

18 December 2014

Australian Securities Exchange

GOLD MINING COMMENCED AT HGZ MINE

Crater Gold Mining is PNG's newest high-grade gold producer

Crater Gold Mining Limited (ASX: CGN) is pleased to announce that it has commenced gold mining at its High Grade Zone ("HGZ") project at Crater Mountain, Papua New Guinea (PNG).

Following the signing of the Mining Lease, ML510, by the Hon Minister for Mines on 5 November 2014 the Company has successfully concluded a Compensation Agreement with the landowners and formally registered it with the Mineral Resources Authority of PNG ("MRA").

Crater Gold Mining's CEO Mr Greg Starr commented, "This is an exciting milestone for the Company as we have successfully transitioned from explorer to now become PNG's newest gold producer.

"We anticipate producing some 10,000 ounces of gold in the year ahead at an all-in cash cost of below \$400 per ounce average over the Mining Lease term, positioning the mine within the lowest quartile in terms of operating costs. Our Mining Lease enables us to continue mining for the next 5 years with the right to extend the Mining Lease.

"As a high margin operation, the HGZ project will generate strong cashflows, which will fund further development at the HGZ mine and exploration activities at the Company's other assets.

"On behalf of the Board I thank all those who have assisted us in bringing HGZ into production, particularly our management team and dedicated local staff."

Crater Mountain is located 50 km southwest of Goroka in the Eastern Highlands Province of PNG. Formerly a tier-1 BHP asset, there has been in excess of 14,500 metres of diamond drilling to date, the majority focussed on the Nevera prospect, which hosts the HGZ mine.

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