

12 December 2018

DRILLING CAMPAIGNS FOR MIXING ZONE & POLYMETALLIC PROJECTS IN EARLY 2019

HIGHLIGHTS

- **8 Hole Drilling program at flagship Mixing Zone Project at Crater Mountain in early 2019**
- **3 Hole Drilling program at Polymetallic Project, North Qld in early 2019**
- **Processing plant upgrade at the HGZ mining operation to increase gold production potential**

Crater Gold Mining Limited (ASX:CGN) is pleased to announce as part of an increased focus of on exploration, that a new drilling program will be commenced at the Company's Mixing Zone Project (**MZ Project**) at the flagship Crater Mountain Project in Papua New Guinea ("**PNG**"). The drilling program will initially consist of eight (8) holes and will focus on extending the higher grade gold mineralised zones at the MZ Project.

Additionally, two (2) deep drill holes will also be drilled at the High Grade Zone Project (HGZ Project) targeting depth extensions at the HGZ Project.

An initial three (3) hole drilling program will also be undertaken at the Company's A2 Polymetallic Project in North Qld early next year.

Planning and drilling approvals are well advanced.

Chairman, Sam Chan said: *"I'm very pleased about the decision of the Company to recommence exploration drilling programs. The new drilling program at our Mixing Zone Project is aimed at increasing the already established resources at that deposit. Further drilling aims to identify the continuity of higher grade areas in the Mixing Zone and to test areas lateral to the Mixing Zone. Two deep holes will also be drilled at the HGZ Project in search of extensions to depth of the known resource. We are also excited about our A2 Polymetallic Project in North Qld, where we will be drill testing three (3) high priority exploration targets early next year."*

CRATER MOUNTAIN GOLD PROJECT

CGN's Crater Mountain Gold Project is highly prospective. It has two separate existing epithermal gold Inferred Resources, which in combination host in excess of 800,000oz of gold.

These Resources were established with approximately 14,500 cumulative linear metres of drilling that mainly took place in 2010-2013.

The main resource is contained within the MZ Project and has a JORC compliant Inferred Resource of 24Mt @ 1.0 g/t Au at a cut-off grade of 0.5 g/t Au¹ for 790,000ozs. Within this is a higher grade inferred

¹ Refer to ASX announcement 24 November 2011 titled "Gold Anomaly Announces Maiden 790KO Gold Resource at Crater Mountain, PNG (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). The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

resource zone of 9.4 Mt at 1.46 g/t Au at a cut-off grade of 1.0 g/t Au for 440,000ozs. A second separate resource is contained within the High-Grade Zone (“HGZ”) and has a JORC Inferred Resource of 44,500 tonnes for 17,100oz of gold at 11.9g/t Au at a cut-off of 5.0 g/t Au² (see Figure1).

