

# QUARTERLY ACTIVITIES REPORT

## FOR THE QUARTER ENDED 31 DECEMBER 2018

Gold Mountain Limited, (ASX: GMN) advises its activities during the October–December 2018 quarter.

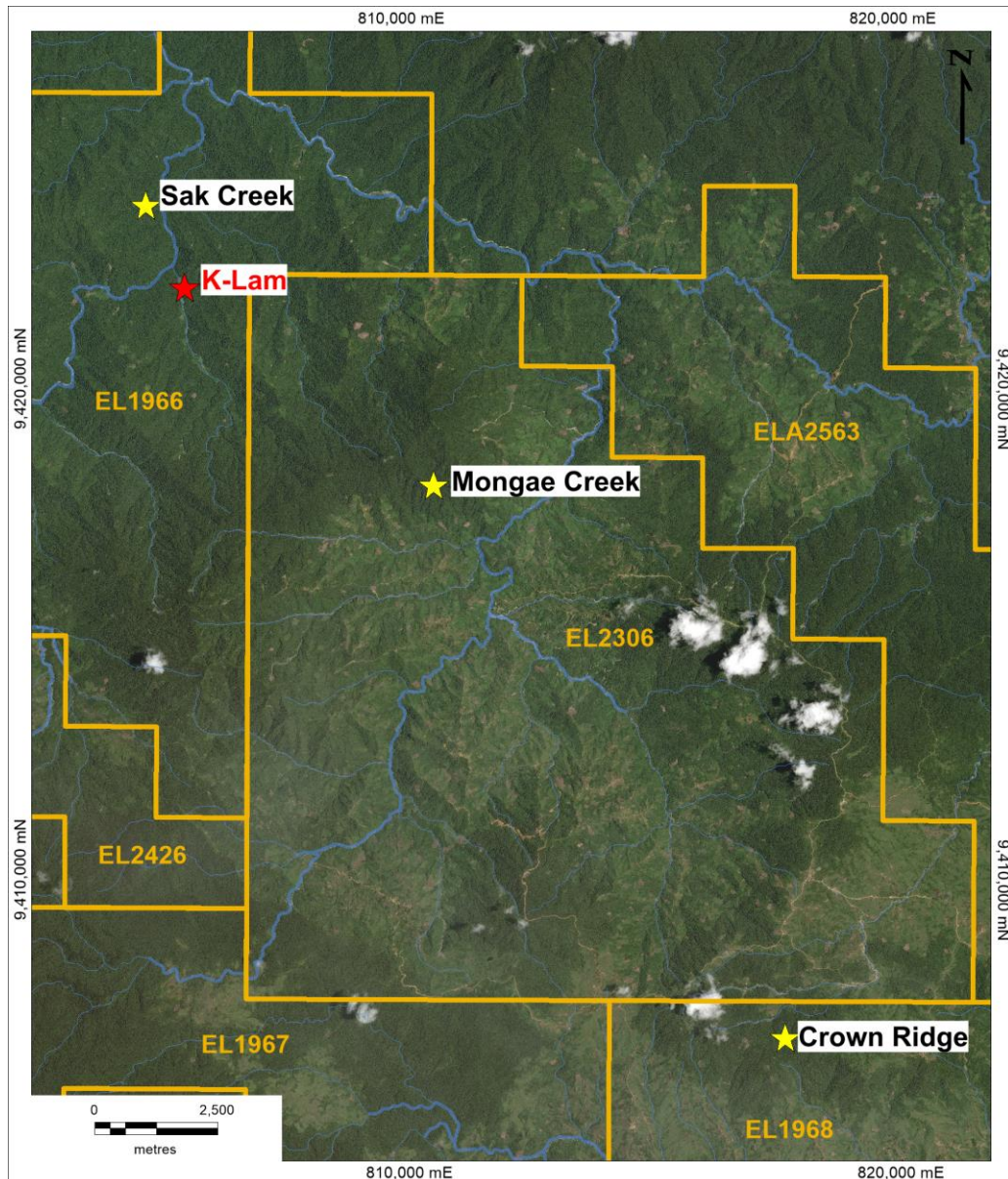
### HIGHLIGHTS

- Encouraging results from the two diamond holes drilled at Mongae Creek in the September quarter were received, both holes were strongly mineralised and exhibited porphyry-style alteration and mineralisation characteristics. The better results were recorded in MCD002, with the best intervals being:
  - **55m @ 0.11% Cu from 103m**
  - **49m @ 0.12% Cu from 165m, including 10m @ 0.22% Cu from 183m.**
- The results in MCD002 were significantly better than those for MCD001, which only intersected three, 2m intervals that assayed greater than 0.10% Cu. It is interpreted that MCD002 was drilled more proximal to the centre of a possible porphyry mineralising system relative to MCD001 that sampled a more peripheral portion of the same system.
- Petrographic analyses on the core samples from both MCD001 and MCD002 confirm the expected diagnostics of porphyry Cu-Au mineralisation.
- Rock chip sampling from the newly-discovered K-Lam prospect returned values of up to 2.01 g/t Au and 0.39% Cu, in veins hosted by a tonalite, which has very similar characteristics to the porphyry-style Cu-Au mineralisation that was intersected in drill hole MCD002. Veining continues upstream for at least another 40m.



- Grid-based soil sampling programs at both Mongae Creek and Crown Ridge were completed in December and results are pending.
- A bulk sampling plant was successfully commissioned at Crown Ridge with samples from four pits processed; concentrate samples from the pits were dispatched for analysis in late November, and results are pending.

The locations of all prospects discussed in this report are presented in Figure 1.



**Figure 1: Prospect Location Map.**

## Mongae Creek Exploration Update

Two diamond drill holes for a total of 876m were completed at Mongae Creek in the September quarter. Both holes intersected a variably-altered and mineralised Tonalite with porphyritic characteristics. This was later confirmed by petrological studies.

