

**ASX : GMN****17 May 2018**

BONANZA GOLD DISCOVERIES EXTENDED, AGGRESSIVE EXPLORATION PROGRAM TO LOCATE SOURCE

HIGHLIGHTS:

- ✓ **Bonanza-type gold has now been discovered along the key drainage headwaters of several creeks starting from the flanks, ridges and spurs of Crown Ridge**
- ✓ **Location constrained around the headwaters to an area of 1,000m x 1,000m**
- ✓ **Fortunate to have narrow target area, aggressively exploring to pinpoint location**
- ✓ **Multiple field teams mobilised, helipads and fly camps being constructed**
- ✓ **Expanded exploration program includes detailed mapping and sampling to locate drill targets at the large porphyry copper target discovered at Mongae Creek**

Papua New Guinea-focused precious metals exploration company Gold Mountain Limited (ASX: GMN) (“Gold Mountain” or “the Company”) is pleased to announce a key objective of its expanded exploration program includes locating and drilling the source of Bonanza Grade-Type Gold discovered at Crown Ridge.

Bonanza-type gold has now been discovered along the key drainage headwaters of several creeks starting from the flanks, ridges and spurs of Crown Ridge. Gold Mountain is fortunate that these delicate gold specimens have been discovered along the headwaters, rather than an area several kilometres downstream. We now have the location constrained around the headwaters to an area of 1,000m x 1000m and are aggressively exploring to pinpoint the location.

Bonanza-type mineralisation is frequently found in the boiling zones of epithermal gold-sulphide-quartz deposits that are characterised by the presence gold grades possibly to hundreds of grams per tonne (e.g. Zone VII of the 24Moz Porgera Gold Mine, 79km west of Crown Ridge). Some specimens have been shed from clearly very high grade portions of a mineralised structure (refer to photos below). Epithermal gold structures can extend laterally for hundreds of metres and be very deep tapping.



Due to deep weathering and high clay content there is little visible outcrop. GMN has now sourced a second excavator that will be dedicated to aggressively trenching within the target area. Bonanza gold deposits can typically contain between 5-15% sulphides with quartz. At Crown Ridge the exploration target is a linear gold-bearing structure(s) that has been emplaced within deeply weathered clays that have had all sulphides leached. Gold Mountain is currently finalising selection of a ground survey geophysical method. We are confident the appropriate method will identify drill targets by detecting the contrast between potential gold-sulphide-quartz structures in moist-sulphide free clays.

Gold Specimens. Crystalline Wire and Dendritic Gold Indicative of the Boiling Zones of Epithermal Gold Deposits.

