Registered Office and Postal Address

Level 4, 15-17 Young St
Sydney, NSW, 2000
Australia
Ph (02) 9241 4224
Fax (02) 9252 2335

Crater Gold Mining Limited ABN 75 067 519 779

QUARTERLY ACTIVITIES REPORT

For the period ended 30 September 2013

About Crater Gold Mining Limited
(ASX CODE: CGN)

Crater Gold Mining Limited ("CGN" or "the Company") is focussed on development and exploration at the potentially world class Crater Mountain gold project in PNG, at Fergusson Island in PNG and at the A2 polymetallic and Golden Gate graphite projects at Croydon in Queensland, Australia

Crater Gold Mining Limited

ABN: 75 067 519 779
Level 4 15-17 Young Street
Sydney NSW 2000
Australia

Phone +61 2 9241 4224
Fax +61 2 9252 2335

www.cratergoldmining.com.au

Greg Starr
Managing Director

Phone +61 2 9241 4224

KEY POINTS

Crater Mountain - Papua New Guinea

- Acquisition of 100% of project pending

Fergusson Island - Papua New Guinea

- EL 2180 (Wapolu project) granted

Golden Gate Graphite Project – Queensland

- EPMA18616, which covers the Golden Gate graphite deposit, has been granted to Global Resources Limited ("Global"). CGN has an agreement with Global to acquire a 94% interest in the EPMA.

Corporate

- Name change to Crater Gold Mining Limited

SUBSEQUENT TO END OF QUARTER

Crater Mountain - Papua New Guinea

- Development of HGZ exploration adit commenced in mid-August; encouraging assays received
- Integrating aeromagnetics and drill hole petrology highlights possible source intrusion of Nevera porphyry Cu-Au mineralisation
- Assessment of HGZ and broader Crater Mountain area by independent consultants Mining Associates supports Company's optimistic views of large-scale potential
- High Grade Zone adit development continues; high gold grades confirmed

Corporate

- Share consolidation

CRATER MOUNTAIN, PNG (CGN earned 90% and moving to 100%)

Key developments during the Quarter

- Acquisition of 100% of project pending

Crater Mountain project ownership

The Crater Mountain Project ("the Project") in Papua New Guinea is operated by the Company's PNG subsidiary company, Anomaly Limited. Until recently the Project was operated under a joint venture arrangement and Anomaly owned or was entitled to a total 90% interest in the Project.

In line with a purchase and sale agreement with the previous owners of the 10% balance of the Project, following completion of preliminary administrative matters, application has been made to the PNG Minister for Mines for the Minister's consent to the transfer of the remaining 10% interest to Anomaly.

Events subsequent to end of quarter

High Grade Zone adit development

HGZ adit development commenced mid-August

- More than 5 strong north - south to northeast - southwest gold-bearing structures intersected from approximately 25m depth in the adit
- A roughly east - west trending 4m wide strongly sheared zone with intense clay and limonite alteration interpreted to intersect N - S structures with potential for ore shoots
- Numerous occurrences of visible free gold observed in mineralised fractures with assays up to 109.0 g/t (3½ ozs/t) Au received during and subsequent to end of Quarter
- Bulk sampling has commenced on the most significant mineralised structures
- Underground diamond drill rig being mobilised subsequent to end of Quarter

The High Grade Zone (HGZ) is an area of recent artisanal gold mining in which an estimated 15,000 ounces of gold was produced by local miners largely from shallow underground workings and simple gravity processing between 2005 and early 2013. It is located high on the west flank of the Nevera Prospect ridge in EL 1115 about 5km south of Guasa airstrip, and occupies the base of a narrow spur rising steeply eastwards from a small tight gully: the workings cover an elongate area up the spur with a horizontal footprint of about 50m by 30m.

A decision was made by Crater Gold Mining Limited early in 2013 to assess the potential of the HGZ for fast-tracking small to medium-scale gold production, with the strategy of reinvesting profit into the on-going exploration of the Nevera Prospect's larger-scale potential associated with the drill-identified carbonate-base metal sulphide-gold and porphyry copper-gold mineralisation.

Because of the difficulty and cost of trying to test the HGZ by diamond drilling from the surface, a "Variation of Approved Programme" was applied for and granted on May 6th 2013 to permit the driving of an exploration adit into the spur underneath the former artisanal workings, with cross-cuts to locate the boundaries of the mineralisation and underground drilling fanned out both upwards and downwards to block out the resource to 100m depth. After preparatory earthworks to secure the portal area, and the mobilisation of mining equipment onto site by helicopter, development of an adit commenced in mid-August 2013.

HGZ gold mineralisation

The host to the gold mineralisation in the HGZ is strongly phyllically altered and acid leached generally indistinguishable porphyritic rocks (porphyry intrusions and volcanics) and breccias of tectonic, intrusive and probably pyroclastic (and minor hydrothermal) origin, with multi-generational cross-cutting gold-bearing veins enclosed in narrow envelopes of advanced argillic alteration containing fine pyrite and free gold. Some silicification has been noted.

When drill core from NEV022 which passed under the artisanal gold workings at 50 to 100m depth was examined closely by Dr Greg Corbett in early 2012 he identified the primary high-grade gold mineralisation as a high-sulphidation epithermal event, sourced from depth; bonanza grade gold occurred in an ore shoot comprising irregular-shaped fragments of vuggy quartz in a partially oxidised matrix, bordered by outwardly zoned alteration comprising quartz-alunite to pyrophyllite to kaolin clay. Dr Corbett commented "*The advanced argillic alteration typical of high sulphidation epithermal Au deposits at the artisanal mining area cuts silica-sericite-pyrite altered andesite porphyry and so is interpreted to have been deposited from fluids exsolved from a deep level late stage intrusion. At Nevera the ore fluids are interpreted to have evolved to deposit lower sulphidation high grade Au mineralisation.*"

The HGZ primary gold mineralisation has supergene effects imposed on it in the weathering zone which can be 30 to 50m deep but persists down major fractures to more than 100m, including some solution and recrystallization of gold with attendant secondary enrichment in oxidised fractures and breccias; high primary grades however are expected to persist to depth below the supergene zone and these will be tested in the current underground programme.

The geochemical signature of the HGZ high-sulphidation quartz-pyrite-gold mineralisation is characterised by anomalous gold with low silver and base metal values and mostly low As values, which differs significantly from the geochemical signature of the Prospect's widespread low-sulphidation carbonate-base metal sulphide-gold mineralisation that gave rise to the Mixing Zone deposit, which is characterised by strong Pb, Zn and Ag, and lesser Cu and As anomalism.

