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## **QUARTERLY ACTIVITIES REPORT**

**For the period ended 31<sup>st</sup> March 2019**

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### **About Crater Gold Mining Limited**

**(ASX CODE: CGN)**

Crater Gold Mining Limited ("Crater Gold" or the "Company") is focussed on the exploration of its highly prospective Crater Mountain Gold Project in Papua New Guinea (PNG), which includes two gold resources and evidence of potential copper-gold porphyry mineralisation. The Company is also exploring at the A2 Polymetallic and Golden Gate Graphite projects at Croydon in Queensland, Australia

### **Crater Gold Mining Limited**

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**Russ Parker**  
**Managing Director**

### **Key Achievements during the quarter**

#### **HGZ Gold mining project, Crater Mountain, PNG**

- **Gold production**
- **Scree sampling results**

#### **Corporate**

- **Rights Issue completed**
- **Placement of \$525,000**

## **DEVELOPMENTS DURING THE QUARTER**

### **Crater Mountain Gold Project, Papua New Guinea**

#### **High Grade Zone (HGZ) Gold Mine**

##### **Gold Production**

During the quarter, on 11 February 2019, the Company announced production of approximately 66 ozs of gold. Production was from a composite of low and high grade gold material.

The processing plant was run at minimal levels during the period utilising only one hammer mill and concentrator whilst the second concentrator was being refurbished. When the full plant is operational, a night shift will be introduced with production rates expected to increase significantly from then.

Additional pneumatic jack hammers have been ordered and are enroute to the mine site. These will allow more targeted mining on an increased number of mining faces, thus providing additional high grade gold material to the processing plant.

Skid steer loaders were ordered and are expected on site shortly. These will dramatically improve the underground bogging operations and also increase the gold bearing tonnage being delivered to the processing plant.

The HGZ mine has for some time been operating at a minimal capacity, however we are confident that when the new and refurbished mining equipment is commissioned, allowing the processes as mentioned above to be implemented, they will all have a considerable effect in increasing gold production at the HGZ mine.

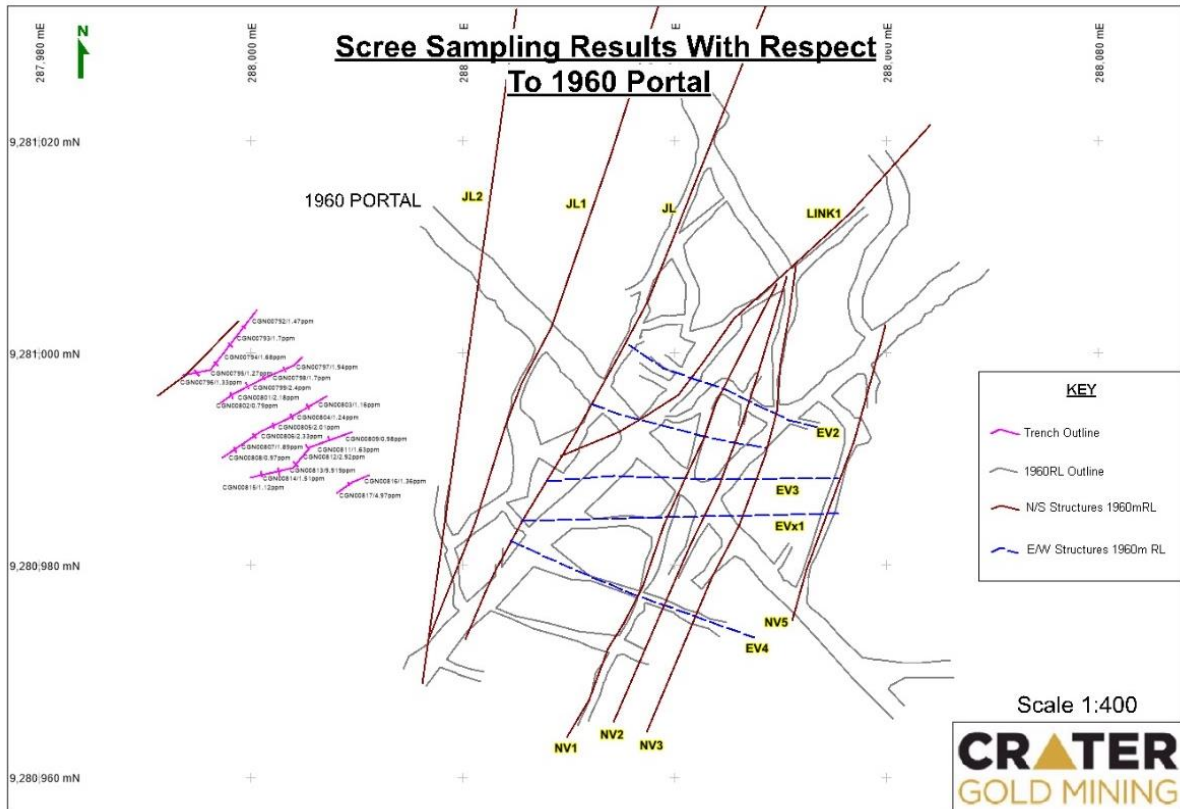
##### **Gold in sampling above HGZ Mine**

