

9 March 2016

Australian Securities Exchange

- **Gold mining plant arrived at HGZ mine site**
- **Mining plant to be commissioned immediately**
- **Gold mining production capacity to increase**
- **Higher gold grades recoverable**

Crater Gold Mining Limited (ASX: CGN) (“CGN” or “the Company”) is pleased to announce that the Company’s upgraded gold mining plant has now been transported to the HGZ Gold Mine project site.

The commissioning of the gold plant will commence immediately.

The upgraded gold mining plant includes two new hammer mills, two high speed centrifugal concentrators, gravity shaking tables and a new compressor.

The incorporation of the upgraded gold mining plant, will result in higher gold mining production. The new centrifugal concentrators and shaking tables will also provide better gold recovery when compared to the existing testing plant.

Full mining capacity is anticipated during the 2nd quarter 2016 as the mining plant upgrade is fully commissioned.

The Company’s PNG manager Richard Johnson stated *“The Company is excited by the upcoming phase, during which we anticipate an acceleration of our process of transition from gold developer to profitable gold producer”*.

The objective of the Company is ongoing cash flow to establish the Company as a profitable gold producer. When we reach gold 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.

In addition to mining the HGZ, our recent discovery at the South Artisan Workings (SAW) Zone (refer ASX Announcement 1 February 2016) also represents the potential for additional mineralisation in close proximity to the HGZ gold mine and a potentially longer mine life operation.

While the current focus remains on the HGZ mine, there remains potential to increase the current JORC compliant resource of 24Mt at 1.0 g/t Au for 790,000 ounces at the nearby Mixing Zone project at Crater Mountain (refer ASX Release of 24 November 2011: “Crater Mt

For personal use only

– Initial Resource Estimate”. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information contained in that ASX release. All material assumptions and technical parameters underpinning the resource estimate continue to apply and have not materially changed).

Crater Mountain is located 50 km southwest of Goroka in the Eastern Highlands Province of PNG. Formerly a tier-1 BHP asset, there has been in excess of 14,500 metres of diamond drilling to date, the majority focussed on the Nevera prospect, which hosts the HGZ mine.



Russ Parker
Managing Director

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.