

## **GOLD MOUNTAIN LIMITED**

ABN 79 115 845 942

# **MARCH 2017 QUARTERLY ACTIVITIES REPORT**

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## **OVERVIEW**

### **Corporate**

- **Independent Investment research report on Gold Mountain Limited released (ASX 30/1/2017)**
- **1,707,143 new shares issued for unlisted options exercised**
- **50 million shares released from voluntary escrow**
- **Funding program in focus to support continuity of bulk sampling activities and to enlarge footprint for possible bulk mining scenario**

### **Crown Ridge Project (PNG)**

- **Portable heavy mineral test plant on site and fully operational**
- **Phase 1 bulk sampling program completed with confirmed visible gold on over 92% of 52 pits**
- **Recoveries from 125m<sup>3</sup> test pit (Pit #200) sample yielded 75.05g of gold (Au) and 8.71g of platinum (Pt)**
- **Completion of 3D modelling of magnetics has increased the “free” gold target area from 1km<sup>2</sup> to over 7km<sup>2</sup>**
- **Coarse grains of gold and platinum amendable to recovery using gravity processes**
- **Gold sizing and laboratory analysis suggests losses of fine gold (below 0.2mm) due to heavy mineral processing equipment in use**
- **New upgraded onsite equipment on order to improve fine gold recoveries in next phase of sampling program**
- **Phase 2 bulk sampling program to recommence on site after wet season in PNG**

### 3D Magnetic Modelling

- **Airborne magnetic geophysical survey modelling results released (ASX 27/2/2017)**
- **3D magnetic modelling results identify several potential calderas in the survey area and generated further exploration targets**

- **Main Helimag Survey Areas**

- \* **EL 2306 Abundance Valley**

- Survey enabled identification of geological possibilities of large caldera along with numerous volcanogenic possibilities at the surrounding.

- \* **EL 1966 Sak Creek**

- Limited in area but survey shows an extensive area of shallow highly magnetic likely igneous rocks potentially seated on a caldera.

- Area considered very prospective.

- \* **EL 1968 Crown Ridge (Extended)**

- The Helimag Survey led to greater understanding of exploration potential of the extended area of Crown Ridge where bulk sampling program is already underway.

### Wabag Projects PNG

Gold Mountain Limited is concentrating activities on its highly prospective Wabag Project situated in Enga Province of Papua New Guinea, immediately to the north of Wabag township of the provincial capital. The Wabag Project collectively consists of six exploration licences covering a contiguous area in total of 1,169 km<sup>2</sup>.

The Wabag Projects 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*).

Exploration conducted by Gold Mountain Limited to date has detected highly anomalous gold (Au), platinum (Pt) and base metal zones over numerous locations, including the Sak Creek prospect (EL1966), Pocket Creek (EL1967) and Crown Ridge prospect (EL1968).