The combination of gold without accompanying anomalous silver and base metal values in host rocks showing structurally controlled advanced argillic alteration may be the surface indication of more HGZ style mineralisation at depth. While these characteristics have been noted separately, they may also occur together at a number of other localities around the Nevera Prospect (which covers an area at least 3.5 by 2.5km). Local prospectors have reported widely separated areas other than the HGZ where gold has been recovered by dish prospecting, and it is being worked sporadically in several of these places.

The HGZ exploration adit

In the lead up to commencing development of the exploration adit, mechanical benching by the on-site excavator and bulldozer was undertaken to stabilise the access road and surrounding slopes and secure the portal site for the adit, a necessary precaution because of the steepness of the topography coupled with the thick volcanic ash blanketing the area which is inherently unstable because of high rainfall. Mining machinery and equipment for the underground operation were airlifted by heavy-lift helicopter in to the site.

Site works during establishment of the portal of the exploration adit included excavation and installation of a large culvert to carry the water in the gully along the base of the spur, covered and crossed by the access pathway into the adit which was timbered and roofed over for six metres out from the base of the spur to protect the portal area from rock falls and scree which could potentially slide down the face of the slope above and endanger workers. This site preparation was completed and the development of the adit commenced in mid-August.

Figure 1 - HGZ adit portal area late September 2013

By late October underground development had progressed more that 50m in the main adit with 2 cross-cuts totalling 40m. It is envisaged that the main adit will advance a total of up to 250m with several sets of cross cuts for diamond drill platforms. This is planned to more than adequately cover the HGZ target delineated by Independent Geological Consultant Mr Andrew Vigar, of Mining Associates Pty Ltd ("MA"), who visited the site with Messrs Richard Johnson and Peter Macnab on September 15th and 16th to assess the operations on the HGZ and evaluate potential target size as well as the overall prospectivity of the Crater Mountains tenement block.

Mining is being carried out by using simple rock drill, blasting and hand mucking methods, using wheelbarrows which are pushed out of the adit and tipped onto a dump for possible future recovery and processing. After each blast of about 1.8m penetration and removal of the broken rock, mesh is rock-bolted to the newly-exposed back to secure it before the next round is drilled and fired. Timbering has proven un-necessary underground as the rock holds up well.

Sampling is both channel sampling of walls and face as well as character sampling of veins and enveloping wallrock to assess average grades and thicknesses. Bulk sampling is planned to test identified well-mineralised structures.

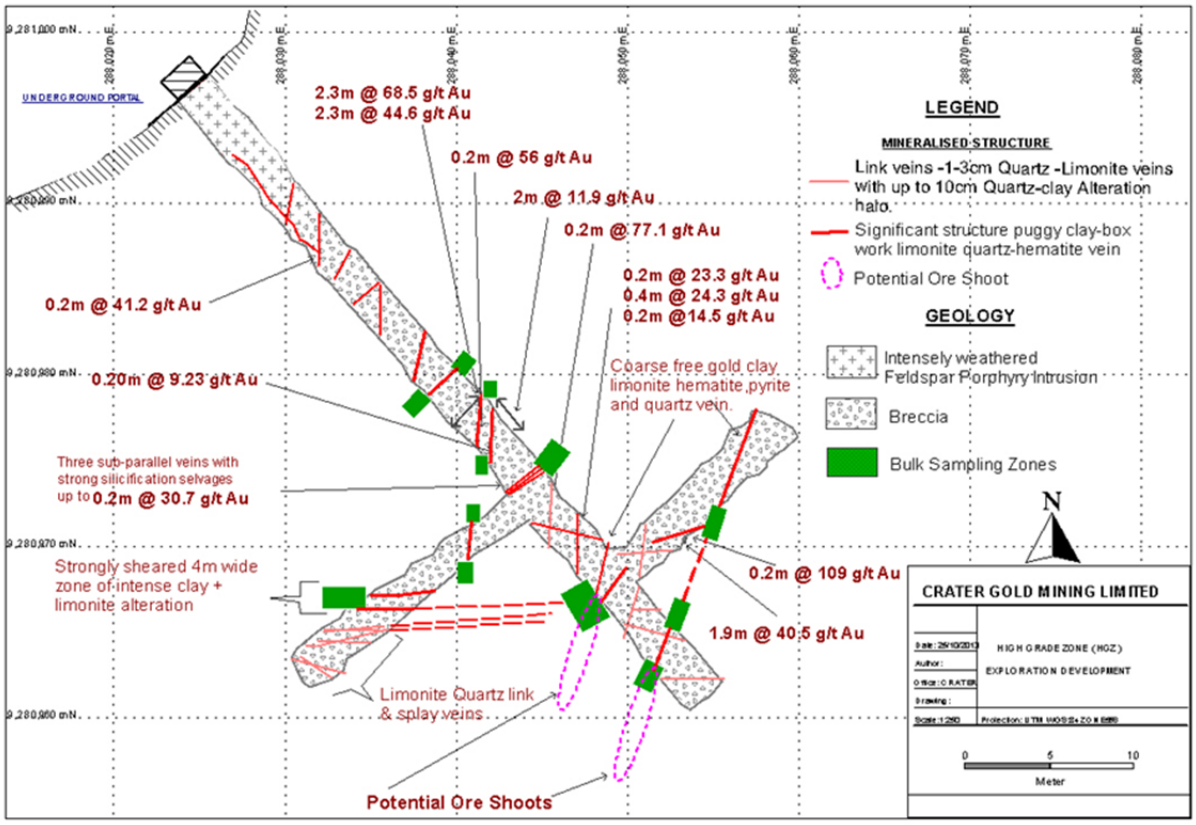

Figure 2 - Adit simplified lithology, structure and assay data, mid-October, 2013

Assay Results

Results to date confirm that gold distribution is strongly structurally controlled in the HGZ, occupying numerous hairline fractures to fewer discrete quartz-pyrite-gold veins up to 20 - 30cm wide or groups of veins up to 1.5m wide that form intersecting sets or less commonly coalesce to give rise to broader patches of mineralisation. Veins are heavily oxidised in the weathering zone, and are mostly steeply dipping but some are shallower and several almost sub-horizontal orientations are noted in the exploration adit. The local miners followed steeply-dipping northerly-trending “lines” (narrow oxidised veins) with free gold that pinch and swell and open out at favourable intersections with cross-cutting fractures into “houses”, the rich ore shoots that they followed down in irregular shafts.

The summary geology and assay plan (Figure 2 above) prepared in late October, confirms the high-grade nature of the HGZ veins.

The company is currently mobilising an underground diamond drill rig to provide close spaced drill coverage from drill platforms being excavated in the underground cross cuts. Drilling will further delineate the HGZ to a depth of approximately 100m below current development allowing a clear 3D model to be developed and allow establishment of a resource.

