

8th May 2015

Australian Securities Exchange

First Gold Sale from HGZ project, Crater Mountain, PNG

- First gold sale of 17.4 ozs in implementation stage of mining
- Average recovered grade of 6.0 g/t Au from combination of mostly low and some high grade development drives
- Targeting of higher grade intersections of vein sets in progress.
- Production to ramp up over the next 3 months as plant is upgraded to full capacity

On 6 May 2015 CGN sold its first gold of 17.4 oz from the processing of ore at the High Grade Zone ("HGZ") project at Crater Mountain PNG. The average recovered grade was 6.0 g/t Au. The gold was recovered from a combination of mostly low and some high grade development drives and was processed through the Company's bulk sampling gravity separation plant. Mining of targeted high grade intersections of gold bearing vein sets will commence soon.

Of immediate priority is the intersection of two N-S trending structures, NV1 and NV2, with the E-W trending structure EV2. This was the site of bonanza grade channel samples up to 847 g/t Au (refer ASX release of 19 November 2013 "Bonanza gold grades intersected at High Grade Zone" and ASX release of 4 May 2015 "High Grade Zone Mining development and Drilling Update").

Mining capacity is currently at the implementation stage, with full capacity anticipated in approximately 3 months as the mining plant upgrade is completed.

Managing Director, Russ Parker commented "This is a major milestone for the Company. We have now sold our first gold in the history of the Company. The production level will increase as we continue to upgrade our plant to full capacity in approximately 3 months.

I'm looking forward to ongoing cash flow as our objective is to establish the Company as a profitable gold producer. When we reach mining plant capacity, we anticipate producing some 10,000 ounces of gold in the first full year of production, at an all-in cash cost of below \$400 per ounce average over the mining lease term. The HGZ project is a high margin operation. The HGZ mine will generate strong cashflows, which will fund further expansion at the HGZ mine and enable further exploration activities at the Company's other assets".



Russ Parker
Managing Director

For personal use only

Competent Person Statement

The information contained in this report relating to Exploration Results at Crater Mountain, PNG is based on and fairly represents information and supporting documentation prepared by Mr R Johnson, PNG General Manager of Crater Gold Mining Limited. Mr Johnson is a Fellow of The Australasian Institute of Mining and Metallurgy and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Johnson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.