GOLD MOUNTAIN LIMITED
ASX:GMN (ABN 79 115 845 942)
Suite 2501 Level 25 St Martins Tower
31 Market Street Sydney NSW 2000 Australia
(PO Box Q638 QVB Market Street NSW 1230 Australia)
Tel: +61 (02) 9283 3880

MARKET RELEASE

23 December 2016

3D Modelling identifies two potential large Calderas within Crown Ridge

- **Potentially places Crown Ridge in the league of other nearby Caldera-hosted deposits such as the 57Moz Lihir mine**
- **Calderas may relate to a very large porphyry system within Crown Ridge**
- **Crown Ridge Calderas extend into EL 2306**
- **Multiple shallow free gold target zones identified for bulk sampling**
- **Multiple drill targets identified**
- **Allender Exploration currently modelling EL 2306 and will report shortly**
- **Phase 2 of Bulk Sampling program now well underway**

The Board of Gold Mountain Limited, (ASX: GMN) is pleased to announce the recently completed three dimensional (3D) modelling of previously completed Magnetic Survey results conducted at the Flag Ship Crown Ridge gold project, EL1968. The full report accompanies this release.

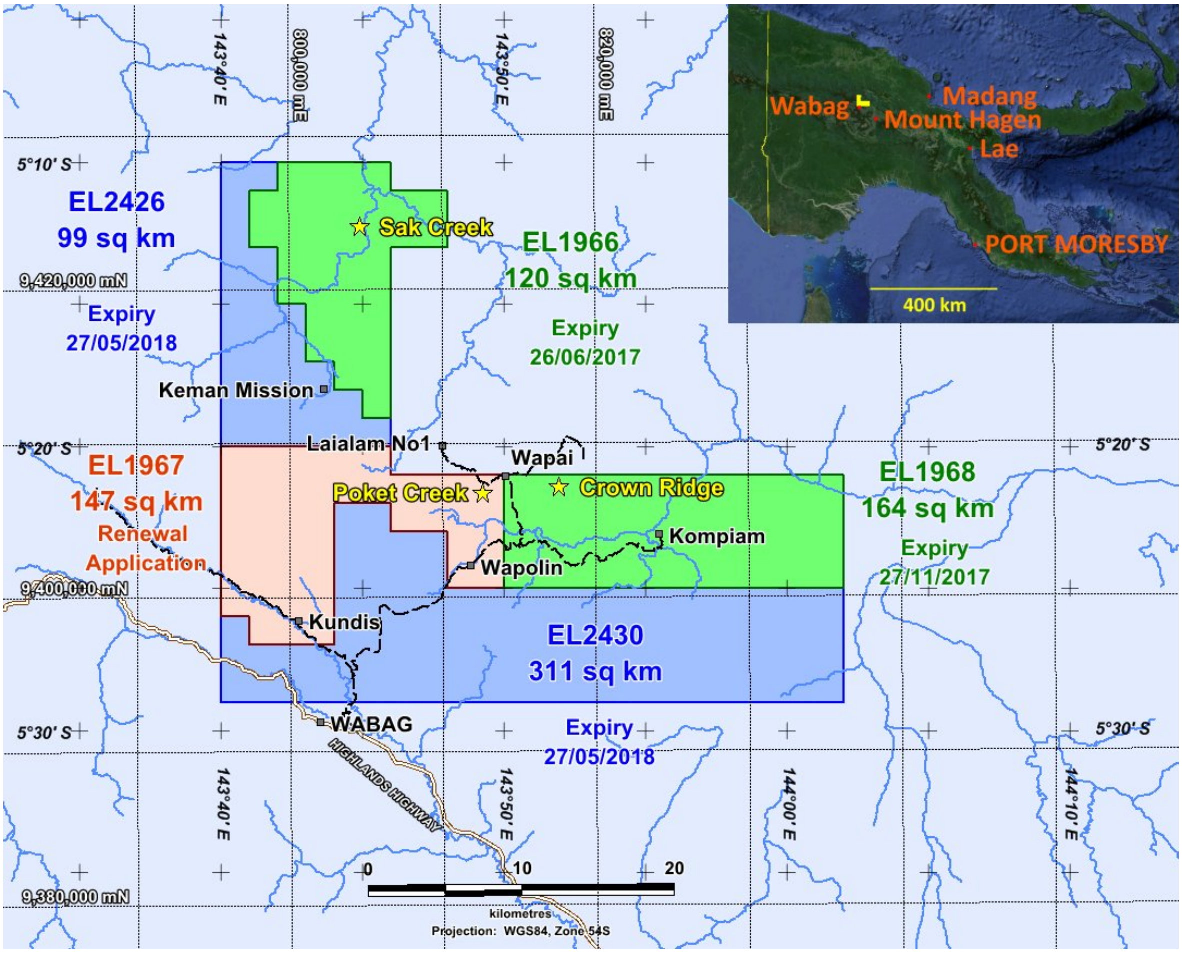
Gold Mountain engaged highly respected geological consulting firm Allender Exploration to complete the report. It will form the basis of the Company's ongoing exploration and project development initiatives.

Gold Mountain's Director – Exploration Matthew Morgan stated: "The Crown Ridge Geophysical results as interpreted by Allender Exploration continue to produce excellent exploration targets. Initially a large potential porphyry intrusion was identified within EL 1968, now further interpretation by Allender Exploration has identified two potential large Calderas overlaying EL 1968 and neighbouring EL 2306.

"This potentially places Crown Ridge in the league of other very large Caldera-hosted deposits such as the nearby 57 Moz Lihir project. As such, for a junior exploration and project development activity to have a project of such potential scale is very encouraging and exciting for our shareholders.

Supervising Geologist, Mr Douglas Smith, added: “This is a great result to date, as Crown Ridge just keep getting bigger and bigger, confirming my belief that it has the potential to host a world class deposit. The additional shallow free gold target zones only add to the economics of the project.

“As well, Phase 2 of the mechanical bulk sampling program at Crown Ridge is now underway and we anticipate greater recovery of gold and platinum when the portable screening plant begins operating. We look forward to updating shareholders on progress with all activities. Gold Mountain’s value is only just starting to be realised.”



Gold Mountain tenement suite, Enga Province, PNG Highlands

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The independent report ***"Crown Ridge Extended Area Airborne Magnetic Geophysical Survey Modelling Report"*** completed by Jim Allender, from Allender exploration is attached below.

Statements contained in this report relating to exploration results and potential is based on information compiled by Jim Allender, who is a member of the Australian Institute of Geoscientists (AIG). Jim is a consultant geophysicist 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). Jim Allender consents to the use of this information in this report in the form and context in which it appears.

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For information, please see our website www.goldmountainltd.com.au or contact

Matt Morgan	**Tony Teng**	**Shareholder & Media Enquiries**
Director – Explorations	**Managing Director**	**Six Degrees Investor Relations**
0427 518 077	**0414 300 044**	**Henry Jordan: 0431 271 538**

Crown Ridge Extended Area Airborne Magnetic Geophysical Survey Modelling Results

Figure 1 - Geosolutions airborne magnetic survey in progress

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1 Abstract

Following the successful ground magnetic survey and the subsequent modelling of the data, Gold Mountain (GMN) planned and conducted an airborne aeromagnetic survey

The ground magnetic survey was a trial to determine the efficacy and applicability of the technique for determining a potential mineral occurrence similar to the Porgera Mine 75 kilometres to the west. The encouraging results led to more work recommendations. Planning, design and field operations for a detailed high-resolution helimag survey followed.

This report presents results of the survey and the modelling of the results conducted to date.

The results fit well with the existing geochemistry, conducted earlier, along with the recent trench survey and the current bulk sampling survey; they will be of considerable assistance in planning a proposed drill program.

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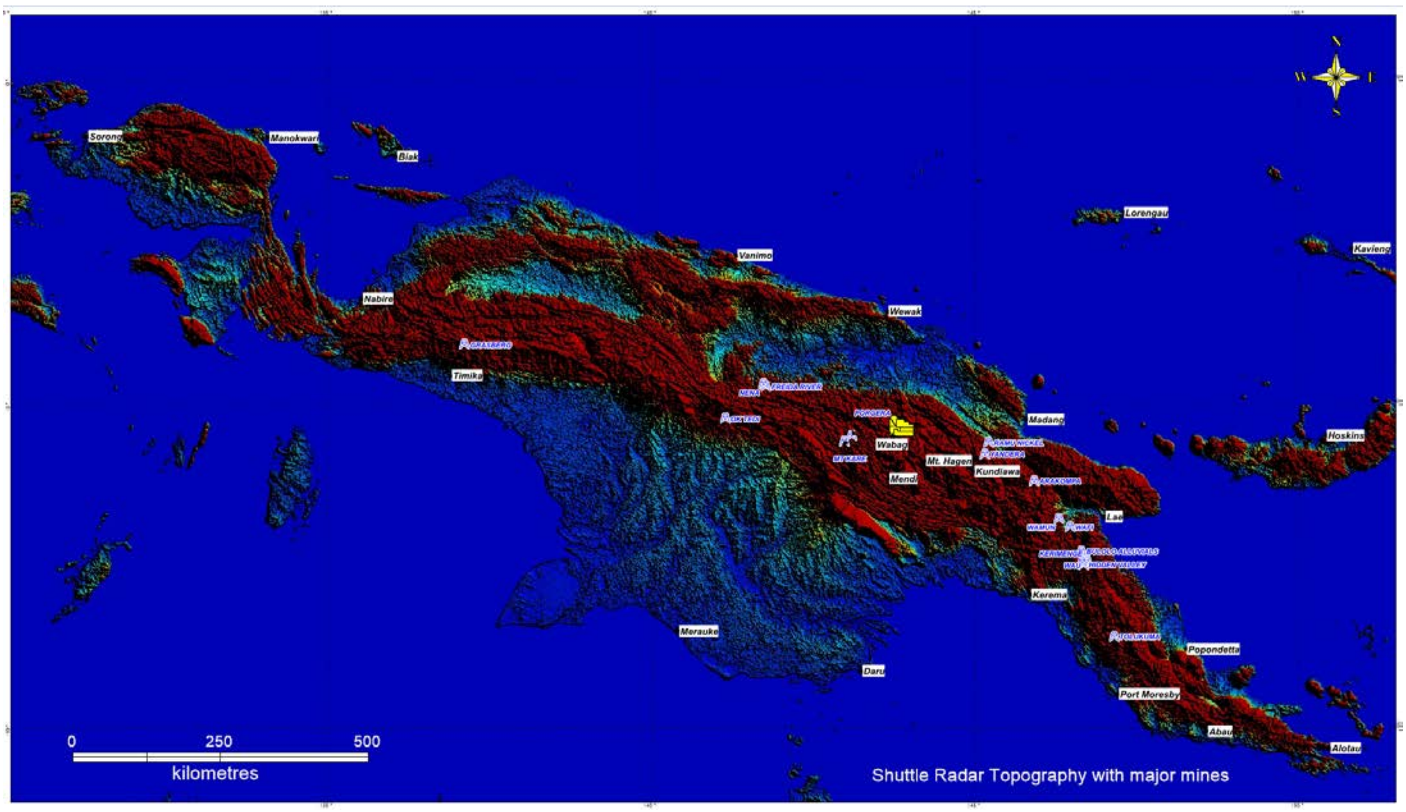

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Figure 3 - Airborne Survey in Progress

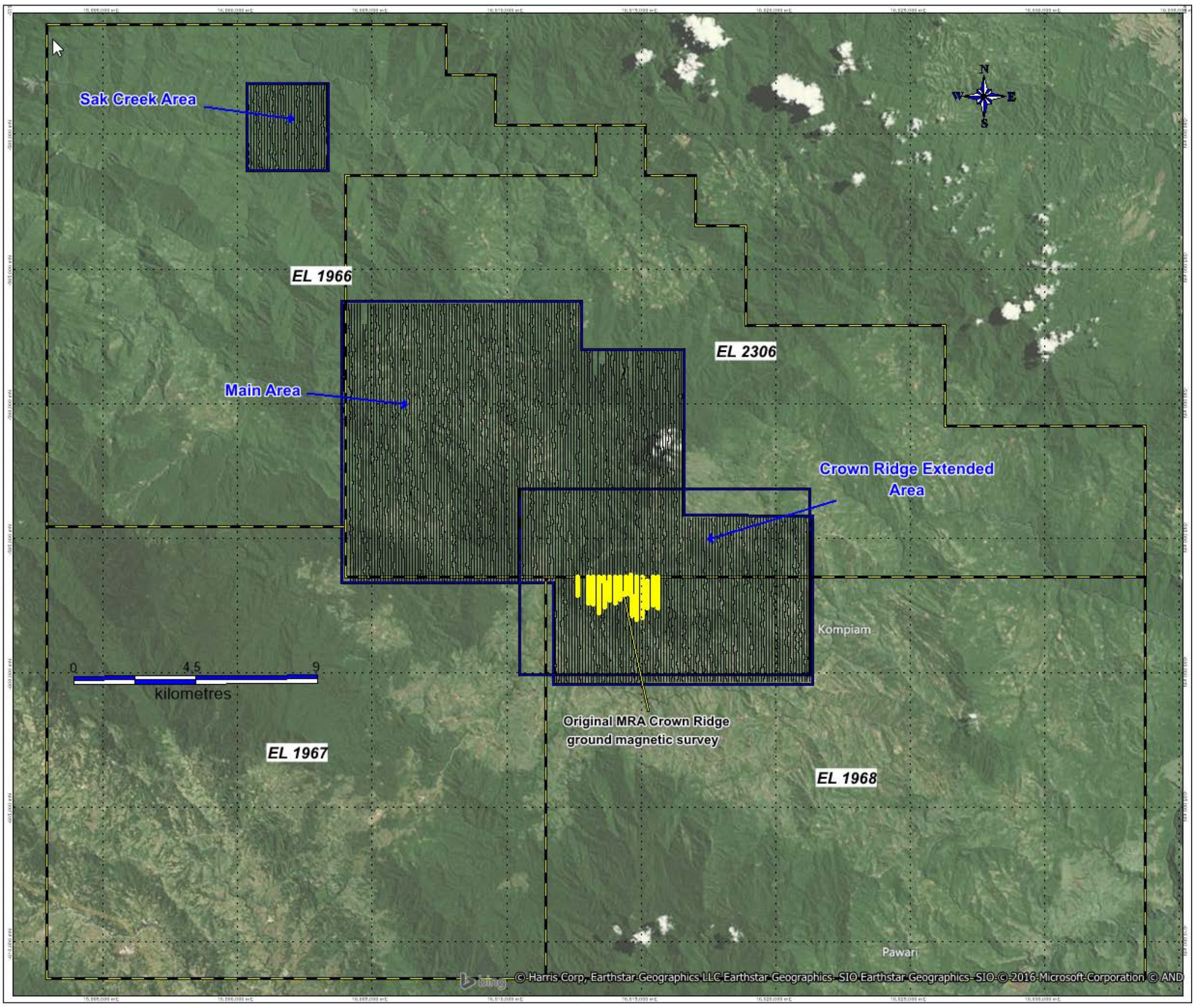

Figure 4 - Location map showing ground mag survey location and Helimag surveyed areas

