
1st February 2016

Australian Securities Exchange

New High Grade Gold Discovery 430m south of HGZ gold project

Highlights:

- Gold assays up to 46 g/t Au
- Geology and mineralisation similar to HGZ gold project
- Possible extension of the HGZ project, or an additional deposit
- Programme to test new zone commencing as soon as practical
- Upgraded mining plant in process of being transported to HGZ

Crater Gold Mining Ltd (ASX: CGN) ("CGN" or "the Company") is pleased to announce the discovery of further high grade sampling results within ML 510, 430m south of the HGZ gold project at Crater Mountain, PNG. The new mineralized zone has been named the South Artisan Workings (SAW) Zone and is shown in Figure 1.

The Company undertook a sampling program at the SAW Zone after the continued surveying of the ML area lead to the discovery of three horizontal drives previously excavated by local artisanal miners. The new spur is located approximately 430 metres south of the Company's current High Grade Zone project.

The Company's sampling results included a sidewall channel sample assaying 46.6 g/t Au over 1.0m situated 2m from the entrance and a vein sample of 18.0 g/t Au over 0.2m situated 3m from the entrance of the same working. The workings follow an east-west trending structure at different elevations between 1920 and 1945 mamsl. This compares to the current HGZ operation at 1960 mamsl.

The similarities with the Company's current HGZ project suggest this discovery could be an extension of the current HGZ project or another independent high grade gold deposit.

Independent consultant Andrew Vigar of Mining Associates reported in October 2013 following a site visit to the HGZ project that "it is likely that similar independent high grade gold deposits may be repeated at several places as splays off key structures over a potential area of at least 1400m by 700m and that "the broader Crater Project area is at least 20km across and is a major system".

The discovery of the SAW Zone is consistent with Vigars' report and augers well for the delineation of additional mineralisation within practical transport distance from the existing HGZ operation.

"We are excited by this discovery as it has the possibility to be a "game changer" for the Company and its HGZ project" stated Russ Parker, Managing Director of Crater Gold Mining Ltd. "With the gold price tracking up to the A\$1,550 - A\$1,600 range, and a significant part of the Company's operating costs denominated in AUD or Kina, the potential for additional high grade mineralisation is extremely exciting. A programme to more comprehensively test the SAW Zone is being designed and will be implemented as soon as practical".

The follow up programme will involve systematic mapping, trenching and sampling to delineate the possible extent of the mineralised structures.

The Company will be issuing an update in the short term on the upgraded mining plant which is now in the process of being transported to the HGZ.

A handwritten signature in black ink, appearing to read 'Russ Parker', is positioned above the printed name and title.

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.

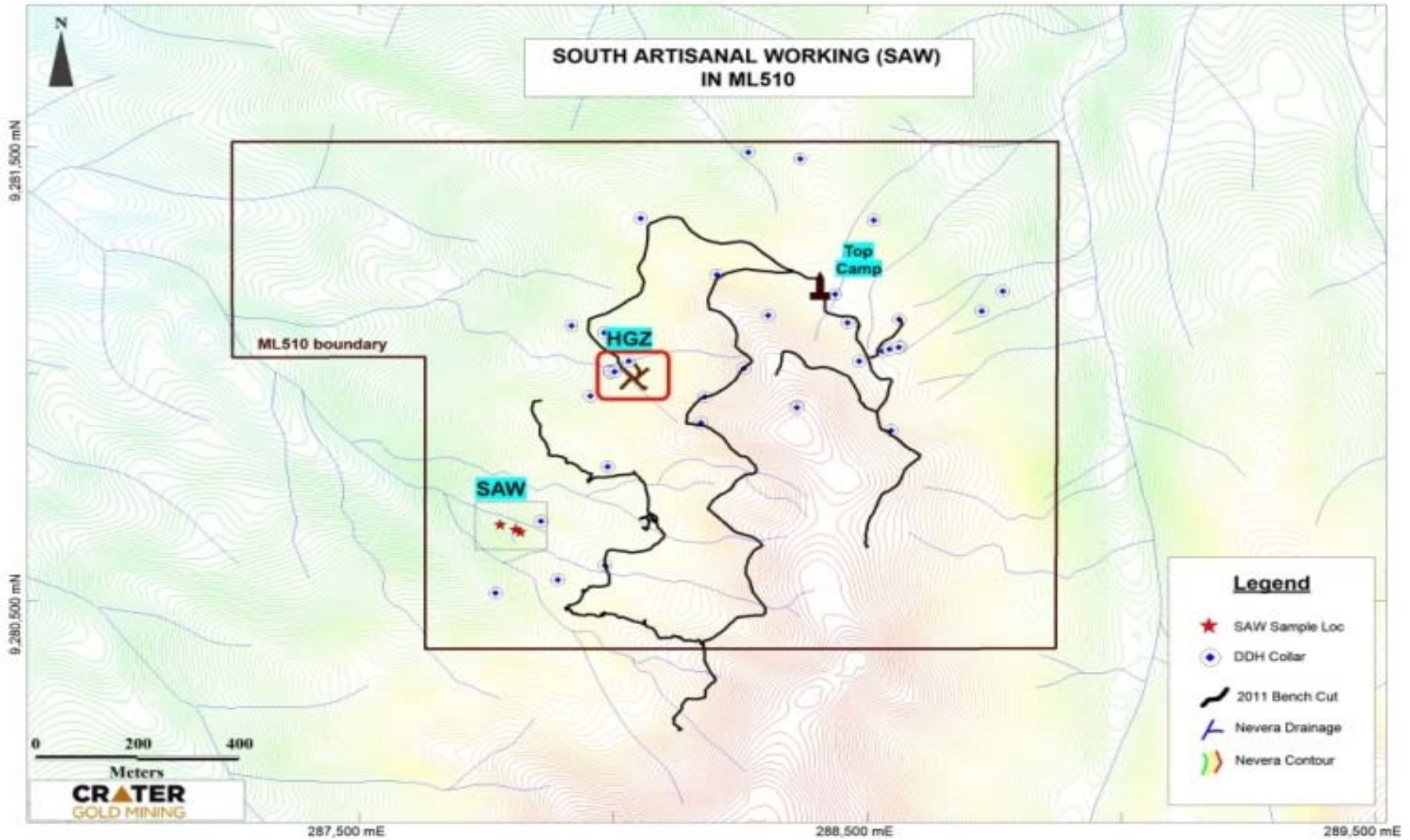


Figure1. Location of Artisanal workings



View from inside one of the workings



View of entrance to one of the workings