High Grade Zone - Independent Consultant Target Review

- Report by independent geological consultants, Mining Associates (“MA”), suggests a target for the High Grade Zone prospect based on selective underground mining of:

  HGZ Target - 50,000 to 250,000 tonnes at 13 to 30 g/t Au for 60,000 to 100,000 ounces of contained Au

  MA cautions that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource

- MA confirmed the Company's expectations that the HGZ has the potential to be a rich source of gold which could be developed at low cost and in a short period of time
- MA also state that it is likely that similar independent high grade gold deposits may be repeated at several places as splays off key structures over a potential area of at least 1400m by 700m

MA further observed that the HGZ target zone is currently under active exploration development by the Company with surface mapping and sampling, adit development and both surface and underground close spaced drilling. The visit was commissioned following the initial opening of the adit and the commencement of underground development into the zone. MA has confirmed that the HGZ has the potential to be a rich source of ore which could be developed at low cost and in a short period of time

The HGZ Target is defined by a 100m radius circle centred on the area of artisanal workings. The initial target is within 150m of the surface. The area lies well outside the current resource estimates for the Nevera Mixing Zone Prospect (Richmond, 2011) See Figure 3 below.

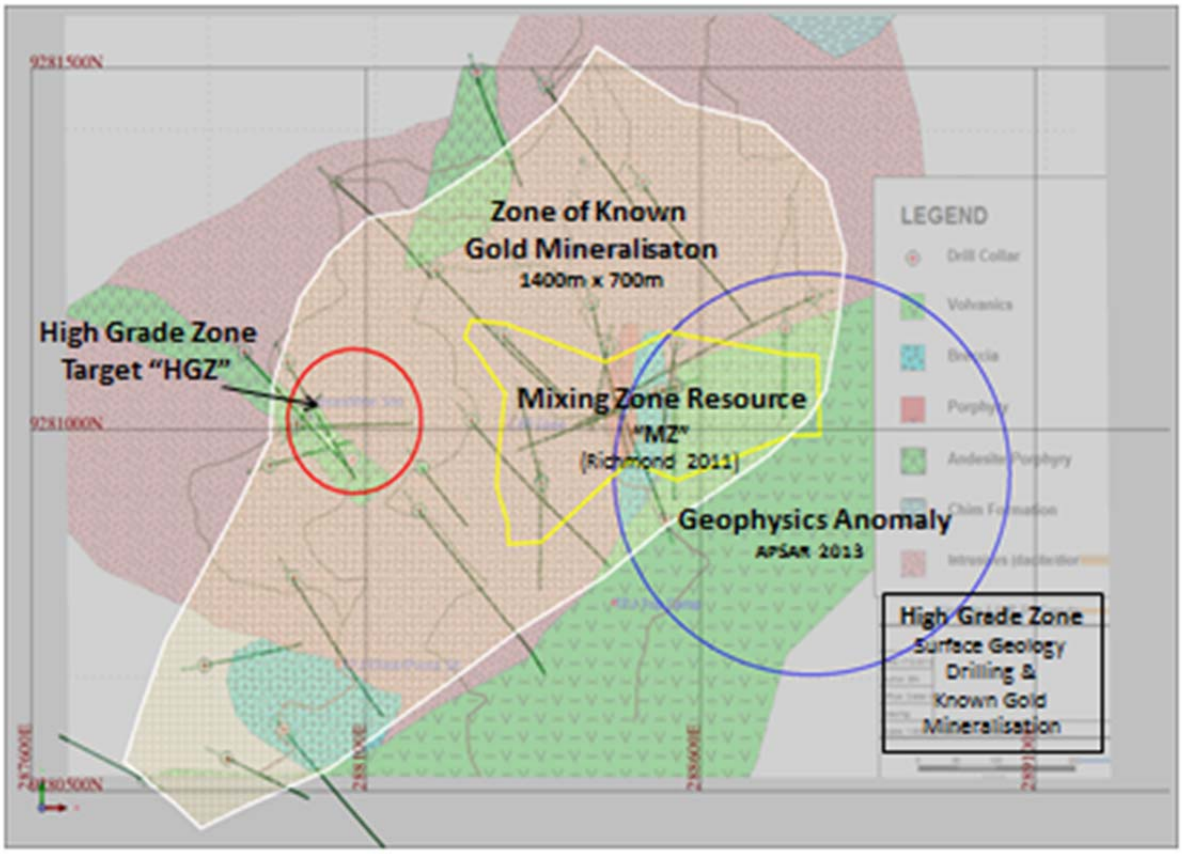

Figure 3 - Red circle is HGZ Target; yellow outline on right is Richmond 2011 Mixing Zone resource limits; blue circle is geophysical target; dark lines are drill holes; background is 2012 surface geology map; area outlined in white is area of known gold mineral

Notes to accompany the HGZ Target estimate are:

1. The initial target is for highly selective narrow underground mining
2. Target Area 100m radius and to 150m below surface centred on Artisanal workings
3. Area is not included in current resource estimates
4. Block model using blocks 5x5x5m
5. Screened for topography

6. 206 x 5m down-hole drill composites from holes 4, 9, 22, 23, and 26 and 87 x 5 m bench samples
7. Averaging of grades and dilution by using 5m composites of diamond core and bench samples
8. Nearest Neighbour grade allocation to blocks using 100m omnidirectional search
9. Appropriate rounding of numbers to reflect targeting
10. A bulk density of 2.5 t/m3 was used for reporting

MA concluded that mineralisation is likely controlled by a number of key structures allowing mineralising fluids to be introduced adjacent to them. The host breccia zones are controlled by a combination of structures running north, north-east and north-west. MA stated "*It is likely that similar independent high grade gold deposits may be repeated at several places as splays off key structures over a potential area of at least 1400m by 700m*."

Limited surface drilling targeting the HGZ had indicated potential for high grade gold to a depth of at least 100m - drill hole NEV022 intersected 2.0m at 98.0 g/t Au approximately 100m below the artisanal workings being tested by the current adit development.

Geological mapping of remnant surface exposures and several drill intersections have identified mineralisation as steeply dipping high□grade quartz□pyrite□gold veining and related steeply plunging ore shoots which have been impacted by intense near-surface acid leaching and deposition of clays and iron oxides with free gold in fractures. It is this material that has been exploited by the artisanal miners in the past. Alteration associated with the mineralisation shows it to be high sulphidation epithermal in nature, related to a separate phase of mineralisation from the widespread low sulphidation Mixing Zone event. There is a strong potential for the high gold values worked near surface to extend to depth in the primary zone.

