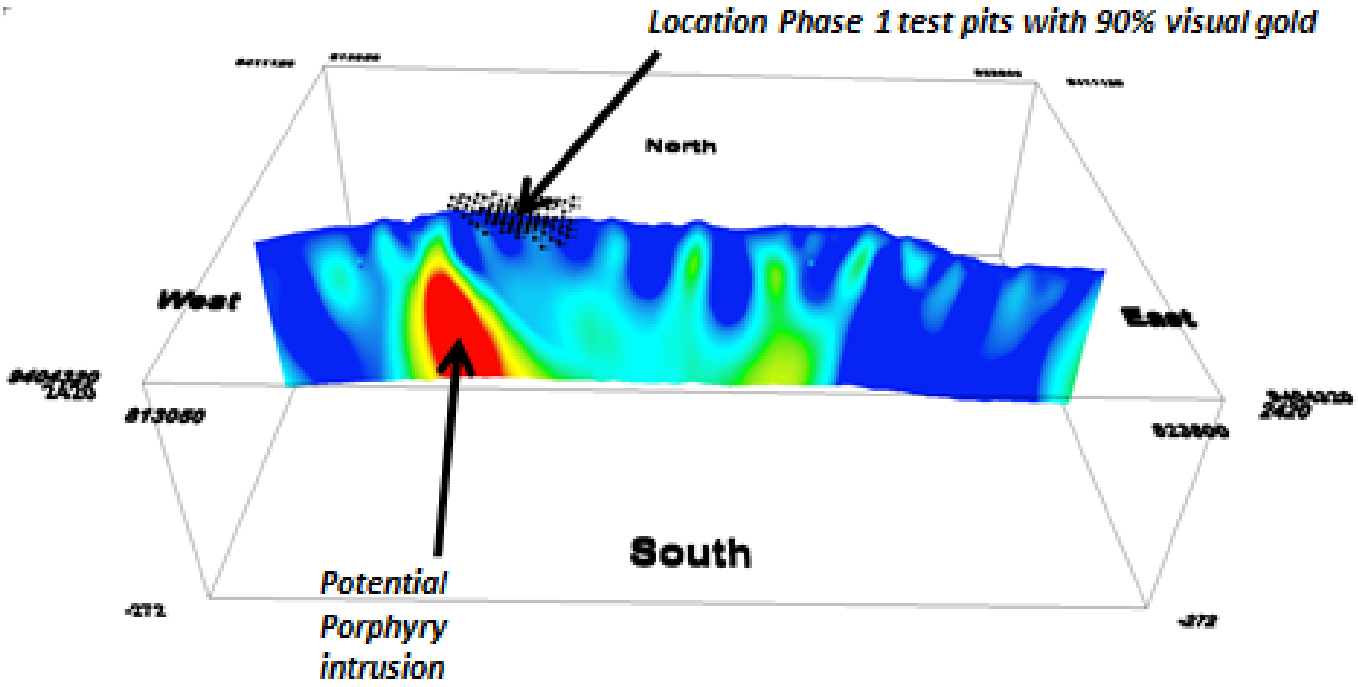


Figure *2* - View from south of 3D inversion model vertical cross section and priority 1 locations.

Figure 3 - View from south of 3D inversion model with vertical cross section and bulk sample locations.