MCD002 exhibited significantly more mineralisation than MCD001 and had more veining and was more intensely altered. MCD002 intersected wide zones of sub-economic copper mineralisation over long intervals, with the better intercepts being:

- 55m @ 0.11% Cu from 103m;
- 49m @ 0.12% Cu from 165m, including 10m @ 0.22% Cu from 183m;
- 10m @ 0.09% Cu from 228m; and
- 75m @ 0.10% Cu from 264m.

The drill hole parameters for the two Mongae Creek holes are provided in Table 1 and a cross section of the holes is presented in Figure 2. Details of the drilling and a more comprehensive summary of the results were provided in the ASX Press releases dated the 8<sup>th</sup> of October<sup>1</sup> and the 30<sup>th</sup> November 2018<sup>2</sup>.

**Table 1: Details for Diamond drill holes MCD001 and MCD002.**

Hole ID	Easting WGS64 Zone 54S	Northing WGS64 Zone 54S	RL (m)	Azimuth (mag) deg	Inclination (deg)	Final Depth	Target
<b>MCD001</b>	810225	9419395	1860	165	-60	512	Test NW-SE, NE-SW, possible dilatational jog and porphyry mineralisation
<b>MCD002</b>	810400	9419248	1838	177	-59	356.4	Test NW-SE, NE-SW, possible dilatational jog and porphyry mineralisation

The results from petrological analysis of selected drill hole samples indicate that MCD002 exhibited strong copper and polymetallic mineralisation and A-, B-, M- and D-type porphyry veins. The A-, B-, D-, and M-style veining and the alteration assemblages and mineral suites observed in MCD002 are all found associated with known large-scale porphyry deposits, examples of M and B type veining are shown in Figure 3 and Figure 4<sup>3</sup>.

<sup>1</sup> First reported in ASX Announcement of 7<sup>th</sup> October 2018: 'Drilling Confirms a Porphyry Copper-Gold System at Mongai' Competent Person: Mr Douglas Smith.

<sup>2</sup> First reported in ASX Announcement of 30<sup>th</sup> November 2018: 'Significant Copper Drill Intercept MCD002 Mongae Creek' Competent Person: Mr Douglas Smith.

<sup>3</sup> First reported in ASX Announcement of 15<sup>th</sup> November 2018: 'Strong Cu & Polymetallic Mineralisation in Porphyry Veins' Competent Person: Mr Douglas Smith.