Mining Associates Report on the Prospectivity of the Crater Mountain Tenements

Mining Associates in their independent report also made the following observations on the Crater mountain tenements**:**

1. Significant gold and copper (at depth) mineralisation occurs within the tenement area
2. There are 2 mineralised zones of potential significance identified to date - The Mixing Zone (MZ) and High Grade Zone (HGZ). In addition widespread deep porphyry Cu-Au mineralisation has been identified in drill core
3. The Nevera Prospect is focused around an intrusive/extrusive complex of irregular shape and uncertain limits (possibly partly gradational) with an area of at least 1400 m by 700 m
4. The Crater Mountain Volcanic Complex is sub-elliptical in shape, approximately 20 km across
5. Recent airborne magnetics and radiometrics have been undertaken and processed over the Crater mountain licenses. Because surface outcrop is limited due to a widespread volcanic ash cover this will be most helpful in on-going target identification. MA notes that commonly more subtle features, or the edges of anomalies, are key targets
6. It is expected that other hydrothermal systems of similar size to Nevera will occur within the Crater Stratovolcano complex: typically the overall mineralisation system can cover tens of square kilometres with surface expression as a number of individual cells, each 2 to 5 km apart, separated by barren zones. Three have been identified by early exploration (Nimi, Awanita and Masi).

MA is of the opinion that there are four styles of mineralisation seen within the prospect area in a complex interplay over a long period of build-up and then collapse of a major stratovolcano, the Crater Mountain Volcanic Complex:

1. Steeply dipping structurally controlled intense acid leached zones with high grades of gold only, examples being HGZ. Gold to silver ratio of 3 to 1 or higher. The origin of these is uncertain - they could be due to a high-sulphidation event or due to generation of acids from

breakdown of unstable sulphides near surface. These at least partly overprint, and are formed from the breakdown of earlier mineralisation of -

2. Broader lower grade zones of more complex shapes associated with carbonate- base metal sulphides with moderate grades of gold and silver, like the MZ. Gold to silver ratio of about 1 to 1 with significant levels of base metals (copper, lead and zinc); which both partially overprint the -

3. Main low sulphidation epithermal quartz gold-silver event associated with collapse of the Stratovolcano and formation of the major breccia zones and emplacement of the andesite to dacite porphyry dykes and small intrusions; which all overprint the -

4. Primary, older, porphyry copper-gold mineralisation seen at depth and emplaced within the original stratovolcano. It is possible small stocks of this type will occur at higher levels, as seen at Wafi where these are significant ore bodies. A target has been identified to the east of the MZ.

The four types are of course related to the same overall mineralisation system, which is large and complex in detail, and long lived, with the higher grade gold zones being later. The difference between the various epithermal gold styles relates to different settings, and results in the varied intensity and metal ratios.

MA concluded the Crater Mountain hydrothermal mineralised system has the potential for hosting deposits with short term, medium term and long term production

Airborne magnetics and radiometrics results analysed and integrated with Nevera Prospect drill hole petrology

- Airborne geophysics combined with drill hole petrology identifies possible location of porphyry copper-gold intrusion inferred from Nevera Prospect drilling at Crater Mountain
- Porphyry copper-gold target interpreted as NE-SW trending intrusion with a possible SW plunge that lies immediately east of and borders the Nevera drilled area
- Aeromagnetic data indicates potential for the copper and gold mineralisation to be preserved closer to surface in the east
- The Mixing Zone inferred gold resource flanks the identified porphyry target on the northwest
- It is expected that the source intrusion for the porphyry mineralisation is also responsible for the Mixing Zone mineralisation
- 7 additional major magnetic targets identified regionally requiring ground follow up, including 1 in southwest Nevera Prospect and 3 in Masi Prospect

During the Quarter the Company received very positive results from the integrating of the magnetic and radiometric data derived from the detailed helicopter-borne geophysical survey conducted over its Crater Mountain tenements earlier in the year with his earlier petrological analysis of core from the Nevera Prospect diamond drilling programme by consultant Mr Anthony Coote of APSAR in New Zealand. The results identify the possible location of a porphyry copper-gold intrusion immediately east of the area that was drilled at Nevera in 2011/12 and which delineated a large volume of carbonate-base metal sulphide-gold Mixing Zone mineralisation in which 790,000oz gold has to date been classified in an inferred resource category (Figure 3).

APSAR's Mr Coote concluded that the mostly intrusion-breccia hosted, low-sulphidation epithermal/mesothermal-style base and precious metal mineralisation of the Mixing Zone is flanked in the east by a NE-SW trending and possibly southwest plunging quartz diorite/ tonalite porphyry intrusion or intrusive complex, located immediately to the east of the drilled area and identified in the geophysical consultant ExploreGeo's Mr Frankcombe's report as a strong magnetics target of considerable vertical extent. He concluded that this intrusion could be the source of the porphyry Cu-Au mineralisation identified at depth in a number of drill holes

The regional geophysical results reported by Mr Frankcombe outline magnetic intrusions and areas of magnetite destruction or non-magnetic cover, as well as magnetic lineaments, and highlight 8 targets

for follow up that are considered likely to be intrusion-related, including the one immediately east of the drilled area in the Nevera Prospect noted above. Other targets include one in the southwest of the Nevera Prospect, as well as 3 in the Masi prospect. They are interpreted as being largely intrusion-related with several possibly skarn-related in origin, and may host associated mineralisation.

See the Appendix for background information on the Crater Mountain Project.