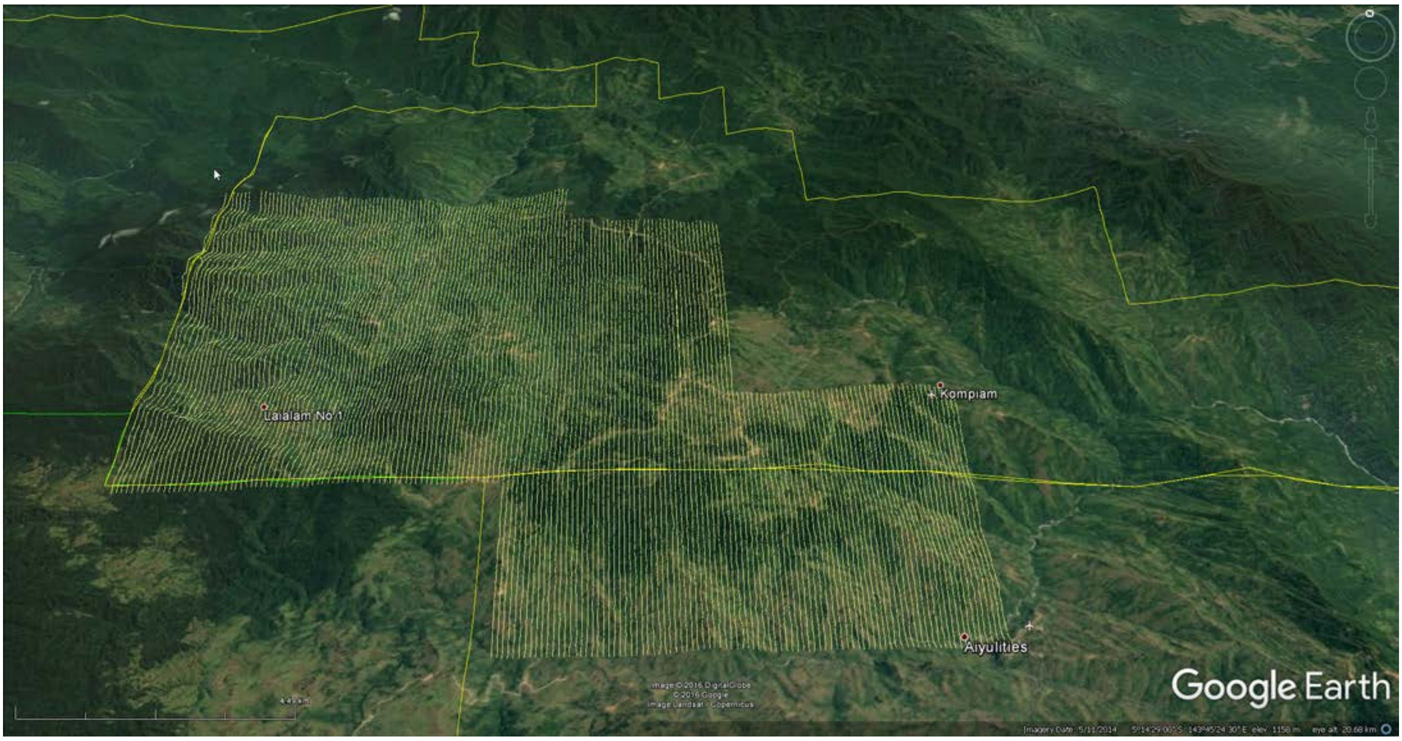

Figure 5 - - Location map showing Helimag surveyed areas

The Google Earth images with the final helimag survey lines overlaid describe the topography of the survey area.

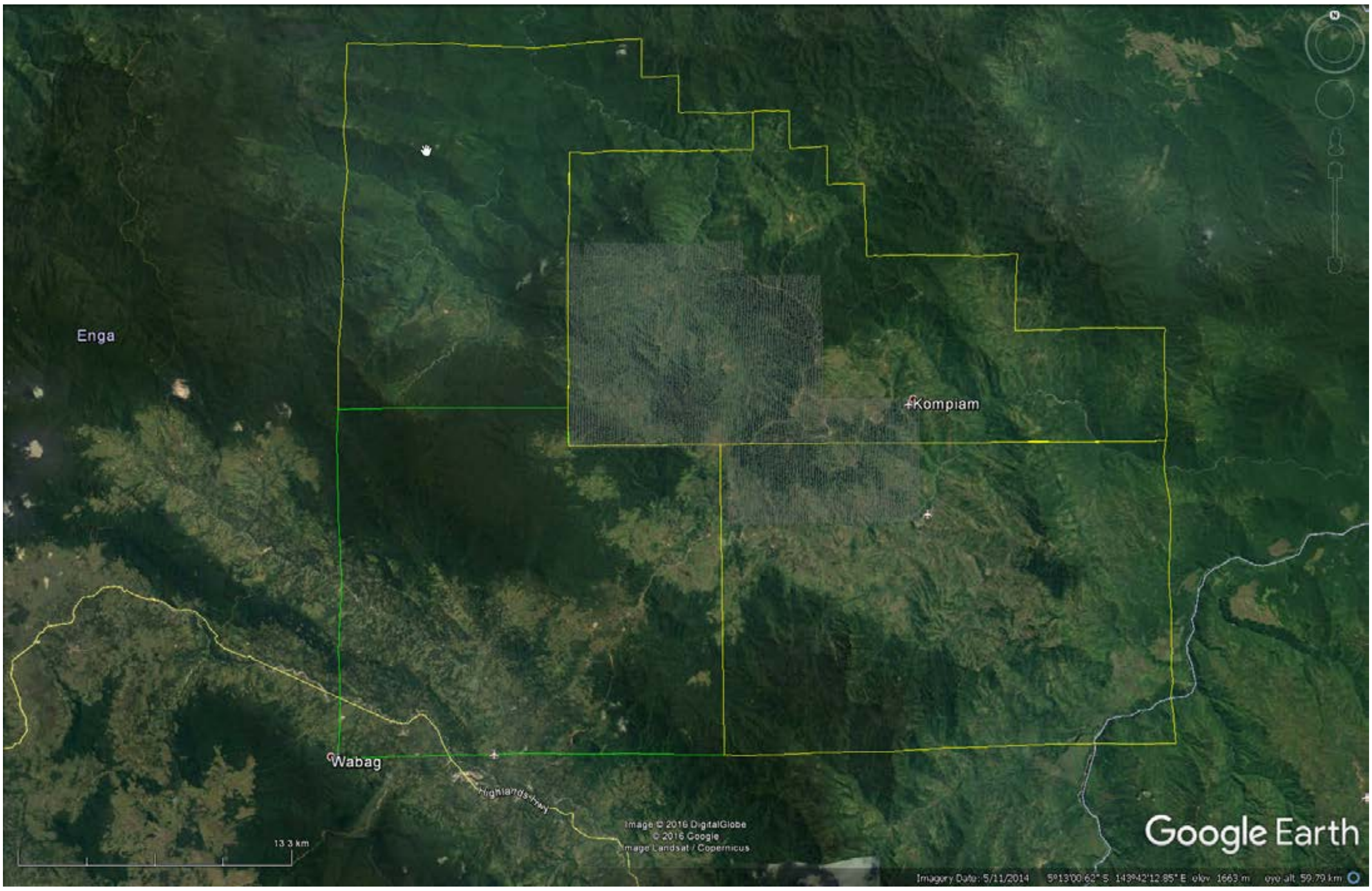

Figure 6- Location map showing Helimag surveyed areas

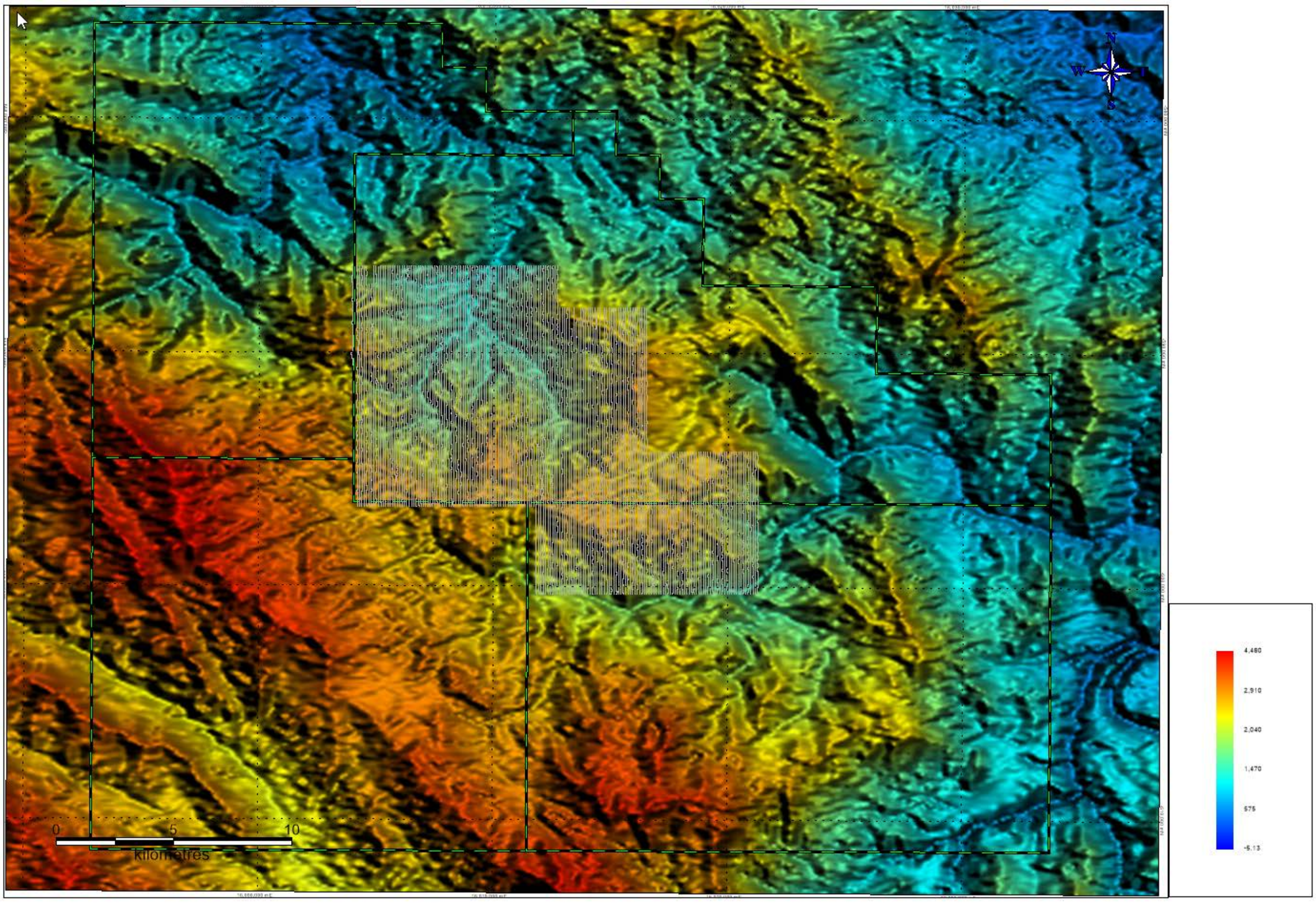

Figure7 - Location map showing DTM and Helimag surveyed areas

The Mineral Resources Authority of New Guinea (MRA) provided the digital terrain model elevations (DTM) The flight lines flown in the Geosolutions helimag survey are overlaid.

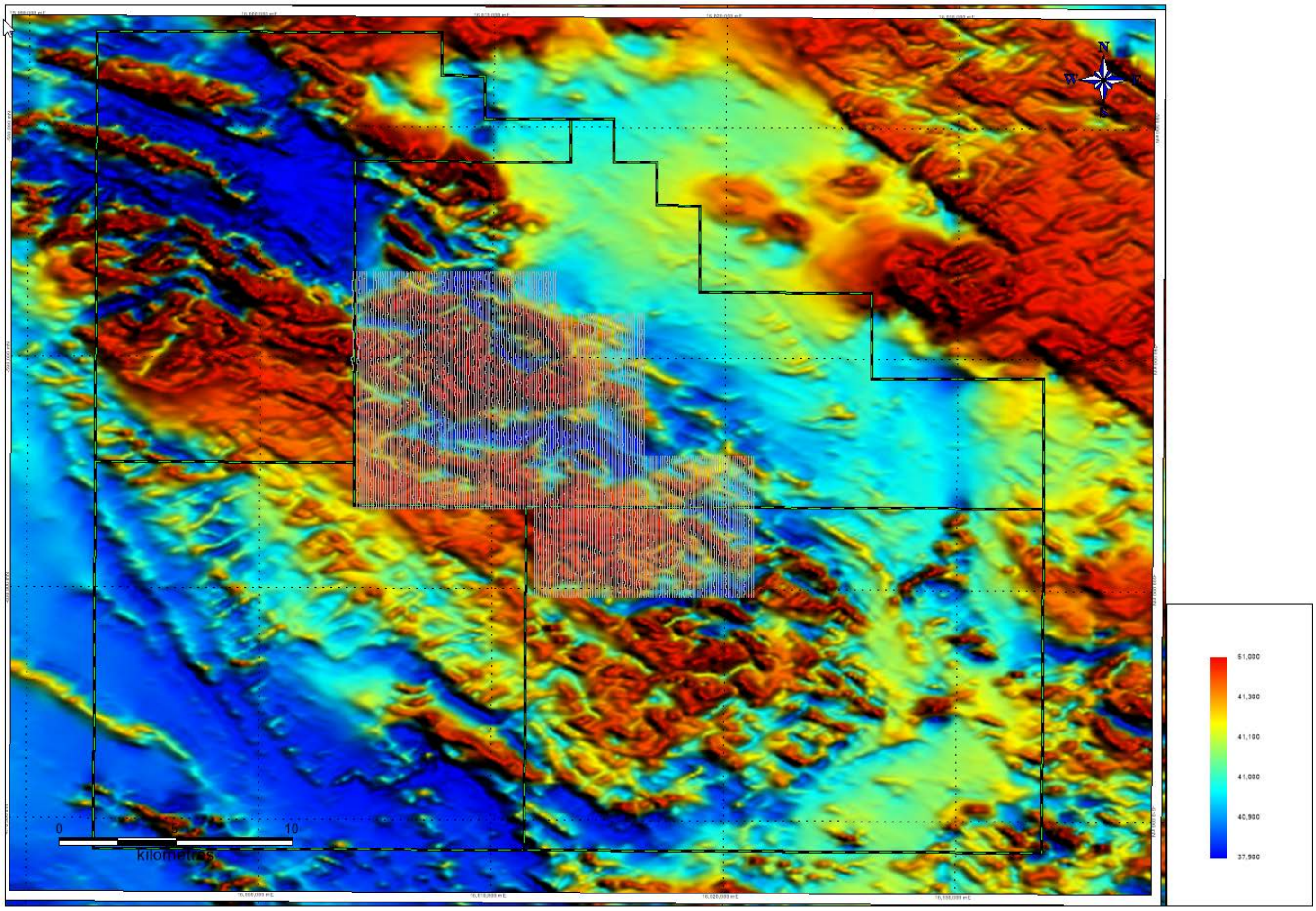

Figure 8 - Location map showing RTP image and Helimag surveyed areas

(MRA) provided the regional total magnetic intensity data (TMI) which were reprocessed and subsequently reduced to the pole RTP. The flight lines flown in the Geosolutions helimag survey are overlaid.

