
14th July 2014

Australian Securities Exchange

**Gold Mining Plant Being Commissioned - HGZ High Grade Gold Project,
Crater Mountain, PNG**

Highlights

- Mining plant currently being commissioned on site at HGZ project
- Rail and underground rail trucks are on site being installed ahead of mining.
- Drilling results enable detailed mine planning

Crater Gold Mining Limited ("the Company") (ASX: CGN) is pleased to announce that it is making good progress towards first gold production from its High Grade Zone ("HGZ") project at its 100% owned Crater Mountain project in Papua New Guinea. The Application for a Mining Lease (MLA) with a Proposal For Development application was formally lodged with the Papua New Guinea Mineral Resources Authority ("MRA") at the beginning of May 2014. The HGZ is earmarked to commence gold production subject to the outcome of the mining lease application. These submissions were based on the results of mapping and sampling of an underground development drive and associated crosscuts excavated to explore the high grade gold mineralisation at the HGZ.

In support of the submissions to MRA, the Company has now completed and reported the results of fourteen diamond drill holes at sufficiently close spacing to give confidence to geological and structural interpretation to enable modelling for a maiden resource and detailed mine planning.

Previous drilling results announcements reported to ASX are referred to as per below:

<u>ASX Announcement Date</u>	<u>Subject title</u>
7 July 2014	High Grade Gold Results continue from High Grade Zone
2 June 2014	High Grade Zone Drilling Results
29 April 2014	High Grade Gold Drilling Results
25 Feb 2014	Drilling to Delineate Measured Resource Commences at HGZ
19 November 2013	Bonanza gold grades intersected at High Grade Zone

The Company is not aware of any new information or data that materially affects the information included in the abovementioned announcements.

It is the Company's proposal to develop a small scale but high grade underground gold mining operation using hand held mining methods. Rail and underground rail trucks are on site to be installed ahead of mining.

Metallurgical processing will be by simple gravity concentration via crushing, milling with a wet hammer mill and concentration using a centrifugal concentrator. This plant has been acquired and is on site currently being installed and commissioned. The plant is of such a scale that in the initial phase it will

be used for bulk sampling individual parcels of mineralised material currently stored on surface from the rock extracted during development of the drive and cross cuts.

The regulatory process for the MLA has progressed with ongoing consultations with the MRA while the necessary submissions have been made to the Department of Environment and Conservation for an Environmental Permit applicable to the proposed scale of mining. A site visit by the Chief Mining Warden to consult with and inform the local communities and landowners was undertaken Friday 11 July 2014. At the same time the MRA's newly appointed Technical Assessment officer conducted a site visit and inspection.

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