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Australian Securities Exchange

GRAPHITE- CONFIRMATORY DRILLING, SAMPLING/ASSAYING AND METALLURGICAL TESTING

- **As previously reported, graphite mineralisation has been identified in the Golden Gate Project Area at Croydon, NW Queensland.**
- **The Company plans to fast track a program of confirmatory drilling, representative sampling/assaying and metallurgical testing of fresh graphite intersections, commencing late October-early November, 2017, to increase the definition of the metallurgical characteristics and quality of this mineralisation.**
- **The program will involve the drilling of two geotechnical diamond core holes in zones of known graphite mineralisation for a total of 250 metres.**
- **It is encouraging to note that the Golden Gate Project graphite mineralisation, located 80 kilometres to the north of Metallica Mineral's announced discovery of high purity graphite at its Esmeralda Graphite Project, is hosted in a similar geological setting to Metallica's Project.**

GOLDEN GATE GRAPHITE PROJECT TENURE

Crater Gold Mining Limited (ASX:CGN, "the Company") is the registered holder of two contiguous tenements (EPMs 8795 and 18616) in the Croydon region of north west Queensland, which together cover the Golden Gate Graphite Project.

EVALUATION PROGRAM

The upcoming drilling evaluation program planned for commencement late October to Mid November 2017, will involve the drilling of two diamond holes for a total of 250 metres. Holes will be drilled to geotechnical standard using triple tube equipment, with an emphasis placed on achieving 100% core recovery, rather than on the number of metres drilled per shift. Thick intersections of fresh graphite mineralisation below the water table are expected in both holes. Samples of the graphite intersections will be assayed for gold and carbon and selected ones will be dispatched for metallurgical testwork to determine the characteristics of the graphite present.

Preparations for the drilling program have commenced.

PREVIOUS GRAPHITE EVALUATION WORK

Metallurgical testwork by previous explorers at Golden Gate has not been conclusive. Testwork that was undertaken by the Company indicated that the graphite may be of low grade amorphous quality. However, mineralogical examination of the test samples provided contrary results, suggesting that the material may well have been flake graphite that had been pulverised by the

action of the RC drilling bit used. Also, most of the samples tested were oxidised and not ideal for metallurgical testing.

Managing Director Russ Parker commented “fresh drill core samples are required for modern metallurgical and mineralogical testwork. If the metallurgical results are positive, we will quickly establish a diamond drilling program also encompassing to test for and substantiate the reported results of the historical drill holes”.

REGIONAL POTENTIAL FOR GRAPHITE OCCURRENCES

The potential for the discovery of further graphite mineralisation in the general region has been enhanced by the announcement by Metallica Minerals Ltd (“Metallica”) in May 2016 of the discovery of high purity graphite mineralisation at their Esmeralda Graphite Project area, which is located 80 kilometres to the south of the Golden Gate Graphite Project area. The geological setting at the Esmeralda Project area is similar to that encountered in the Golden Gate Project area.

In its ASX Quarterly Report for the December 2015 period, Metallica reported;

“Igneous or hydrothermal-style graphite deposits, such as Esmeralda, are rare. The more common metamorphic-style graphite deposits make up 95% of the world’s known graphite deposits. Unlike the metamorphic-style deposits, hydrothermal-style graphite deposits are typically of high purity graphite in either flake or crystalline form. Examples of this style of mineralisation include the high-grade, narrow-vein Sri Lankan deposits and the Albany graphite deposit in Canada. The carbon source is non-organic and the carbon is thought to be from deeper carbon dioxide (CO₂) or methane (CH₄) gaseous injection into the magma chamber, which later crystallises out as pure or near-pure carbon (graphite) crystals.”

CROYDON GOLDFIELD AND GOLDEN GATE HISTORY

Gold mining activities commenced in the Croydon Goldfield in the 1880s. Rich gold discoveries in 1891 at the Golden Gate reef north-west of Croydon led to the 1890s being the most productive years for the Croydon Goldfield, despite increasing competition from emerging mining discoveries in South Africa and Western Australia. There are dozens of old gold mine workings located within 20 kilometres of Croydon.