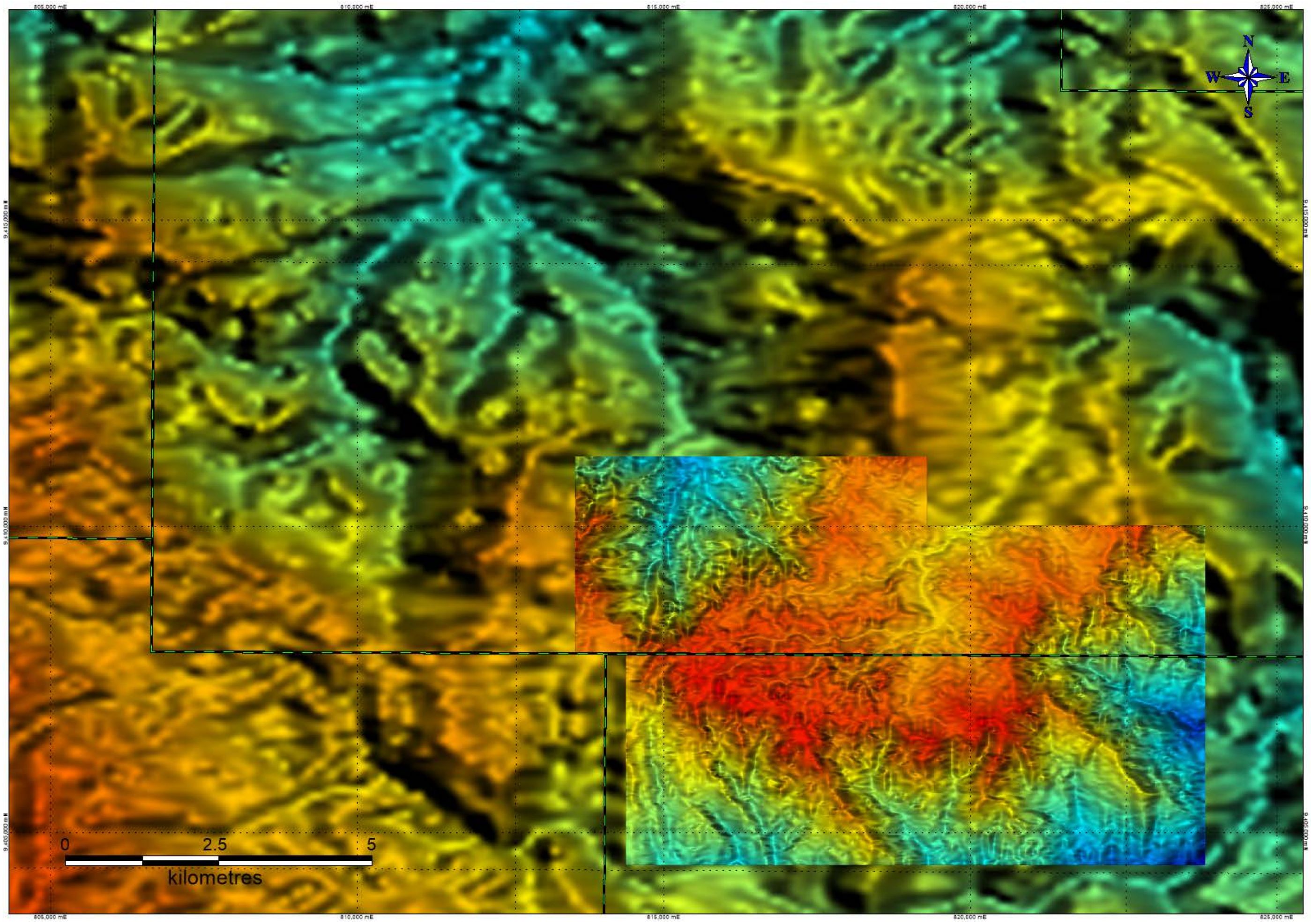

Figure 9 – DTM regional data with Helimag data overlain

The MRA elevation image with the Helimag survey image superimposed demonstrates the resolution improvement deriving from closer flight line spacing.

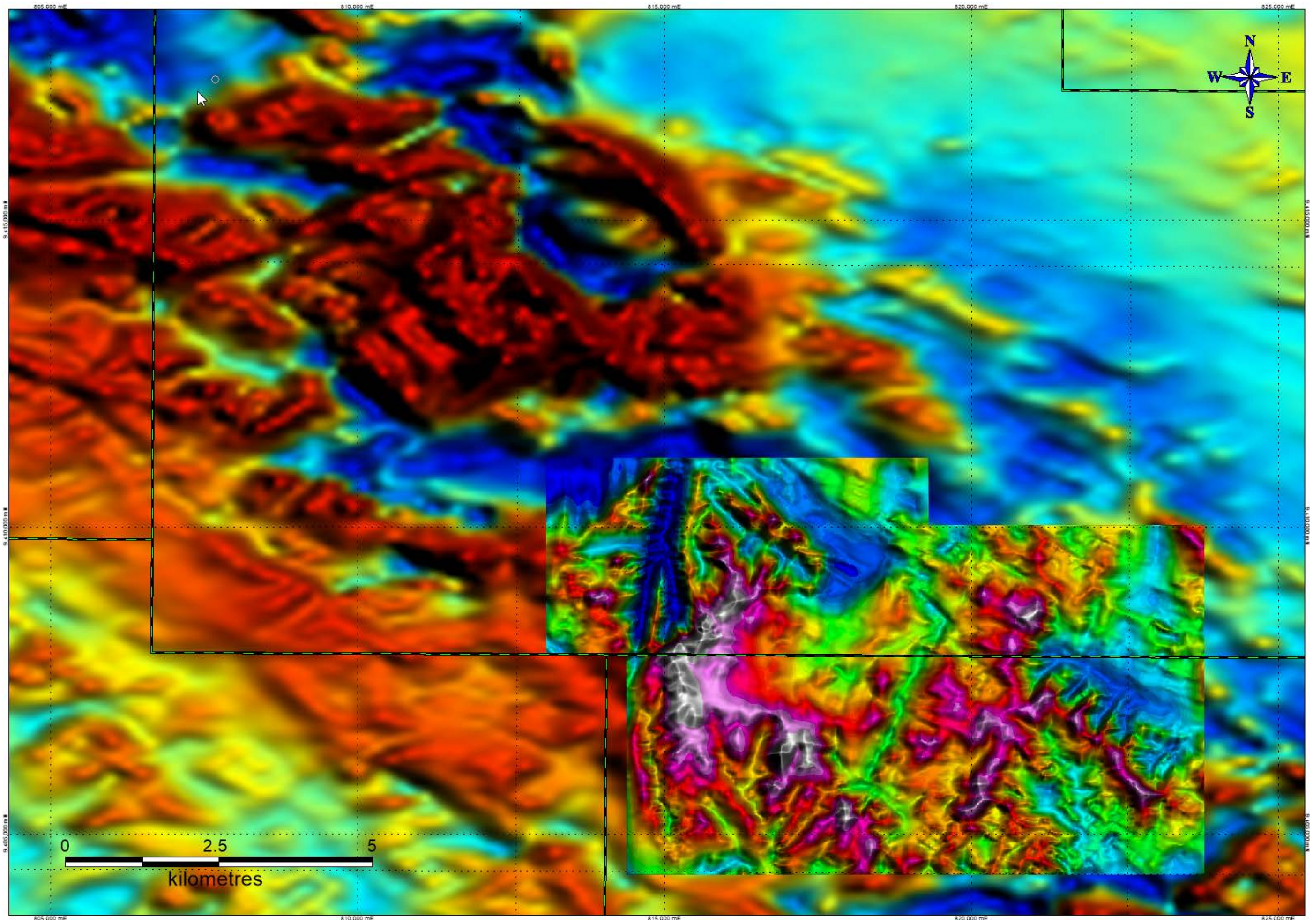

Figure 10– RTP magnetics regional data with Helimag data overlain

The MRA RTP image with the Helimag survey RTP image superimposed demonstrates the resolution improvement deriving from closer flight line spacing. Substantial more detail is evident in the new data set

3 Results Crown Ridge Extended Area

Mginv3D is a program to perform a voxel-based inversion of gravity and magnetic data.

The inversion process starts with a finite three-dimensional volume containing the area of interest and divides it into a regular 3d mesh of voxels draped under the topography of the area. Each voxel (or cell) in the volume has a geophysical property associated with it such as density for gravity data and susceptibility for magnetic data. If each cell in the model is assigned a specific property value, the response of the model to a given set of observation points is referred to as the forward model and is a relatively easy operation to perform.

The reverse task of taking a set of known observations and determining the distribution of values which match the observed data is referred to as the inverse problem and is a nontrivial task. The reason it is non-trivial is that the system of equations to determine the cell values from the observed data is large and over-determined and does not have a unique solution

