

ASX RELEASE

15 Nov 2018

STRONG COPPER AND POLYMETALLIC MINERALISATION IN PORPHYRY VEINS IN MCD002

Gold Mountain Limited, (ASX: GMN) is pleased to announce an update to its exploration programme at its flagship Wabag project in Papua New Guinea, where several exciting prospects are being actively explored.

Highlights

- All core for hole MCD002 (Mongae Creek) logged and submitted for geochemical analysis; early investigations show strong copper and polymetallic mineralisation and A-, B-, M- and D-type porphyry veins. Veining, brecciation, and mineralisation are all of a higher tenor than the first hole MCD001.
- K-lam, a newly-identified prospect to the NW of Mongae Creek, shows elevated copper mineralisation, with up to 0.99% Cu intersected in a narrow vein within an altered diorite which outcrops in the stream over a width of at least 30m.
- Re-examination of diamond core previously drilled at Crown Ridge suggests the presence of hydrothermal alteration and mineralisation. Selected intervals are to be submitted for full geochemical analysis.
- Phase 1 of the soil geochemical sample programme at Crown Ridge on track for mid-November completion.
- Successful completion of warden hearings, paving the way for MRA approvals for three key new exploration licences around Wabag.

Tony Teng, Managing Director, commented: "beside the positive results for our diamond drilling at Mongae, the discovery of copper mineralisation at K-lam is very exciting for us. It underlines what we've been saying for a long time, that this area is incredibly prospective. We are finding new areas of interest every time we enter a new area. The vast majority of our tenements are either un-explored or underexplored and what we are finding is a NW corridor in which three exciting projects, Mongae, K-lam and Sak Creek, are developing."



Mongae Creek Exploration

Recently-completed core logging of hole MCD002 shows abundant features characteristic of a large-scale porphyry copper-gold systems (Figures 1 to 5). Importantly, compared to the first drill hole MCD001 (see Figure 6 and Figure 7), alteration, brecciation, the presence of A-, B-, D-, and M-type veins are visibly stronger. The Company notes that in accordance with clause 19 of the JORC Code, at this stage it is not clear whether potentially economic mineralisation has been discovered, and that full laboratory assay results are expected to be returned in December. No speculation on grades are made and all information is treated in the context of important geological vectors for deposits of this style. Analogies with known systems, and similarity in diagnostic features are relevant to guide exploration and put the exploration results into context regardless of the availability of laboratory assays.

Doug Smith, Technical Director, commented: "Our second diamond drill hole at Mongae has certainly met our expectations and is providing us with some key pieces of the technical puzzle. After MCD001, we wanted 'hotter' and we got 'hotter'. We are very clearly getting closer to the guts of the mineralised system, where higher-grade copper and gold are expected. We know from previous surface sampling that economic grade mineralisation of up to 0.4% copper is present in this system. I have seen exactly these kinds of features in other well-known porphyries such as Pebble, where I used to work for Northern Dynasty Minerals who own that project".

The A-, B-, D-, and M-style veining, the alteration assemblages and mineral suites observed in MCR002 are all found associated with known large-scale porphyry deposits. GMN has paused the drilling, in order to extract maximum information from these initial two holes, and together with additional surface geochemical exploration, that is currently underway. The Company aims to create a three-dimensional geological model that will assist in optimising the next drilling campaign targeting the higher-grade parts of the porphyry system.

Future drilling will be designed to follow the M-veins intersected in MCD002 down dip towards the expected source intrusion, and into the hotter central potassic hydrothermal alteration zone.

The Company has submitted all 356 m of core from MCD002 to the ALS laboratory in Townsville, results are expected in the next three to six weeks, with a full analysis of the results likely to be reported to the market in early December. In addition, 12 samples from MCD002 have been selected for petrology studies and a further 25 samples for XRD analysis to get a better understanding of the alteration style. These results should also be available towards the end of December. Drill hole parameters for the two holes drilled at Mongae Creek are presented in Table 1.

