
30 July 2015

Managing Director's update

It has been a while since I last wrote to you all. Crater Gold Mining has made substantial tangible progress, and I wish to update you on the most recent developments.

Mining operations at the High Grade Zone mine in PNG commenced in March and small scale production began in earnest shortly thereafter as much development mining was needed first. The first modest gold sale took place on 6 May, followed by two more sales by the 2 July, with gold production continuing on an ongoing basis. A gold production update will be announced in due course. Development is now underway to mine the higher grade material which has been identified recently.

In the near term we shall release a separate announcement with sampling results identifying the higher grade gold veins identified to date and technical details on the expansion of the gold production rate going forward.

In April, a second hammer mill was ordered which has now cleared through customs in PNG, ready to be installed and put into operation imminently. We are also in the process of installing onsite an additional compressor, generator and switchgear, another excavator, a compressed air bopper and smelting furnace. A complete gold processing plant has been ordered and will be ready for shipping in the next few weeks.

Management rates relations with landowners and government authorities as of paramount importance. Every effort is made to ensure that the relationship between the Company and all other stakeholders is strong and of benefit to all parties. To this end all effort is being continually exerted in harnessing strong relations with the landowners, the Eastern Highlands Provincial Government, and central government authorities.

As our mining activities accelerate, revenue will rise exponentially. We are confident that by Q4 this year mining at the High Grade Zone mine will turn cash flow positive.

Thank you all for your support.

Yours sincerely,



Russ Parker
Managing Director