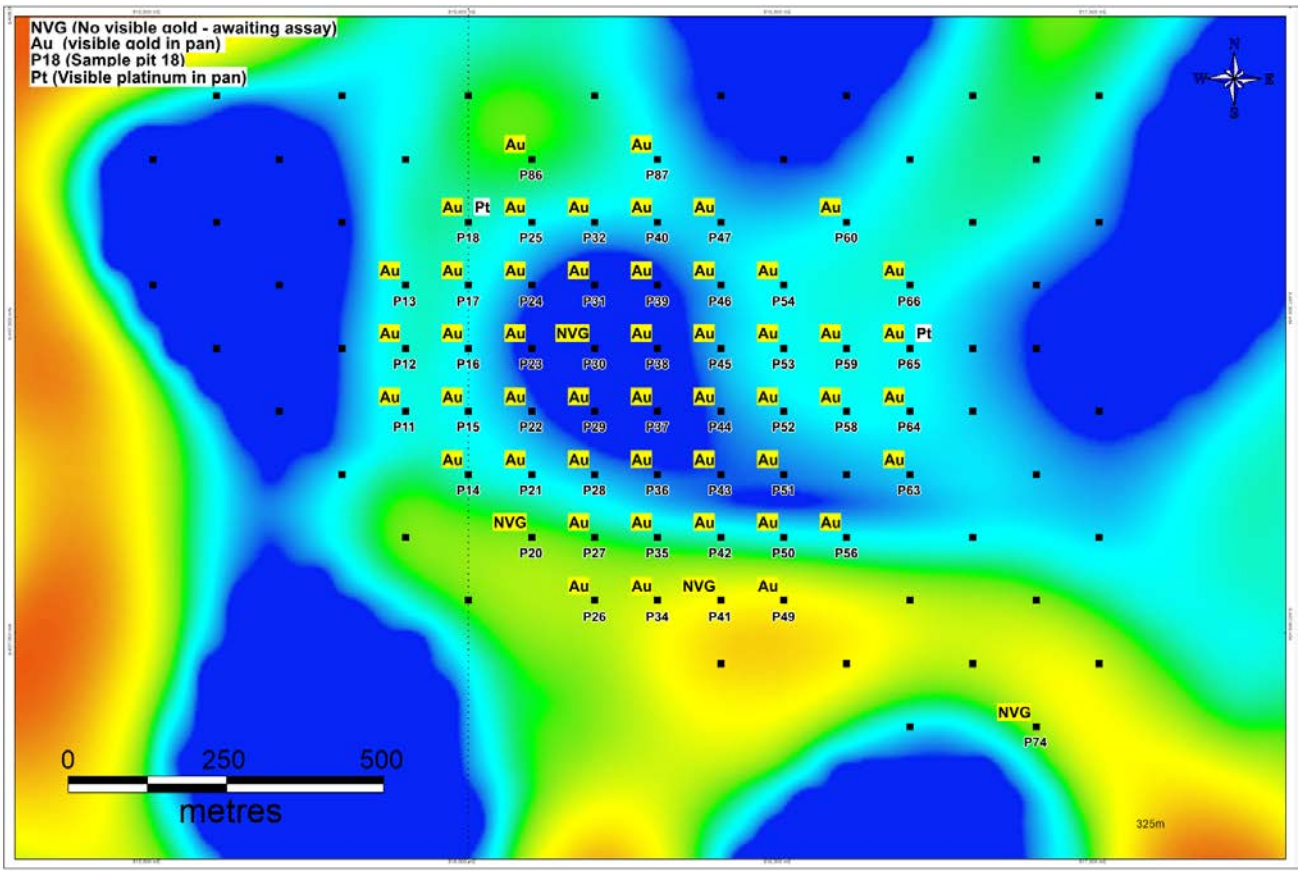


Figure 4: Stage 1 bulk sampling locations (94 in total), with results from Priority 1 zone 52 samples – 48 reported visual gold in concentrates. Crown Ridge, EL1968.