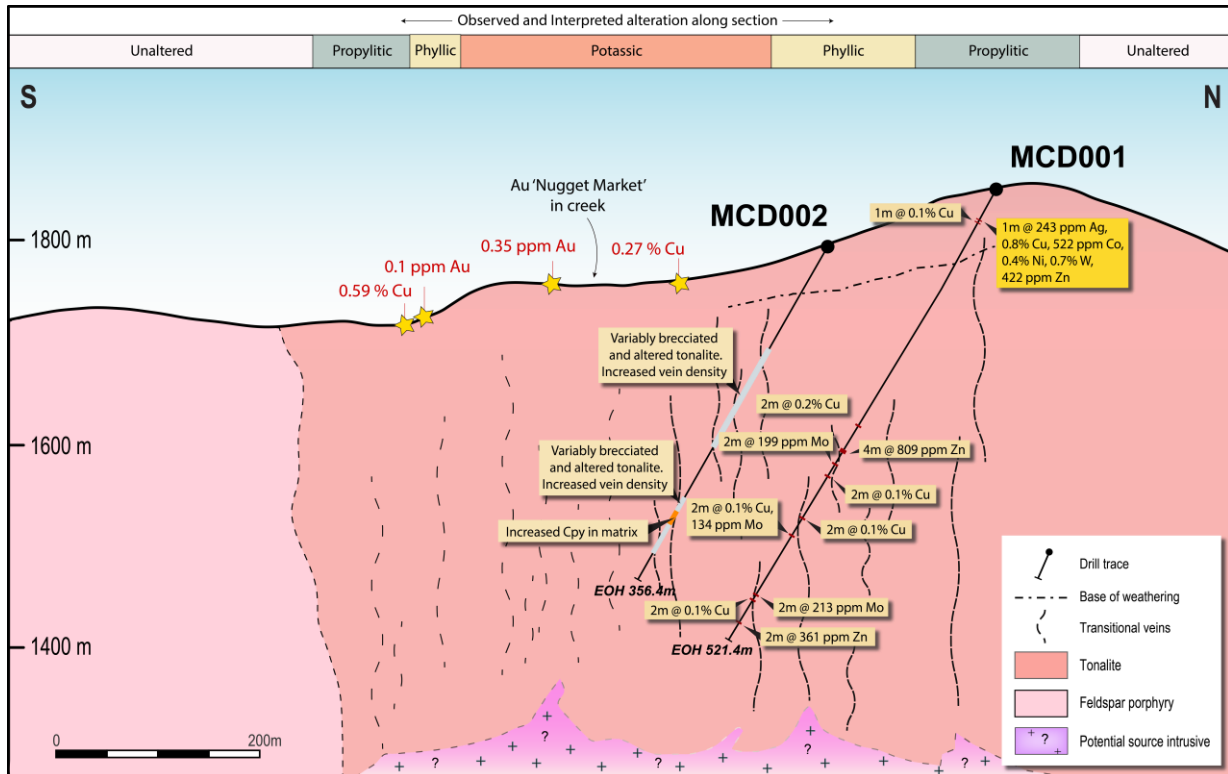


Figure 2: Mongae Creek drilling results and interpretation.