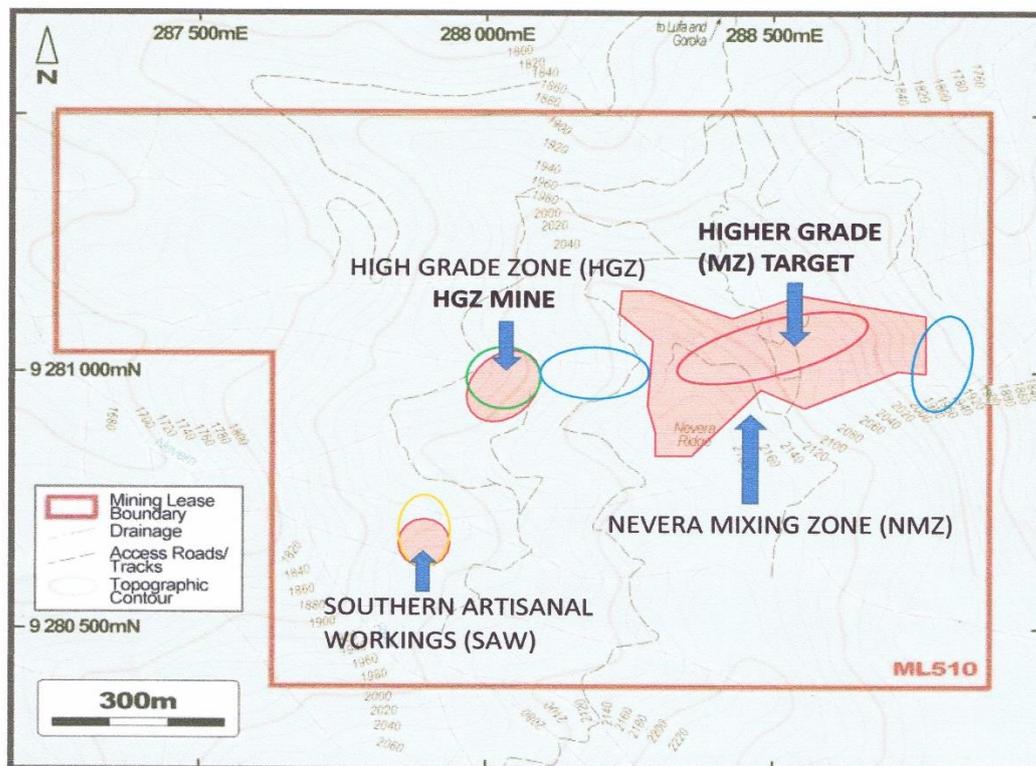


FIGURE 1: Location of the Crater Mountain tenements, prospect areas and drill targets.

FOCUS ON CRATER MOUNTAIN EXPLORATION AND DRILLING PROGRAMS

Now with the HGZ Mine development established, the Company plans to aggressively undertake re-invigorated exploration and drilling programs at Crater Mountain. The MZ Project is open at depth and along strike. More drilling is justified to test along strike. Further drilling aims to identify the continuity of higher grade areas in the MZ Project and to test areas lateral to the MZ Project. Drilling along strike of the MZ Project is justified from historical drilling which intersected gold mineralisation in isolated drill holes outside the resource area (off section). Areas of higher grade gold are marked on Figure 2. The marked zones appear continuous and plunge to the NE outside of the resource area. More drilling is required to test this.

Initially drilling will focus on testing the continuity of the higher grade Au intersections (>1.0 g/t) in the top 350m of the MZ Project.

From the list of drill hole intersections >1.0 g/t Au in Table 1 below (as detailed within ASX Announcement dated 13 February 2012 titled “*Extensive Gold Intersected in New Mineralised Zone at Crater Mountain, PNG*”), it can be seen that these wide target zones range from 6m @ 2.28 to 215m @ 1.46 g/t Au and include zones of 15m @ 3.43, 24m @ 6.55, 20m @ 2.33, 25.5m @ 2.36, 16m @ 1.92, 44m @ 1.52, 46m @ 2.42 g/t Au, 26m @ 4.6, 8m @ 1.30, 98m @ 1.06, 30m @ 1.03, 10m @ 1.10, 24m @ 1.30 and 10m @ 1.23 g/t Au. These drill hole locations have been highlighted on Figure 3.

² Refer to ASX Announcement dated 14 November 2016 titled “*Maiden JORC Gold Resource at HGZ Project, Crater Mountain, PNG*” (This information was prepared and first disclosed under JORC Code 2012). The Company confirms it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

HOLE NUMBER	FROM (m)	TO (m)	INTERVAL (m)	GRADE (g/t Au)
NEV02	201	340	139	1.58
NEV02	225	240	15	3.43
NEV05	94	250	156	1.36
NEV05	214	238	24	6.55
NEV08	284	342	58	1.89
NEV08	358	378	20	2.33
NEV11	150	175.5	25.5	2.36
NEV018	20	36	16	1.92
NEV018	224	243	19	3.37
NEV018	262	306	44	1.52
NEV019	181	396	215	1.46
NEV019	217	243	26	4.60
NEV019	272	318	46	2.42
NEV024	380	386	6	2.28
NEV031	106	116	10	1.10
NEV031	318	342	24	1.30
NEV031	442	452	10	1.23

TABLE 1: List of higher grade drill holes in the MZ Project with Au intersections >1.0 g/t Au and up to 6.55 g/t Au (please note intersection intervals are down-hole lengths and not true widths).

Figure 3 provides the locations of the Walkover and Nevera Faults which have been plotted to demonstrate their spatial relationship with the MZ Project. This shows that the inferred resource effectively lies along the northern side of the Nevera Fault while the higher grade gold zone straddles the Walkover Fault north of its intersection with the Nevera Fault. Figure 4 shows a long section of the MZ Project target zone.

There is a zone of structures associated with Au mineralisation at the HGZ that trend just north of east and if these were to continue on this orientation they might pass through the higher grade zone of the MZ Project.