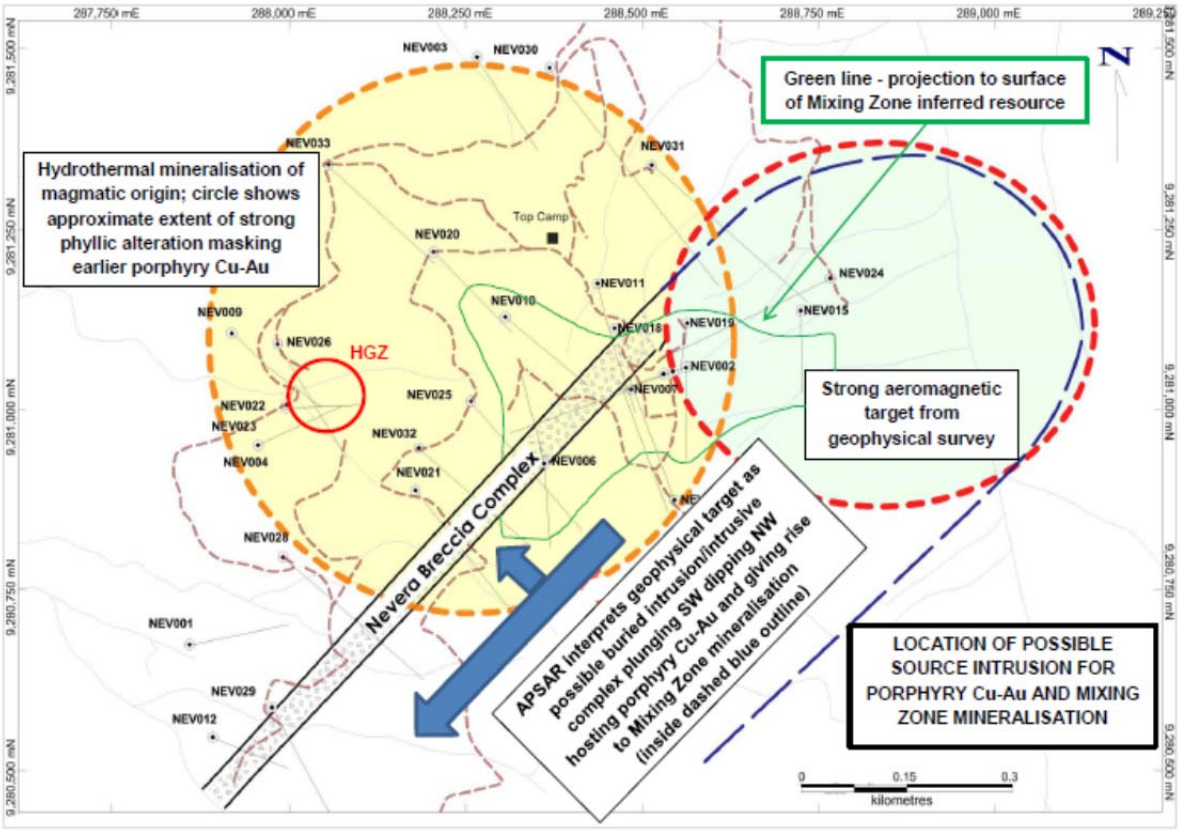

Figure 4 - Possible source intrusion for porphyry Cu-Au and Mixing Zone mineralisation

(Note: The Nevera Breccia Complex is a linear predominately intrusive breccia complex along the NW margin of the APSAR interpreted intrusion)

Figure 5 - High Grade Zone portal entrance

FERGUSSON ISLAND PROJECT, PNG

Key developments during the Quarter

- EL 2180 (Wapolu) granted

During the Quarter EL 2180 containing the Wapolu Prospect was granted to the Company, restoring the second of the two licenses previously held and forfeited, which with the Gameta Prospect make up the Fergusson Island Project.

Fieldwork at Gameta, Fergusson Island

On EL 1972, Gameta, the field camp was rebuilt and historic drill sites, trenches and tracks located.

See the Appendix for background information on the Fergusson Island Project.

CROYDON GOLD & GRAPHITE PROJECT – QUEENSLAND, AUSTRALIA

The Company announced in July last year that it had entered into an agreement with Global Resources Corporation Limited ("Global") to acquire from Global a 94% interest in an Exploration Permit for Minerals in the Croydon District in North Queensland. At the time the relevant Exploration Permit was under application by Global. The exploration Permit has now been granted to Global by the Queensland Department of Natural Resources and Mines. The appropriate steps are now being taken for the Exploration Permit to be transferred to CGN, less a 6% interest to be reserved to Global.

See the Appendix for background information on the Croydon Gold and Graphite Project.

CORPORATE

Key developments during the Quarter

Change of the Company's name to "Crater Gold Mining Limited".

At the Company's general meeting held on the 9th July this year the sole resolution "That the name of the Company be changed to "Crater Gold Mining Limited" with effect from the date on which the Australian Securities & Investments Commission records the change of name in its records." was put to shareholders and was passed. The name change subsequently took effect on 15 July 2013.

Share consolidation

At the Company's general meeting held 26th September, shareholders voted in favour of the resolution "That for the purposes of Section 254H of the Corporations Act 2001 (Cth),clause 30 of the Company's constitution and ASX Listing Rule 7.22, and for all other purposes:

1. the consolidation of every one hundred (100) Shares into one (1) Share; and
2. the adjustment of the Company's options on issue in accordance with the ASX Listing Rules, with any fractional entitlements being rounded down to the nearest whole number, is approved." was passed on a show of hands

The consolidation subsequently took place on 14 October 2013.

COMPETENT PERSON STATEMENTS

The information contained in this report relating to exploration results and mineral resources at Crater Mountain and Fergusson Island, PNG is based on information compiled by Mr P Macnab, Non-Executive Director of Gold Anomaly 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 the report of the matters based on his information in the form and context in which it appears.

The information contained in this report that relates to exploration results at Croydon, Queensland is based on information compiled by Mr J V McCarthy, MAusIMM, consulting Geologist. Mr McCarthy is a Member 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McCarthy consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Background to the Company's projects

Crater Mountain Project - PNG

The Company's flagship Crater Mountain gold project is located in the Eastern Highlands of Papua New Guinea ("PNG") near the eastern end of the New Guinea Orogen geological province, which lies along the northern edge of the Australian continental plate and occupies the mountainous backbone of the island of New Guinea. The New Guinea Orogen hosts a number of world-class copper-gold deposits including the world's largest copper-gold mine at Grasberg in Indonesia's Papua Province, and Ok Tedi, Frieda River, Yandera and Wafi-Golpu in Papua New Guinea, as well as the Porgera and Hidden Valley gold deposits in Papua New Guinea. All of these deposits share a common geological mode of formation in large mineralised hydrothermal systems underlying variably eroded volcanic complexes from mid-Miocene to recent in age.

The Crater Mountain tenement block comprises andesitic volcanic rocks of the ancestral Pliocene Crater Mountain stratovolcano which grew to an immense size before undergoing caldron collapse on a ring fracture system 20 kilometres in diameter, perhaps 4 million years ago. This event was followed by a long period of volcanic quiescence and deep erosion which continued until about 1 million years ago when renewed andesit cones principally within and east of the northeast quadrant of the collapse structure. The volcanic rocks were intruded through and deposited on a rugged basement of Chim Formation Mesozoic marine shales, with intermittent reactivation of north-easterly-, northerly- and north-westerly-trending deep crustal fractures in the basement controlling the geometry of the sub-volcanic magmatic and hydrothermal activity and mineralisation.

Exploration by the Company at Crater Mountain is focused principally at the northern end of the large Nevera Prospect, one of four prospects identified within the Company's licences since exploration commenced in the region in the 1970s (see prospects on simplified geology map below in Figure 4).