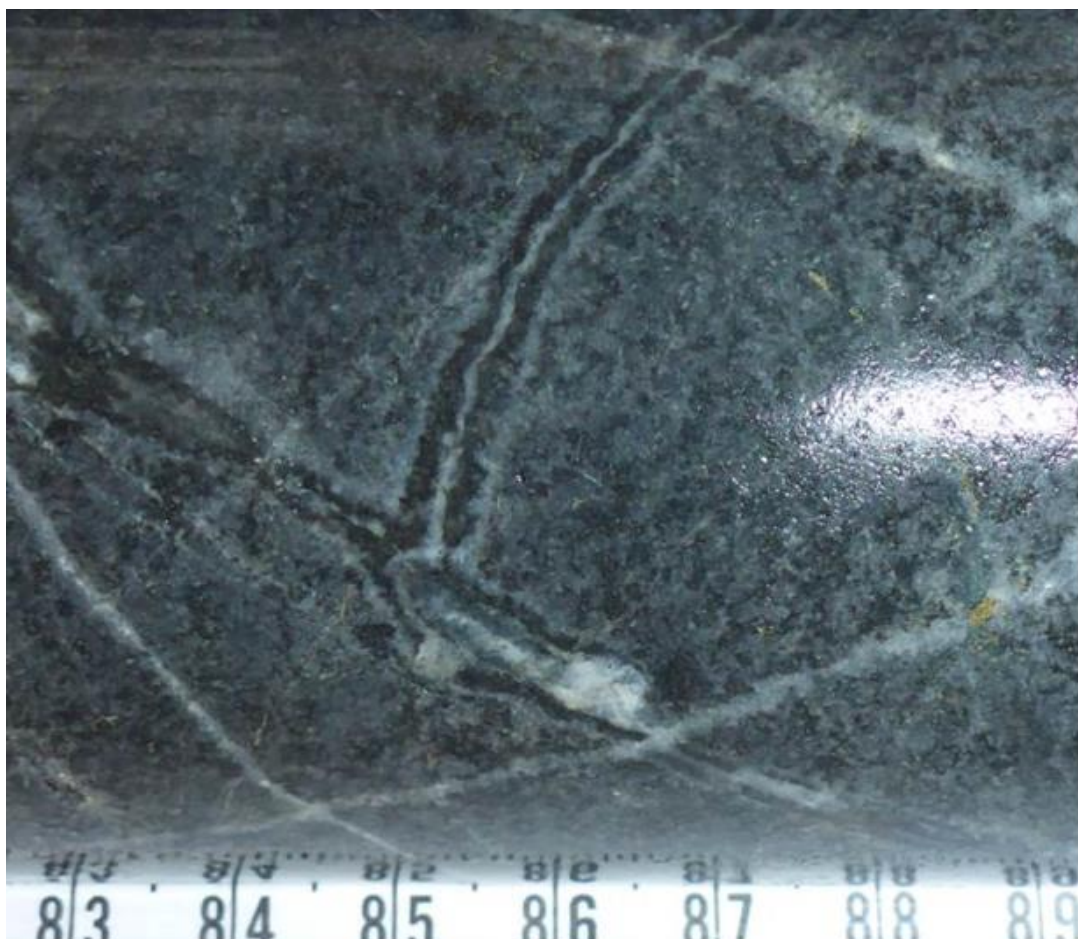


Figure 3: MCD002, 226.85m: Tonalite exhibiting diagnostic magnetite-bearing (black) M-type veins.

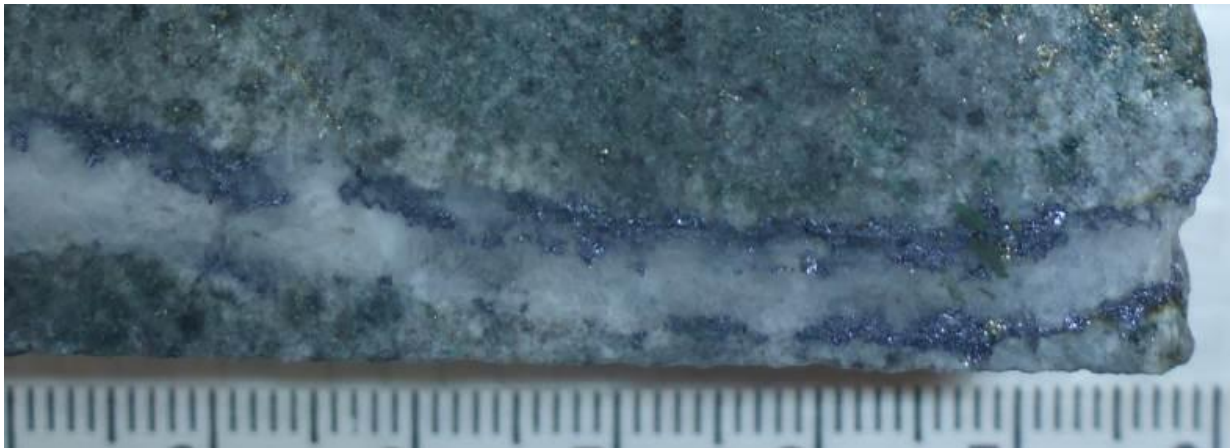


Figure 4: MCD002, 129.18m: Molybdenite sledge on quartz, B-type veins.

In December 2018, a soil geochemical sampling programme over the Mongae Creek area was initiated and completed, with a total of 160 samples collected. These samples were transported back to Crown Ridge where they were dried and sieved down to a -80mesh fraction. These samples have been dispatched to ALS in Townsville and results are pending. The aim of this program is to better identify strongly mineralised areas to guide future drilling.

### K-Lam Exploration Update

In October 2018, GMN geologists completed a preliminary reconnaissance program in an area between the Mongae Creek and Sak Creek prospects referred to as the K-Lam prospect (Figure 1). At K-Lam, the team identified sub-parallel quartz – sulphide veining containing visible chalcopyrite, hosted by a tonalite which shows evidence of alteration and contains finely disseminated pyrite. Rock chip samples collected from this area assayed to 2.01 g/t Au and 0.4% Cu, refer to ASX release dated 15<sup>th</sup> November 2018<sup>4</sup>.

The results highlighted the potential of the K-Lam area and further geological mapping and sampling was undertaken at the prospect in December 2018. Results from this work are pending. A selection of mineralised samples from K-Lam is shown in Figure 5.

