

13<sup>th</sup> October 2014

Australian Securities Exchange

**ENVIRONMENT PERMIT GRANTED FOR HIGH GRADE ZONE (HGZ) PROJECT  
AT CRATER MOUNTAIN, PNG**

Crater Gold Mining Limited (ASX: CGN) ("Crater Gold" or "the Company") is pleased to announce that the Environment Permit for its Nevera High Grade Zone ("HGZ") gold project at Crater Mountain, Papua New Guinea (PNG) was recently issued by the PNG Director of Environment to its wholly-owned PNG subsidiary Anomaly Limited.

The Environment Permit marks a significant milestone towards the development of the HGZ project following its assessment by the PNG Department of Environment and Conservation.

Crater Gold's CEO Mr Greg Starr said, "We are excited to have taken another step forward towards becoming a gold producer. The issue of the Environment Permit now clears the way for the PNG Mining Advisory Council ("MAC") to recommend to the Mining Minister that the Mining Lease be granted to Anomaly Limited.

"Subject to the grant of the Mining lease, we are well positioned to fast track mining activities, thereby generating cashflows and further fund advancement of our Crater Mountain assets."

The Mining Lease Application ("MLA510") was registered in May 2014 following a work programme incorporating underground development and diamond drilling activities at the HGZ project (EL115). Following the MRA Technical Assessment Division completing its assessment of the Proposal For Development and with the Environment Permit now issued, the Mining Lease (MLA510) will be tabled for discussion at the next MAC meeting this week.

The Company proposes to commence small scale underground mining with target production of approximately 10,000 oz of gold during the first year of operation. Mineralisation is confined to numerous narrow highly oxidised veins trending approximately north-south with several cross cutting east west structures. Development and drilling has shown that the junction of these structures is favourable for the occurrence of bonanza grades of coarse free gold up to 847 g/t Au (27.2 oz/t Au) (refer ASX release of 19 November 2013 : "Bonanza gold grades intersected at High Grade Zone". The Company is not aware of any new information or data that materially affects the information contained in that ASX release).

Detailed mine planning is being undertaken following interpretation of all the development and results. Gold extraction will be by means of simple gravity concentration. Some development activities have already commenced including the commissioning of a milling and gravity concentration circuit on site.

While the current focus remains on the HGZ for early production, there remains excellent potential to increase the current JORC compliant resource of 24Mt at 1.0 g/t Au for 790,000 ounces at the Mixing Zone project at Crater Mountain (refer ASX Release of 24 November 2012: "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).

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