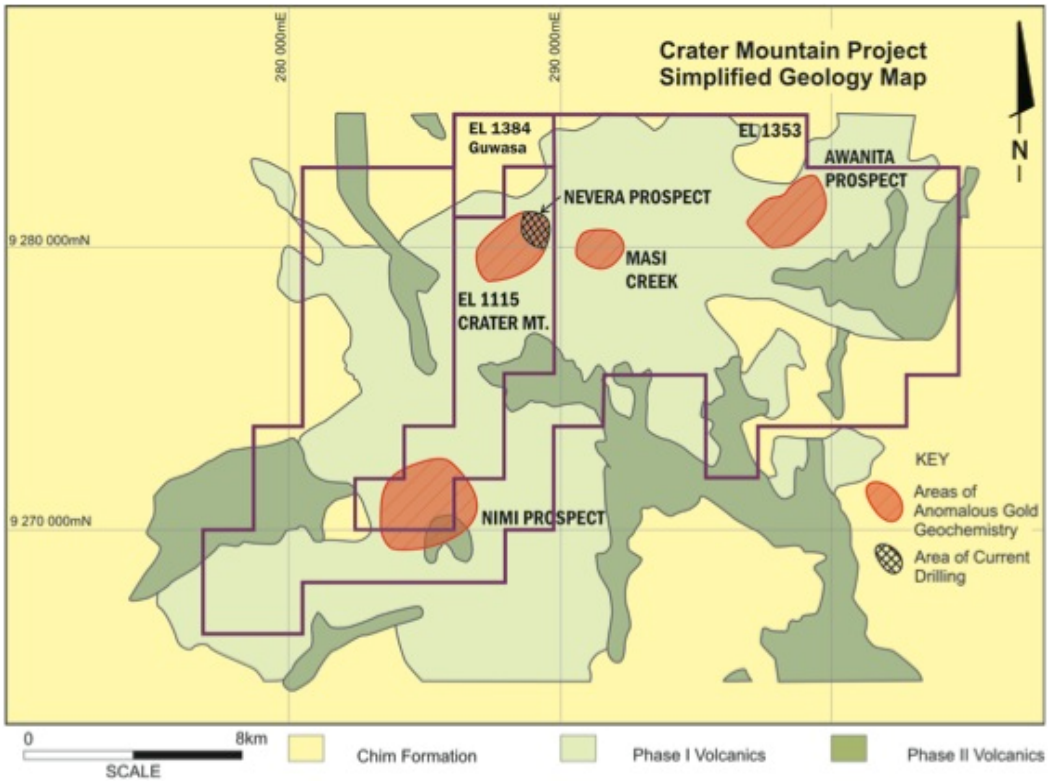

Figure 6 - Prospect map Crater Mountain

The results of mechanical benching and diamond drilling conducted by the Company around the end of a prominent ridge at the northern end of the Nevera Prospect indicate that the Prospect lies within a typical large and complex New Guinea Orogen mineralised hydrothermal system, with excellent

potential to host a number of deposits within its bounds. Mineralisation is associated with sub-volcanic magmatic activity related to the locally-prominent Nevera Igneous Complex, and four different types of mineralisation have been identified:

- The relatively shallow Main Zone or Mixing Zone lying 150m to 300m below the northern end of the Prospect ridge, which comprises low-sulphidation epithermal carbonate-base metal sulphide-gold mixing zone mineralisation in excess of 600m long by 250m wide by 150m thick (with similarities to the Hidden Valley deposit in the nearby Morobe Goldfield).
- Note: A JORC compliant inferred resource of 24Mt at 1.0 g/t Au using a 0.5 g/t Au cut-off for 790,000 ounces has been defined in the Main Zone; this includes 9.4Mt at 1.46 g/t using a 1.0 g/t Au cut-off for 440,000 ozs (this inferred resource is open laterally and perhaps to depth, following down a possible steep plunge to the northeast)
- The High Grade Zone ("HGZ") high grade high-sulphidation epithermal quartz-pyrite-gold mineralisation, extending from surface to several hundred metres depth (possibly in excess of 500m); local artisanal miners produced an estimated 15,000 ounces from a small area of shallow workings (maximum 50m depth) in the base of a steep mineralised spur from 2005 to 2012
- A large porphyry copper-gold system identified by drilling at +800m depth below the northern end of the ridge ("Golpu" type from Wafi-Golpu in the Morobe Goldfield)
- A possible lead-zinc related quartz-carbonate-base metal sulphide-gold stockwork vein and breccia feeder zone (for the Mixing Zone mineralisation) at the margin of the deep intrusion (+600m) which is causing intense baking and fracturing of the sub-volcanic basement shales underlying the Mixing Zone (Porgera "Waruwari" type).

MINERALISATION AT THE NORTHERN END OF NEVERA PROSPECT

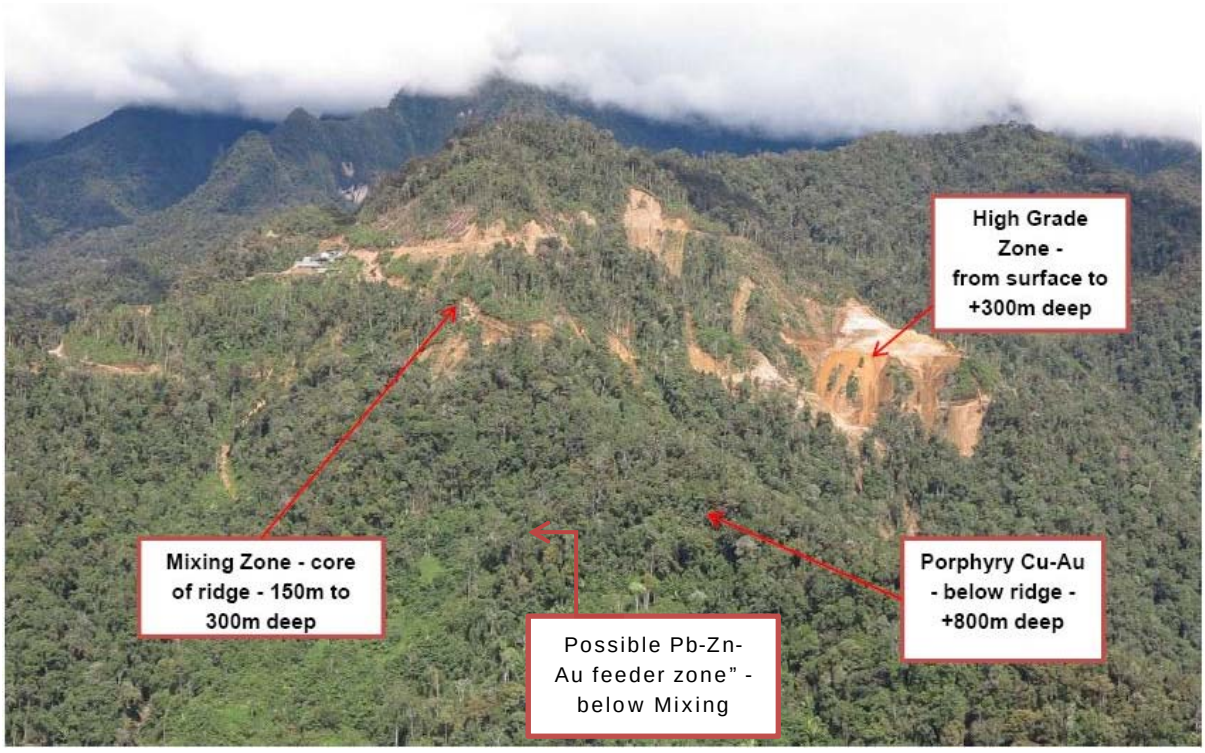

Figure 7 - Nevera Prospect

High Grade Zone

The Company is assessing the feasibility of generating a fast-track small scale gold mining development in the High Grade Zone to fund ongoing exploration of the projects large scale potential