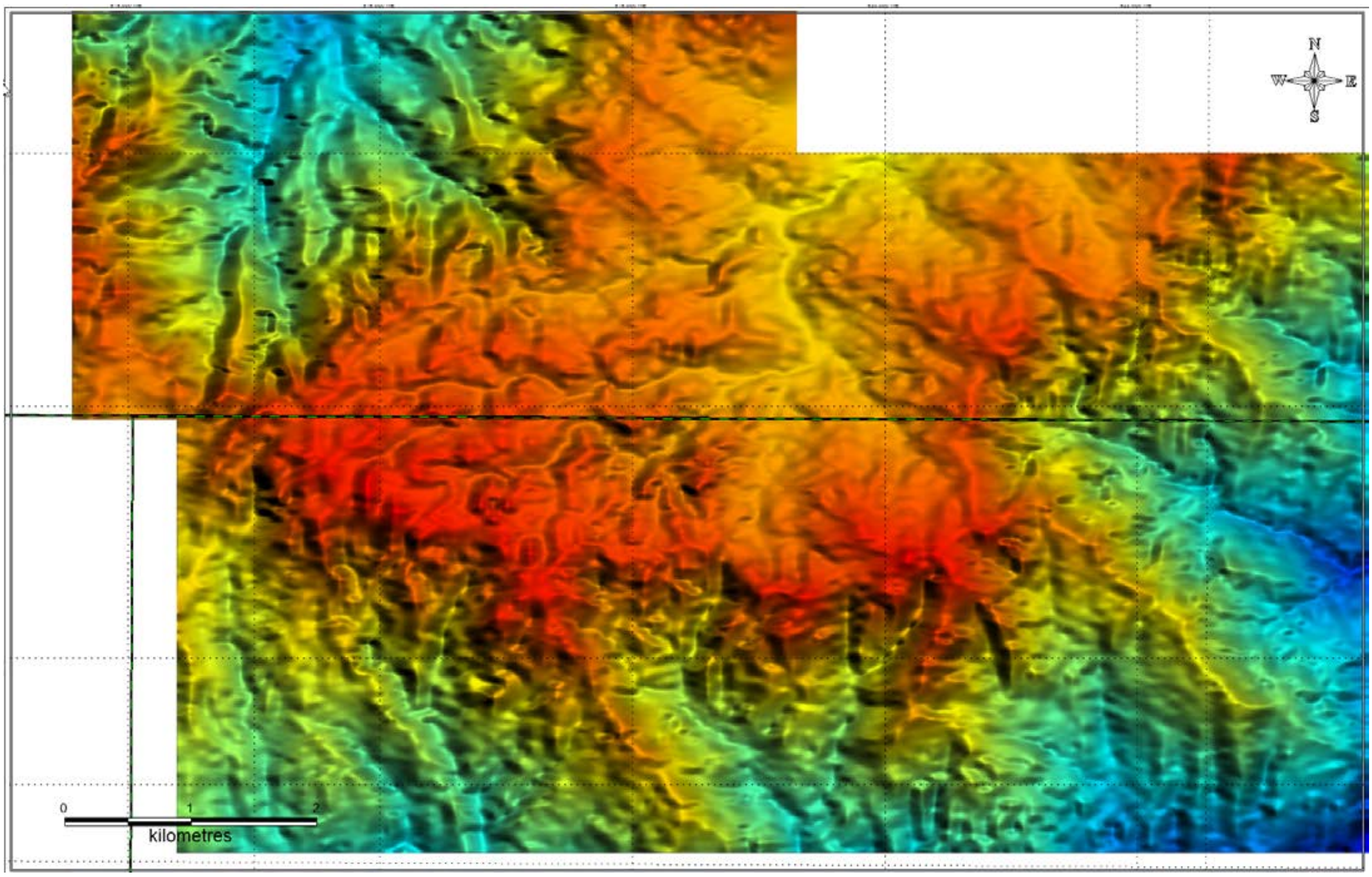

Figure 11 - Helimag DTM image

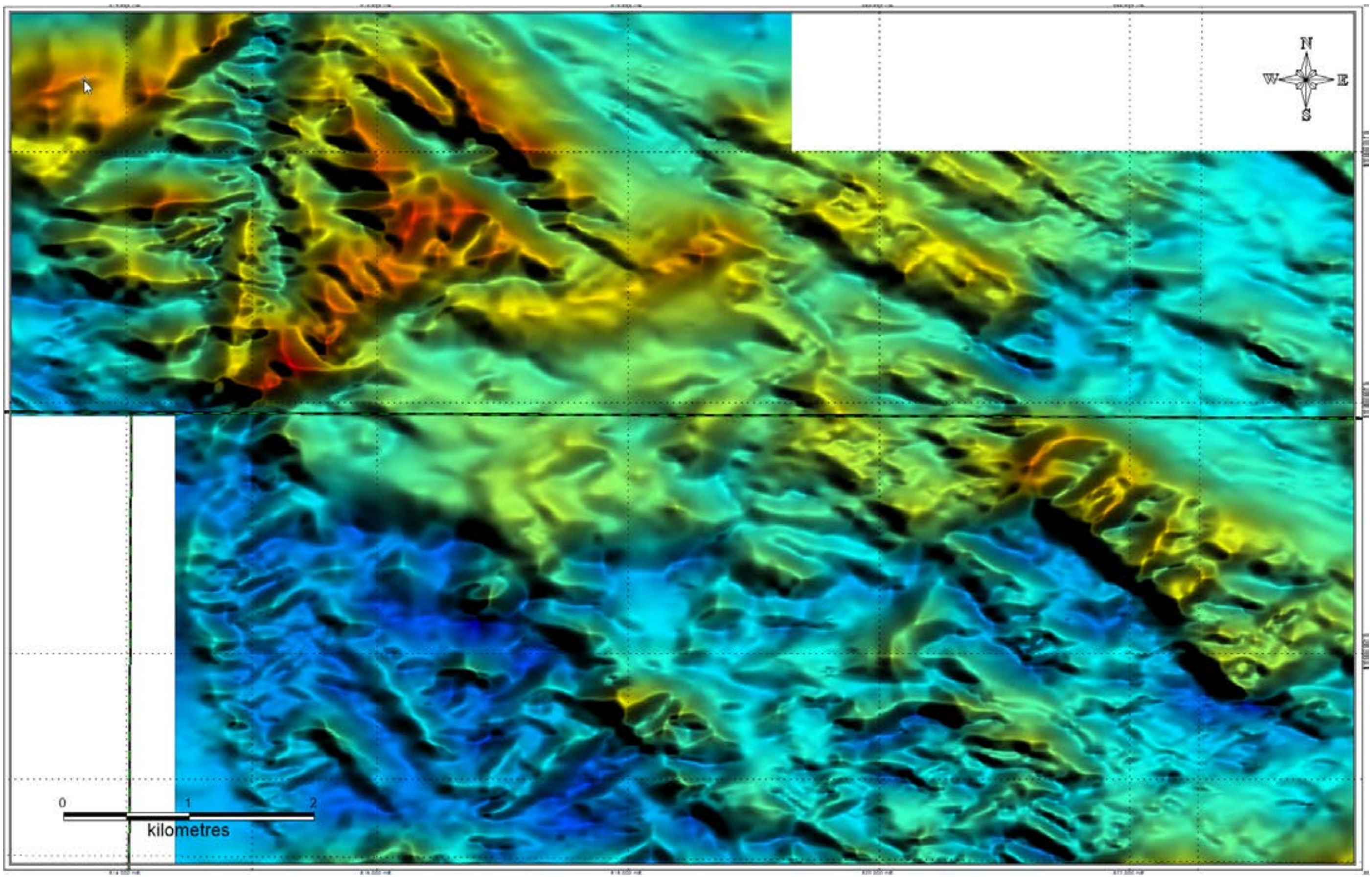

Figure 12– Helimag TMI image

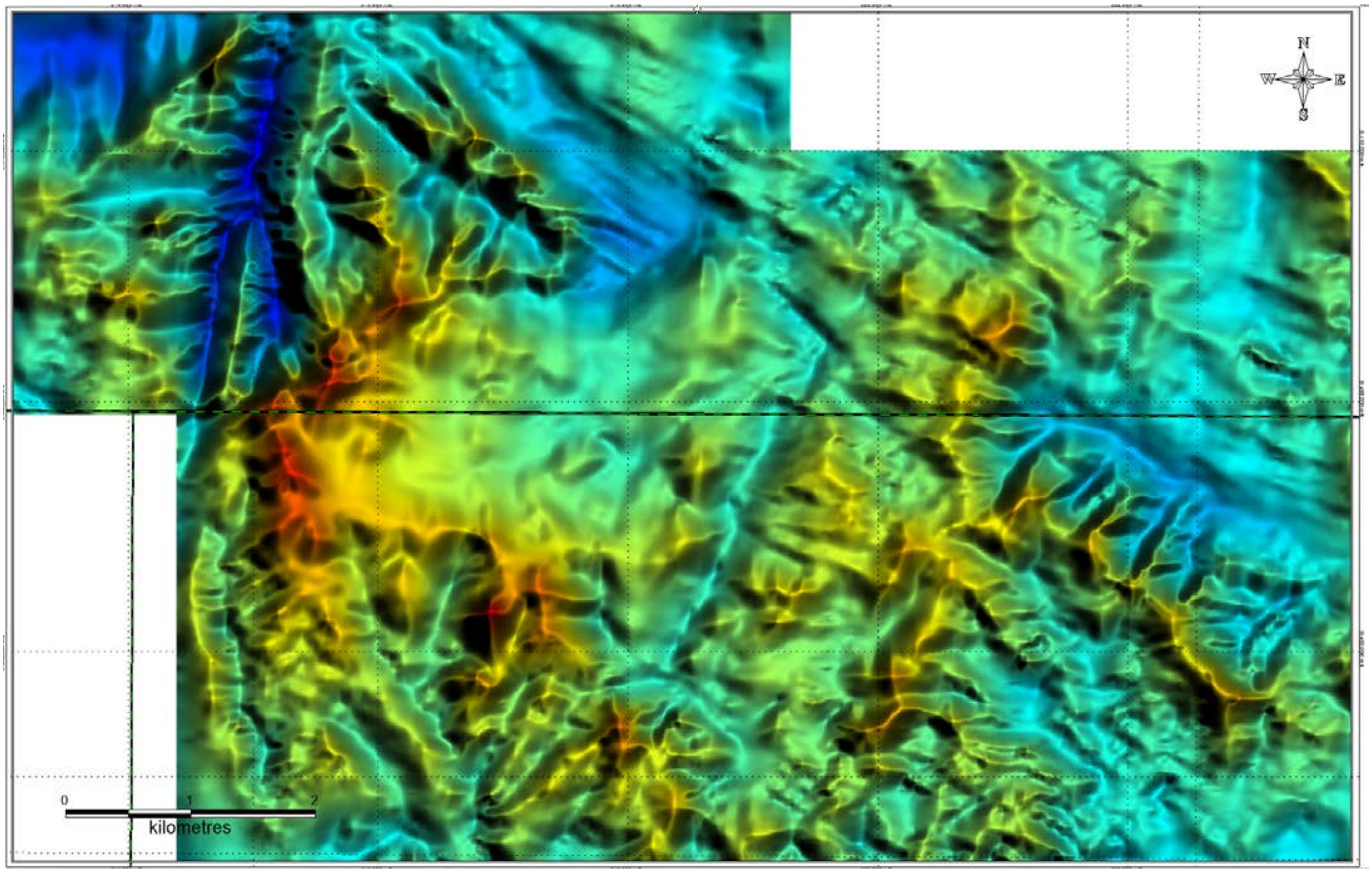

Figure 13– Helimag RTP image

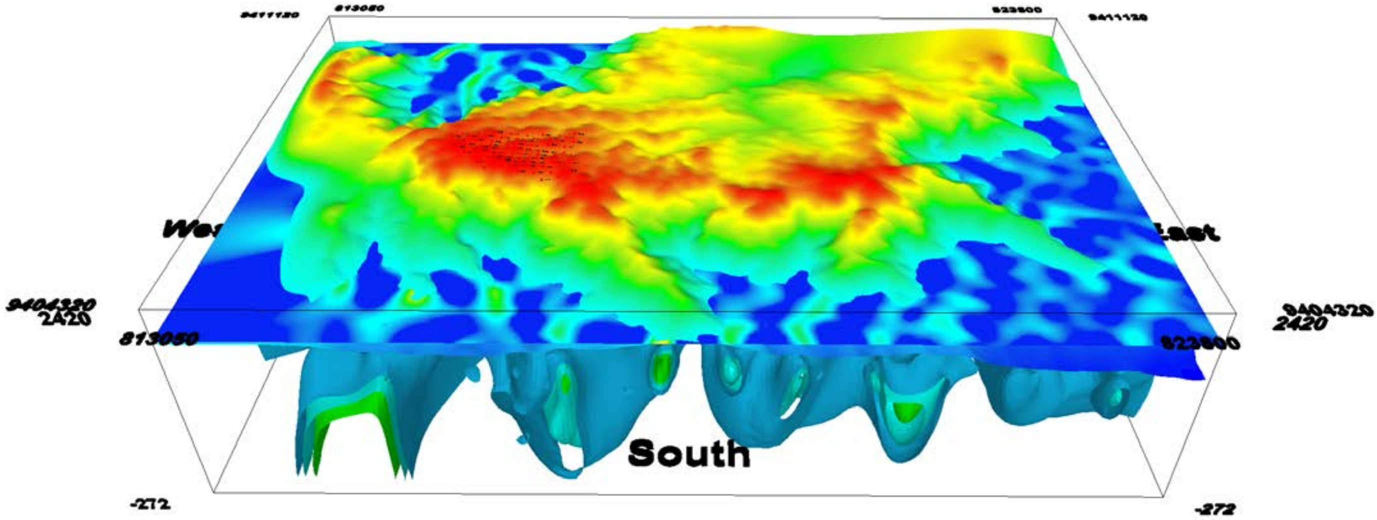

Figure 14 - Elevated view of project area with sample sites

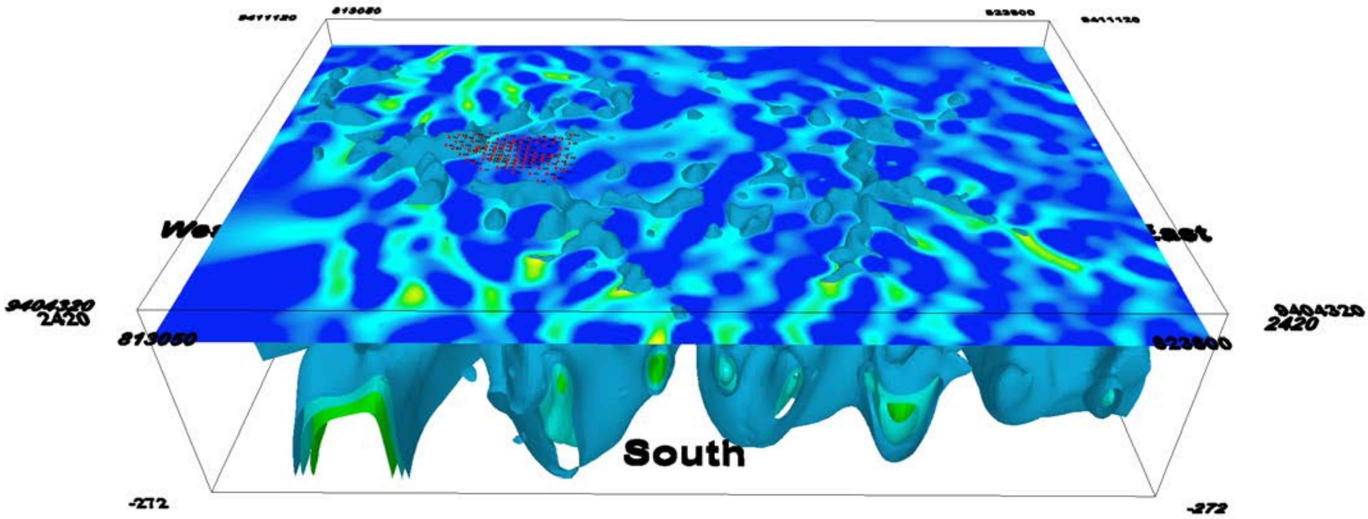

Figure15 - Elevated view from the south of horizontal section and underlying model and bulk sample locations)

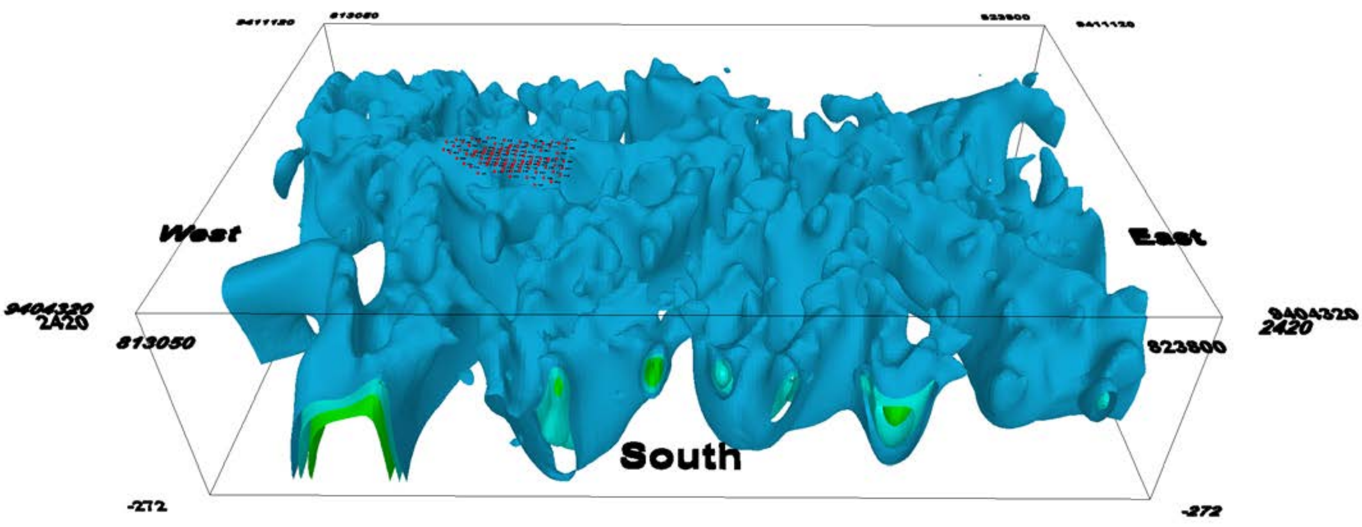

Figure 16 - Elevated view from the south of model with high, medium and low susceptibilities and bulk sample locations)

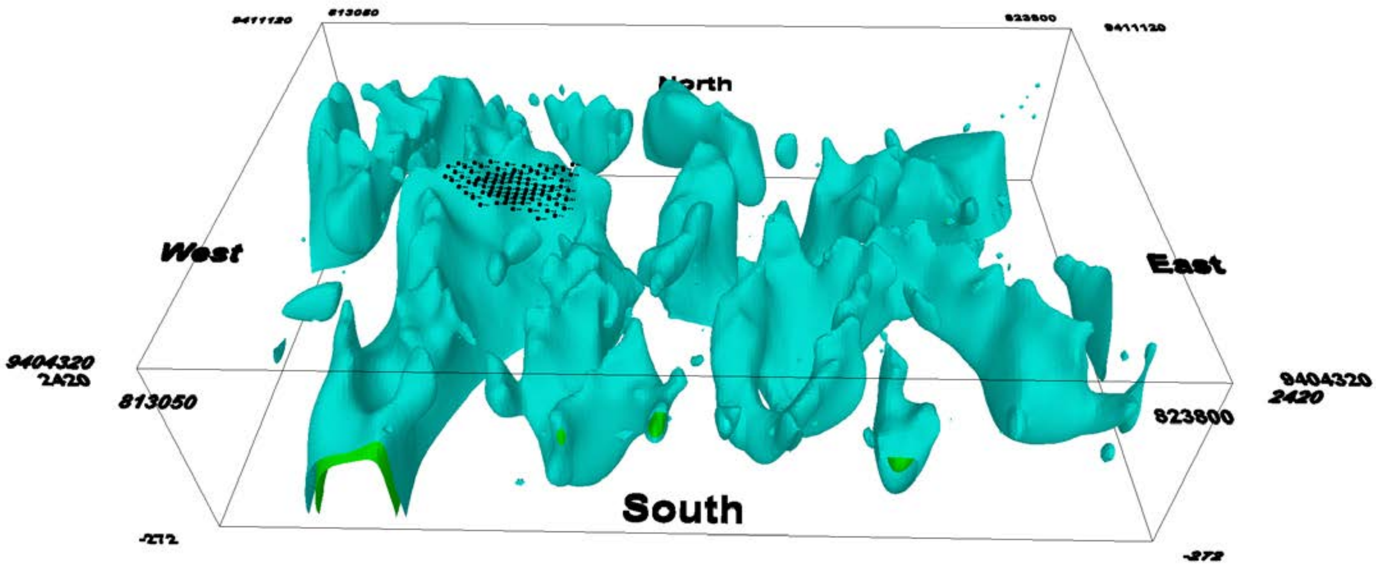

Figure 17 - Elevated view from the south of model with high, medium susceptibilities and bulk sample locations)

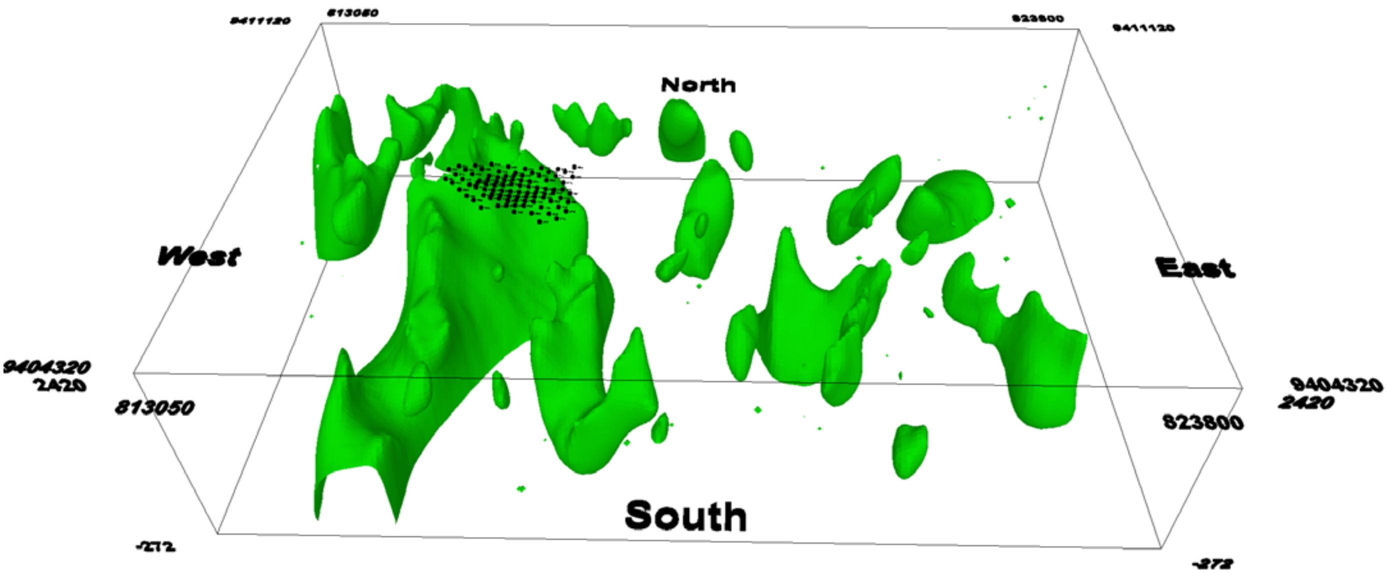

Figure 18 - Elevated view from the south of model with high susceptibilities and bulk sample locations)