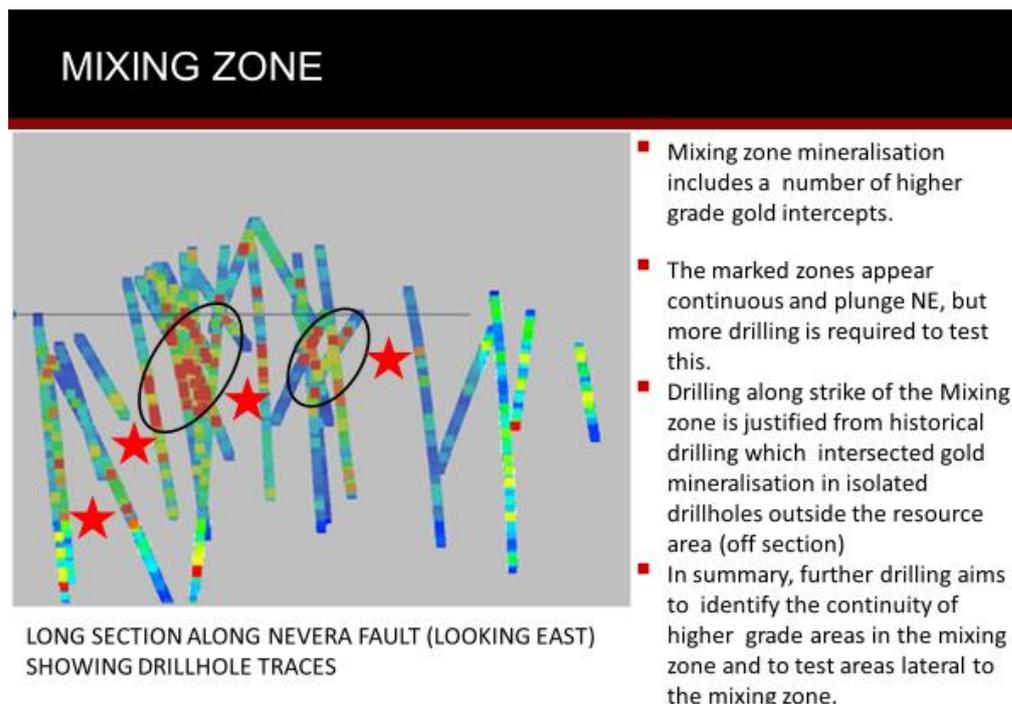


FIGURE 2: Long section along Nevera fault (looking east) showing drill hole traces

