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10 February 2016

## **Upgraded gold mining plant ready to be transported to HGZ Gold Mine, Crater Mountain, PNG**

- **Upgraded mining plant to be commissioned within 2 weeks**
- **Mining plant to result in higher mining rates**
- **Mining plant to result in better gold recovery rates**
- **2<sup>nd</sup> Adit to commence, to add 30m of known gold shoots vertically**
- **New interpretation to improve mining focus**

Crater Gold Mining Limited (ASX: CGN) is pleased to announce the arrival of the upgraded custom built gold processing plant from China. The mining plant is currently at the Company's premises in Goroka, PNG. The delivery was several weeks behind schedule owing to shipping logistic delays with the Christmas / New Year period further extending the delay. The plant is now being prepared for air lift to site in the next two weeks. The Company has arranged the charter of a Mil8 heavy lift helicopter to transport the plant to the HGZ mine site.

The upgraded mining plant comprises two new hammer mills, two high speed centrifugal concentrators and gravity separation shaking tables. In addition a new compressor and rail mounted rockershovel are to improve underground production capacity. The compressor effectively allows a potential doubling of mining rates going forward.

The new centrifugal concentrators and shaking tables will provide better recovery efficiencies when compared to the existing testing plant. The bulk sampling circuit, comprising a crusher, hammer mill and small centrifugal gravity concentrator has effectively served its purpose during the initial evaluation phase.

A second adit level at approximately 1930RL is being planned to commence in due course to open up an additional 30m vertical extent of known shoots.

A refreshed geological interpretation has resulted in an improved understanding of the controls to mineralisation enabling future mining to be better focussed. The company will provide an update on this interpretation shortly.

Managing Director Russ Parker stated *"We are excited by the upcoming phase for the Company, during which we anticipate an acceleration of our process of transition from a pure developer to an active profitable gold producer. Our recent discovery at the South Artisan Workings (SAW) Zone (refer ASX Announcement 1 February 2016) represents the potential for additional mineralisation in close proximity to the soon to be upgraded plant and a potentially longer mine life operation."*

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 because of our average low cost of production and the rising gold price especially in Australian dollar terms. We anticipate that the HGZ mine will generate strong cashflows, which will fund further expansion at the HGZ mine and enable further exploration activities at the Company's other assets. As our mining activities accelerate, revenue will rise.

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.*



Hammer mill



Centrifugal concentrator



Gravity Separation Shaking Table



Compressor



Rail Mounted Rockershoovel



Rail Mounted Rockershoovel