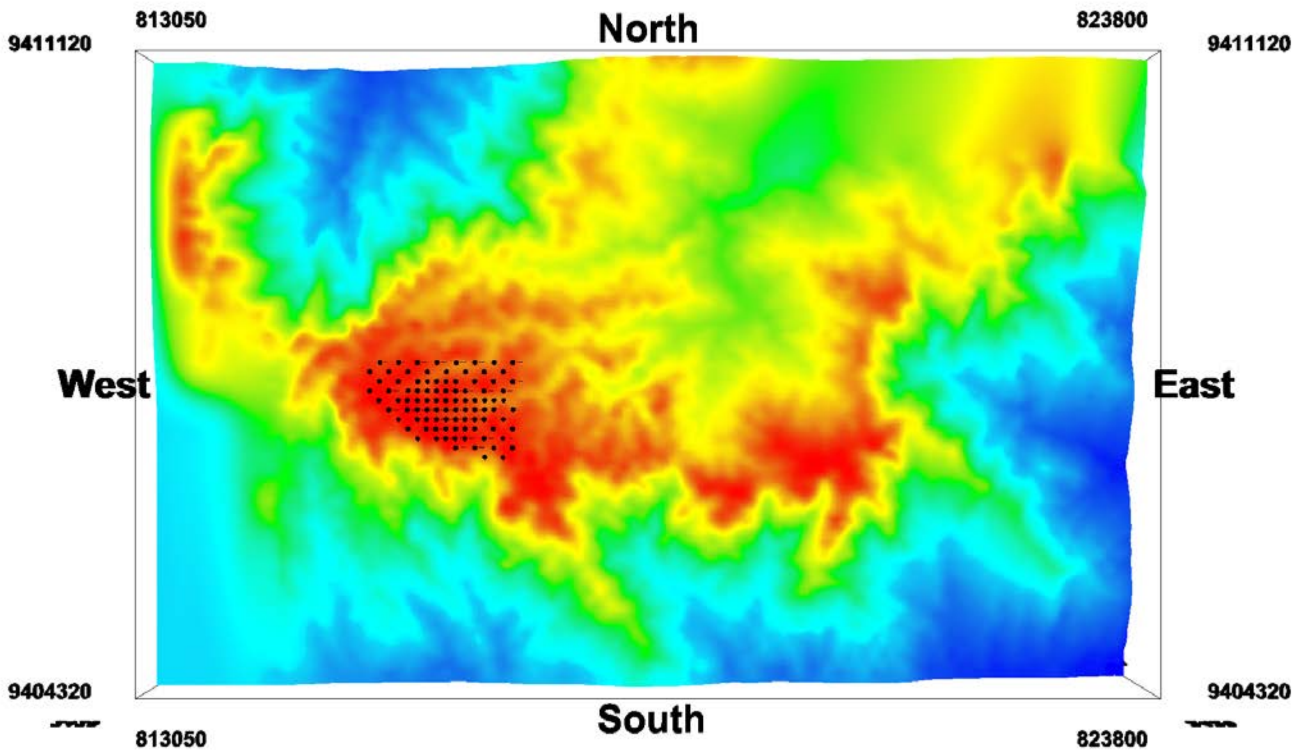

Figure 19- Vertical view (top down / plan view) of topographic image with bulk sample locations

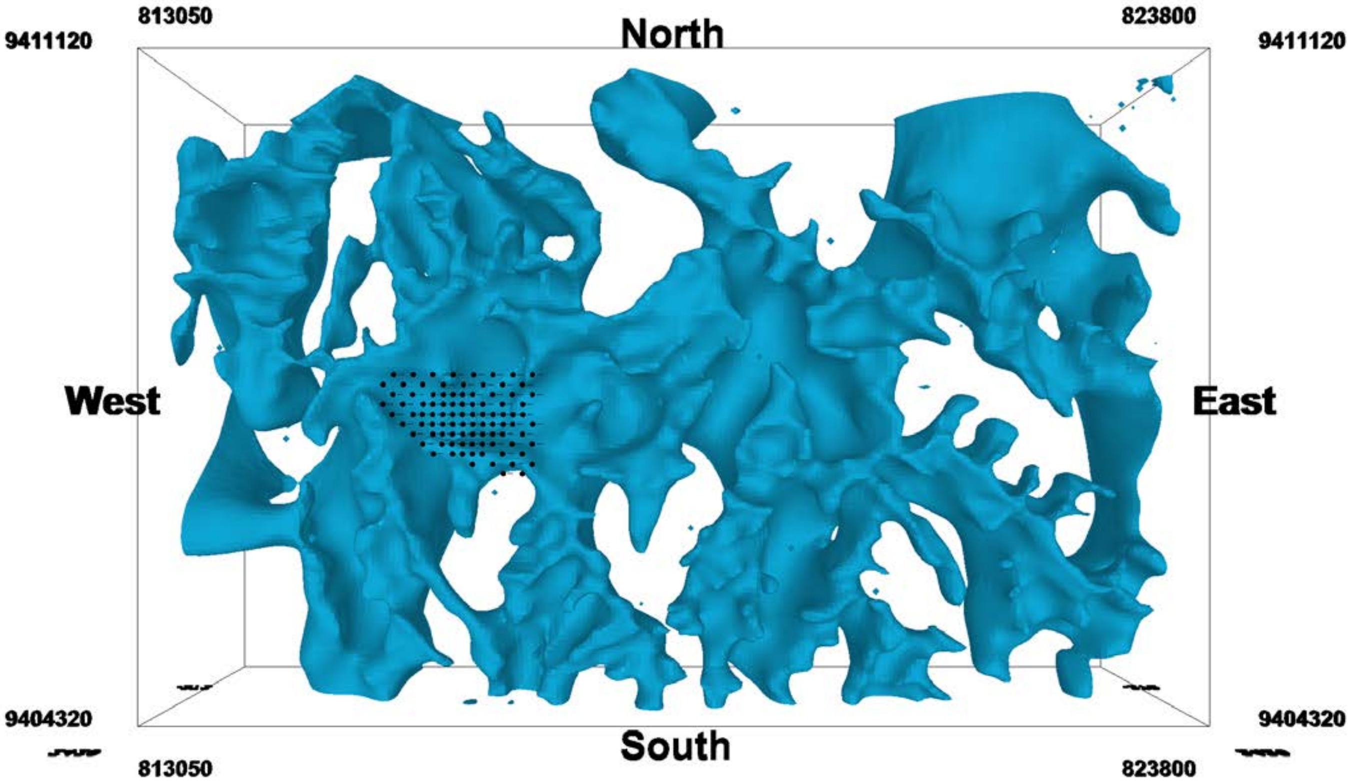

Figure 20 - Vertical view (top down / plan view) model with bulk sample locations

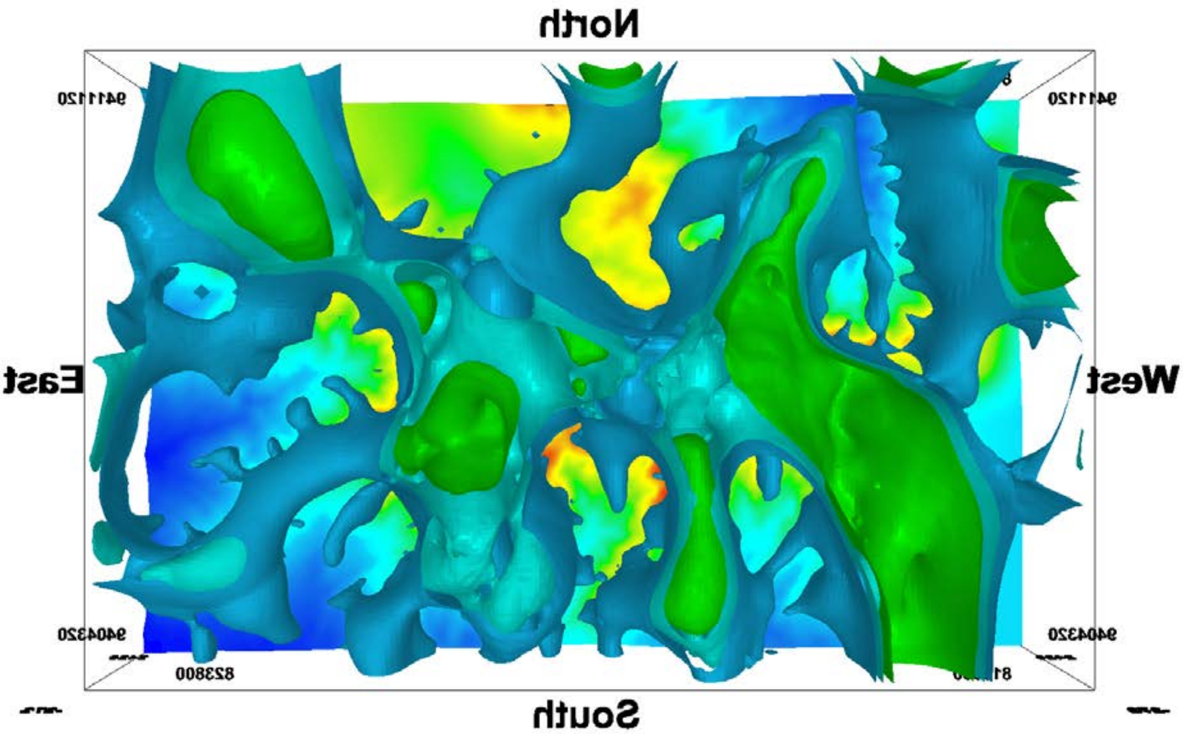

Figure 21 - View from bottom of3D inversion model with bulk sample locations

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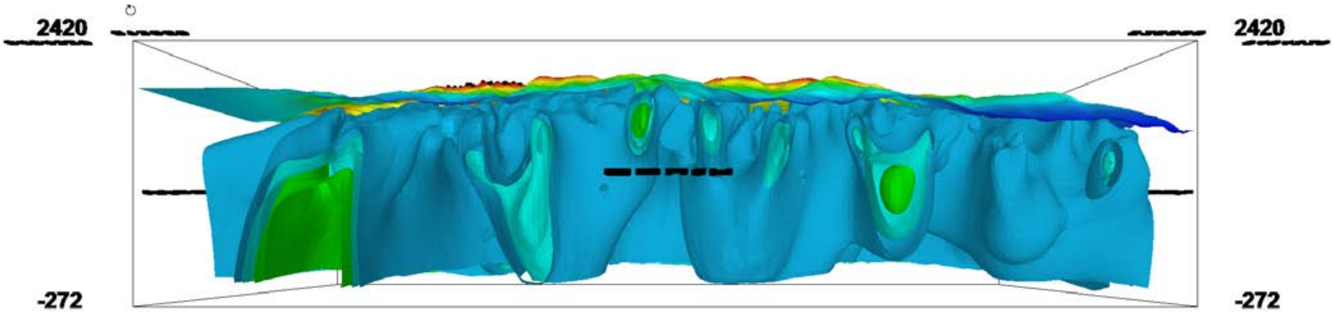