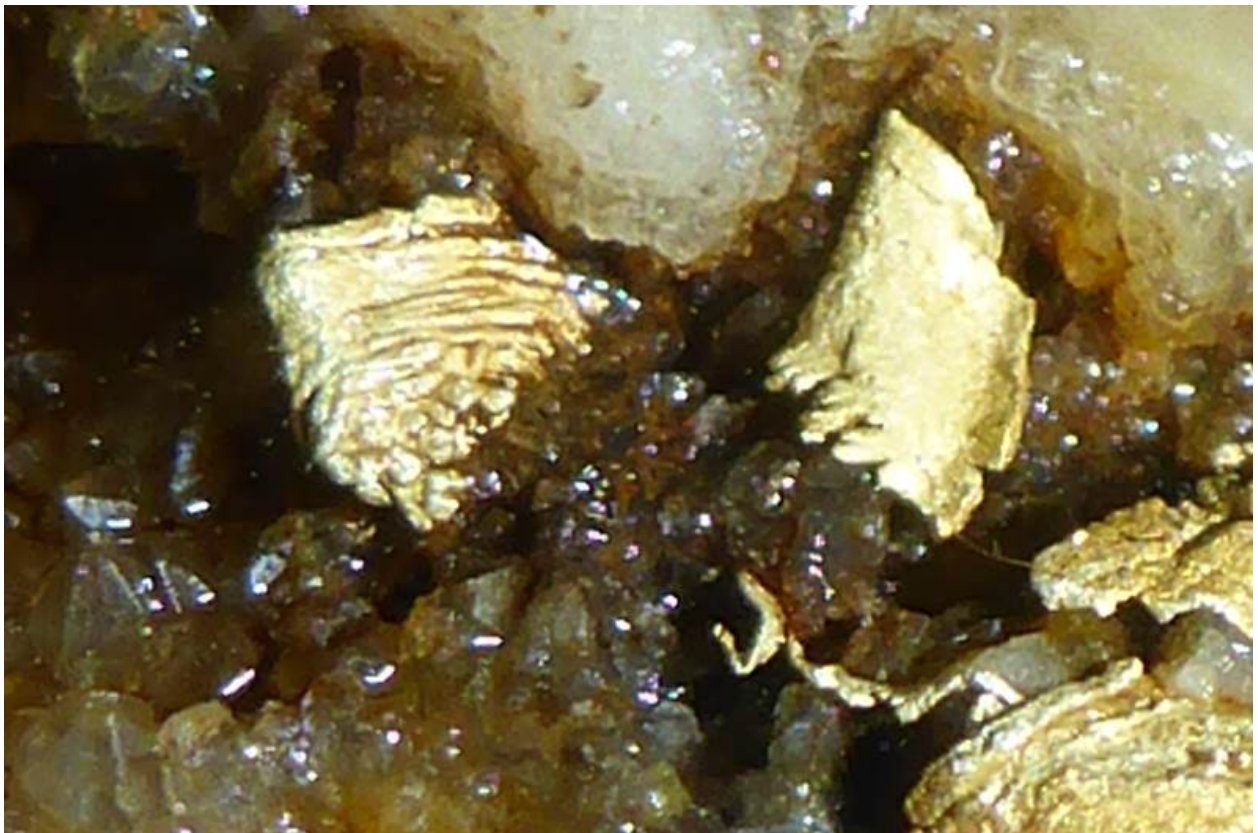
Specimens in many of the photos below have clearly been shed from a high grade gold source.



Portion of large quartz cobble containing crystalline dendritic and wire gold indicative of boiling zones of epithermal gold deposits. Scale in both inches and centimetres. Images following are enlargements of the bonanza-type crystalline gold, refer to scale in this photo for dimensions.



Crystalline dendritic and wire gold indicative of boiling zones of epithermal gold deposits. Hosted in open textured, quartz crystal-lined vug. Refer to first photo above for scale in both inches and centimetres.



Crystalline dendritic and wire gold indicative of boiling zones of epithermal gold deposits. Refer to first photo above for scale in both inches and centimetres.



The specimen above is a portion of a rounded quartz floater derived from probably the boiling zone of a low sulphidation epithermal gold system. It was discovered by shallow digging in the side of Kwae River, located in the valley to the north of Kiangap Creek, the site of the Bonanza-type gold discovered in February 2017. Timin and Uman Creeks flow northeasteast and join to become Kwae River.

The gold is crystalline and consists of dendritic and wire gold and is indicative of being sourced from a Low Sulphidation Epithermal Gold System that can host high grade gold. It was found close to the start of the catchment of Kwae River, confining the potential gold source structure to a relatively small search area.

Kwae River is located in the valley to the north of Uman Creek and the site of the Bonanza-type gold discovered in February 2017. The specimen was discovered 750 metres northeast of the pit that yielded the Bonanza-type gold. This discovery confirms the occurrence of identical Bonanza-type gold in adjacent but separated drainage systems sharing the same catchment. Low Sulphidation Epithermal Gold Systems can be very large through-going structures (hundreds of metres long).

This extended discovery of bonanza-type gold in juxtaposed valleys with isolated drainage sources suggests either multiple structures or a large structure several hundred metres long crossing the drainage systems.

Doug Smith Exploration Director stated *“This is frontier exploration, Gold Mountain is the first company to explore the headwaters of Crown Ridge. There are not many places left in the World where you can still find gold attached to rocks lying near the surface of creeks and rivers – akin to the gold rush days of legend. We have now conclusively discovered bonanza-type gold over a distance of hundreds of metres. The source must literally be buried under our feet. We have it cornered and I am confident the combination of deep trenching using excavators and ground geophysical surveying will reveal the location of this potential World Class discovery. It is only a matter of time and I am pushing to make that as short as possible.”*

Expanded Exploration Program

Gold Mountain is now exploring on several fronts with potential for continuous positive news flow.