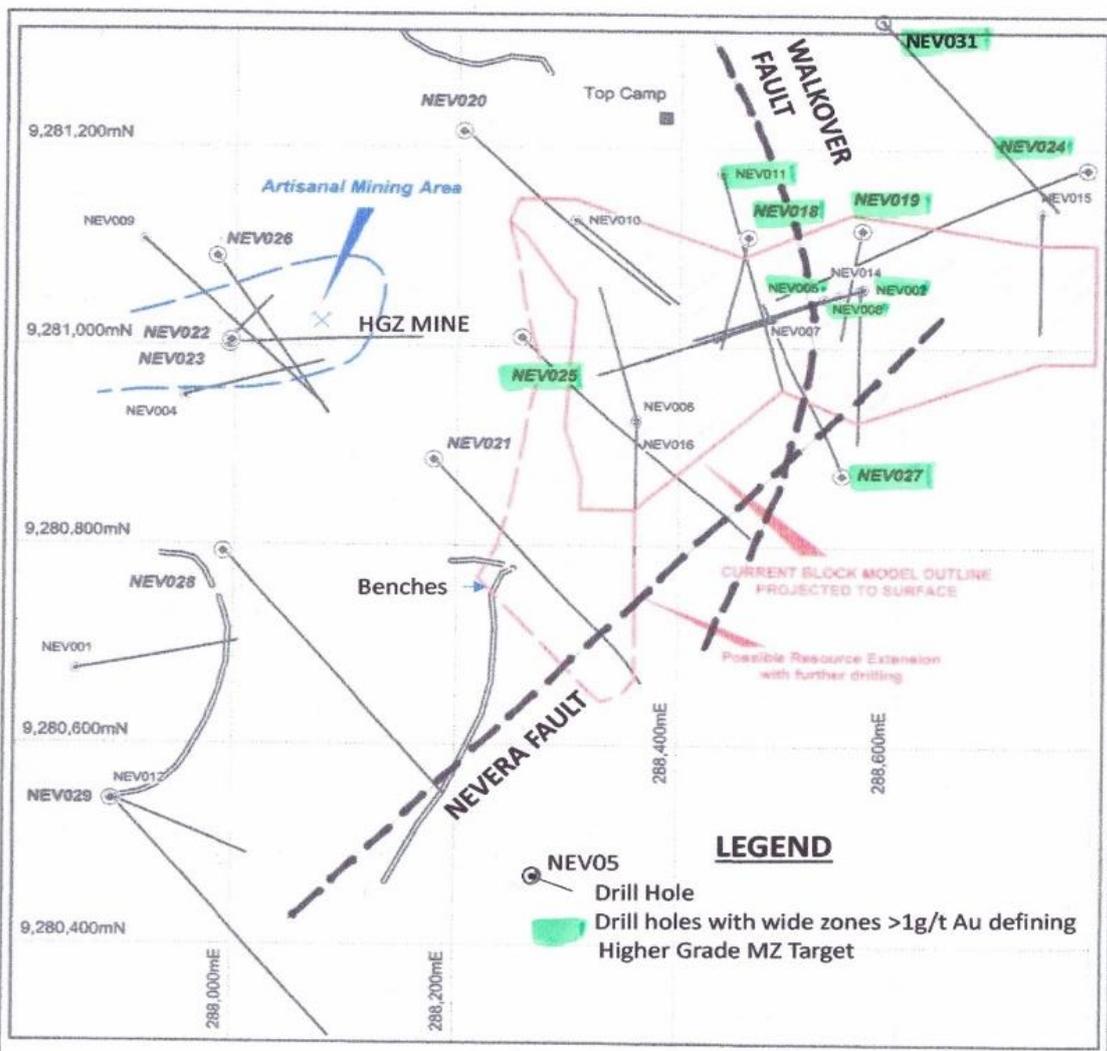


FIGURE 3: Plan view location of the Nevera and Walkover Faults, the HGZ Mine and the higher grade target zone (>1.0 g/t Au) within the Mixing Zone.

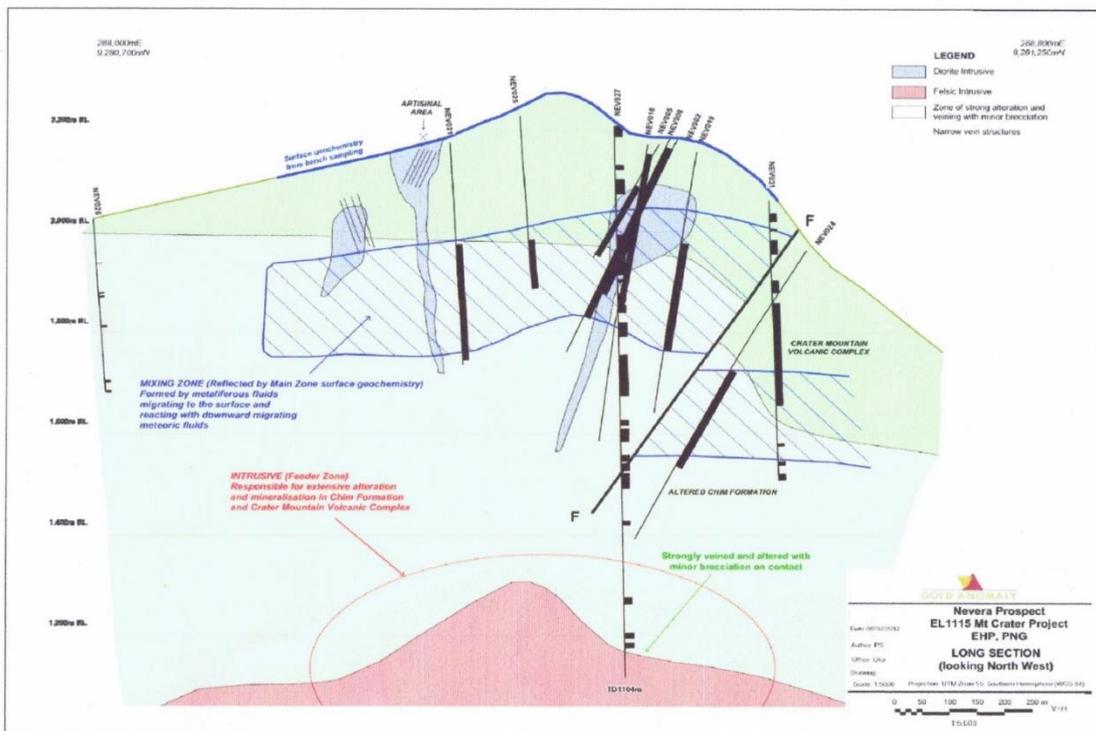


FIGURE 4: Long Section Looking NW showing the main Au mineralised intercepts (highlighted in black) and the Mixing Zone Higher Grade Target in the central region.