Figure 22 - View from south of3D inversion model with bulk sample locations

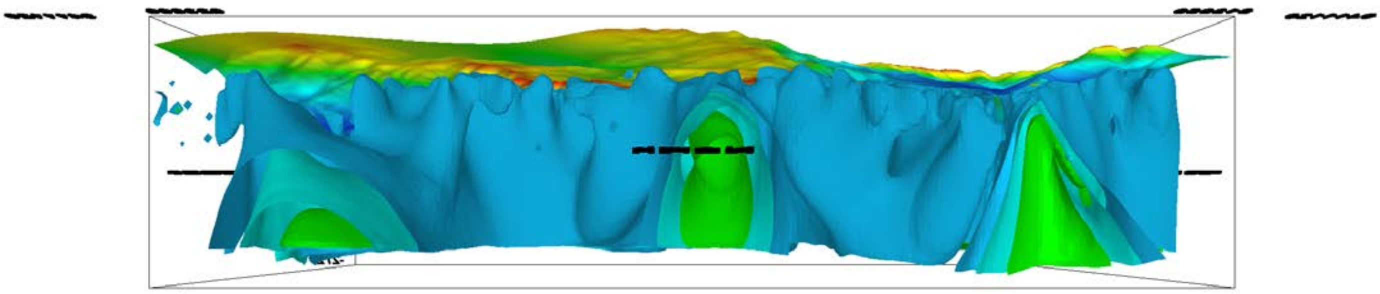

Figure 23 - View from north of3D inversion model with bulk sample locations

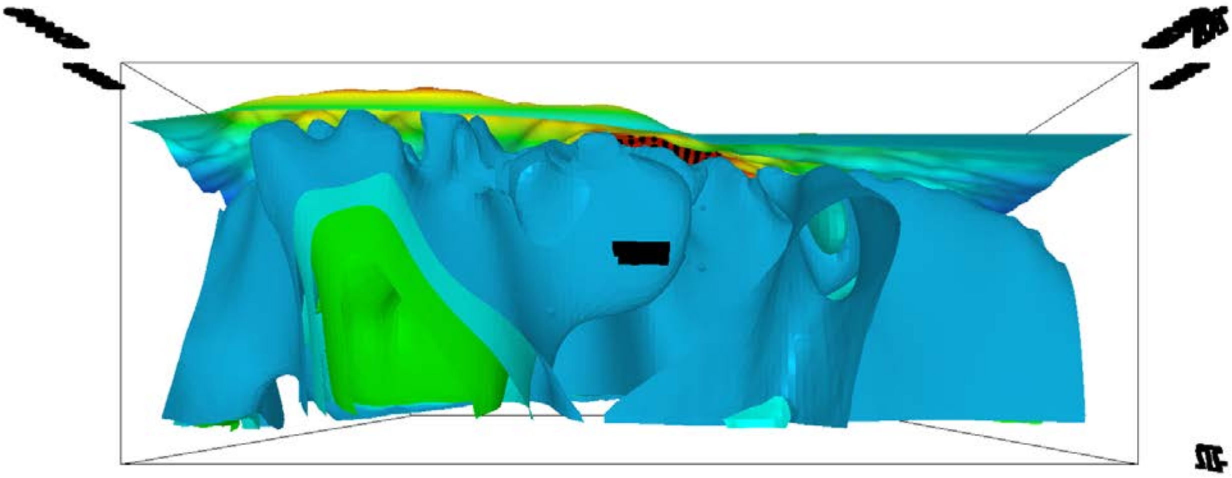

Figure 24 - View from west of3D inversion model with bulk sample locations

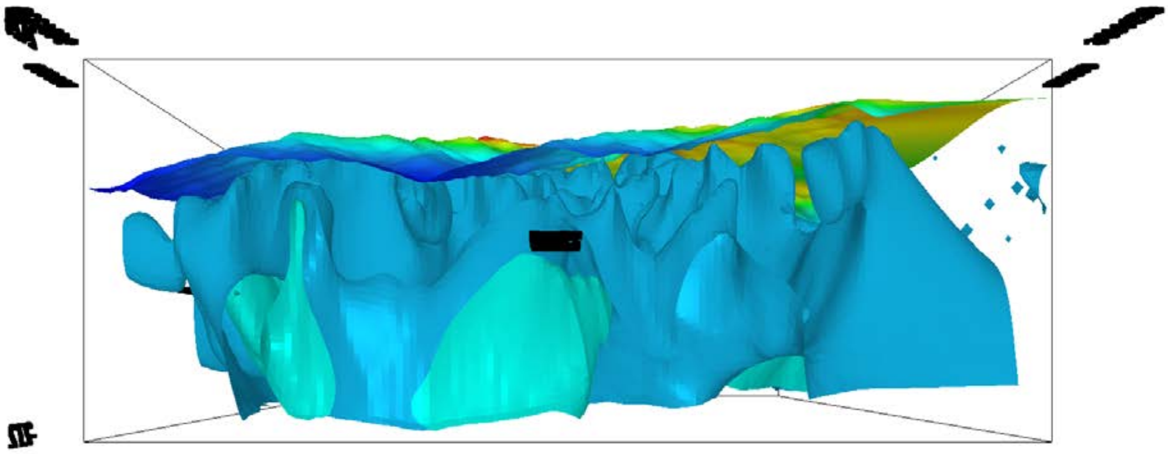

Figure 25 - View from east of3D inversion model with bulk sample locations

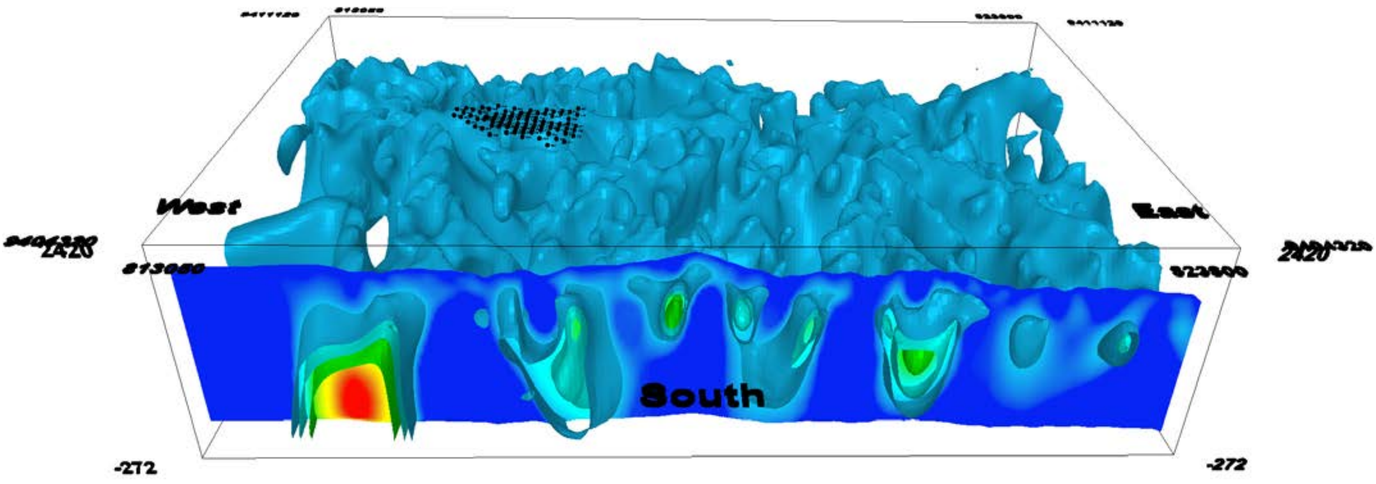

Figure 26 - View from south of 3D inversion model with vertical cross section and bulk sample locations

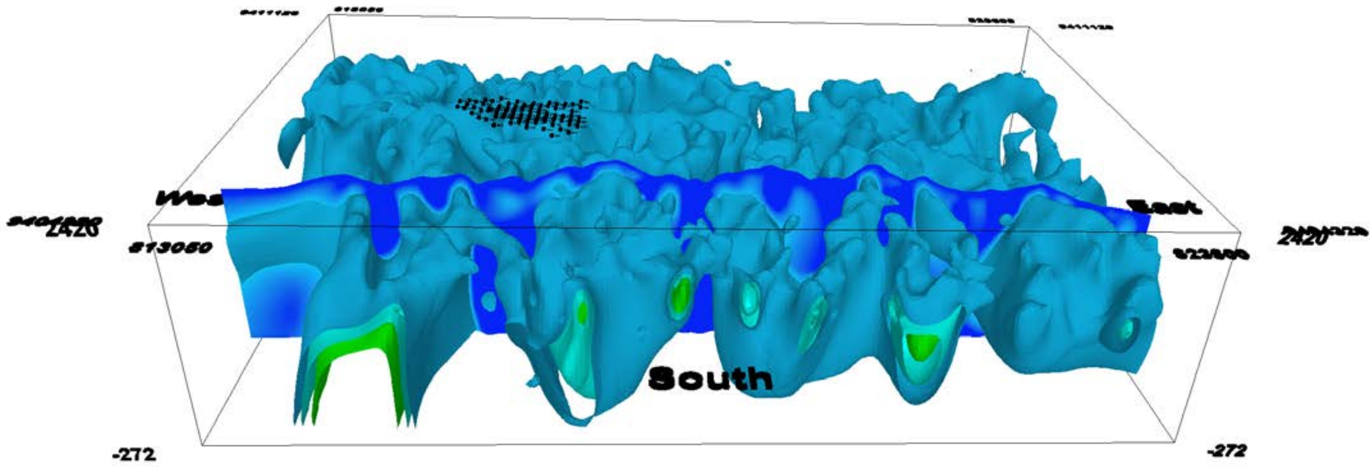

Figure 27 - View from south of 3D inversion model with vertical cross section and bulk sample locations

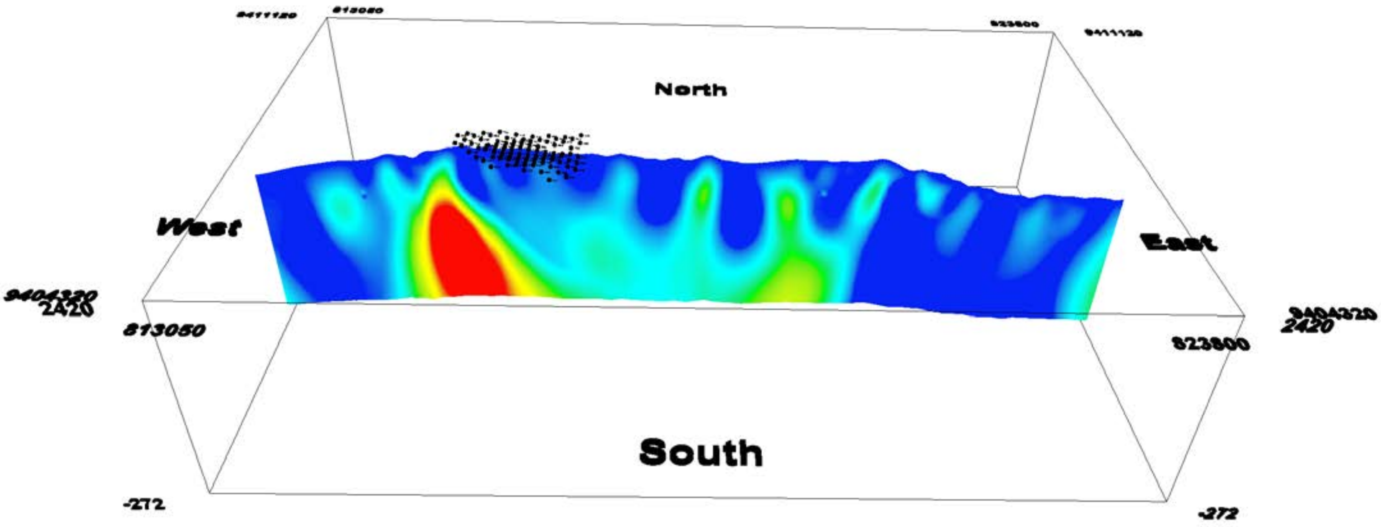

Figure 28 - View from south of 3D inversion model with vertical cross section and bulk sample locations

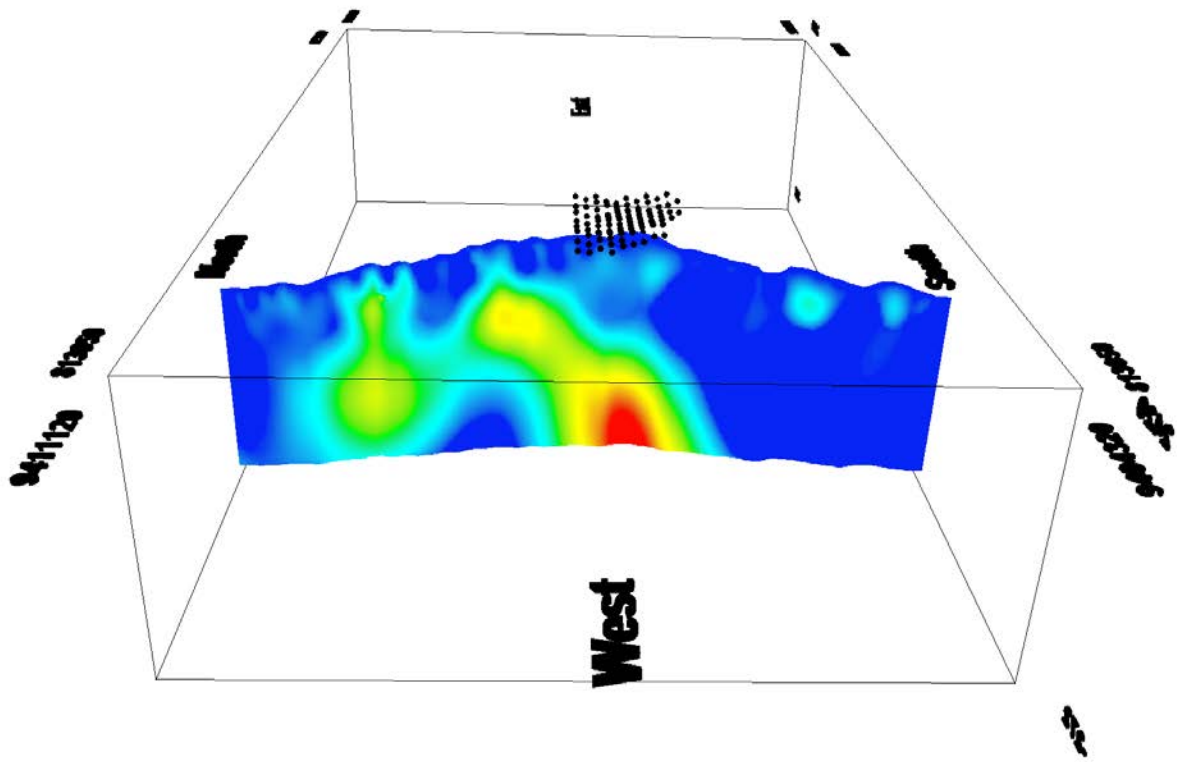

Figure 29 - View from west of 3D inversion model vertical cross section and bulk sample locations

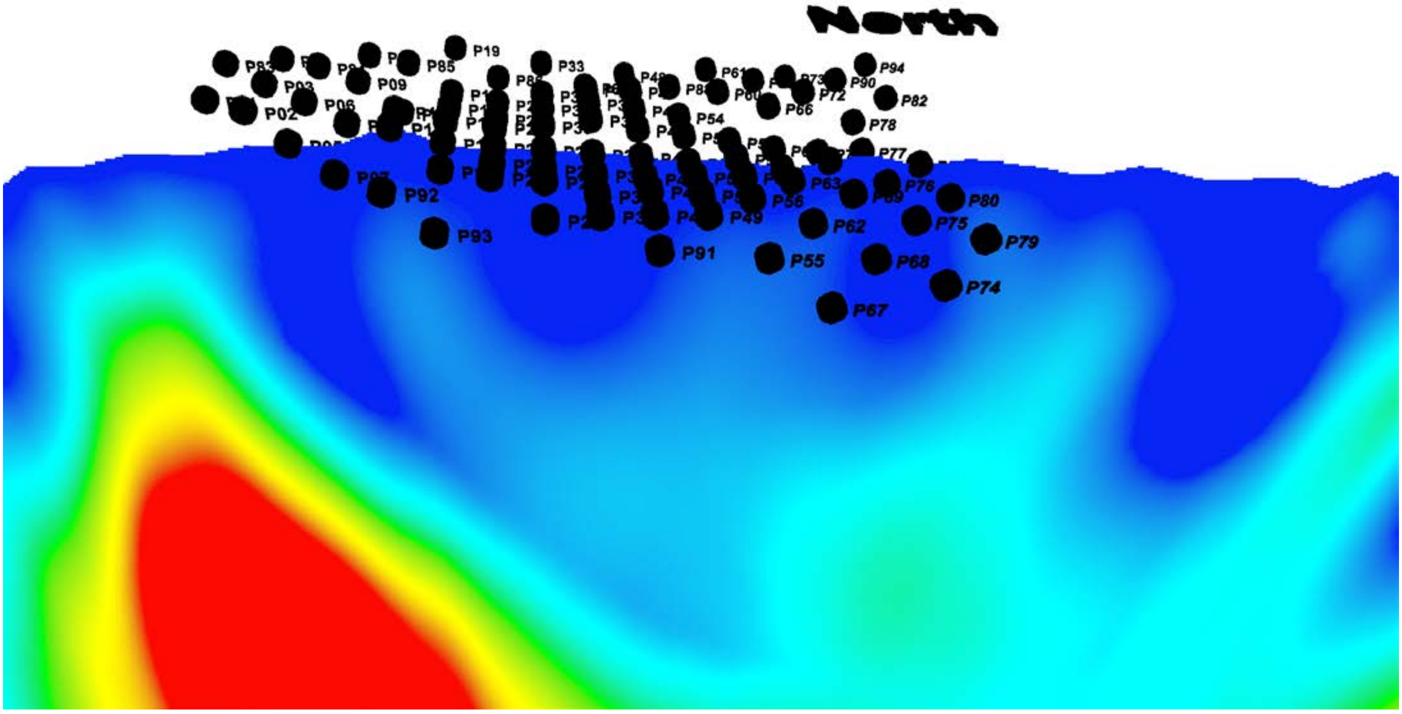

Figure 30- Detailed View from south of 3D inversion model vertical cross section and bulk sample locations

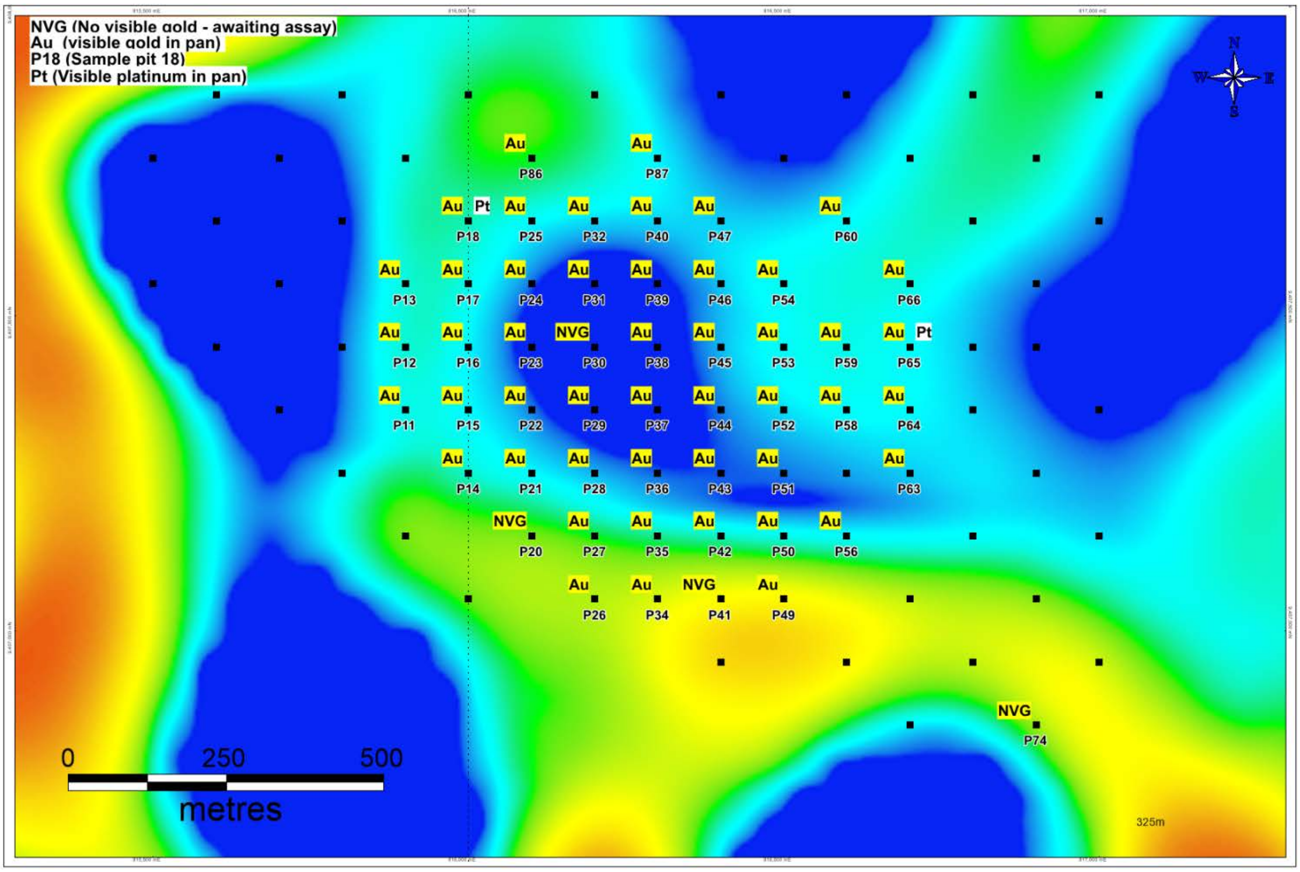

Figure 31Plan view of horizontal slice with bulk sample results to date at a depth of 275 metres below surface.