The mobile bulk sampling plant is expected to be operational in June/July with the objective to fast track a Mineral Resource Estimate, Mining Lease Application and a low capex and low opex gold mine.

Apart from the primary objective of discovering the Bonanza-type gold presented herein, Gold Mountain has also mobilised multiple field teams. Helipads and fly camps being constructed in areas never previously explored. This expanded exploration program includes detailed mapping and sampling to locate drill targets at the large porphyry copper target discovered at Mongae Creek.

Detailed maps (geological, geophysical anomalies) and data from Gold Mountain’s previous reconnaissance are in preparation for an ASX release.



Photos of Bonanza-type Epithermal Gold

Many of the specimens in the photos below contain abundant gold associated with quartz that consists of interlocking prismatic 'sugar grain-sized' crystals that grew in an open-spaced epithermal environment. Such delicate specimens are clearly close to their source as they would quickly disintegrate when water transported with large boulders. This is further confirmed by the fact they have been found in creeks and rivers at their headwaters and, in any event, couldn't have travelled far as are totally contained within a 1,000m x 1,000m area.

Many of the specimens of the crystalline wire gold have been shed from a high gold grade source.



Bonanza-type gold indicative of boiling zones of epithermal gold deposits. Note quartz consists of interlocking prismatic 'sugar grain-sized' crystals that grew in an open-spaced epithermal environment. Such delicate specimens are close to source and would quickly disintegrate when water transported with large boulders. Scale in both inches and centimetres.



Crystalline wire gold. Scale in both inches and centimetres.



Detail of specimen in previous photo. Crystalline wire gold clearly shed from a high grade gold source. Scale in both inches and centimetres.



Crystalline gold clearly shed from a high grade gold source. Scale in both inches and centimetres.



Gold in quartz, nugget nicknamed 'The Golden Kangaroo'. Scale in both inches and centimetres.



Wire gold clearly shed from a high grade gold source. Scale in both inches and centimetres.



Wire gold clearly shed from a high grade gold source. Scale in both inches and centimetres.



Wire gold clearly shed from a high grade gold source. Scale in both inches and centimetres.



Gold-quartz nugget. Scale in both inches and centimetres.



Gold-quartz nugget. Scale in both inches and centimetres.



Crystalline gold and interlocking prismatic quartz. Scale in both inches and centimetres.



Crystalline gold and interlocking prismatic quartz. Scale in both inches and centimetres.



Gold-quartz nugget. Scale in both inches and centimetres.



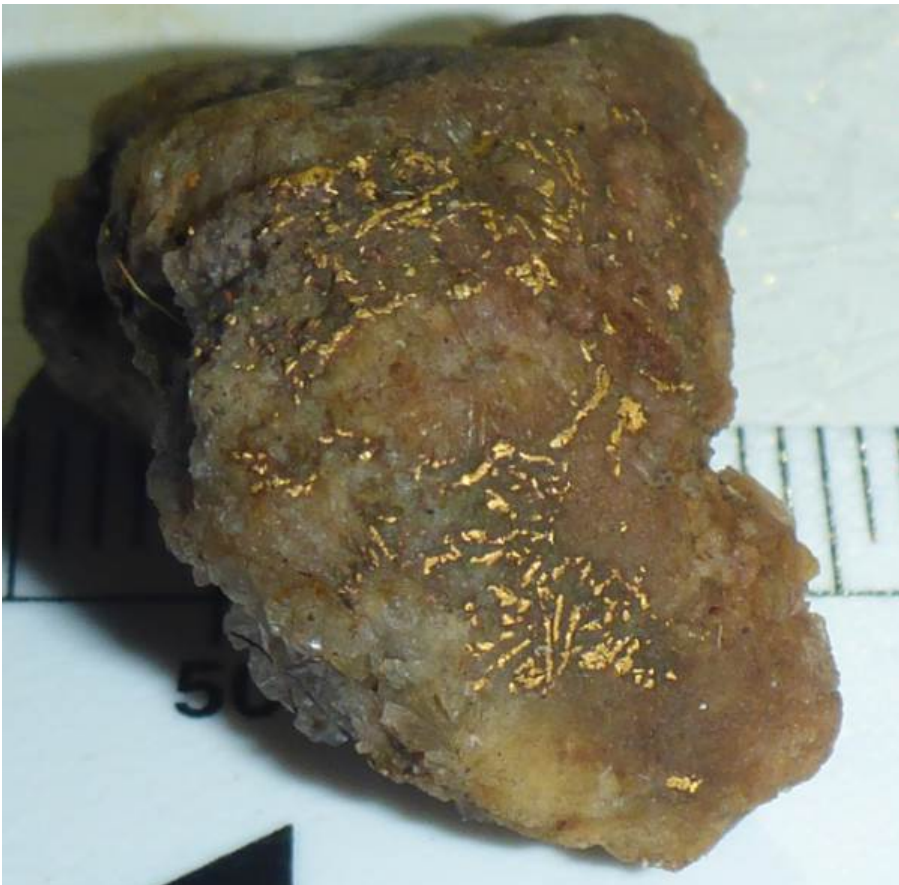
Crystalline gold and interlocking prismatic quartz. Note how the 'sugary' white quartz is friable and disaggregating to release the gold. Such a fragile specimen must be very close to its source. Scale in both inches and centimetres.