Table 1. Details for Diamond drill holes MCD001 and MCD002

Hole ID	Easting WGS64 Zone 54	WGS64	RL (m)	Azimuth (mag) deg	Inclination (deg)	Final Depth	Target
MCD0	810225	9419395	1860	165	-60	512	Test NW-SE, NE-SW, possible dilatational jog and porphyry mineralisation
MCD0	810400	9419248	1838	177	-59	356.4	Test NW-SE, NE-SW, possible dilatational jog and porphyry mineralisation

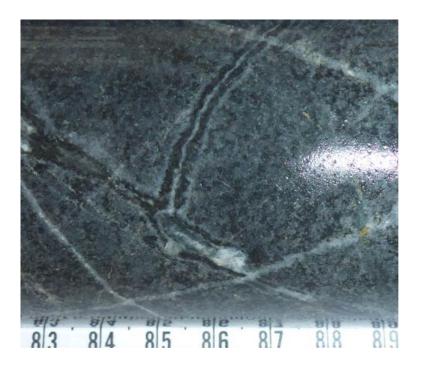


Figure 1 MCD002 226.85m: Tonalite exhibiting diagnostic magnetite-bearing (black) M-type veins that are often proximal indicators to location of the higher-grade copper-gold mineralisation (scale: centimetres)

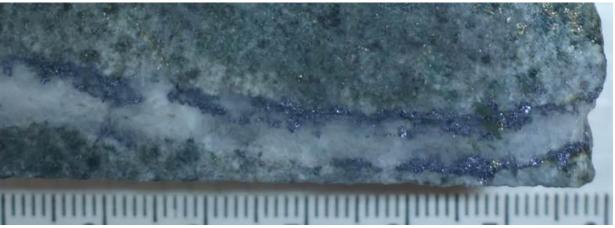


Figure 2 MCD002, 129.18m: Molybdenite selvedge on quartz, B-type veins are particularly distinctive of porphyry coppergold systems (scale: centimetres)

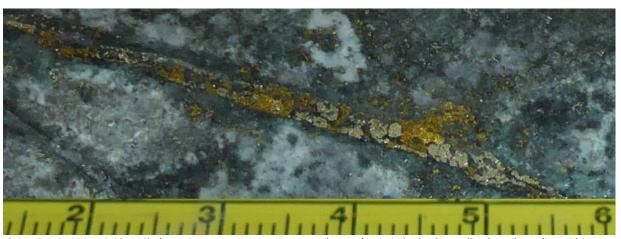


Figure 3 MCD002 142.00m: Chalcopyrite-pyrite-magnetite-quartz (A-type) vein in hydrothermally-altered tonalite with abundant disseminated magnetite (scale: centimetres)



Figure 4 MCD002, 122.66m: Sheeted quartz-chalcopyrite (CuFeS₂, copper)-pyrite veins (scale: centimetres)



Figure 5 MCD002 189.80-189.98m: Brecciated tonalite with chalcopyrite (CuFeS₂), pyrite, magnetite (black) and quartz cement (HQ Core 63mm diameter; scale: inches and centimetres)

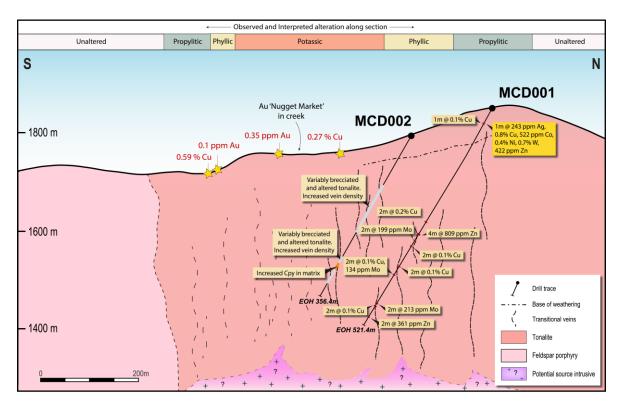


Figure 6: Results of drilling and geological interpretation at Mongae Creek. Hole Location shown in Figure 7.

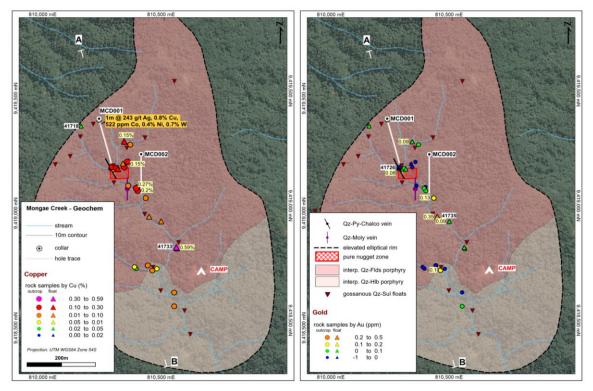


Figure 7 Planview map of Mongae Creek, showing recently completed diamond drill holes and surface sampling.