HIGH GRADE ZONE (“HGZ”) MINING PROJECT

To date, the adit and drive development at HGZ has been successful in locating the gold mineralizing vein structures and in fact has been able to demonstrate wider lateral extent of the mineralization than predicted in the resource estimate for the 1960m to 1930m RL levels.

It is intended that two deeper holes will be drilled under the current mine development to investigate the continuity of gold mineralization at depth.

CROYDON A2 POLYMETALLIC PROJECT DRILLING PROGRAM

The Company will undertake a program of three (3) diamond core drill holes to test high priority SGH soil anomalies at the Croydon A2 Polymetallic Project area. The program will commence when ground access is possible after the wet season early in 2019.

DRILL HOLE 1

This hole is planned to test the northern sector of the large high priority NW silver-copper SGH soil anomaly (Figure 4). The hole is to be drilled on an azimuth of MGA Grid 040° (034° magnetic) at an inclination of 70° for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

DRILL HOLE 2

This hole is planned to test the southern sector of the large high priority NW silver-copper SGH soil anomaly (Figure 4). The hole is to be drilled on an azimuth of MGA Grid 040° (034° magnetic) at an inclination of 70° for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

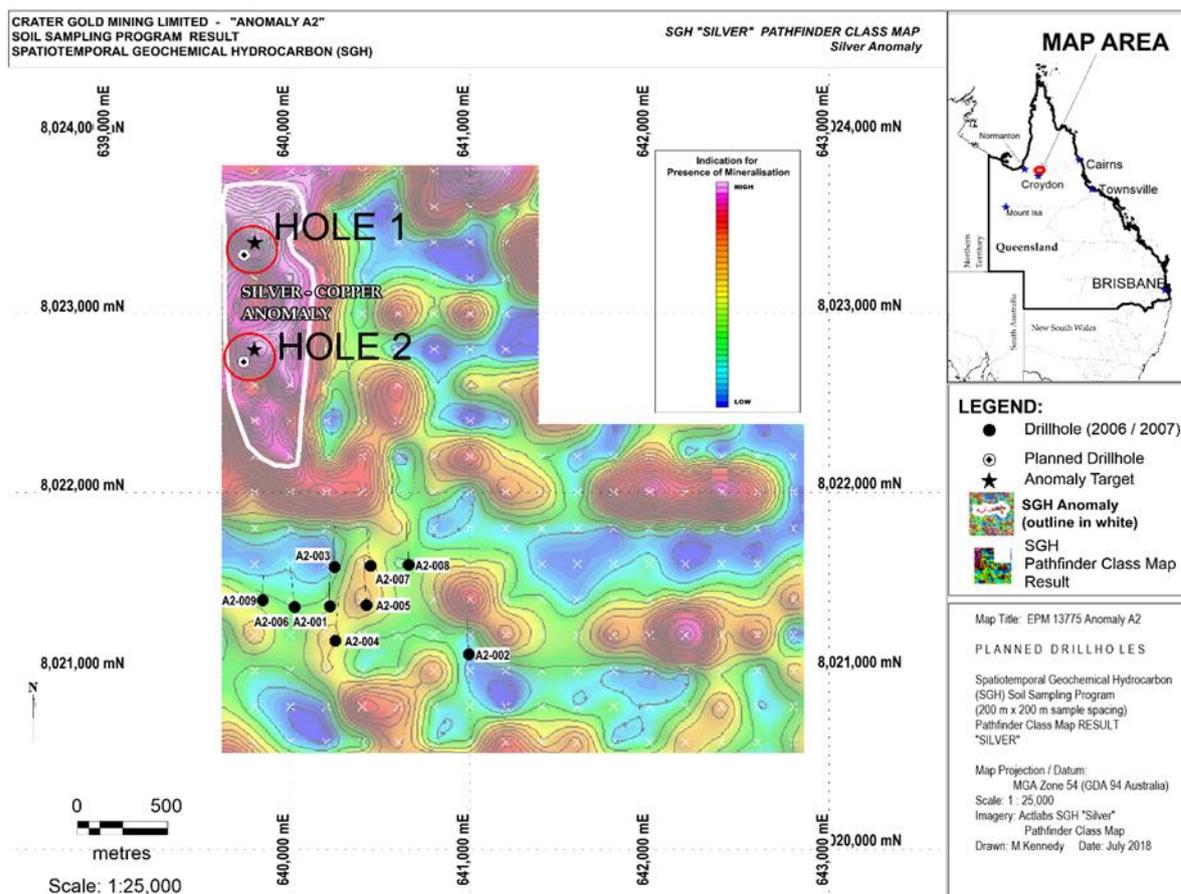