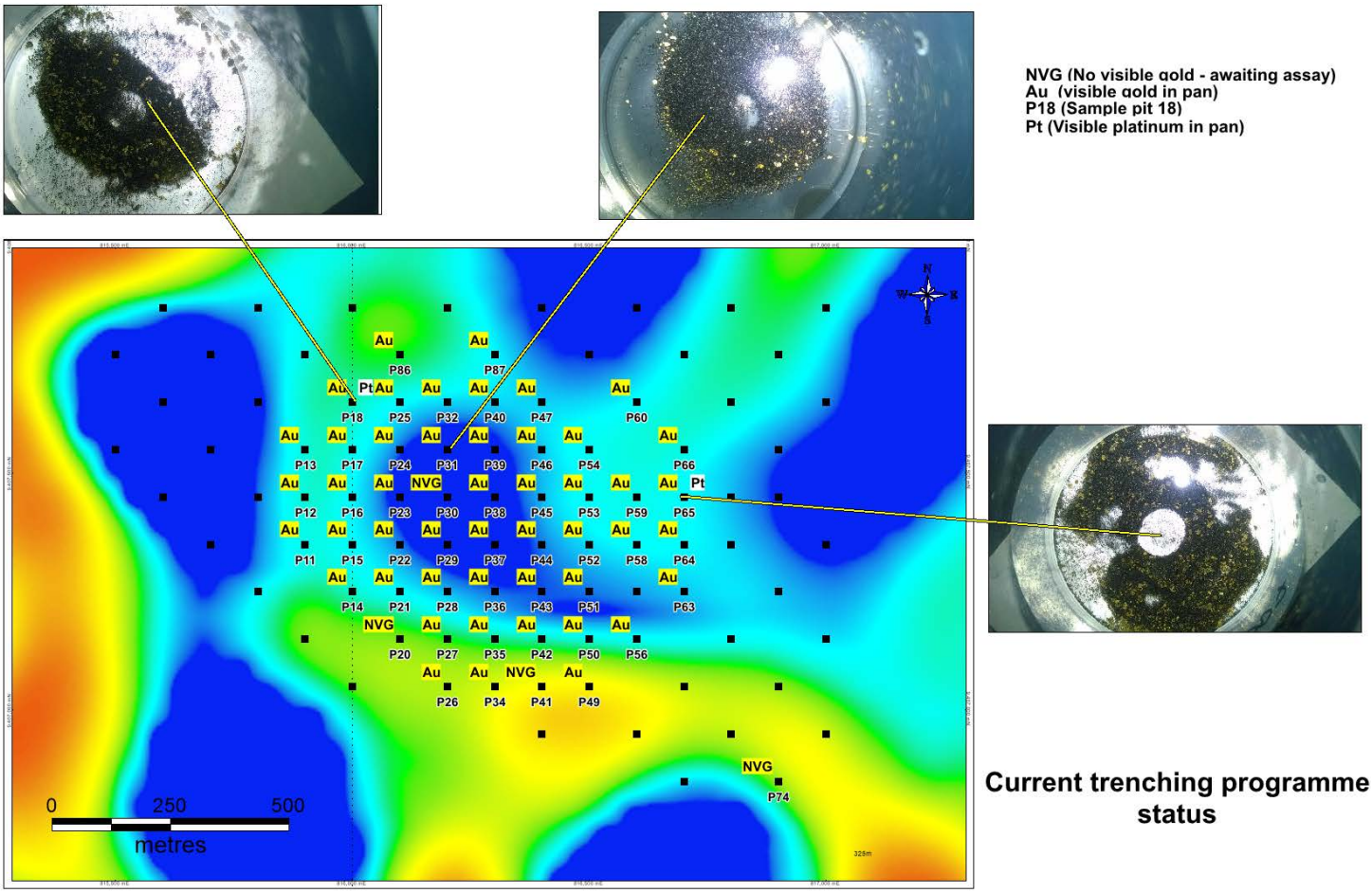


Figure 5: Priority 1 Bulk sampling locations upon 3D Modelling results (52 holes) from a total of 94 test pits designed for Stage 1, Crown Ridge EL1968 & laboratory panned concentrates displaying visual gold, black labels are future holes to complete. Test pit 74 reporting no visual gold to the south-east corner was outside of the Priority 1 area. Photos of panned concentrates taken by ALS Metallurgy Pty Ltd, Perth.