Crystalline gold and interlocking prismatic quartz. Note how the 'sugary' white quartz is friable and disaggregating to release the gold. Even light-handling has resulted in pieces of crystalline quartz crumbling and falling onto the yellow metallic tape measure. Such a fragile specimen must be very close to its source. Scale in both inches and centimetres.



Crystalline gold and interlocking prismatic quartz. Scale in both inches and centimetres.



Crystalline wire gold and interlocking prismatic quartz. Scale in centimetres.

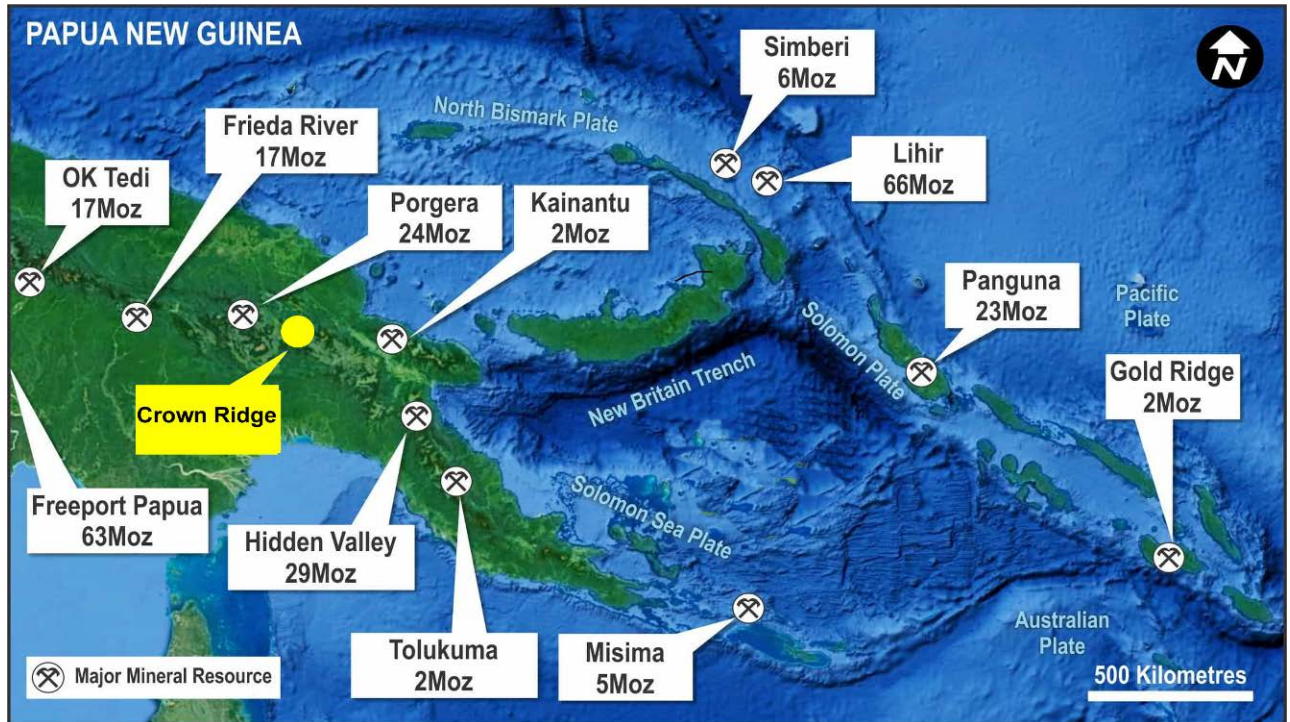


Figure 1: Location of Crown Ridge relative to major World Class gold mines in Papua New Guinea