- **Gold in scree material above HGZ mine**
- **Potential to increase HGZ mine gold production**

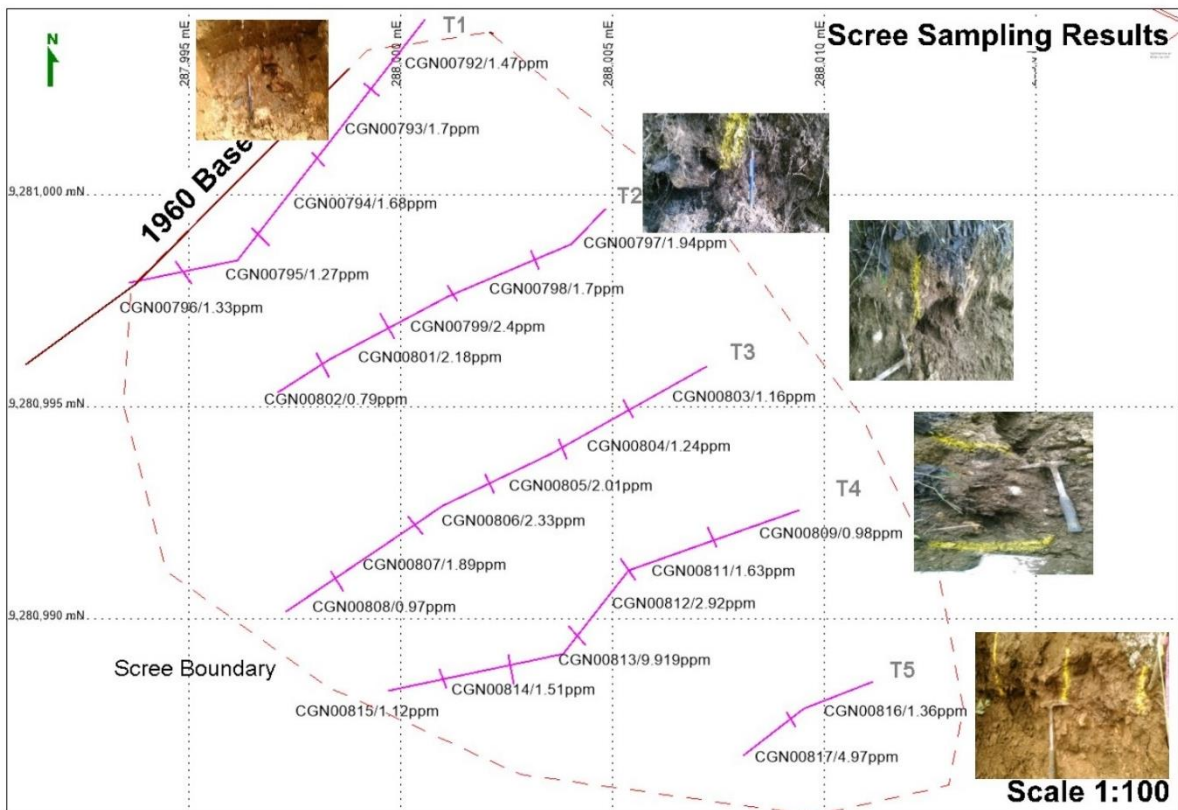
On 15 February 2019 the Company announced the results of scree sampling undertaken above the High Grade Zone (HGZ) Mine.