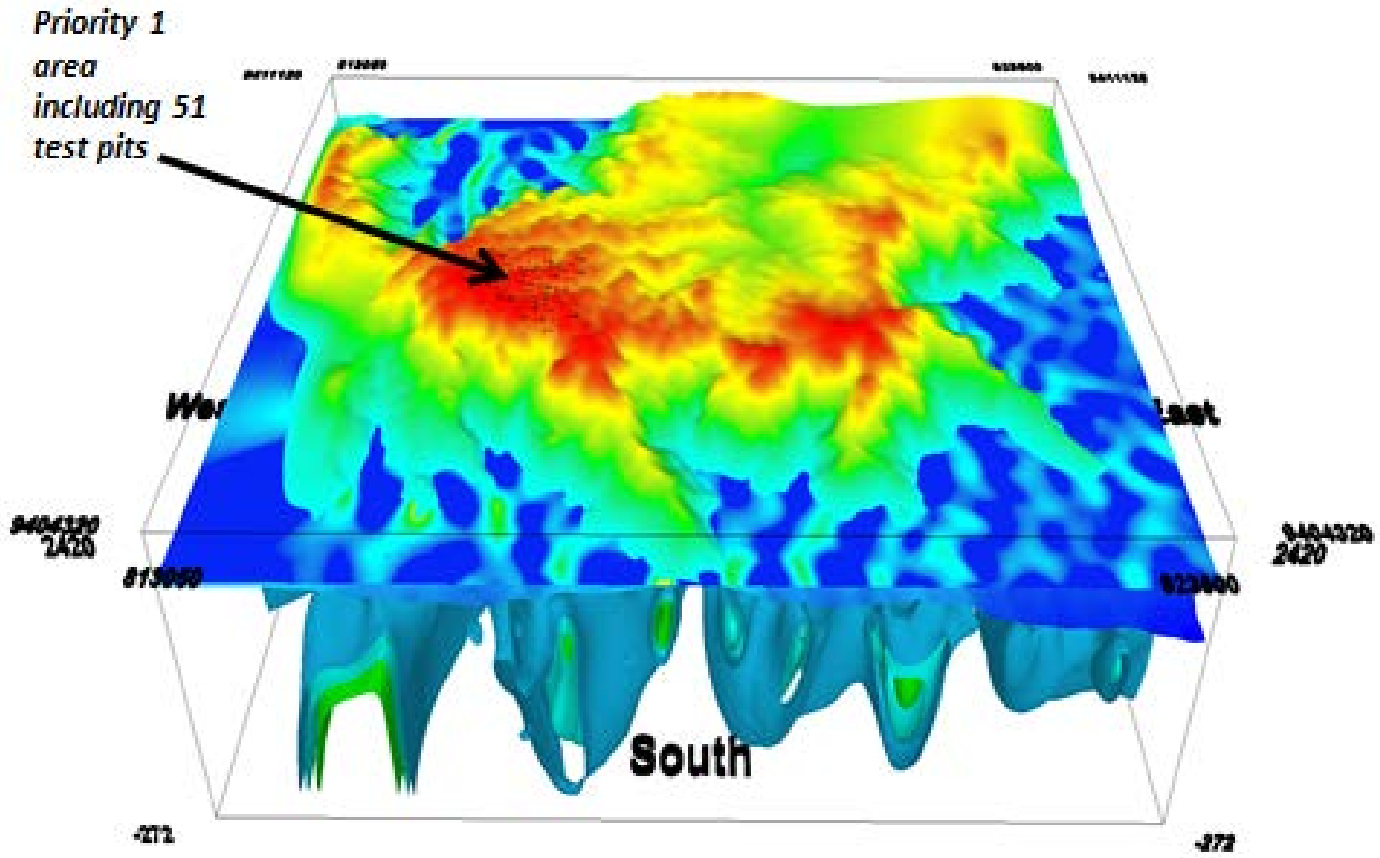


Figure 6 - Elevated view from the south of topographic image and underlying model with bulk sample locations.