### Crown Ridge Exploration Update

A soil geochemical sampling program was completed at the Crown Ridge prospect in December 2018. A total of 328 auger samples were collected. These samples were subsequently dried and sieved down to the -80 mesh fraction. GMN is waiting on the results of these samples. It is expected that trenching will be undertaken to test geochemical highs identified by the soil programme, with the trenching expected to start in February or March 2019. Figure 6 shows the sampling progress to date at Crown Ridge.

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<sup>4</sup> First reported in ASX Announcement of 15<sup>th</sup> November 2018: 'Strong Cu & Polymetallic Mineralisation in Porphyry Veins' Competent Person: Mr Douglas Smith.

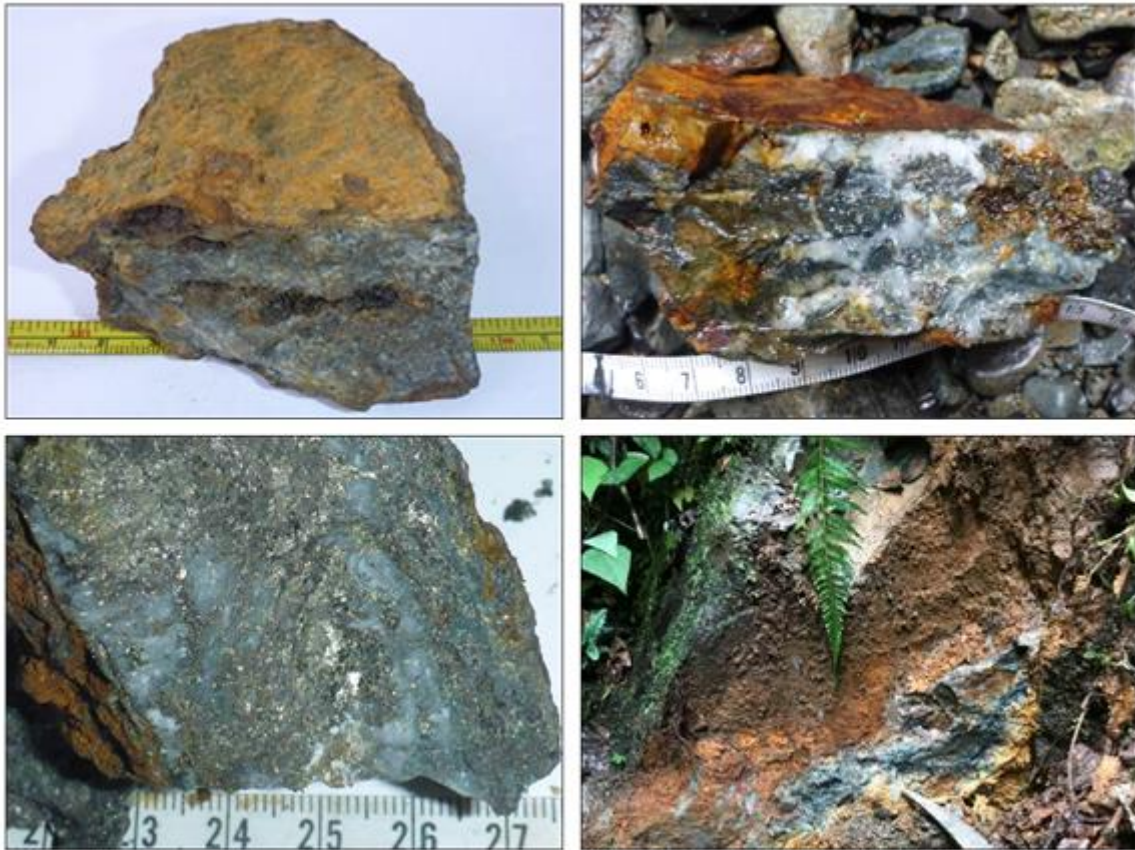
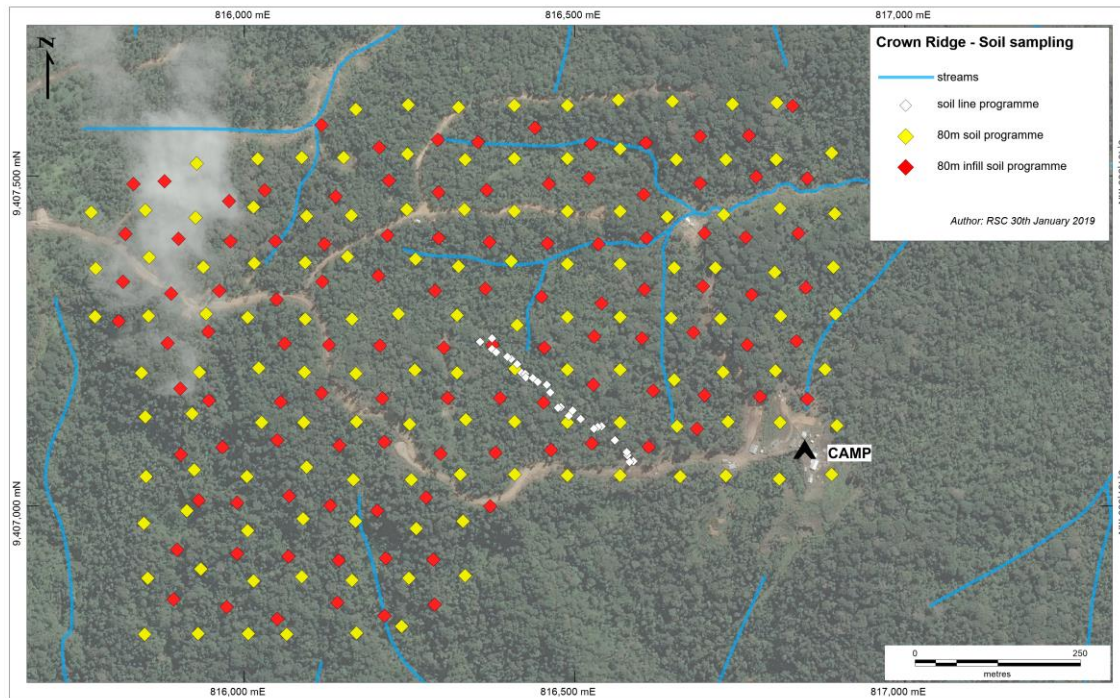


