

8th April 2019

Australian Securities Exchange

GOLD PRODUCTION UPDATE - HGZ PROJECT

Crater Gold Mining Limited ("Company") (ASX: CGN) is pleased to provide an update on the High Grade Zone ("HGZ") gold mining project at Crater Mountain, Papua New Guinea.

Since the last update on the 11th of February 2019, the Company has produced and sold 87ozs of gold. The sale occurred on 29th of March 2019.

Production was from a composite of high grade and low grade ore.

The processing plant was recently reconfigured and with the planned future equipment upgrades, it is still only operating at a reduced capacity. Despite this, gold production increased over the previous period due to more fine-grained gold being recovered and the mining of a discrete high-grade zone of nuggety gold. This is encouraging as such discrete high grade zones are a feature of high sulphidation epithermal mineralisation and it is considered to be reasonable to expect encountering more such zones as mining proceeds.

The first skid steer loader is now in country and is expected on site shortly. The skid steer loaders will dramatically improve the underground bogging operations and also increase the ore tonnage to the processing plant.

Additional pneumatic jack hammers are en route to the mine site. These will allow more specific mining on an increased number of faces, thus providing additional high-grade ore to the processing plant.

As a consequence of the above, the HGZ mine is presently operating at a reduced capacity.

The Company is confident that when the upgrade of the processing plant is completed and when the additional mining equipment is introduced that it will all have a considerable effect in increasing gold production at the HGZ mine. Additionally, a night shift will be introduced at that time to increase processing capacity to match expected mine output.

Crater Gold Mining Managing Director, Russ Parker said:

"... the Company recently reconfigured the mining plant. This resulted in increased gold production, and also resulted in more fine gold being recovered by the mining plant. As additional mining equipment becomes available in the ensuing period, we are confident that gold production will increase accordingly."

Russ Parker
Managing Director

The information contained in this report relating to exploration activities is based on and fairly represents information and supporting documentation prepared by appropriately qualified company personnel and reviewed 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 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.

Forward Looking Statements: This Announcement contains certain forward looking statements. The words 'anticipate', 'believe', 'expect', "optimism", 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'encouraging', 'significant' and other similar expressions are intended to identify forward looking statements. Forward-looking statements are subject to risk factors associated with the Company's business, many of which are beyond the control of the Company. It is believed that the expectations reflected in these statements are reasonable at the time made but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should therefore not place undue reliance on forward-looking statements.