

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Crater Gold Mining Limited

ABN

75 067 519 779

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 138,190 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ol style="list-style-type: none">1. Conversion price - \$25.00 per convertible note2. Conversion rate - 100 shares per convertible note3. Maturity - 3 years after date of issue4. Interest rate - 10% per annum paid 6 monthly in arrears until and including the maturity date5. Dates for conversion - the last day of each quarter and at maturity, and otherwise in accordance with the terms of issue of the convertible notes |

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Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No (not an existing class of quoted securities. Shares issued upon conversion of the convertible notes will rank equally with the Company's then existing quoted fully paid ordinary shares except that they will not be entitled to any dividend that has been declared or determined but not paid as at the conversion date).</p>
<p>5 Issue price or consideration</p>	<p>\$25.00 per convertible note (Total: \$3,454,750)</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Rights Issue to raise funds:</p> <ol style="list-style-type: none"> 1. to progress the development of the Company's Crater Mountain, PNG Project's High Grade Zone with the objective of commencing production by the 4th quarter of 2014; 2. to repay approximately \$1,537,500 of debt; 3. to cover the costs of the Rights Issue; and 4. for working capital generally.
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>26 November 2013</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil							
6f	Number of securities issued under an exception in rule 7.2	27,287,064							
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A							
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A							
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1							
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	18 August 2014							
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">136,435,320</td> <td style="vertical-align: top;">CGN – Fully paid ordinary shares</td> </tr> <tr> <td style="vertical-align: top;">138,190</td> <td style="vertical-align: top;">Convertible notes convertible at \$25.00; maturing 3 years from date of issue</td> </tr> </tbody> </table>	Number	+Class	136,435,320	CGN – Fully paid ordinary shares	138,190	Convertible notes convertible at \$25.00; maturing 3 years from date of issue	
Number	+Class								
136,435,320	CGN – Fully paid ordinary shares								
138,190	Convertible notes convertible at \$25.00; maturing 3 years from date of issue								

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (<i>including</i> the securities in section 2 if applicable)	4,490	Options exercisable at \$4.68 per option on or before 4 August 2014
		4,966	Options exercisable at \$4.23 per option on or before 5 September 2014
		6,223	Options exercisable at \$3.37 per option on or before 5 October 2014
		42,500	Options exercisable at \$3.50 per option on or before 30 June 2015 (ESOP)
		85,000	Options exercisable at \$4.50 per option on or before 30 June 2015 (ESOP)
		130,000	Options exercisable at \$1.81 per option on or before 8 May 2015
		3,600,000	Options exercisable at \$0.25 per option on or before 30 September 2017
		2,600,000	Options exercisable at \$0.25 per option on or before 30 September 2017 (ESOP)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the ⁺ securities will be offered	1 convertible note for every 1,000 shares
14	⁺ Class of ⁺ securities to which the offer relates	Convertible notes

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15	+Record date to determine entitlements	25 July 2014
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Rounded up to next whole number
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Austria, Brazil, Canada, Switzerland, Fiji, United Kingdom, Ireland, Malaysia, Philippines, Papua New Guinea, Singapore, Thailand, USA
19	Closing date for receipt of acceptances or renunciations	11 August, 2014
20	Names of any underwriters	1. Freefire Technology Ltd 2. Bloom Star Investment Limited
21	Amount of any underwriting fee or commission	5% of underwritten amount
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	30 July 2014
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	21 July 2014

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do ⁺security holders sell their entitlements *in full* through a broker?
- 31 How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

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37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement


- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: ...21/07/14.....
(~~Director~~/Company secretary)

Print name:John Lemon.....
=====

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	10,914,897,007 (Note: pre 1:100 securities consolidation which occurred on 14 October 2014. No. of securities on post-consolidation basis is 109,148,970)
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>27,287,064 (23/12/13) – rights issue entitlement & underwriting (Note: post 1:100 securities consolidation)</p> <p>Nil</p> <p>Nil</p>
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	136,436,034
Step 2: Calculate 15% of “A”	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	20,465,405
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	20,465,405
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	Nil
<p>Total [“A” x 0.15] – “C”</p>	20,465,405 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

*As the Company underwent a 1 for 100 security consolidation on 14 October 2013 the actual figure on a post-consolidation basis will be **16,372,238**, i.e. 109,148,256 (the number of the Company’s shares on issue) multiplied by 0.15.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities

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Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	136,436,034
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	13,643,603
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	13,643,603
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	13,643,603 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.