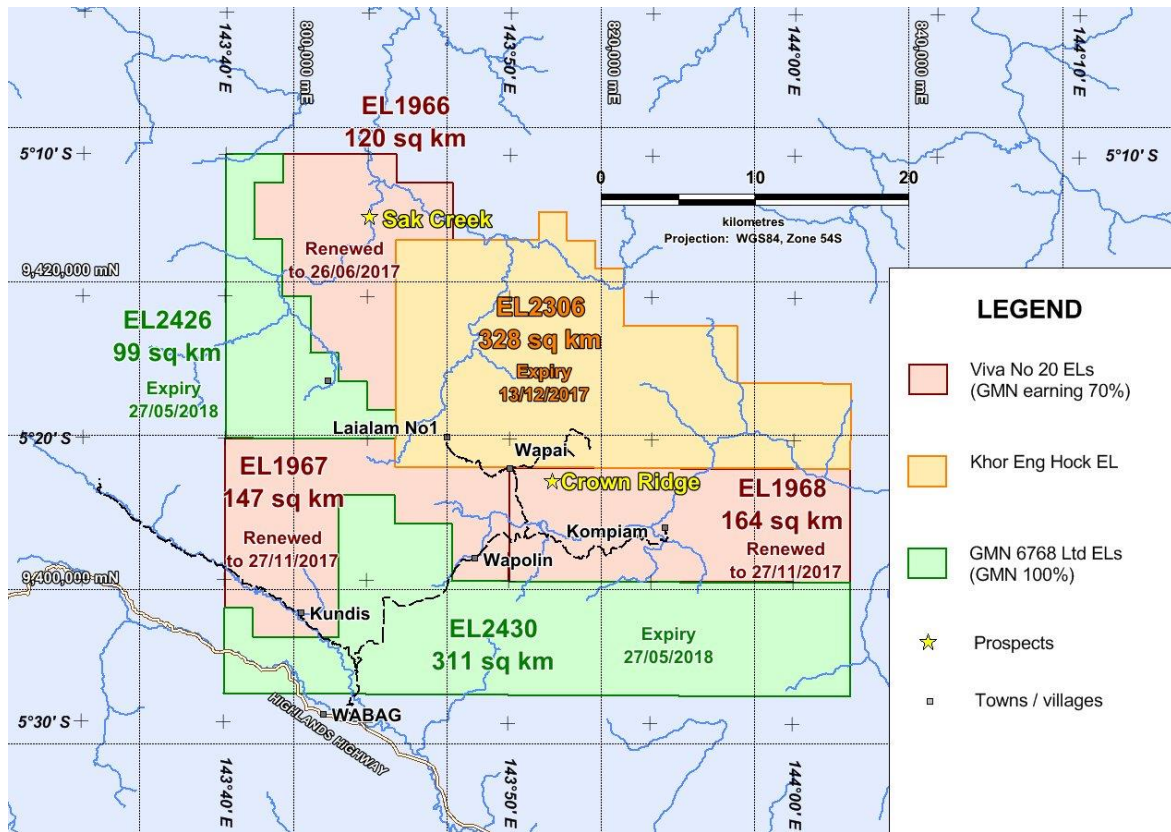


Figure 1: Location of Wabag Project ELs, PNG

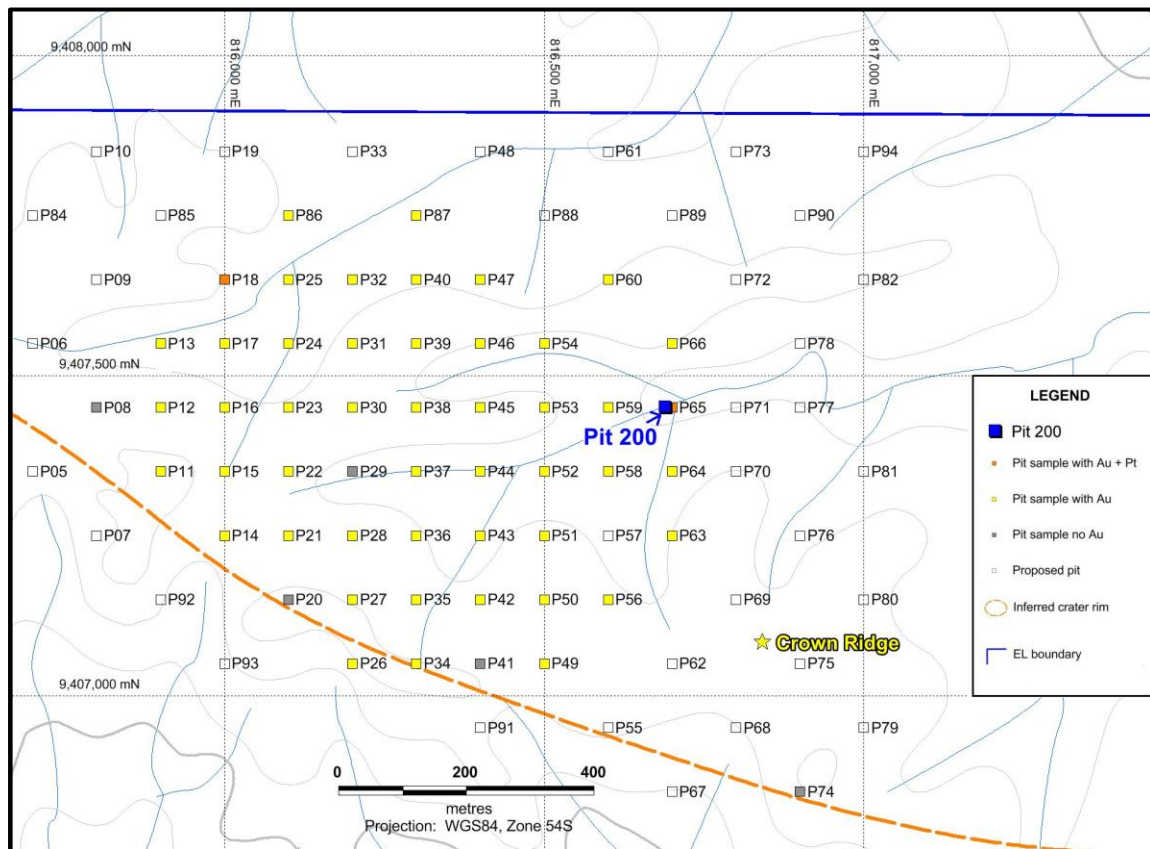
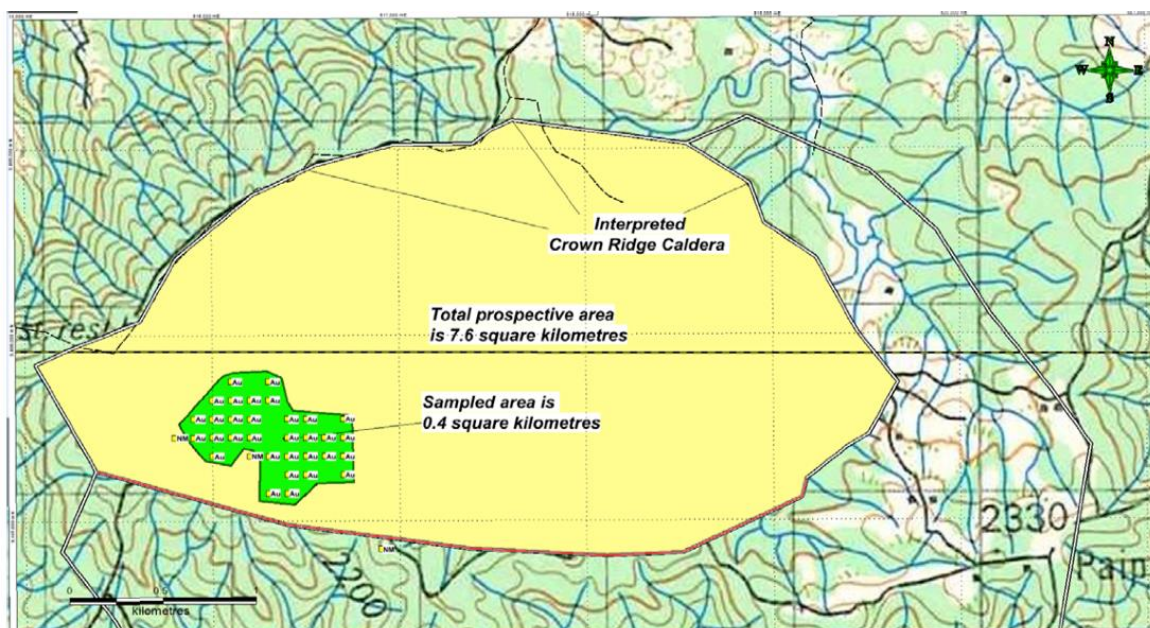


Figure 2: Location of Pits in Phase 1 Bulk Sampling Program



**Figure 3: Expanded target area based on geophysical interpretation.**

### **Crown Ridge Prospect EL1968**

The first of the 125 cubic metre pits was processed with heavy mineral portable screening plant in January 2017, returning 75.05 grams gold, and 8.71 grams platinum (ASX 13/01/17, 15/02/17). Tony King Analytical reported there were 'significant losses' of gold under 0.2mm. To address this Gold Mountain Limited has initiated studies to find a concentrator more suited for this type test work and will improve recoveries of finer fraction material.