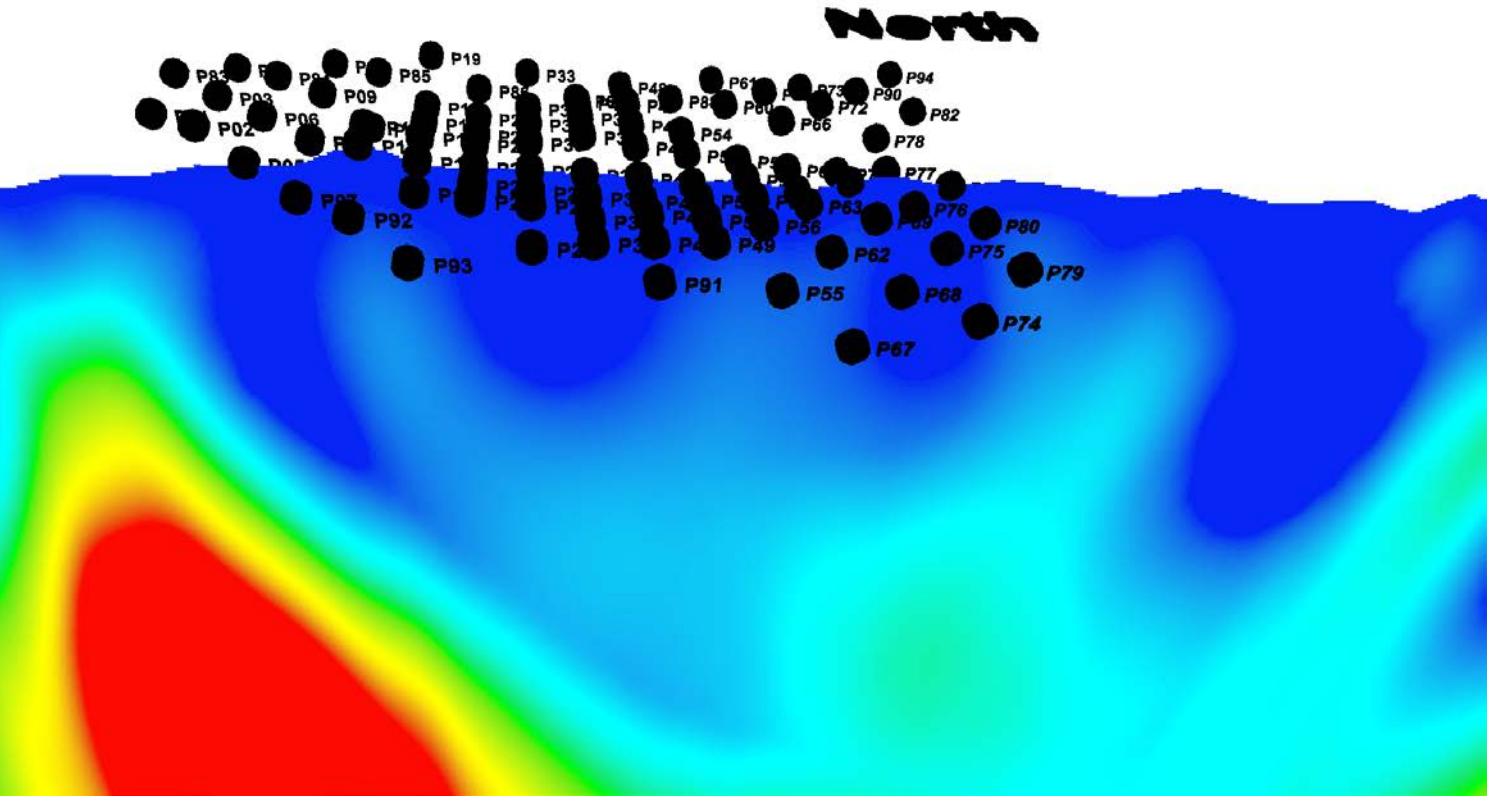


Figure 7 - Detailed View from south of 3D inversion model vertical cross section and bulk sample locations.

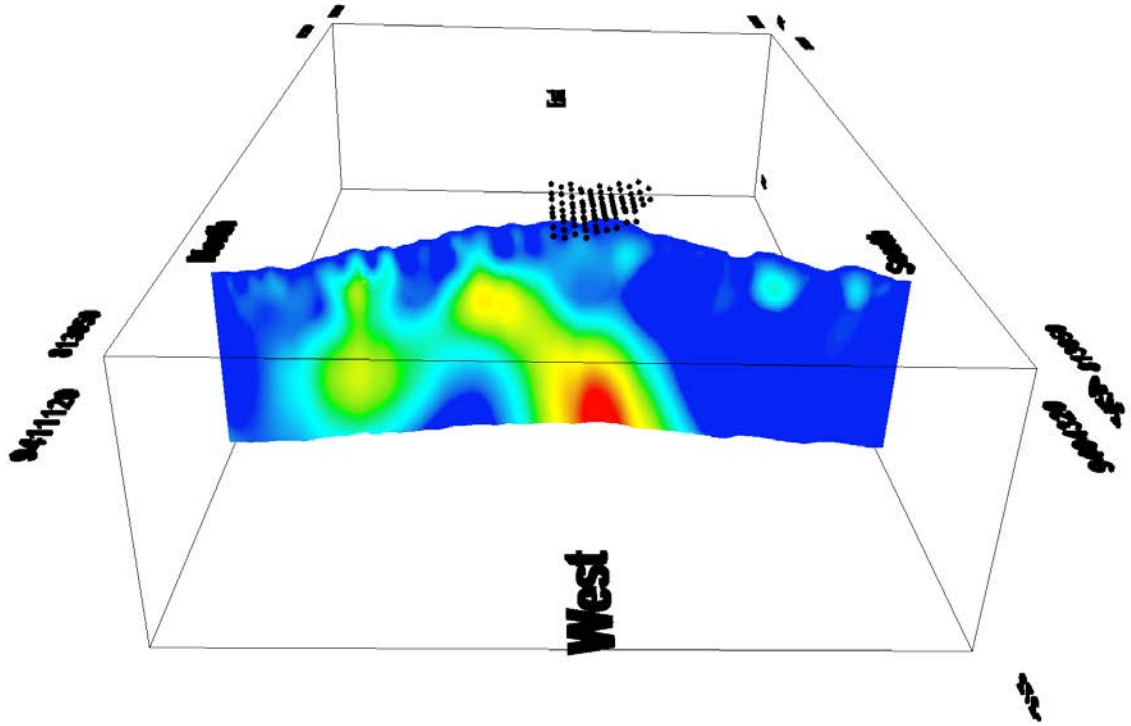


Figure 8 - View from west of 3D inversion model vertical cross section and bulk sample locations.