Crown Ridge Exploration Update

Soil Auger Sampling

Soil geochemical sampling is continuing at the Crown Ridge (CR) prospect. An orientation programme was recently completed and the current 80 x 80m will be completed by mid-November. Infill sampling



will continue as results come to hand based on preliminary pXRF results of the dried soil pulps. Results are expected by late December. It is expected that trenching will be undertaken to test geochemical highs identified by the soil programme, with the trenching expected to start in the second week of January 2019. Figure 8, shows the sampling progress to date at CR.

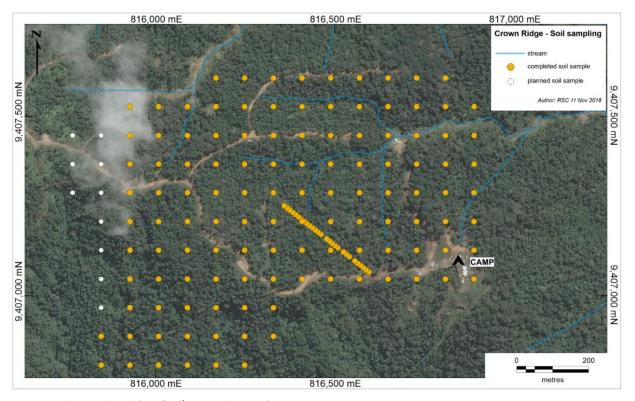


Figure 8: Soil Sample Grid (as of 10th November 2018)

Bulk Sampling

Bulk gravity gold sampling from a 5 x 5m pit at Crown Ridge (Pit 103) continues and is expected to be completed by mid-November. Concentrates will be sent to a specialised laboratory in Australia where the gold recovery will be determined. These results will be combined with results from recently completed $1 \times 1 \text{m}$ pits to determine whether there is the potential to start a small-scale alluvial mining operation in the creek system at Crown Ridge.

Previous Diamond Drilling

Results for pXRF analyses collected directly on core samples drilled at CR in 2017 through to early 2018 (holes CRD001-CRD019) were received. These core samples were not visually mineralised and were therefore not originally submitted to the laboratory for full geochemical analysis. Based on the pXRF results, which are regarded as preliminary and show some evidence of hydrothermal alteration and path-finder element enrichment, selected intervals will be submitted to ALS for geochemical analysis.



K-lam Exploration – A New Find

In August 2018, the Company was made aware by local villagers of copper mineralisation outcropping in a creek in an area between the Sak Creek and Mongae Creek prospects. GMN's geologists have now verified the location of the rock sample that was sent to ALS and returned an assay result of 0.99% Cu and 0.11 ppm Au. The location of this rock chip is presented on Figure 9.

GMN geologists confirmed that the sample is from a quartz-pyrite-chalcopyrite vein in outcrop which is 5 cm wide and is hosted in an altered diorite. Interestingly, the vein is one of multiple subparallel quartz-pyrite ± chalcopyrite veins which are up to 5 cm wide and occur over a 2 m interval. Repetitions of this outcrop were observed for 10s m upstream and downstream. Seven rock chip samples were collected from this area and have been submitted to ALS for geochemical analysis with results expected by late November.

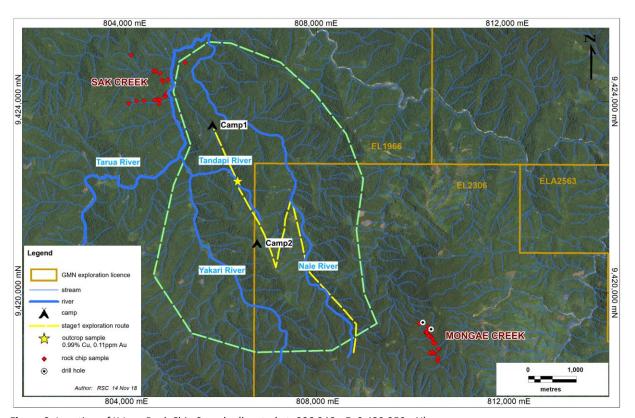


Figure 9: Location of K-Lam Rock Chip Sample, (located at: 806,348mE: 9,422,350mN)

GMN plans to map the area around the outcrop and to expose more of the mineralisation along strike of the veining. As this is a new find, it needs to be integrated into the overall exploration strategy and an appropriate budget assigned to further explore this highly prospective area.