The current HGZ mine is based on selective mining of narrow high-grade veins, commencing from the 1960m RL level. Above this level the surface contains scree composed of weathered bedrock, waste rock material derived from artisanal workings and boulders and rubble derived from benching work. In addition, tephra covers most of the area, either in part or fully.

Check panning of the scree material revealed the presence of visible, fine to very fine, gold grains with occasional small gold nuggets. This was interpreted to have resulted from surface supergene weathering of gold mineralisation. It was therefore decided that the extent and grade of the gold in the surface scree should be investigated as it could potentially offer increased gold production for the HGZ mine. Eleven (11) short horizontal trenches for a total of 173.5m and excavated at 5m intervals upslope from 1960m RL were planned to investigate this possibility.



**FIGURE 1:** Scree Sample Trench Locations Above the 1960m RL Development Level



**FIGURE 2:** Scree Sample Trenches, Sample Numbers and Gold Assay Results (ppm)

Due to the presence within the scree of surface boulders, rubble and tephra combined with the steep topography, much of the potential area could not be accessed for trench sampling. This resulted in the excavation of only 5 trenches for a total length of 44.0m (Figures 1 and 2). Initially ninety nine (99) 0.5m interval channel samples were collected but these were later composited into twenty four (24) mainly 2.0m interval samples. This was done to reduce assay costs.

The 24 channel samples were submitted for gold fire assay (FA50). Assay results were encouraging with values ranging from 0.79 g/t Au up to 9.19 g/t Au (Table 1), indicating that gold is widely spread throughout the scree. Grades for the trenches are as follows (Figure 2):

- Trench 1 (1960m RL): 9.5m @ 1.50 g/t Au
- Trench 2 (1965m RL): 9.0m @ 1.91 g/t Au
- Trench 3 (1970m RL): 11.0m @ 1.66 g/t Au
- Trench 4 (1975m RL): 11.0m @ 3.05 g/t Au
- Trench 5 (1980m RL): 3.5m @ 2.91 g/t Au

17 of the 24 samples were collected from tephra dominant cover material, indicating that the gold mineralised zone can be detected through the tephra cover.

Procedures for the recovery of the contained gold are now under investigation.

Sample ID	Trench	Sample Width (m)	Weight (kg)	Au (ppm)
CGN000792	1	2	3	1.47
CGN000793	1	2	3	1.70
CGN000794	1	2	3	1.68
CGN000795	1	2	3	1.27
CGN000796	1	1.5	3	1.33
CGN000797	2	2	3	1.94
CGN000798	2	2	3	1.70
CGN000799	2	2	3	2.40
CGN000800		STD HIGH	0	16.1
CGN000801	2	2	3	2.18
CGN000802	2	1	3	0.79
CGN000803	3	2	3	1.16
CGN000804	3	2	3	1.24
CGN000805	3	2	3	2.01
CGN000806	3	2	3	2.33
CGN000807	3	2	3	1.89
CGN000808	3	1	3	0.97
CGN000809	4	2	3	0.98
CGN000810		BLANK	2.5	0.008
CGN000811	4	2	3	1.63
CGN000812	4	2	3	2.92
CGN000813	4	2	3	9.19
CGN000814	4	2	3	1.51
CGN000815	4	1	3	1.12
CGN000816	5	2	3	1.36
CGN000817	5	1.5	3	4.97

**TABLE 1:** Summary of Trench Gold Assay Results

## **Corporate**

### **Completion of Rights Issue**

As announced on 12 December 2018 the Company launched a Rights Issue of up to approximately 1,537,056,263 Shares at an issue price of \$0.015 per Share on the basis of 11 new Shares for every 2 Shares held to raise up to approximately \$23,055,844 before expenses.

