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Australian Securities Exchange

CRATER MOUNTAIN UPDATE, PNG

- **1930 level mine adit development at HGZ nearing completion**
- **Gold mining commencement at HGZ anticipated in July**
- **Some mining underway on 1960 level**
- **Benching programme commenced in the HGZ area**
- **Trenching programme commenced at the SAW prospect**
- **Drilling programme planning for the Mixing Zone Project being finalised**

Crater Gold Mining limited ('Company') (ASX: CGN) is pleased to provide an update on the High Grade Zone Project ('HGZ Project'), the South Artisanal Works Prospect and the Mixing Zone Project ('MZP') at Crater Mountain, Papua New Guinea ('PNG').

The development on the 1930 level adit at the HGZ Project has reached over 82m and is approximately 48m from the gold mining zone target. The development encountered slower than planned progress due to its passing through altered sections containing non-competent rock. The Company has now safely passed through these zones and entered into more competent volcanic rock. The Company is optimistic that the adit will reach the gold mining zone in July, with gold production expected shortly thereafter. In the interim period, the Company has commenced some small scale gold mining from the 1960 level to provide ore for test running of the processing plant in order to improve its efficiency before processing 1930 level ore.

The Company is also testing for extensions of gold mineralisation close to the mining area at the HGZ Project and has initiated a sampling program above the HGZ area. Benches totalling 173.5m have been developed and sampled with 11 short horizontal trenches dug at increasing elevations of 5m intervals from 1960mRL. A total of 99 combined rock float + rock chip samples were collected for gold fire assay testing. Results will be announced when received.

The Company has re-commenced exploration at the South Artisanal Works Prospect ('SAW') located approximately 430m southwest of the HGZ project. A total of three (3) trenches were excavated at 1951.9mRL, 1930mRL and 1910mRL for a total of 129.5m. Detailed mapping was undertaken with 122 combined rock float + rock chip samples collected for fire assay testing. Surveying and mapping of three (3) creeks for a total distance of 365.7m was also undertaken with a total of 30 rock chip samples collected for gold fire assay testing. Results will be announced when received.

The company is finalising a drilling programme, mostly centred at the Company's Mixing Zone Project. Details will be announced when planning is completed.

Crater Gold Managing Director Russ Parker said “*Work on the development of the 1930 level adit has progressed slower than we would have liked, however we are fast approaching the mining zone and anticipate commencing gold mining in July. We are currently exploring the HGZ area with the view of finding further mineralisation for processing and we are preparing a drilling programme to expand the Mixing Zone Project, details for which will be announced soon*”.

For further information contact:

Mr Russ Parker
Managing Director

The information contained in this report relating to exploration activities 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.

Forward Looking Statements: *This Announcement contains certain forward looking statements. The words 'anticipate', 'believe', 'expect', "optimism", '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 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. There can be no assurance that actual outcomes will not differ materially from these statements. You should therefore not place undue reliance on forward-looking statements.*