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. 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.

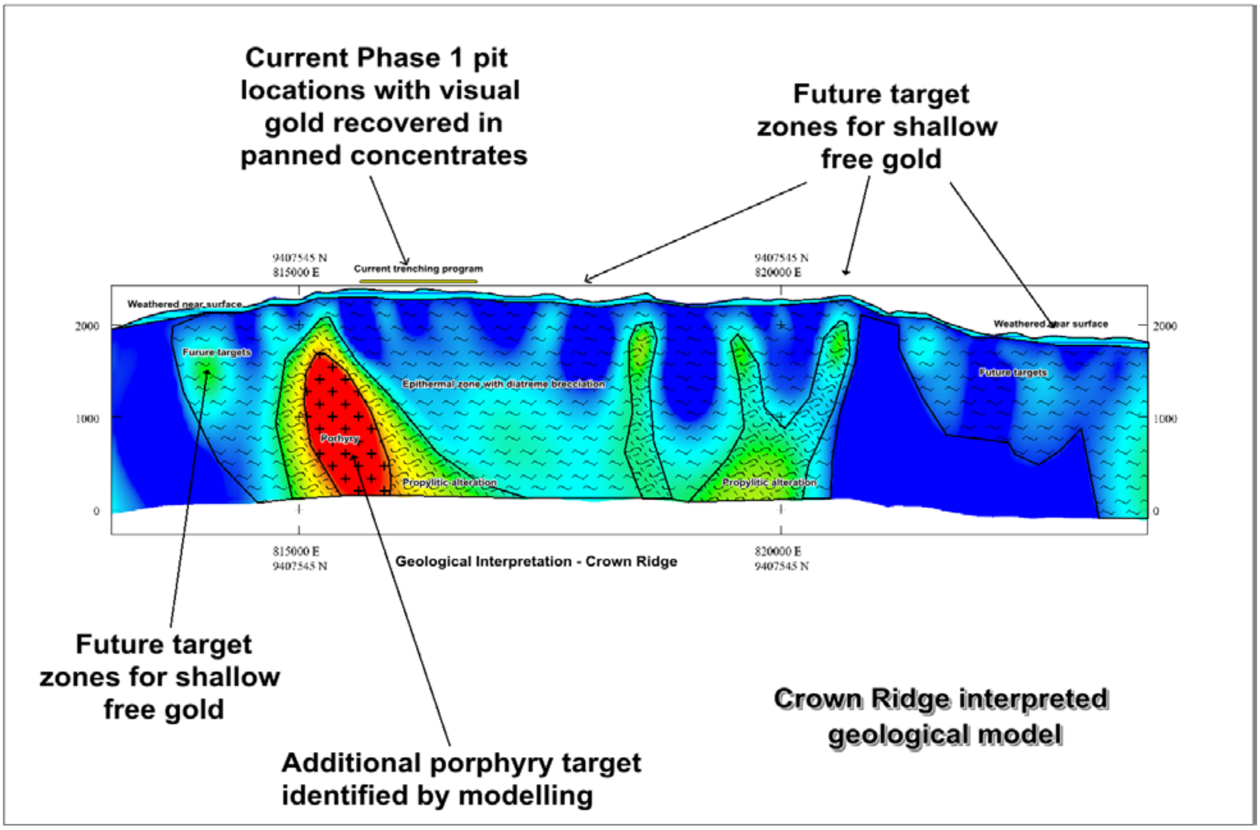

Figure 32 - Geological Interpretation from 3D magnetic modelling by Allender Exploration – Crown Ridge Area, EL1968

An interpreted cross section is based on the magnetic modelling. No drilling has been undertaken hence the interpretation is subjective. A drilling program will provide a geological framework for future work

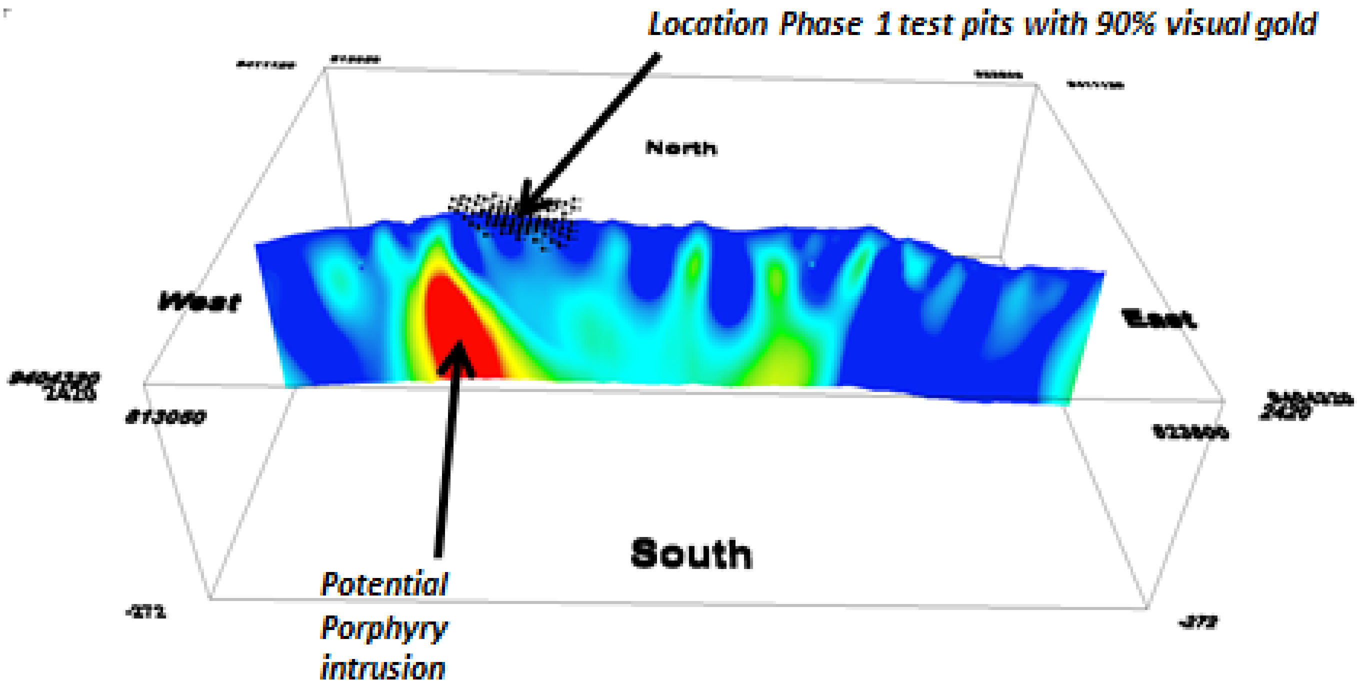

Figure 33 - View from south of 3D inversion model vertical cross section and priority 1 locations

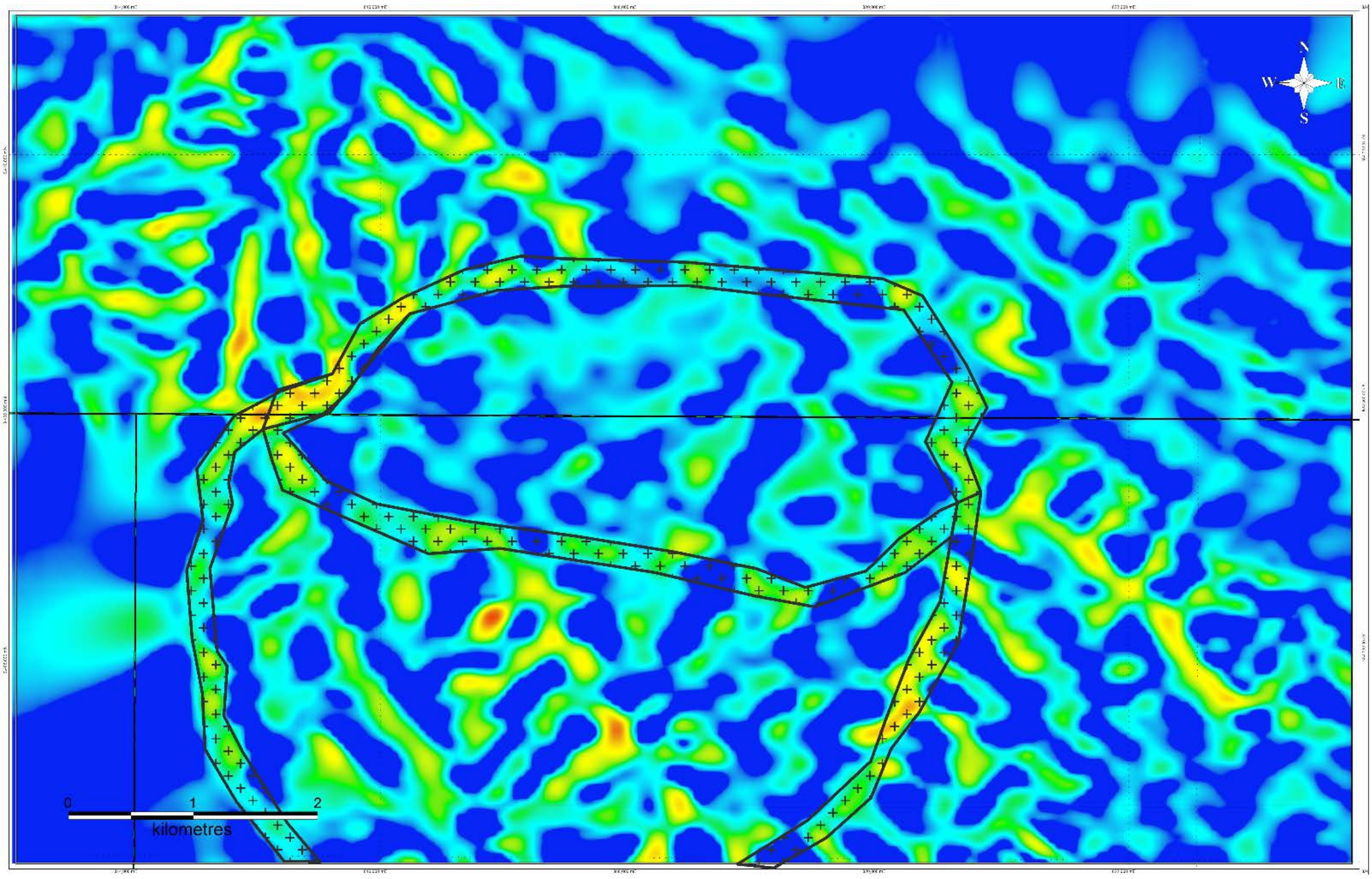

Figure 34 – Horizontal X section with interpreted possible calderas

Two potential calderas are interpreted from the horizontal cross sections. These large circular and elliptical features are subjective. Drilling will assist greatly in verifying the interpretation.

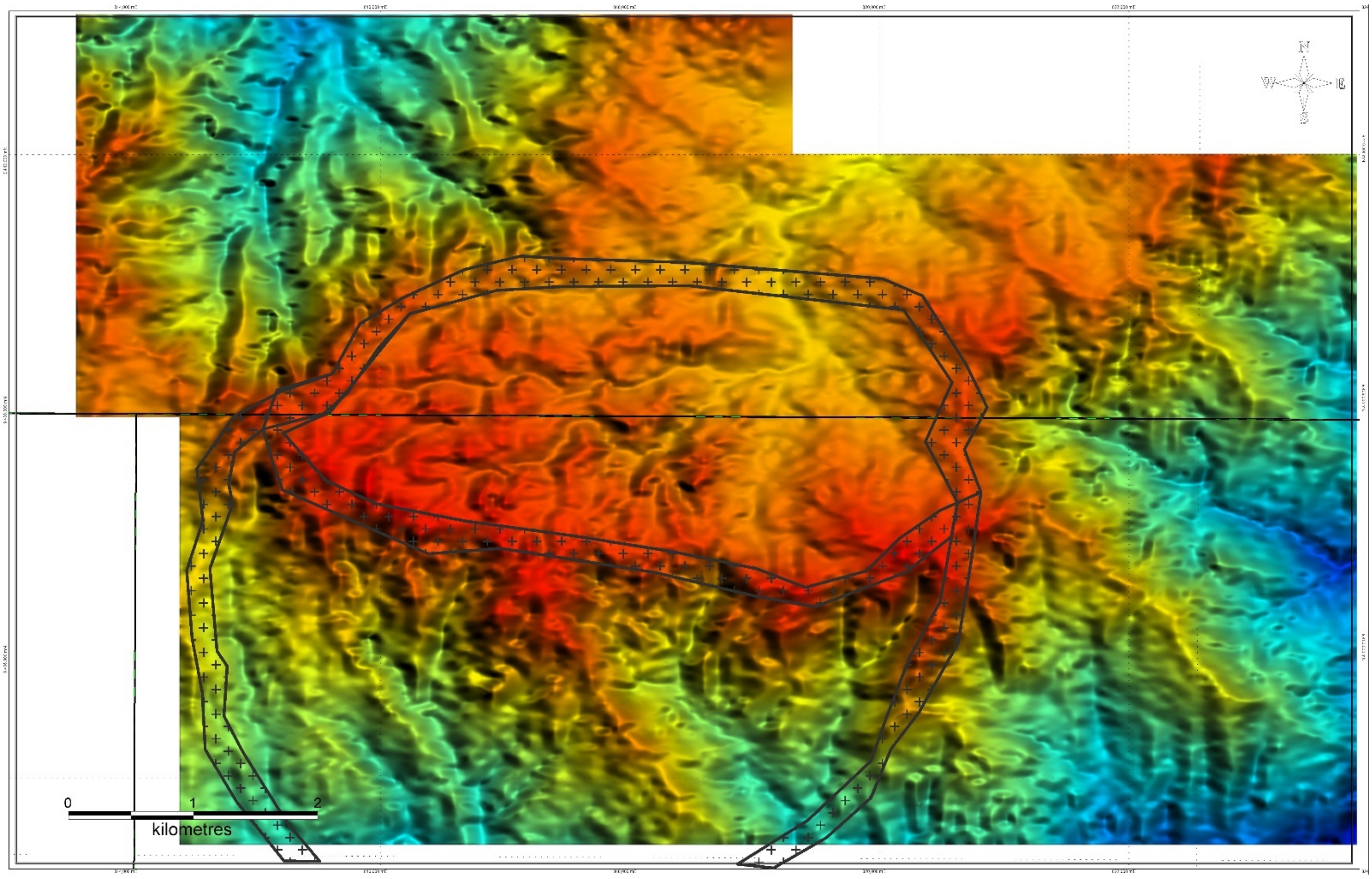

Figure 35 – DTM topography with interpreted possible calderas

The northern and smaller interpreted caldera, overlain over the DTM relates to the elevation. It may be that the mesas or bluff is an erosional remnant of an original crater.