Figure 9. Pit 18 visual gold in panned concentrate (Photo from ALS Metallurgy Pty Ltd, Perth).

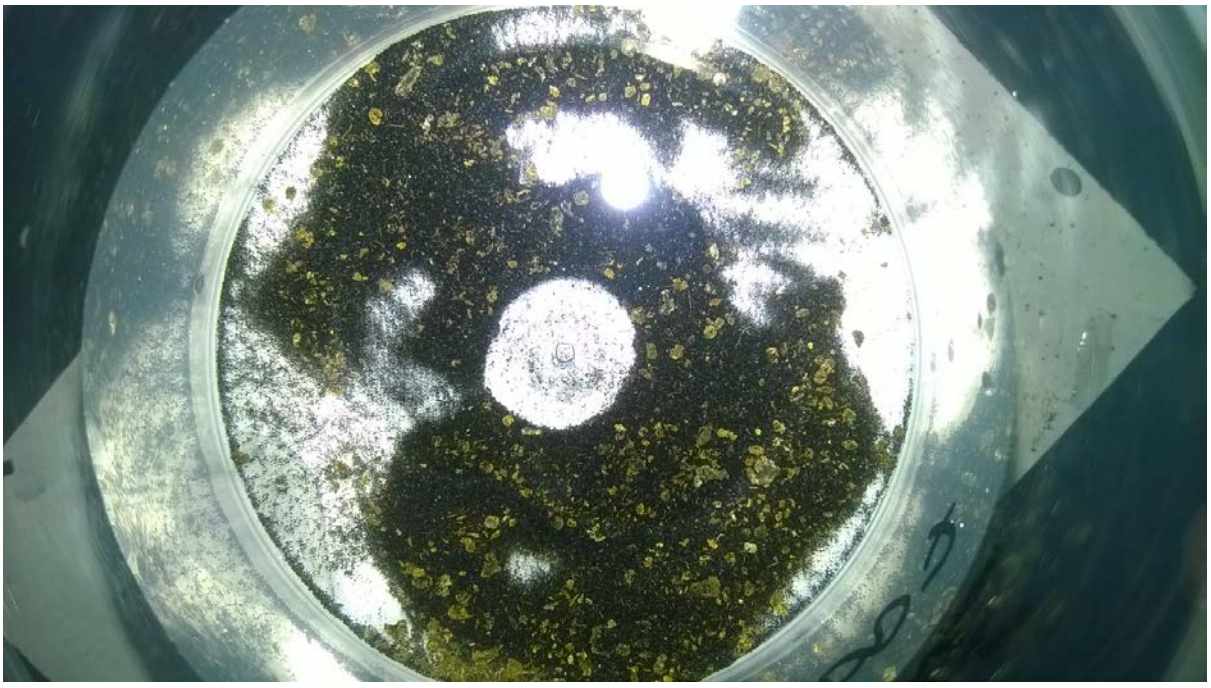


Figure 10. Pit 65 visual gold in panned concentrate (Photo from ALS Metallurgy Pty Ltd, Perth).