FIGURE 5: Location of A2 Polymetallic Project Drill Holes 1 and 2

DRILL HOLE 3

This hole is planned to test a halo peak within the high priority polymetallic SGH soil anomaly in the northern zone of the large polymetallic anomaly (Figure 5). The hole is to be drilled on an azimuth of MGA Grid 040⁰ (034⁰ magnetic) at an inclination of 70⁰ for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

This is one of several polymetallic targets in the northern zone area which, together with polymetallic targets in the southern zone, all display higher anomalism than the central zone area previously drilled and where widespread stockwork zinc-silver-tin veining was intersected.

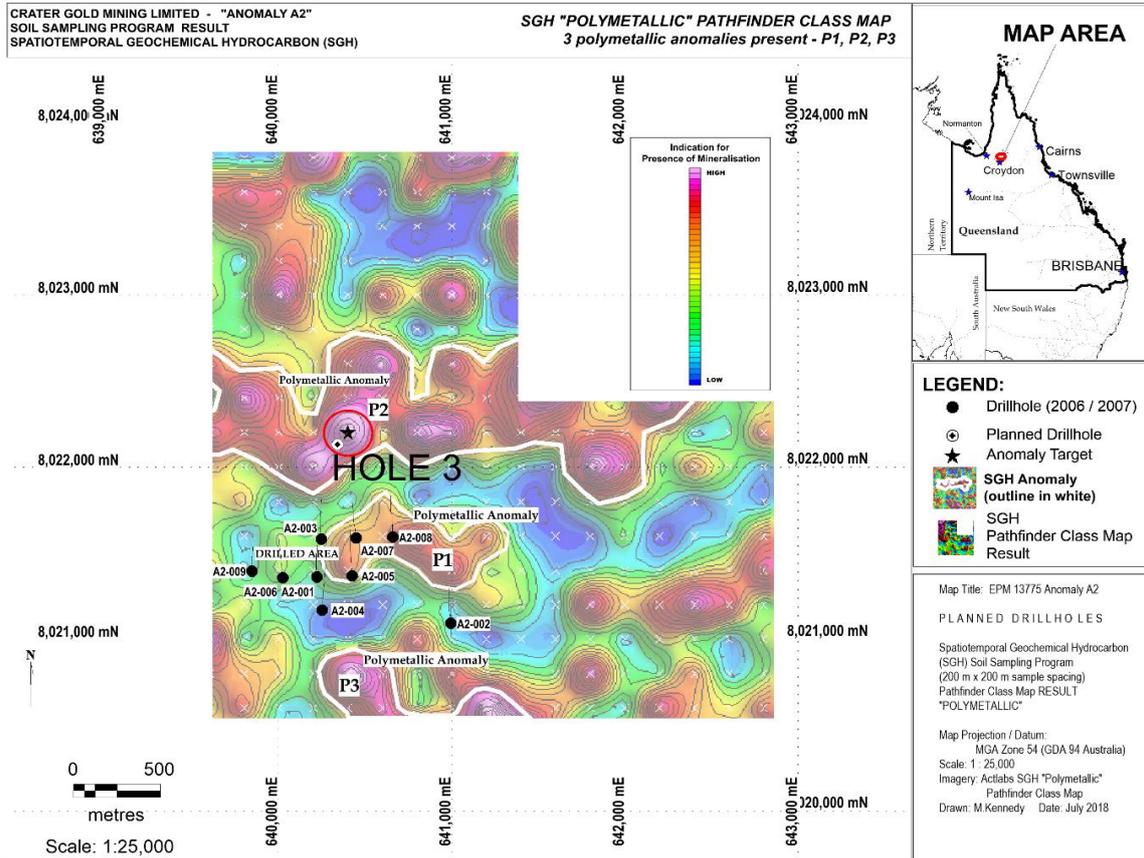


FIGURE 6: Location of A2 Polymetallic Project Drill Hole 5

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COMPETENT PERSONS STATEMENT

The information contained in this report relating to exploration activities at both Crater Mountain and Croydon is based on and fairly represents information and supporting documentation prepared by Mr Ken Chapple or by appropriately qualified company and consultant personnel and reviewed by Mr 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 this 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', 'encouraging', 'significant' 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. 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.