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## High Gold Grades in Central Zone at HGZ Gold Mine, Crater Mountain, PNG

- **Central gold zone identified**
- **Elevated gold grades in central zone**
- **Drilling confirms central zone continues to depth**

Development at the HGZ gold mine project during 2015 covered an approximate extent of 60m NS and 30m EW identifying those structures considered to be controlling the gold mineralisation and confirming the results of diamond drilling carried out in 2014.

An important development was the identification of a strong link structure trending roughly NE – SW linking the prominent NS structures thought to have controlled the gold mineralisation. Reinterpretation of geological mapping and alteration shows a central core of massive crystalline silica with strong presence of structurally controlled manganese oxide associated with hematite and limonite. The brittle nature of this zone has been conducive to formation of tension cracks allowing the introduction of mineralising fluids.

More visible gold has been observed with a higher frequency of elevated gold grades in this central zone than elsewhere in the system. Refer to Figure 1.

This is validated by bonanza grades reported in development in November 2013 and also drill hole Nev 59 which passes through the middle of this zone, which returned 9.0m at 30.8 g/t Au from 28.5m, including 5.0m at 33.1 g/t Au and 2.5m at 44.3 g/t Au. (refer ASX release of 19 November: “Bonanza gold grades intersected at High Grade Zone” and ASX release of 4 May 2015 “High Grade Zone Mining development and Drilling Update”).

The highest grades encountered in the Link development are interpreted to coincide with the intersection of several flat dipping, around 60 deg, cross cutting EW structures which terminate on the JL and NVI structures either side.

Drilling confirms that this zone continues to depth and can be accessed from future lower level development.

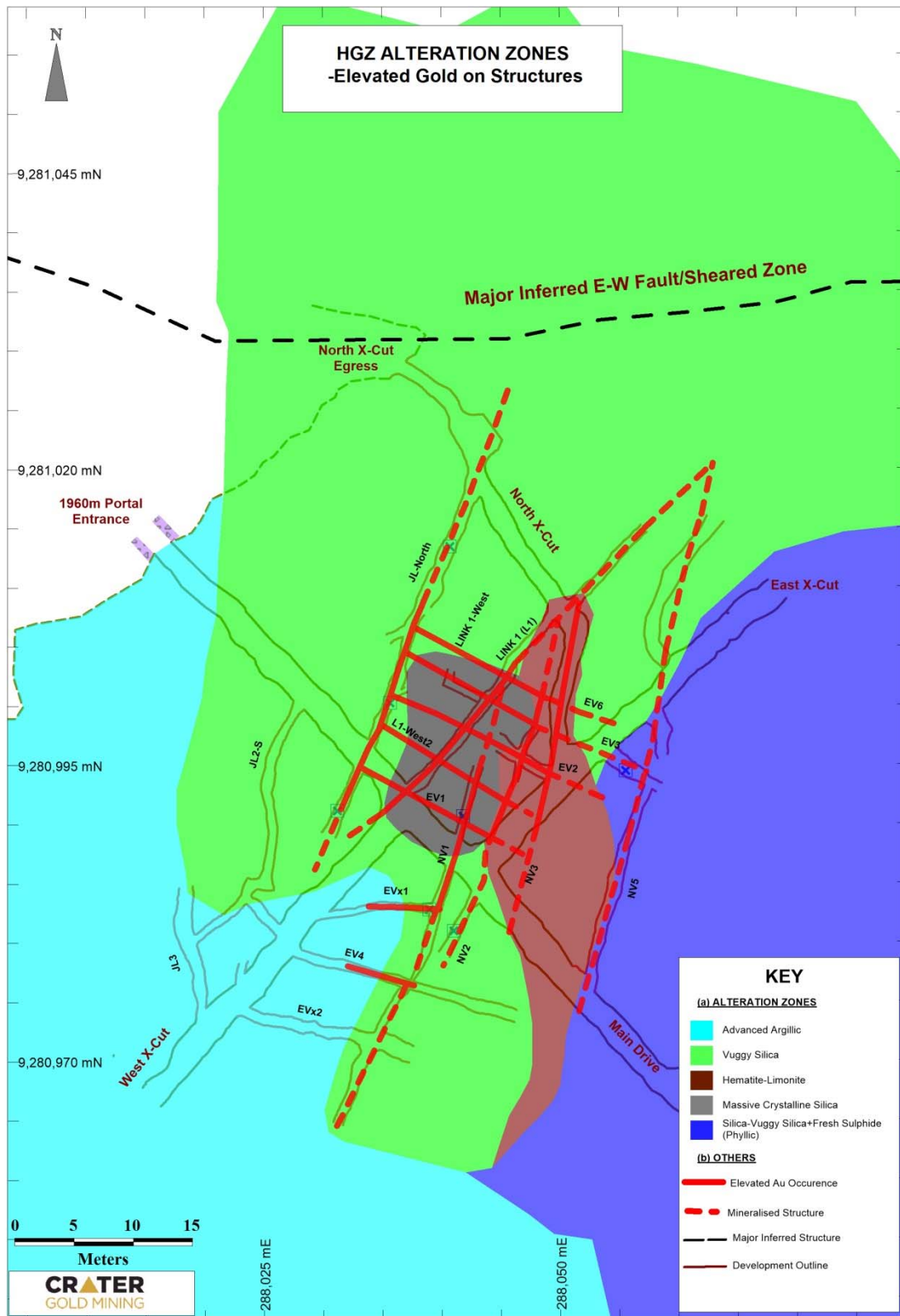


Figure 1. Geological Interpretation of Structural Controls and Alteration

## Mining

This fresh geological interpretation with resultant improved understanding of the controls to mineralisation will enable mining to be focussed within the zone described above. This will allow delineation of the extent of the shoots so they may be mined up and down dip. Mining rates during exploration development were restricted by low compressor capacity.

Upgraded mining plant comprising two new hammer mills, two high speed centrifugal concentrators, gravity separation shaking tables, a new compressor and rail mounted rockershovel are scheduled to be airlifted to the HGZ within the next two weeks.

The objective of the Company is ongoing cash flow to establish the Company as a profitable gold producer. When we reach mining plant capacity, we anticipate producing some 10,000 ounces of gold in the first full year of production, at an all-in cash cost of below \$400 per ounce average over the mining lease term. The HGZ project is a high margin operation.

While the current focus remains on the HGZ mine, there remains potential to increase the current JORC compliant resource of 24Mt at 1.0 g/t Au for 790,000 ounces at the nearby Mixing Zone project at Crater Mountain (refer ASX Release of 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. The Company is not aware of any new information or data that materially affects the information contained in that ASX release. All material assumptions and technical parameters underpinning the resource estimate continue to apply and have not materially changed).

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.



Russ Parker  
Managing Director

## Competent Person Statement

*The information contained in this report relating to Exploration Results at Crater Mountain PNG is based on and fairly represents information and supporting documentation prepared by Mr R Johnson, PNG General Manager of Crater Gold Mining Limited. Mr Johnson is a Fellow of The Australasian Institute of Mining and Metallurgy 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 Johnson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*