

9 October 2017

Australian Securities Exchange

PURCHASE OF FIRST DRILL RIG FOR CRATER MOUNTAIN GOLD PROJECT

Crater Gold Mining Limited (ASX:CGN) (“**CGN**” or the “**Company**”) is pleased to announce that, in line with its strategy to restart exploration at its flagship Crater Mountain Gold Project, it has entered into an agreement to acquire a drill rig to facilitate recommencement of drilling activities in the near term.

CGN has agreed to purchase a 2002 Atlas Copco Diamec 252 drill rig (“**Diamec 252 Drill Rig**”) together with additional ancillary equipment, including: (a) a 415 volt 45 kilowatt electric over hydraulic power pack; (b) a 1,000 volt 45 kilowatt electric over hydraulic power pack; (c) an air over 22 kilowatt hydraulic power pack; (d) Bob Cat mounting accessories; (e) and feed frames and positioners, skid mounted; and (f) hydraulic motors and pumps. Purchase consideration will be made up of \$110,000 in cash and \$50,000 to be paid via the issue of 3,846,154 fully paid ordinary shares in CGN at a deemed issue price of \$0.013 per share.

The Diamec 252 Drill Rig and additional equipment will be made available to the Company at its Crater Mountain Gold Project in Papua New Guinea. Further spare parts and other accessories are available to the Company from the seller’s premises in Queensland. The purchase was completed on October 6th, 2017.

The Diamec 252 Drill Rig is a very compact drill rig. It’s estimated to be able to drill diamond core holes of up to approximately 300 metres in length. Due to its compact size it will fit in the two adits the company has developed at the Nevera Gold Mine and will initially be used to drill from within these adits lateral and at depth extensions of the High Grade Zone (“**HGZ**”) mineralisation, including in the approximately 300 metres between the HGZ and Mixing Zone mineralisation areas that has not yet been drill-tested.

An Appendix 3B applying for quotation of the purchase consideration shares will be lodged once shares are issued.

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