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High Grade Zone (“HGZ”) adit commenced at Crater Mountain, PNG

- Gold grades up to 70 g/t Au in channel samples, numerous instances of coarse visible free gold from underground adit development
- Several zones of crosscutting gold mineralisation have been encountered
- A total of 55m of underground development has been completed in one month
- Underground drilling programme to commence concurrently with adit development

HGZ Underground Adit Progress

Crater Gold Mining Limited (“the Company”) is pleased to announce that its planned detailed evaluation of the HGZ has commenced with a total of 55m of adit driving completed using low cost handheld equipment.

As part of the development program the Company is also commencing an underground drilling program to evaluate the extent of the HGZ.

To date several zones of crosscutting gold mineralisation have been encountered. Gold grades up to 70 g/t Au are being returned in channel samples and numerous instances of coarse visible free gold are observed during mapping of the underground development.

Commenting on the HGZ development, Exploration Director Peter Macnab said *“By developing and exploring underground we can rapidly and cost-effectively evaluate the HGZ. Being able to directly map the fresh exposures in the adit and crosscuts will provide us with a better understanding of the controls to mineralisation. The opportunity to drill from underground has enormous advantages compared to costly and difficult drilling from surface.”*

Detailed geological mapping and sampling of the adit, cross-cuts and drill core will allow the Company to develop a considerably more comprehensive understanding of the mineralisation than is possible from mapping and drilling from the surface.

The Company has obtained a variation of the terms of its EL 1115 Exploration Licence work programme to drive an adit with crosscuts and underground drilling in order to target the potential gold deposit beneath the surface gougings and shallow underground workings previously conducted by the local village miners. Extensive artisanal mining took place from 2005 to 2012 in the HGZ following high grade gold assays from trenching undertaken by the previous explorers. Estimates are that up to 15,000oz were recovered by artisanal miners using simple gravity means.



Figure 1 - High Grade Zone portal entrance

Headed by Richard Johnson who successfully managed the high grade small scale Tolukuma project in PNG, the Company has assembled a highly skilled and experienced team to undertake this development.

Once the current development and drilling at the HGZ has produced enough data demonstrating it will meet the requirements for the grant of a mining lease (which includes demonstration that it is an economic resource), the Company will apply for a Mining Lease under the PNG Mining Act. Planning and consultation with stake holders has already commenced.

The adit and associated crosscuts currently being developed to initially identify future production zones will also be used in the mining phase. This will result in the transition from the current development phase to the mining phase with the least additional cost and in the shortest time frame.

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Competent Person Statement

The information contained in this report relating to Exploration Results at Crater Mountain PNG is based on information compiled by Mr P Macnab, Non-Executive Director of Crater Gold Mining Limited. Mr Macnab is a Fellow of The Australian Institute of Geoscientists and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Macnab consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.