Figure 5: Selection of Mineralised Rocks from K-Lam.



**Figure 6: Completed Soil grid at Crown Ridge.**

Sampling from three 1 x 1m exploration pits and one 5 x 5m pit was completed in Q2. Samples were processed using the gravity gold recovery plant that was transported to site in July and was assembled<sup>5</sup> and commissioned in mid-September. Concentrates from these pits were sent to ALS laboratory in Australia to determine the gold grades.

Results for pXRF analyses collected directly on core samples drilled at Crown Ridge 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, the samples show some evidence of hydrothermal alteration and path-finder element enrichment, selected intervals have been submitted to ALS for geochemical analysis and results are pending.

### 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 (ELs), a Mining Warden Hearing (MWH) must be successfully completed.

<sup>5</sup> First reported in ASX Announcement of 14<sup>th</sup> August 2018: 'Commissioning Conglomerate Gold-Platinum Processing Plant' Competent Person: Mr Douglas Smith.



GMN successfully conducted MWHs in October 2018, the hearings were held in various strategic localities within or adjacent to the company's tenements. The hearings covered all six of GMN's ELs, which are currently under renewal, and its three new Exploration License Applications (ELAs).

GMN currently holds six ELs (EL1966, EL1967, EL1968, EL2306, EL2424 and EL2430) within the Kompian-Ambun District of Enga Province, Papua New Guinea. All six ELs are up for renewal. Additional applications for three new ELAs (ELA2522, ELA2563 and ELA2565) also require MWH prior to granting. The MWH commenced on the 8<sup>th</sup> of October and ended on the 12<sup>th</sup> of October 2018.

## HEALTH, SAFETY AND COMMUNITY ENGAGEMENT

Gold Mountain actively promotes strong health and safety policies and is committed to maintaining a safe and engaged workplace. The Company maintains an open dialogue with surrounding tribes and is providing community support by building and maintaining infrastructure, installation of a first aid post, and providing emergency relief. The labour force is sourced from the local community.

## REPORTING IN COMPLIANCE WITH ASX LISTING RULES AND IN ACCORDANCE WITH THE JORC CODE (2012)

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Where the Company has re-issued information in this quarterly report that has previously been issued with the written consent of the Competent Person, it has made reference to the original report name, the name of the Competent Person responsible for the original report, and the date and reference of the location of the original source public report for public access.

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**For further information please visit the website [www.goldmountainltd.com.au](http://www.goldmountainltd.com.au) or contact:**



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