Based on artisanal miners' production using very simple mining and gravity separation methods, assays from historic surface trench and bench sampling, and the Company's limited drill results, the High Grade Zone has been assessed as an area where development of small scale, high grade underground mining could be undertaken. It is estimated that there could be gold in the fractures and ore shoots which are known to extend down at least 100m from surface and potentially extend many hundreds of metres deeper to the underlying magmatic source identified during the nearby drilling of the Mixing and Porphyry Zones.

The Company believes that the most effective way to test the potential of the HGZ is by driving an adit into the zone.

Surface earthworks for an adit with crosscuts through the HGZ from a portal in the gully at the base of the mineralised are progressing commenced. Underground drill stations will be established in the cross-cuts to fan out numerous small-diameter diamond drill holes 60 to 100m long, horizontally and inclined upwards and downwards, using a compressed air operated underground drill rig. By carrying out detailed geological mapping and sampling (in particular plotting the mineralised fractures and identifying the distinctive zoned alteration which surrounds the steeply plunging high grade ore shoots), it will be possible to derive a clear 3-dimensional picture of the mineralisation and assess its potential tonnage and grade to a depth of 60m to 70m below gully level and up to 30m above gully level. Quarrying of benches on the spur will also expose the outcropping structures for detailed mapping and sampling to tie in with the underground results.

Based on the high grade high-sulphidation vertical ore shoot nature of the mineralisation, current indications are that the main potential of the High Grade Zone lies below the artisanal workings in the base of the mineralised spur, extending to an unknown depth but possibly many hundreds of metres. The mineralisation comprises several sets of gold-mineralised sub-vertical narrow rubbly fractures with associated near-vertical bonanza-grade ore shoots up to one metre wide at their intersections, within a steeply-plunging elongate envelope at least 40m wide and more than 60m long related to a high sulphidation epithermal gold mineralising event sourced in the deep intrusions underlying the northern end of the Nevera Prospect.

The Company believes that the Crater Mountain project has both the potential for near term low cost production as well as large scale, bulk tonnage for long term development. With financial markets still displaying volatility for the junior resource end the Company will focus on generating cash flow from the High Grade Zone.

Fergusson Island Project - PNG

The Gameta gold deposit and the Wapolu gold deposit, located in close proximity to each other on the north-coast of Fergusson Island in Papua New Guinea, comprise the Company's Fergusson Island Project, upon which over $15M has been spent since1996.

Figure 8 – Location of Gameta and Wapolu deposits, Fergusson Island, PNG

The Fergusson Island Project comprises two drilled gold deposits, Gameta and Wapolu. The Company previously announced its first resource estimate reported in accordance with the JORC Code for the Gameta deposit, an Inferred Resource of 5.1 million tonnes at 1.8 g/t for 295,000 ounces of gold at a cut-off grade of 1.0 g/t gold. Further drilling down-dip can be expected to increase the size of the resource.

The Gameta gold deposit lies close to the coastline in the north east of Fergusson Island in the D'Entrecasteaux Islands of Papua New Guinea's Milne Bay Province and is located about 30 kilometres east of the Wapolu gold deposit.

The D'Entrecasteaux Islands comprise a number of metamorphic core complexes which form prominent tectonic domes of probable Cretaceous age. The domes consist of a core of high-grade crystalline rocks surrounded by a layered outer zone, between 1 and 2 km thick, composed of amphibolite facies gneisses. This layered zone is separated from over-thrust sub-seafloor oceanic mantle by a decollement (Detachment Fault Zone); overlaying ultramafic rocks of the obducted block are largely serpentinised dunites, harzburgites, and pyroxenites. Thick colluvial deposits of landslide and slump debris mantle the margins of the domes and are prominent at Wapolu.

Mineralisation at Wapolu and Gameta is hosted in the Detachment Fault Zone and within the footwall dioritic gneiss and appears to be both fracture and dyke-related, and sulphide hosted. The overlying ultramafic plate, though strongly dyked, altered and fractured, carries only patchy and sporadic low-grade gold mineralisation.

The two properties have been explored for gold since the early 1980's during which time a total of 296 RC and air core holes (11,646m) and 97 diamond holes (6,401m) have been drilled at Wapolu (EL 2180) and 195 RC holes (10,179m) and 33 diamond holes (4,181m) have been drilled at Gameta (EL 1972). Much of the data from this drilling has not been subject to QA/QC and does not measure up to JORC reporting standards.

On the strength of a feasibility study completed in 1993 on the Wapolu Deposit by Macmin/ Union Resources based on their 1992 resource model a mining operation was initiated at Wapolu in

December 1995. The operation was based on an estimated mining reserve of 2.0 Mt at 2.4 g/t Au and was planned to process 500,000 tonnes per annum for a 4 year mine life. Following crushing and grinding the process plant combined CIP (200,000 tpa) and NaCN vat leach (300,000 tpa) with overall gold recoveries predicted to be approximately 80% (resulting in roughly 30,000 ounces per year gold recovery). Mining was abandoned in 1997 due to poor performance arising from lower processing throughput than budgeted (including unforseen bouldery and clayey feed problems), and lower feed head grade and lower gold recovery than was predicted.

Croydon Gold and Graphite Project - Queensland Australia

A potentially large graphite deposit is located within EPM 8795 and EPMA 18616 at the Golden Gate Project at Croydon, North Queensland.

In July 2004, the Company, when named Gold Aura Ltd, undertook preliminary assessment of a large graphite deposit located at the Golden Gate gold mine. The graphite deposit was systematically drilled as part of a regional gold exploration program in the late 1980's by Central Coast Exploration (CCE). Three vertical reverse circulation holes were also drilled by the Company between 2005 and 2007 that confirmed that a thick graphite zone was present at Golden Gate.