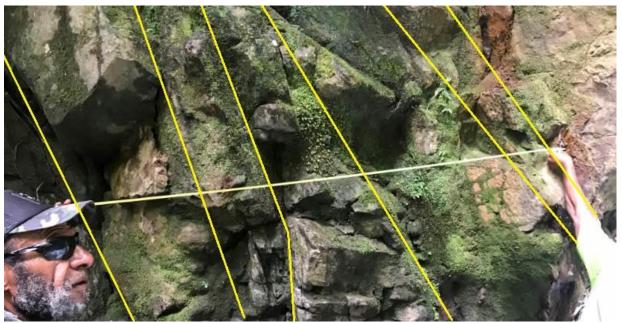


Figure 10: Yakari Creek -Kulinlam, location of vein which assayed 0.99% Cu and 0.1 1ppm Au. Photograph shows the 6 subparallel veins (yellow lines) which occur within a 2 m interval, (white tape measure).



Figure 11: Sample collected from outcrop at K-lam.

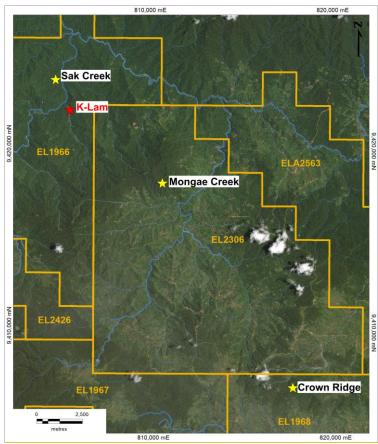


Figure 12: Location Map for the K-lam Prospect.

Warden Hearings

Under statutory requirements of the Government of Papua New Guinea and as a prerequisite to the granting or extension of mineral exploration licences, a Mining Warden Hearing ('MWH') must be successfully completed.

GMN is pleased to announce the successful outcome of these hearing conducted in October 2018, with respect to GMN's six ELs which are currently under renewal and its three new Exploration License Applications (ELA).

Gold Mountain Ltd holds six ELs (EL1966, EL1967, EL 1968, EL2306, EL2424 and EL2430) within the Kompiam-Ambun District of Enga Province, Papua New Guinea. All six ELs are up for renewal this year. Additional applications for three new ELAs (ELA2522, ELA2563 and ELA2565) also require MWH prior to granting. The MWH commenced on the 8th of October and ended on the 12th of October 2018.

At the meetings, the people affected by the exploration licence areas overwhelmingly supported Gold Mountain to continue its exploration efforts and petitioned the Mining Warden to recommend the Mineral Resource Authority (MRA) grant the extensions and new licences as soon as possible.



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.

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About Gold Mountain

Gold Mountain holds substantial areas within the fertile Au-Cu-endowed Papuan Mobile Belt that includes world-class mines (Figure 13). Most of the areas within the Exploration Licences (ELs) have never been explored using modern technology. Multiple targets have been identified within the licence area of approximately 2,000 km² (Figure 13). Current exploration focus is on three main prospects:

- Crown Ridge field programmes have identified part of the catchment area where the source
 of abundant fine and coarse gold is likely to occur; current exploration working up to hardrock drilling targets, expected to be of high-grade epithermal nature.
- Mongai Creek discovery of outcropping porphyry Cu-Au style mineralisation, mapping and stream sampling indicate that there is good potential for a large-tonnage deposit in this area.
 Initial drilling identified the existence of porphyry-style mineralisation. Results from the drilling and surface geochemical sampling programmes, now underway, will allow the company to better target future drilling.
- Sak Creek early-stage exploration identified strongly mineralised float samples from an interpreted potential low-sulphidation epithermal gold system; ridge-and-spur soil sampling has narrowed the target area down, and follow-up field activities are being planned.

