
4 August 2015

Shannon Hong
Senior Advisor, Listings Compliance
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

Dear Shannon

Crater Gold Mining Limited – ASX Appendix 5B Query

We refer to your email and attachment of 31 July 2015 regarding the above topic.

Please refer to our responses below:

1. As we were an exploration company, we had always had negative operating cash flow every quarter since the Company was first formed. Production development began in March 2015 and the first gold sale brought moderate cash inflows of some \$55,000 in the quarter ended June 2015. With production output gathering pace from month to month since then, we anticipate revenue to increase significantly over the 2nd half of 2015 and are aiming to be cashflow positive by end 4th quarter 2015.
2. In addition to the anticipated significant increase of revenue from more substantial and higher frequency of gold sales, the Company is also in the process of seeking further injections of funds from potential new investors and from the continuous financial support from our majority shareholder, Freefire Technology Limited.
3. The Company is confident that it will have adequate funds to continue its operations and meet its business objectives. In fact, this belief is made more sustainable because we are generating meaningful revenue from gold production for the first time as compared to our previous role of a pure exploration company when cash outflow was not balanced by inflow. As noted above, we expect that the High Grade Zone will turn cash flow positive by the end of this year.
4. The Company believes that it is in compliance with Listing Rule 3.1.

If you have any queries regarding the above, please do not hesitate to contact us on (02) 9241 4224 or via the email contact addresses you already have.

Yours sincerely,



Russ Parker
Managing Director



31 July 2015

Mr Graham Boyce
Chief Financial Officer
Crater Gold Mining Limited
Level 4, 15-17 Young Street
Sydney NSW 2000

By email: gboyce@cratergold.com.au

Dear Mr Boyce,

Crater Gold Mining Limited (the "Entity"): ASX Appendix 5B Query

I refer to the Entity's quarterly report in the form of Appendix 5B for the period ended Tuesday, 30 June 2015 lodged with ASX Market Announcements Platform on Friday, 31 July 2015 (the "Appendix 5B").

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$1,539,000;
- cash at the end of the quarter of \$501,000; and
- estimated cash outflows for the next quarter of \$1,554,000.

It is possible to conclude on the basis of the information provided in the Appendix 5B that if the Entity were to continue to expend cash at the rate for the quarter (and at the rate estimated for the next quarter) indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 09:30am AEST on Wednesday, 5 August 2015**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Shannon.hong@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Shannon Hong
Senior Adviser, Listings Compliance