The Golden Gate graphite project is located partially on Exploration Permit Mining EPM8795 and continues onto the contiguous EPMA18616. The graphite deposit has undergone electromagnetic geophysical surveys and systematic drilling during the late 1980's and limited drilling and testwork by CGN in 2004. Typical RC drill intercepts from CCE drilling in 1989 are presented in Table 1.

SUMMARY OF RC DRILLING RESULTS AT GOLDEN GATE
NOVEMBER 1989 (CCE Report #192/90)

Hole #	Co-ordinates		End of Hole	Graphite Intercept	Width (m)	Average %C @ 2% cut-off
GGRC 2001	24201N	9550E	50m	44 - 50	6	3.5
GGRC 2002	23998N	9584E	44m	-	-	-
GGRC 2003	24000N	9701E	91m	48 - 78	30	7.3
GGRC 2004	23859N	9642E	76m	32 - 74	42	6.6
GGRC 2005	24101N	9773E	97m	37 - 93	56	6.0
GGRC 2006	24200N	9799E	93m	60 - 89	29	4.5
GGRC 2007	24200N	9699E	60m	3 - 56	53	5.8
GGRC 2008	24300N	9649E	66m	-	-	-
GGRC 2009	24399N	9699E	66m	-	-	-
GGRC 2010	24699N	9799E	30m	3 - 7	4	3.6
GGRC 2011	24901N	9700E	66m	-	-	-
GGRC 2012	25000N	9949E	48m	2 - 40	38	4.8
GGRC 2013	24999N	10049E	66m	-	-	-
GGRC 2014	25200N	10050E	80m	55 - 78	23	4.8/3.3
GGRC 2015	23799N	9324E	48m	5 - 24	19	3.8
GGRC 2016	25384N	9898E	48m	17 - 24	7	2.5
GGRC 2017	25599N	10099E	48m	7 - 28	21	3.8
GGRC 2018	24395N	10312E	66m	-	-	-
GGRC 2019	26600N	10400E	60m	-	-	-

Table 1 - Drill intercepts reported by Central Coast Exploration from drilling in 1989 at Golden Gate

The deposit has a north-westerly strike and shallow easterly dip Hydrothermal or magmatic graphite deposits are an important source of graphite with examples being mined in Sri Lanka and Sweden that produce both flake and amorphous graphite.

Since the Golden Gate graphite deposit is reasonably well defined, the Company's exploration program will focus on collection of fresh drill core samples for modern metallurgical testwork. Past testwork done on RC chip samples and near surface grab samples with contradictory results.

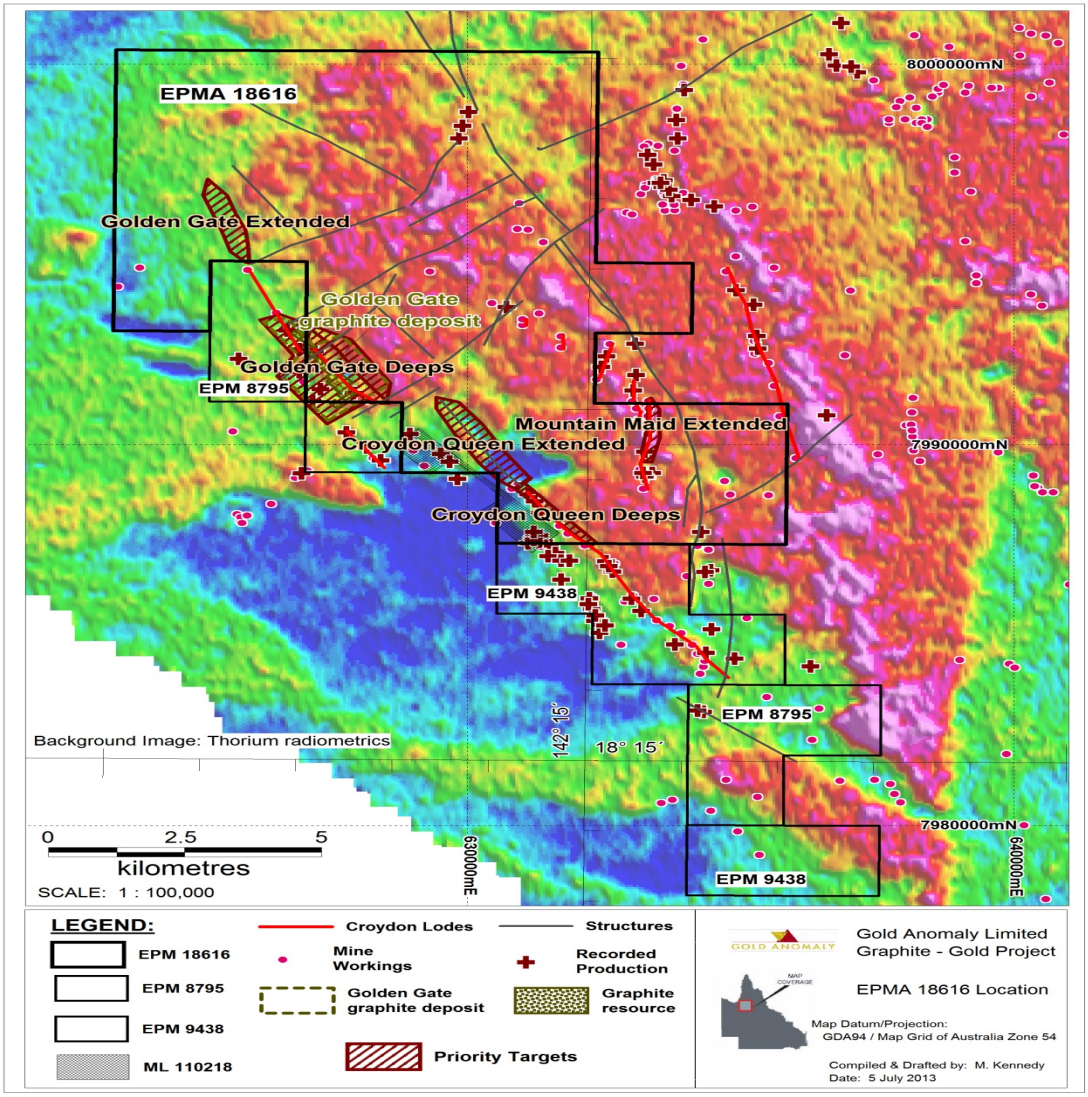

Figure 9 - Location Map of EPM18616 showing the Golden Gate graphite deposit as well as principal gold exploration targets

The acquisition of EPM18616 will consolidate the length of the Golden Gate lode within tenements held by CGN. Five priority exploration targets along the trend of the Golden Gate lode have been identified. These areas were selected as having potential for gold mineralisation under shallow cover. Future exploration will involve ground geophysics (IP & EM surveys) across target trends followed by drilling.