From the recently completed geophysical modelling, the free gold target area has increased from 1 km<sup>2</sup> to over 7 km<sup>2</sup> (ASX 16/03/17). This has greatly enhanced Crown Ridge's prospectivity as a large, bulk tonnage surface resource.

### **GMN 6768 (PNG) Limited EL2426 & EL2430**

Other than desk research, no work has commenced on site on these recently granted tenements to the wholly owned subsidiary GMN 6768 (PNG) Limited.

### **Abundance Valley EL2306**

Reconnaissance sampling has been conducted on the eastern areas of EL2306. 3D modelling of the airborne geophysical survey conducted over the lease has recently been finalised with follow up work planned to commence onsite after the wet season in PNG.

## NSW Projects

### Cowarra EL5939

The Cowarra Project (EL5939) was held by Gold Mountain Limited (50%) and Capital Mining Limited (ASX:CMY) under a farm-in agreement whereby Gold Mountain could earn up to 85% by exploration expenditure.

On 6th January 2015, the Company announced that it had entered into an agreement with Capital Mining Limited to purchase the remaining unearned interest in the Cowarra Project.

The Department of Industry (Resources & Energy) has on 22 February 2017 finally granted the approval for transfer of authority of EL 5939 from Capital Mining Limited to Gold Mountain Limited. The registration of transfer is currently in progress.

No on-site work was carried out on the tenement during the Quarter reporting period. The Company will re-assess the status of Cowarra Project with the aim to enhance its resource estimates of 37,253 ounces of gold (JORC Inferred 500,000 tonnes @ 2.31g/t Au) and eventual development of Cowarra into a production mine.

Cowarra exploration expenditure incurred to date \$605,000.

### Dalton EL6922

No further work done on the tenement during the March 2017 quarter. EL6922 Dalton is due for renewal on 23 October 2017.

### Grenfell EL8263

EL 8263 covers the township of Grenfell. The Company considers the prospects of EL 8263 do not meet the aspirations of the Company and has lodged an application to the NSW Department of Industry (Resources & Energy) for cancellation of the exploration licence.



## Tenements Summary

EL No.	Holder	GMN interest	Location	Area (sq km)	Expiry
<b>EL1966</b>	Viva No.20 Limited	70%	Enga Province, PNG	120	26/06/2017
<b>EL1967</b>	Viva No.20 Limited	70%	Enga Province, PNG	147	27/11/2017
<b>EL1968</b>	Viva No.20 Limited	70%	Enga Province, PNG	164	27/11/2017
<b>EL2426</b>	GMN6768 (PNG) Ltd	100%	Enga Province, PNG	99	27/05/2018
<b>EL2430</b>	GMN6768 (PNG) Ltd	100%	Enga Province, PNG	311	27/05/2018
<b>EL5939</b>	Gold Mountain Limited	100%	Cowarra, NSW	19.5	Transfer process
<b>EL6922</b>	Gold Mountain Limited	100%	Dalton, NSW	19.5	23/10/2017
<b>EL8263</b>	Gold Mountain Limited	100%	Grenfell, NSW	11.4	Pending cancellation
<b>EL2306</b>	Khor Eng Hock & Sons (PNG) Limited	Exclusivity to Acquire	Enga Province, PNG	328	13/12/2017

**Table 1: Summary of tenements**

*Statements contained in this report relating to exploration results and potential is based on information compiled by Doug Smith, who is a Member of AusIMM. Doug is a company director and 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 Australasian 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.*