Large areas remain to be assessed. A video is now available on the Company's <u>website</u> and via social media sites (<u>here</u>). The video includes interviews with the senior leadership team describing what makes Wabag a unique Cu-Au asset.

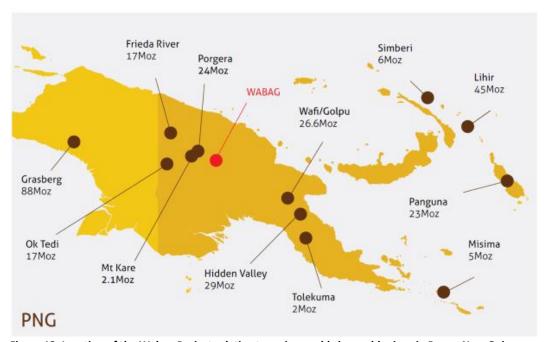


Figure 13. Location of the Wabag Project relative to major world class gold mines in Papua New Guinea

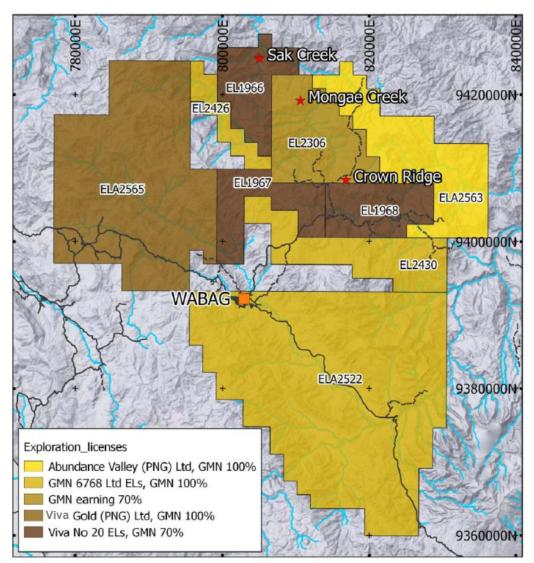


Figure 14. GMN exploration licences cover substantial areas within the fertile, Au-Cu-endowed Papuan Mobile Belt that includes world-class mines



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	 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. 	 Drill core described in this announcement were taken from MCD002 which was drilled using a diamond drilling rig using a combination of PQ and HQ, core SOPs for all work were used to safeguard representivity of the sampling and drilling, which was carried out using best and standard practice Rock chip samples – Approximately 3 – 4 kg 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
		 Soil Auger samples – Samples collected from an 80 m x 80 m grid, using a shell auger, sample collected from the B horizon, with between 3 to 4 kg of material collected.
		 All samples placed in individually labelled plastic bags prior to being transported to an area where they are sun-dried prior to being and dispatch to a laboratory.
Drilling techniques	Drill type and details.	Diamond drilling using triple tube PQ and HQ equipment
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	 Recovery measured for each drill run as a ratio of recovered core per run length Triple tube and sound SOPs improved recovery from core Relationship between recovery and grade cannot yet be established.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate.	 Rock, core and petrological samples were photographed and geologically logged Core was geologically and geotechnically logged, and portable X-ray fluorescence (pXRF) analyses conducted. The logging was done in detail to support any interpretations and comments in the release.
		 No pXRF results are reported, the pXRF was used to confirm the presence of certain elements in the core Drill core logging of lithologies, structures,
		 alteration veining and mineralisation. Drill core logging of lithologies, structures, alteration veining and mineralisation suitable to support MRE.



