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Australian Securities Exchange

## **MINING LEASE APPLICATION LODGED FOR HGZ PROJECT**

### **10,000 high grade ozs gold production targeted in first year of mining**

Crater Gold Mining (ASX: CGN) (“Crater Gold” or “the Company”) has moved a step closer to production at its High Grade Zone project at Crater Mountain, PNG by lodging an application for a Mining Lease with the Papua New Guinea (PNG) Minerals Resources Authority.

The Mining Lease Application covers Crater Mountain’s High Grade Zone (“HGZ”), an area containing high grade gold where local artisanal miners mined an estimated 15,000 ounces between 2005 and 2012 using rudimentary means.

The Company has been exploring the HGZ since August 2013 through the development of an underground adit and cross cuts. This development has passed through a 15m wide zone of intense brecciation containing several narrow gold bearing mineralised structures correlating well with the surface artisanal workings. This development has been designed to allow for the early commencement of production once a Mining Lease is granted.

The very high grades of coarse free gold mineralisation (ASX Release 19 November 2013 - [“Bonanza gold grades intersected at High Grade Zone”](#)) in these structures will support a small, highly selective narrow vein mining operation requiring simple mining infrastructure and recovery of gold by gravity separation without the need for complex processing technology. Mining will be carried out underground by hand held mining methods at a rate of approximately 1,000 tonnes per month. A process plant has been sourced in Africa especially designed and built in modular form for simple installation and ease of operation.

Managing Director Greg Starr said that fast tracking gold production remained the Company’s priority.

“We are excited to be progressing the rich HGZ to production, as this will generate strong cashflow to assist ongoing development activities.

“We believe that gold can be extracted from the HGZ via a simple process that requires modest capital with low operating costs. Our view is that first year production of 10,000 high grade ounces is achievable”.

Subject to the timing of the grant of the Mining Lease, gold production is expected to begin in the 3<sup>rd</sup> quarter 2014.

An independent study by respected geological consultants Mining Associates Limited (“MA”) in September 2013 indicated the HGZ’s potential to be a rich source of gold at low cost, and set an initial exploration target of **50 to 250 kt @ 13 to 30 g/t Au for 60k to 100k Oz of contained Au** (ASX Release 17 October 2013: *High Grade Zone – Independent Consultant*

*Target Review, Crater Mountain, PNG*) **(The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource).** (The Company is not aware of any new information or data that materially affects the information included in the abovementioned ASX announcement. The form and context in which MA's findings are presented have not been materially modified. 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).

Importantly, the study concluded that there was excellent potential for similar independent zones of high grade gold to be present within an area 1400m by 700m.

To date, exploration has focused at the northern end of Crater Mountain's Nevera prospect where three zones of gold mineralisation have been identified – the HGZ and the Mixing Zone, as well as deep porphyry copper-gold potential.

While the current focus remains on the HGZ, the Company also has the JORC compliant inferred resource of 24Mt @ 1.0g/t of Au for 795,000 ounces at the Mixing Zone. (ASX Release 24 November 2011: *Crater Mt – Initial Resource Estimate*) (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.) Anticipated positive cash flow from mining the HGZ will be channelled into further testing of the Mixing Zone and into evaluating the porphyry copper-gold potential.

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### **Competent Person Statement**

*The information contained in this report relating to exploration results, exploration target and the estimated mineral resource 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 2012 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.*