
3 May 2016

Market Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
Sydney NSW 2000

GOLD MINING ACCELERATES FOLLOWING UPGRADE OF PROCESSING PLANT

Three-month ramp up at low cost, high grade HGZ mine, Crater Mountain, PNG

Crater Gold Mining Limited (ASX: **CGN**, or the **Company**) is pleased to announce that it has now installed and commissioned its new custom-made gold processing plant at its High Grade Zone ("HGZ") mine at Crater Mountain, Papua New Guinea (PNG).

Crater Gold Mining's managing director Mr Russ Parker commented:

"This marks an important milestone for the company as we transition from a developer to a gold producer. This newly installed processing plant enables us to work towards full production in the near term and is expected to deliver strong cashflows on high margins going forward. This in turn will allow us to fund further development at the HGZ mine and exploration activities at our other assets.

"Our recent discovery at the South Artisan Workings (SAW) Zone (refer ASX Announcement 1 February 2016) also highlights the potential for additional mineralisation in close proximity to the HGZ 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 compliant¹ 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 – Initial Resource Estimate").

¹ 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.

Yours sincerely
Crater Gold Mining Limited

A handwritten signature in black ink, appearing to read 'Russ Parker', written in a cursive style.

Russ Parker
Managing Director