About Gold Mountain

- Large Unexplored Areas in PNG's World Class Mineral Province, Early Exploration Success Includes:
- Flagship Crown Ridge. Final Phase 5 assessment of cash flow generating potential of free gold and platinum in conglomerate.
- Closing-in on the sources of Bonanza-type gold at Crown Ridge.
- Newly Discovered large Porphyry System at Mongai Creek
- Newly Discovered (Feb. 2018) floaters from Low Sulphidation Epithermal Gold System at Lialam
- Platinum – the Search for the Source has Begun
- Ongoing exploration program advancing on several fronts
- Compelling geological evidence of potential to add significant assets to existing portfolio.
- Continuous Positive New Flow
- Significant Discovery Potential for World Class Gold Mines

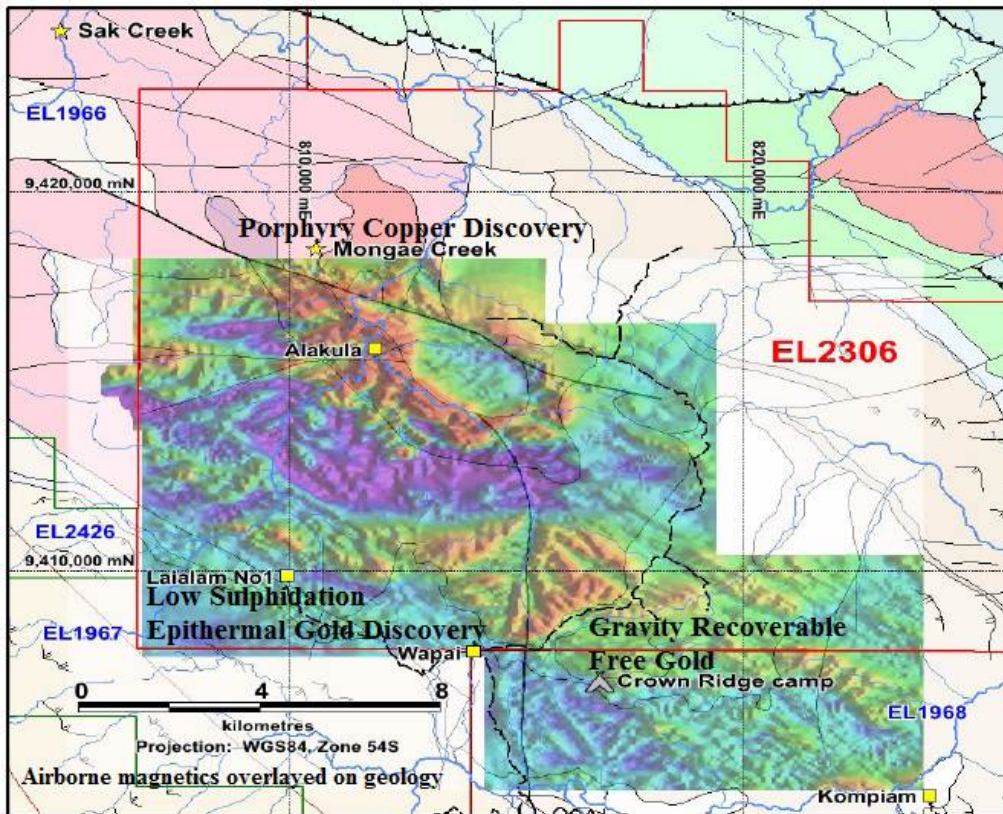


Figure 2: Expanded exploration program to aggressively investigate other potential mineral systems including at Lalalam and Mongae Creek

