

31 August 2018

Conversion of \$12.0 million of debt into Non-Voting Redeemable Convertible Preference Shares.

Crater Gold Mining Limited (ASX:CGN) (“**CGN**” or the “**Company**”) is pleased to announce a proposal for the conversion of \$12.0 million of debt due to Freefire Technology Limited (“**Freefire**”) (a company associated with the CGN’s Chairman, Mr Sam Chan) into 12.0 million non-voting Redeemable Convertible Preference Shares issued at \$1.00 each. The Redeemable Convertible Preference Shares will not be listed.

Each ‘A’ Class Redeemable Convertible Preference Share shall be:

- non-voting;
- redeemable at any time by the Company;
- redeemable by Freefire Technology Ltd (Freefire) in the event of a takeover or other similar restructure that sees a person or entity other than Freefire control more than 50% of the Company’s shares or after 10 years if the Redeemable Convertible Preference Shares are not already redeemed or converted;
- entitled to an 8% per annum cumulative preference dividend paid quarterly; and
- convertible into ordinary shares at an 8% discount to the 5-day VWAP at the time of conversion provided that the holding of Freefire does not increase by more than 3% in any 6 month period.

The creation of the Redeemable Convertible Preference Shares will require shareholder approval by the passing of a special resolution at a General Meeting and the issue of Redeemable Convertible Preference Shares must also then be approved by ordinary resolution at a General Meeting. A Notice of Meeting for a General Meeting will be issued shortly.

The Company currently owes Freefire approximately \$14,058,112 (including interest accrued) and can draw down a further \$850,000 under the facility announced on 2 August 2018. If fully drawn the Company would owe Freefire \$14,908,112.

The level of debt in the Company is almost twice the current market capital of the Company and as such is in the Board’s opinion unsustainable. The conversion of the debt will reduce the debt due to Freefire to a maximum of \$2,908,112 (excluding any interest accrued from today). If the \$1.5 million facility as announced on 2 August 2018 is fully drawn, it therefore places the Company in a sounder financial position.

Managing Director Russ Parker stated, “The Company wishes to thank Freefire and our Chairman Mr Sam Chan for their continuing support of the Company and the Crater Mountain project. The conversion of the debt to Redeemable Convertible Preference Shares is a major concession by Freefire and goes to show its continued support for the Company and belief in the project”.

For further information contact:
Russ Parker
Email: info@cratergold.com.au