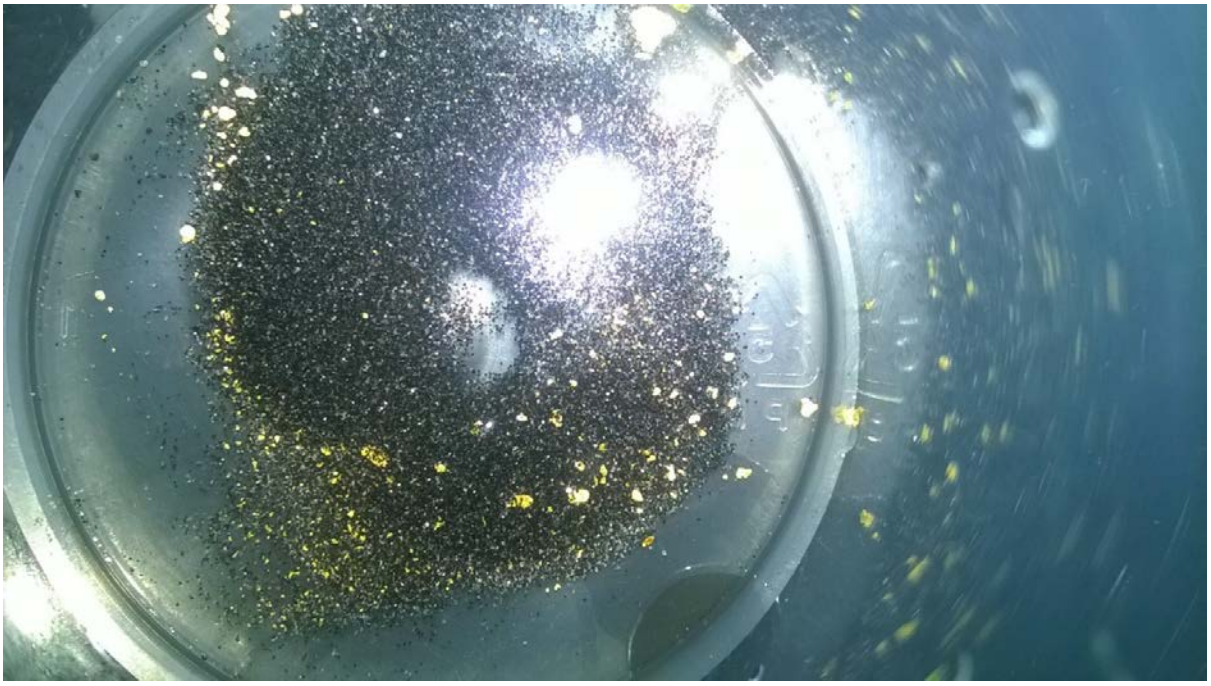


Figure 11. Pit 31 visual gold in panned concentrate (Photo from ALS Metallurgy Pty Ltd, Perth).

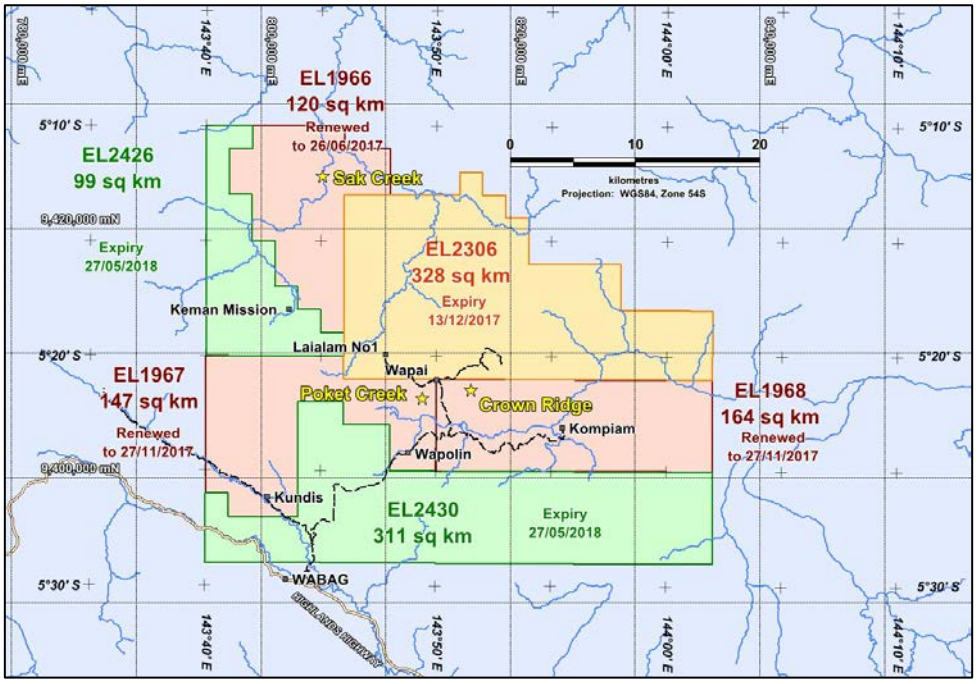


Figure 12: Gold Mountain tenement suite, Enga Province, PNG

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Statements contained in this report relating to exploration results and potential are based on information compiled by Mr Doulas Smith, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Smith 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 2012). Mr Smith consents to the use of this information in this report in the form and context in which it appears.