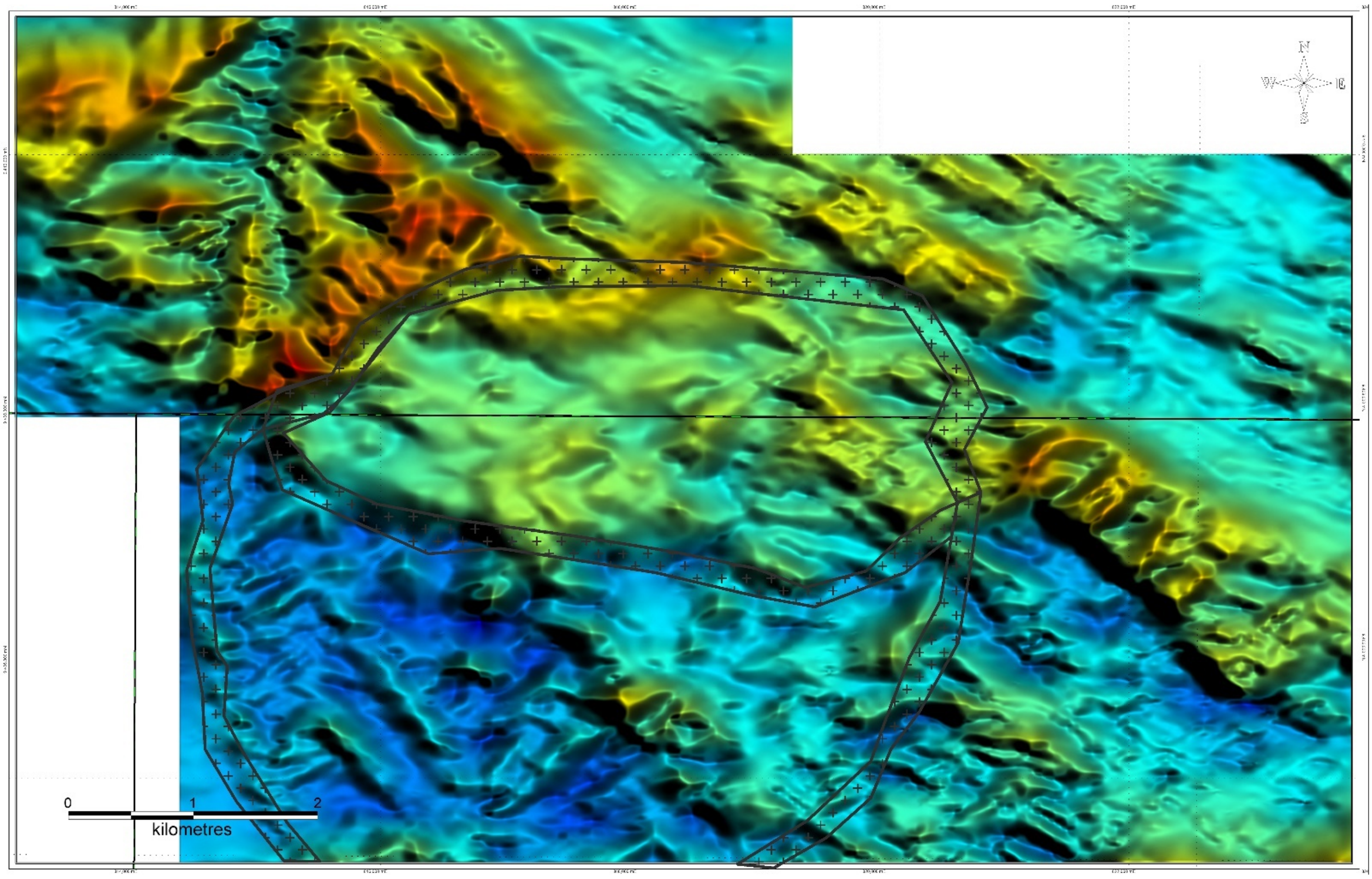

Figure 36 -Total Magnetic Intensity with interpreted possible calderas

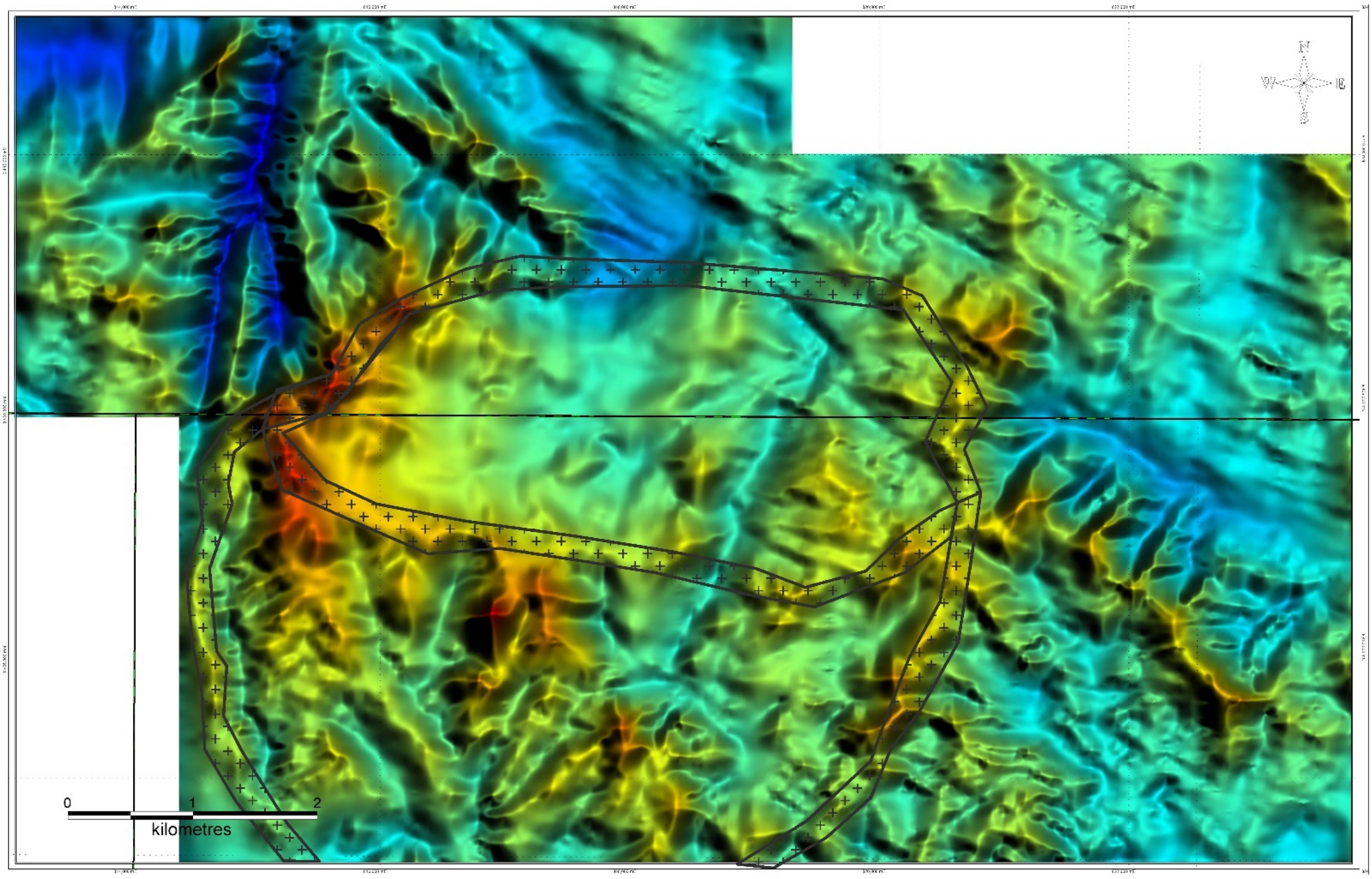

Figure 37 - Total Magnetic Intensity reduced to the pole (RTP) with interpreted possible calderas RTP

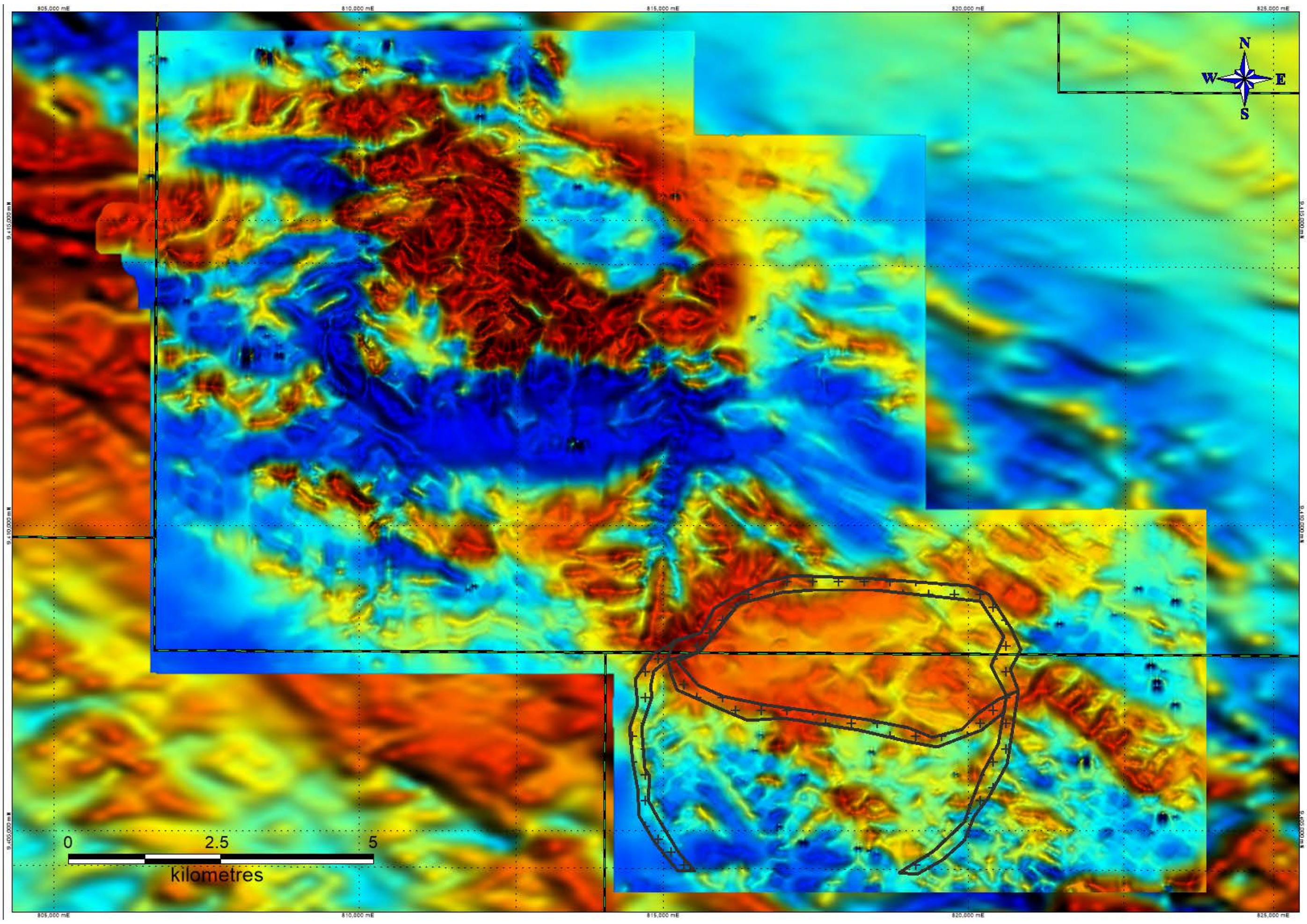

Figure 38 - Regional view - Total Magnetic Intensity with interpreted possible calderas

4 Recommendations

This report recommends a definitive drilling program be undertaken to progress the exploration and develop the potential of the Gold Mountain areas; This program will be designed to determine the geological framework of the areas covered by the recent helimag survey. There are no known drill holes in the helimag survey area. All available technical resources will be made available for this planning of the drilling program.

5 References

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Dekker, F.ER. and Faulks, I.G., 1964. BMR Record 1964/137

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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.

This Report is valid as of 21th December 2016 which represents the date of the latest data and technical information reviewed and there has been no consideration of any material changes to these data or interpretation since that date. The interpretation can be expected to change over time having regard to the success or otherwise of any mineral exploration that is conducted either on the mineral assets concerned or by other explorers on prospects in the near environs. The interpretation could also possibly be affected by the consideration of other exploration data from adjacent licences with production history affecting the mineral assets which have not been made available to the author.

6 JORC Code, 2012 Edition – Table 1 report

6.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary

Criteria	Commentary
Sampling techniques	• 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 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	• No drilling or logging was conducted as part of this release.
Drill sample recovery	• N/A
Logging	• N/A
Sub-sampling techniques and sample preparation	• 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
Quality of assay data and laboratory tests	• 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	• No drilling, logging or sampling was conducted as part of this release • - All location Geophysical data were collected in WGS84, Zone 54. 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 undertaken
Location of data points	• 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 undertaken
Data spacing and distribution	• Pits 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	• The orientation of samples is not likely to bias the assay results. The use of regulary spaced grids eliminated the potential bias that could be caused by the use of irregular

Criteria	Commentary
structure	grids.
Sample security	• Samples were taken to Mount Hagen by company personnel and despatched by courier to the ALS Laboratory in Perth.
Audits or reviews	• 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.

6.2 Section 2 Reporting of Exploration Results

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

Criteria	Commentary
Mineral tenement and land tenure status	• 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	• All exploration programs conducted by Gold Mountain Limited
Geology	• 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	• N/A
Data aggregation methods	• No drilling or logging was conducted as part of this release • No material information is excluded. • No intersections have been reported as part of this release.
Relationship between mineralisation widths and intercept lengths	• 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	• 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	• No drilling was conducted as part of this release, hence no reported intersections.
Other substantive exploration data	• 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	• Continued bulk sampling in two cubic metre pits.

J. F. Allender

Allender Exploration Pty Ltd

A.B.N. 16 073 391 081

Jim ALLENDER
Geophysicist

Allender Exploration Pty Ltd
21 Salisbury Street
Unley
South Australia 5061

+61 8 8272 1171 - tel
+614 3889 1069 - mob
jim@allenderexploration.com
jim.allender@gmail.com

Allender Exploration Pty Ltd