

Crescent Signs an Ore Sales and Purchase Memorandum of Understanding with Barrick for WA gold resource

ASX Code: *CRE*
TSX Code: *CRA*
FFT Code: *CRE5*

SHARE INFORMATION

ASX Share Price: *A\$0.14*
Issued Shares: *590.9m*
Market Cap: *A\$82.7m*
Options unlisted: *32.9m*

FULLY DILUTED BASIS

Shares: *623.8m*

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23 February 2009

By Electronic Lodgement

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Crescent Gold Limited (ASX code: "CRE") has signed a Memorandum of Understanding (MOU) with subsidiaries of Barrick Gold Corporation (Barrick) in relation to the purchase by Barrick of Crescent's Laverton Gold Ore north of Kalgoorlie in Western Australia and the proposed batch treatment through Barrick's nearby Granny Smith Mill.

Highlights

A MOU has been signed between Crescent and Barrick in respect to the purchase of Crescent's gold ore by Barrick for the purpose of processing through Barrick's Granny Smith Mill (GSM) at Laverton.

The MOU is intended to provide the framework to establishing a more substantive binding Ore Purchase Agreement (OPA) between the two companies.

The terms of the OPA will represent mutually beneficial operating provisions and synergies for both companies.

The purchase price for Crescent's gold ore will be established by a formula that takes into consideration the gold price, volume of ore, the ore grade, recovery rate and the pro-rata cost of processing.

All endeavours will be made by both parties to commence batch treatment of Crescent ore during the third quarter calendar 2009 and to continue on a scheduled basis for the term of the Ore Processing Agreement.

Outlook

Minimal capital will be required to commence production and delivery of ore to Barrick's GSM.

Crescent's 1.5mtpa Barnicoat mill at Laverton will remain on care and maintenance status.

The OPA structuring will enable mutual operating costs to be tightly controlled and deliver enhanced project economics through scale of processing to both companies.

The signing of the MOU is a significant facet of Crescent's long-term gold strategy and is in line with the Company's stated objective of re-commencing operations at the Laverton Gold Project (LGP). Both Crescent and Barrick, through the initial framework of the MOU, intend to formalise a more substantive OPA with Barrick for Crescent's Laverton gold ore.

Having signed the MOU and an initial framework developed, both Crescent and Barrick will aim to complete due diligence and enter into a binding OPA as soon as practical in an effort to commence mining and processing at GSM.

Operative Provisions

Under the provisions of the OPA, it is contemplated that:

- Crescent will mine and haul its Ore to the Granny Smith Mill;
- Subject to specifications, Barrick will purchase the Ore;
- The Ore will be purchased under an agreed pricing methodology;
- The Ore will be batch treated by Barrick in scheduled periods alternating with batch treatment of its own ore;
- Crescent staff will monitor the Ore progression through the entire process including access to all internal operating data and reports;
- The parties will have agreed procedures and dispute resolution processes. Provision for a third party referee will be made;
- Barrick will make a provisional payment for Ore at an agreed period after processing of a batch commences;
- A final adjustment payment will be made to reflect reconciled gold production.

Crescent Resource Development Program

Since suspension of mining activities at the LGP in July 2008, Crescent has worked diligently at undertaking an extensive review of its development plan, the resource base and the mining and processing options available to the Company.

The eight month review of the resource base was conducted by an assembled team of technical experts that included internal and external personnel. The evaluation of the asset base went back to 'first principles' and incorporated a complete assessment of all technical and operating assumptions to optimize all of Crescent's pits as one project – rather than on a single deposit by deposit basis. The second phase graduated to further infill and extension drilling of most of the development deposits (6 in all). The culmination of this body of work resulted in the remodelling of all development pits, which encompass all of the Ore sources intended to be incorporated in the OPA. The technical assessment is being checked and verified by peer and independent expert review.

The signing of the MOU highlights the mutual recognition of the longer-term benefits of the processing strategy. Crescent looks forward to a long and successful working relationship with Barrick by which both companies can realize obvious operational synergies and economics in the Laverton region.

Yours faithfully,



Roland Hill
Chairman