Statements contained in this report relating to exploration results and potential are based on information compiled by Mr Jim Allender, who is a member of the Australasian Institute of Geoscientists (AIG). Mr Allender is a consultant Geophysicist from Allender Exploration Adelaide, 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 2012). Mr Allender 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
Sampling techniques	• *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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Two cubic metre pits were excavated by hand. • Concentrates were obtained by panning on-site. One sample per pit is produced. • Geosolutions acquired Total Magnetic Intensity data along with topographic data in a Helimag survey under contract to GMN. Geosolutions

Criteria	JORC Code explanation	Commentary
	• *Aspects of the determination of mineralisation that are Material to the Public Report.* • *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.*	provided the geophysical data (magnetic data) processed to grid level • The Geophysical data used was not collected by Allender Exploration (AE) or Gold Mountain (GMN). •
Drilling techniques	• *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).*	• No drilling or logging was conducted as part of this release.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *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.*	• N/A
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• N/A
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *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 duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the*	• No drilling, logging was conducted as part of this release. The samples were hand panned down on site to produce a concentrate of 1-2kg to be shipped for analysis

Criteria	JORC Code explanation	Commentary
	grain size of the material being sampled.	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	• No assay results are reported in this announcement. Panned concentrates have been shipped to Australia for further analysis for total gold content.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No drilling, logging or sampling was conducted as part of this release • - All location Geophysical data were collected in WGS84, Zone 54. Survey ResolutionsAirborne Magnetometer Better than 0.01 nanoTesla. Base Magnetometer Better than 0.1 nanoTesla sampled at 10 second intervals. Laser Altimeter 10 centimetre resolution sampled 80 times per second. Differential GPS +/- 1 metre in XYZ processed using C/A code only. • - Magnetic inversion modelling was undertaken
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Pit locations were determined by hand-held GPS readings at the eastern ends of the pits (accuracy +/- 5m) and recorded in WGS84, Zone 54S datum- • Survey Resolutions Airborne Magnetometer Better than 0.01 nanoTesla. Base Magnetometer Better than 0.1 nanoTesla sampled at 10 second intervals. Laser Altimeter 10 centimetre resolution sampled 80 times per second. Differential GPS +/- 1 metre in XYZ processed using C/A code only. • - Magnetic inversion modelling was

Criteria	JORC Code explanation	Commentary
		undertaken
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• Pit were distributed over a 100m grid. • Data spacing and distribution is sufficient for Mineral Resource estimation • No sample compositing has been applied. • Airborne Geophysical data: • Survey Specifications • Flying Height : 150 feet (50 metres) depending upon terrain. • Line Direction : North / South • Line Spacing : 100 metres. • Survey Speed : 80 Knots - Indicated Air Speed. • Sample Interval : 25 per Second - approx 1.8 metres across ground. • The magnetic grids are all at 100metre line spacing and this is adequate for exploration for shallow and deep targets.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• The orientation of samples is not likely to bias the assay results. The use of regular spaced grids eliminated the potential bias that could be caused by the use of irregular grids.
Sample security	• *The measures taken to ensure sample security.*	• Samples were taken to Mount Hagen by company personnel and despatched by courier to the ALS Laboratory in Perth.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Data were provided by Geosolutions. Allender Exploration reviewd the data sets provided by Geosolutions and information/audit on the accuracy of the location data provided. An external audit is not warranted. • No audits conducted on the bulk sampling results or procedures.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.*	• 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^2. GMN is earning 70% interest.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• All exploration programs conducted by Gold Mountain Limited
Geology	• *Deposit type, geological setting and style of mineralisation.*	• EL1968 contains potential for intrusive-related gold-copper deposits, epithermal-style gold deposits, alluvial gold-platinum deposits and Alaskan-style platinum deposits
Drill hole Information	• *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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *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.*	• N/A
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades)*	• No drilling or logging was conducted as part of this release • No material information is excluded. • No intersections have been reported as part

Criteria	JORC Code explanation	Commentary
	and cut-off grades are usually Material and should be stated. • *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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	of this release.
Relationship between mineralisation widths and intercept lengths	• *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.* • *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').*	• No drilling was conducted as part of this release • No material information is excluded. • No intersections have been reported as part of this release. Test pits have been dug to ~2m depth for a total volume of 8 cubic metres. One sample recovered per pit.
Diagrams	• *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.*	• Maps showing the location of the Crown Ridge prospect within the Wabag suite of tenements and the locations of the pits at Crown Ridge & recent 3D Geophysical modelling results completed by Allender Exploration are presented in the announcement
Balanced reporting	• *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.*	• No drilling was conducted as part of this release, hence no reported intersections.
Other substantive exploration data	• *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.*	• Geochemical surveys have been previously reported. These included soil sampling, stream sediment sampling, rock chip sampling and trench sampling. • A Helimag survey involving flying lines at 100-metre line spacing, was recently completed and processing and reporting of the data are in progress.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or*	• Continued bulk sampling in two cubic metre pits.

Criteria	JORC Code explanation	Commentary
	large-scale step-out drilling). • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	