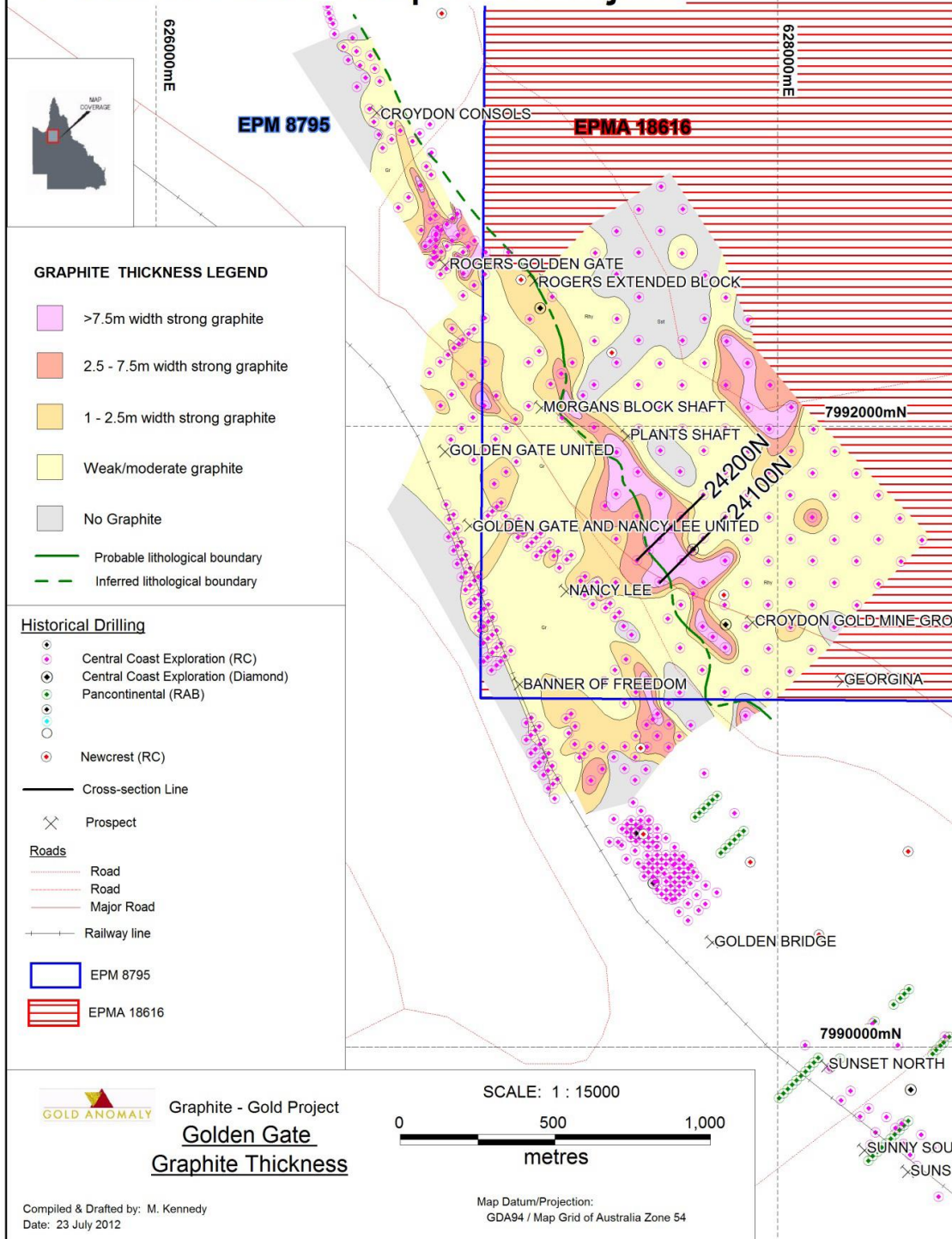
In recent times, exploration and development has mainly been undertaken by larger companies, focussing on gold, with the large low grade Croydon open pit gold mine operated by the Barrack Mines Ltd group (“Barrack”) of Western Australia from 1987 until 1990. Graphite occurrences were commonly noted occurring with the gold mineralisation, particularly in the vicinity of a prominent rhyolite-granite contact. Mining records reveal that significant zones of graphite were observed within the Golden Butterfly open pit, located about one kilometre north-west of Croydon. No attempt was made to quantify any potential graphite resource within this zone at that time.

In July 2004, the Company, then named Gold Aura Ltd, undertook preliminary assessment of graphite mineralisation from the Golden Gate gold mine area. The graphite mineralisation had previously been identified and drilled at Golden Gate during regional gold exploration programs in the late 1980’s by Central Coast Exploration (CCE). Three vertical reverse circulation (RC) holes were also drilled by the Company between 2005 and 2007 and these confirmed that graphite zones were present at Golden Gate.

GRAPHITE SUPPLY/DEMAND AND PRICES

Graphite, one of the four main natural forms of carbon, is flexible, soft (1 to 2 on the Mohs Hardness scale), compressible and malleable but is not elastic. It has low frictional resistance, which gives it a greasy texture making it an efficient lubricant and has a very high melting point. It is nontoxic, chemically inert and has a high resistance to corrosion. It has a very wide range of end uses, including high-temperature lubricants, brushes for electrical motors, friction materials, pencils, battery anodes and fuel cells.

GOLD ANOMALY LIMITED Golden Gate Graphite Project



LOCATION, ACCESS AND INFRASTRUCTURE

The tenement areas are located 4 to 7 kilometres north-west of the town of Croydon, straddling both the Gulf Development Road and the Gulflander tourist railway line which runs between Croydon and Normanton.

Croydon is a well-established town, with good infrastructure including a sealed, mainly single lane highway, stretching 530 kilometres from Cairns, a 1520 metre long sealed airstrip and all town services, including accommodation. It is a very historic town, with many of the original buildings restored, including among other sites, the original police station, watch house, courthouse and school in the Historical Village developed by the local council. Several sites in and near Croydon are listed on the Queensland Heritage Register and maintained by the Queensland Department of Environment and Heritage Protection (“EHP”). One of these Heritage areas is located over the old Golden Gate mine site and township and partly overlies the known graphite mineralised area. However, it is considered that will not have any significant impact on the Project as the planned work program will be undertaken outside of the Heritage area and furthermore it is interpreted that the potential graphite mineralised zone extends to both the north and south.

For further information contact:

Mr Russ Parker
Managing Director
+852 94 573 573

The information contained in this report that relates to Exploration Results at the Golden Gate Graphite Project near Croydon, Queensland, is based on information compiled by Ken Chapple, who is an Associate Member of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Chapple has been assisting the Company as a technical consultant relating to his areas of expertise. Mr Chapple has sufficient experience relevant to the style of mineralisation and type of deposit involved to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Chapple is an independent principal geological consultant with KCICD Pty Ltd and consents to the inclusion in the report of matters based on his information in the form and context in which it appears.