		 All core was logged Petrographic section preparation was performed at Thin Section Australia Pty Ltd in Brisbane, Queensland. Standard thin section (TS) and polished thin sections (PTS) were prepared. Subsequently, the TS was examined microscopically in transmitted and oblique reflected
		light, and PTS in transmitted and reflected light, and photomicrographs were taken of representative textural and mineralogical characteristics.
Sub-sampling techniques and	 For all sample types, the nature, quality and appropriateness of the 	Samples from soil are sun-dried on-site before dispatch to laboratory.
sample preparation	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.	Industry standard sample preparation techniques undertaken at ALS in Townsville (Australia). Entire samples pulverised before sub-sampling.
		 QC procedures - No duplicate samples collected in the field or company standards submitted. Laboratory standards used.
		Sample sizes are appropriate for the type of material being sampled to ensure good representivity.
	 Whether sample sizes are appropriate to the grain size of the material being sampled. 	
Quality of assay data and	The nature, quality and appropriateness of the assaying	 Industry standard analytical methods undertaken by ALS, Townsville, Queensland
laboratory tests	and laboratory procedures used and whether the technique is considered partial or total.	 Gold assays – 50 g fire assays (method Au-AA24). Multi-element – 0.25 g sub-sample digested in 4-
	 Nature of quality control procedures adopted (eg standards, blanks, 	acid digest followed by ICP-MS determination (method ME-ICP61).
	duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	 QC by laboratory included check assays, duplicate sub-sampling, blanks and standards. QC results show acceptable accuracy and precision.
Verification of sampling and	The verification of significant intersections by either independent	 No significant intersections reported in this announcement
assaying	or alternative company personnel.The use of twinned holes.	No twin holes were drilledAll primary data recorded in field logs and
	 Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	notebooks, then transferred to database. • Assay data for rock chips not adjusted
	Discuss any adjustment to assay data.	
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 	 Locations of sampling sites recorded using Garmin GPSMAP64ST hand-held GPS units (lateral accuracy <5 m).
	in Mineral Resource estimation.	 Grid system used – WGS84, Zone 54S. Drill hole collar positions were determined by hand-
	Specification of the grid system	held GPS readings (accuracy +/- 5m) and recorded



	used.Quality and adequacy of topographic control.	in WGS84, Zone 54S datum. This is considered appropriate for this stage of exploration by the competent person. Good topographic control is available.
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 	 Soil Auger samples – grid-based sampling on a nominal 80 m x 80 m grid. Data spacing is sufficient for reconnaissance stage exploration sampling programs. Data spacing for the diamond drill hole is not relevant for this stage of exploration. It is not sufficient for Resource Estimation purposes.
Orientation of data in relation to geological structure	 Whether sample compositing has been applied. Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	 The orientation of samples is not likely to bias the assay results, and is not relevant given the scouting nature of the drill hole and the rock chip sampling. The grid based soil sampling will not in bias the sample results.
Sample security	The measures taken to ensure sample security.	Samples packed into polyweave sacks, sealed by cable ties and transported to TNT in Mt Hagan by senior personnel. TNT transported samples to ALS in Australia via Air Freight.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	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
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. 	 Sampling undertaken on Exploration Licence 1968, EL1966 and EL 2306 in Enga Province, PNG. EL1968 and 1966 is held by Viva No.20 Limited, a PNG-incorporated company. Gold Mountain Limited has signed a Heads of Agreement with Viva. EL1968 and EL 1966 are currently under renewal application. EL2306 was granted to Khor Eng Hock & Sons (PNG) Limited (KEH) on 14 December 2015. Gold Mountain Limited (ASX:GMN) is the manager of the exploration programs under an agreement with KEH. There are no impediments to conduct exploration programs on the tenements.
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.	EL2306 and EL1966 contain potential for porphyry copper-gold deposits, intrusive-related gold and epithermal gold deposits, structurally-controlled gold lode deposits and alluvial gold-platinum deposits
Drill hole Information	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 of the report, the Competent Person should clearly explain why this is the case.	 Apart from results reported in the attached report, no other assay results are considered to be significant. Drilling by QED using an Atlas Copco trackmounted CS14 Drill Rig running triple tube PQ / HQ drill rods. Collar co-ordinates, inclination, azimuth and depth presented in this announcement.
Data aggregation methods	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.	No drilling assay reported; only semi-quantitative pXRF analyses taken using an Olympus Vanta instrument that are used for internal purposes (e.g. to confirm minerals; and anomalous element contents in samples prior to laboratory analysis for the CRD diamond drill core).
Relationship between mineralisation widths and intercept	 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 	No drilling assays or intercepts reported.



lengths	reported.	
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 prospect location, drill hole locations, grid soil samples, sections, and outcrop photos are included in the attached report.
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.	All exploration results are reported in a balanced manner. All results are supported by clear and extensive diagrams and descriptions.
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.	All exploration results detailed in attached report.