The results of the rights issue were as follows:

- Total Number of shares applied for by eligible shareholders: 912,777,838
- Proceeds: \$13,691,668
- Shareholders participating: 59.38%
- Total number of shares subscribed under shortfall: 253,254
- Proceeds: \$3,799
- Shortfall shares: 0.02%
- Entitlement Offer Shortfall: 624,025,533
- Value of Shortfall unplaced: \$9,360,388
- Shortfall shares unplaced: 40.6%

Under the terms of the Entitlement Offer, the Directors have reserved the right to allocate the shortfall of 624,025,533 ordinary shares at their discretion within 3 months of the Entitlement Offer closing date

### **Placement**

As announced on 21 March 2019, the Company completed a placement of 35,000,000 Shortfall Shares, at an issue price of \$0.015 per share providing \$525,000 (before raising costs). The placement was made to China New Economy Fund Limited which is an exempted limited liability company, for the purpose of acting as a closed-ended investment company. China New Economy Fund Limited is listed on The Stock Exchange of Hong Kong.

This placement was issued using shortfall shares arising out of the offer detailed in the Company's Prospectus dated 22 January 2019. The Placement has now raised a total of \$14,220,467, which has therefore resulted in a 61.68% take-up of the offer under the Prospectus

## **ACTIVITIES POST END OF QUARTER**

### **HGZ Gold Mine:**

#### **Gold Production**

After the end of the quarter on 8 April 2019, the Company announced production of a further 87ozs of gold. The production was from a composite of high grade and low grade gold material.

The processing plant was reconfigured, however it is still operating at a reduced capacity. Despite this, gold production increased due to more fine-grained gold being recovered and the mining of a discrete high-grade zone of nuggety gold. This was encouraging as such discrete high grade zones are a feature of high sulphidation epithermal mineralisation and it is considered to be reasonable to expect that we will encounter more such zones as mining proceeds.

The first of the ordered skid steer loaders is now in country and is expected on site shortly. These will dramatically improve the underground bogging operations and also increase the gold bearing tonnage being delivered to the processing plant.

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

## **COMPETENT PERSONS STATEMENT**

The information contained in this report relating to exploration activities at the Crater Mountain Gold Project 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.

The information contained in this report that relates to Exploration Results at the Golden Gate Graphite and the A2 Polymetallic Projects near Croydon, Queensland, is based on information compiled by Ken Chapple, or prepared by appropriately qualified external technical experts and reviewed by him. Mr Chapple is an Associate Member of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Chapple has been assisting the Company as a technical consultant relating to his areas of expertise. 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 may contain forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' 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. You should therefore not place undue reliance on forward-looking statements

## **Schedule of Crater Gold Mining Limited tenements:**

<b>Particulars</b>	<b>Project Name</b>	<b>Registered Holder</b>	<b>% Owned</b>	<b>Status</b>	<b>Expiry</b>	<b>Area (Km<sup>2</sup>)</b>
EPM 8795	Croydon	CGN	100	Granted	6/09/2020	9.6
EPM 13775	Wallabadah	CGN	100	Granted	5/03/2020	16
EPM 16002	Foote Creek	CGN	100	Granted	30/01/2021	28.8
EPM 18616	Black Mountain	CGN	100	Granted	18/06/2020	57.6
EL 1115	Crater Mountain	Anomaly Ltd <sup>1</sup>	100	Renewal lodged	25/09/2018	41
EL 2203	Ubaigubi	Anomaly Ltd <sup>1</sup>	100	Renewal lodged	10/09/2017	88
EL 2249	Crater Mountain	Anomaly Ltd <sup>1</sup>	100	Renewal lodged	10/11/2017	10
EL 2318	South Crater	Anomaly Ltd <sup>1</sup>	100	Renewal lodged	10/09/2017	20
EL 2334	Crater Mountain	Anomaly Ltd <sup>1</sup>	100	Renewal lodged	21/05/2017	68
EL 2335	Crater Mountain	Anomaly Ltd <sup>1</sup>	100	Renewal lodged	22/05/2017	78
ML 510	Crater Mountain	Anomaly Ltd <sup>1</sup>	100	Granted	4/11/2019	1.58

<sup>1</sup> Anomaly Limited is CGN's 100% owned PNG subsidiary.