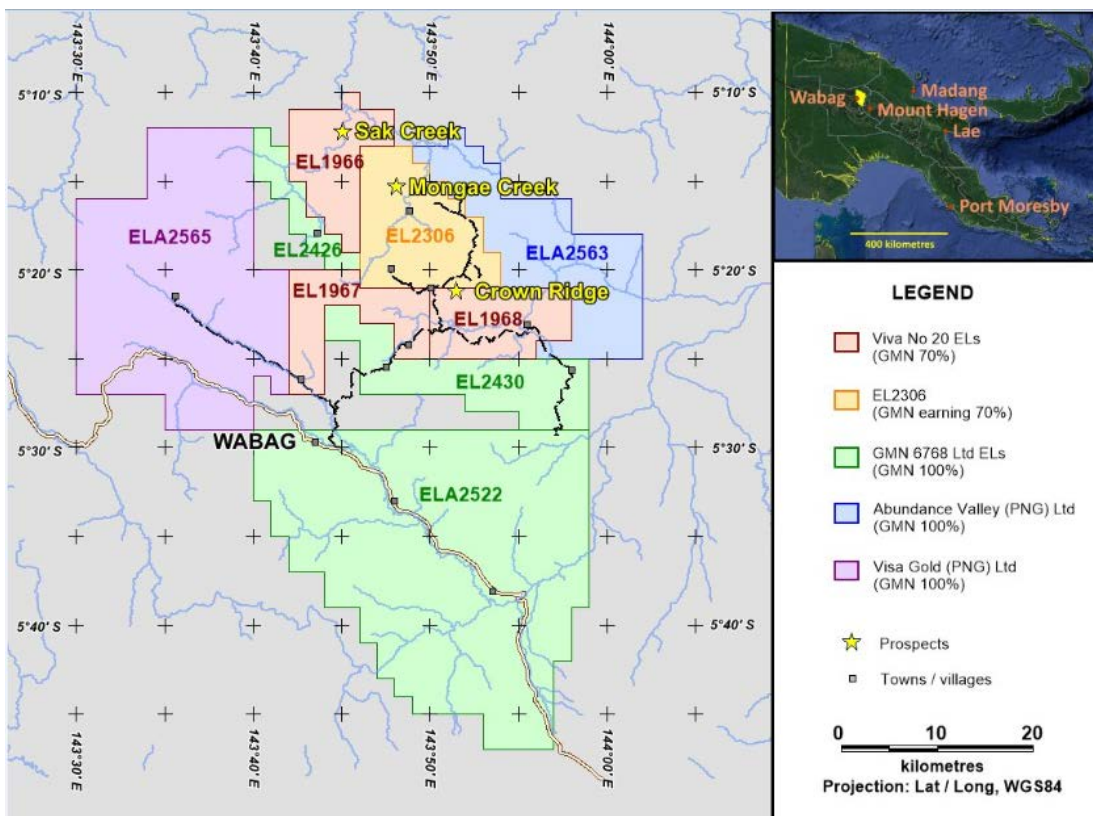


Figure 3: Explortion Licences cover substantial areas within the fertile Gold-Copper endowed Papuan Mobile Belt that includes World Class mines

**Competent Person's Statement**

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 2012). Doug Smith consents to the use of this information in this report in the form and context in which it appears.

Forward Looking Statements

All statements other than statements of historical fact used in this announcement, including, without limitation, statements regarding future plans and objectives of Gold Mountain Limited are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Gold Mountain Ltd that could cause Gold Mountain Limited's actual results to differ materially from the results expressed or anticipated in these statements.

Gold Mountain Ltd cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Gold Mountain Ltd does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements. Exploration Licence 1968 is fully permitted fully by the PNG Government, subject to meeting the conditions of the licence.



The company invites you to view the latest photographs showing progress of exploration programs on the Wabag project here: <https://www.goldmountainltd.com.au/gallery>

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

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About Gold Mountain

Gold Mountain Limited (ASX:GMN) is a junior mining explorer focused on delivering shareholder returns by developing its gold projects in Papua New Guinea (PNG). The company's experienced management team has assembled a portfolio of tenements prospective for gold, covering a total area of 2010km² within the Highlands of PNG. Gold Mountain is now focused on advancing its flagship Crown Ridge Gold project to assess the viability of and, results permitting, develop a relatively short term start up bulk gold mining operation.

The Company is fully funded for the current drilling and bulk sampling program aim at defining a maiden Mineral Resource Estimate (MRE) under JORC 2012 guidelines and additional exploration as required.