

23 January 2019

The Manager
ASX Market Announcements
Australian Securities Exchange Limited

Renounceable Entitlement Offer – Letters to Shareholders and Option holders.

Attached are copies of three letters, which have been dispatched 23 January 2019 to shareholders and option holders in relation to the entitlement offer as recently announced to the market:

- A letter to Shareholders with registered addresses in Australia, New Zealand, Hong Kong and Papua New Guinea, who are eligible to participate in the entitlement offer;
- A letter to Shareholders with registered addresses outside Australia, New Zealand, Hong Kong and Papua New Guinea, who have been notified that they are not eligible to participate in the entitlement offer; and
- A letter to Option Holders advising they do not have a right to participate in the Entitlement Offer but to advise that if options are exercised prior to the record date, they may participate in the entitlement offer.



Andrea Betti
Company Secretary

23 January 2019

Dear Shareholder,

RENOUNCEABLE ENTITLEMENT OFFER

On 12 December 2018, Crater Gold Mining Limited (ACN 067 519 779) (ASX: CGN) (**Company**) announced that the Company would be conducting a renounceable entitlement offer of approximately 1,537,056,263 fully paid ordinary shares in the capital of the Company (**Shares**) on the basis of 11 Share for every 2 Shares held at 7.00pm (AEDT) on 25 January 2019 (**Record Date**) at an issue price of \$0.015 per Share to raise approximately \$23.055m (before issue costs) (**Offer**).

Freefire Technology Limited (**Freefire**), a major shareholder has committed to take up its full entitlement as has the Company's Chairman, Mr Sam Chan. As a result the offer is committed to \$13,253,619.

The purpose of the Offer is to raise funds to:

- a) repay \$13,253,619 of debt currently due to Freefire;
- b) pay down the current negative working capital balance (taking into account cash and net trade payables)
- c) continue physical exploration over Anomaly's tenements in PNG
- d) progress commercial gold production at the HGZ mine (located within the Crater Mountain Project);
- e) continue physical exploration over the Croydon Project tenements;
- f) pay for expenses of the Offer; and
- g) provide working capital and funds for general corporate purposes.

The Offer is made pursuant to a prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) on 22 January 2019 (**Prospectus**) and released to the Australian Securities Exchange (**ASX**) on the same date.

The Prospectus is available on the Company's website at www.cratergold.com.au or on the ASX website (company announcements section, ASX code: CGN) at www.asx.com.au.

It is anticipated that the Prospectus will be sent to all shareholders in Australia, New Zealand, Hong Kong or Papua New Guinea on 30 January 2019.

Offer was subject to Shareholder approval of the acquisition by Mr Chan and Freefire under the Offer. Shareholder approval was obtained on 17 January 2019.

Summary of key features of the Offer

The Offer is open to shareholders who hold Shares as at the Record Date with registered addresses in Australia, New Zealand, Hong Kong or Papua New Guinea (**Eligible Shareholders**). All other shareholders are not eligible to participate in the Offer and will be notified by the Company separately (**Excluded Shareholders**). Excluded Shareholders will not be entitled to subscribe for Shares under the Offer. The Company's Excluded Shareholders are in Brazil, Canada, Switzerland, Fiji, United Kingdom, Ireland, Malaysia, Philippines, Singapore and United States of America.

Under the terms of the Offer, Eligible Shareholders will be entitled to subscribe 11 Shares for every 2 Shares held at the Record Date at an issue price of A\$0.015 per Share (**Entitlements**). Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of Shares. Entitlements to Shares pursuant to the Offer are renounceable. This enables Shareholders who do not wish to subscribe for some or all of their Entitlement under the Offer to sell their respective Entitlements and also enables Shareholders to purchase additional Entitlements if they wish. Eligible Shareholders

may also apply for additional Shares in excess of their Entitlement on the terms set out in the Prospectus.

The Company only has one register with the existing ordinary shares from the date of issue.

The current number of Shares on issue in the Company is 279,464,775. Under the Offer, up to 1,537,056,263 Shares will be issued and the number of Shares on issue at the completion of the Offer will be up to approximately 1,816,521,038. The number of options and performance rights on issue will remain unchanged as a result of the Offer.

The Company currently has 22,600,000 unquoted options with varying exercise prices and expiry dates, on issue. Existing option holders may participate in the Offer upon exercise of their options provided and resulting Shares are issued by the Record Date. Given the exercise prices of these Options and the Company's current share price, the Directors consider it is unlikely any of these Options will be exercised prior to the Record Date. The Company sent a notice to option holders on 23 January 2019 notifying them of their right to participate in the Offer upon exercise of their options.

The Company has 37,201,020 Performance Rights on issue. The performance Rights cannot be exercised at this time and so holders cannot participate in the Offer.

Indicative timetable

The indicative timetable for the Offer is as follows:

Event	Date
Announcement of Offer	12 December 2018
Lodgement of Appendix 3B with ASX	22 January 2019
Prospectus lodged at ASIC and ASX	22 January 2019
"Ex" Date (date Shares are quoted ex-rights)	24 January 2019
Rights trading commences	24 January 2019
Record Date to determine Entitlements	7.00pm (AEDT) 25 January 2019
Prospectus (together with Entitlement and Acceptance Form) despatched to Shareholders	30 January 2019
Opening Date	30 January 2019
Rights trading ends	12 February 2019
Shares quoted on a deferred settlement basis	13 February 2019
Closing Date**	19 February 2019
Notification to ASX of under subscriptions	22 February 2019
Issue Date	26 February 2019
Normal trading of Shares issued under the Offer commences**	26 February 2019

The above timetable is indicative only and subject to change. The Company reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the closing date of the Offer, to accept late applications either generally or in particular cases or to withdraw the Offer without prior notice. The commencement of quotation of Shares is subject to confirmation from ASX.

Brief instructions for Eligible Shareholders

If you are an Eligible Shareholder, you may do the following:

You may participate in the Offer as follows:

- a) If you wish to accept your Entitlement in full:
 - i. pay the amount indicated on your Entitlement and Acceptance form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 5.00pm (AEDT) on the Closing Date; or
 - ii. complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form.
- b) If you only wish to accept part of your Entitlement:

- i. pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY© using the BPAY© code and personalised reference number indicated so that the funds are received before 5.00pm (AEDT) on the Closing Date; or
 - ii. fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.015 per Share).
- c) If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.
- d) If you wish to sell or part of your Entitlement on ASX, please follow the instructions set out on the reverse of the Entitlement and Acceptance Application Form under the section marked "Sale of your Entitlement in full or in part by your Stockbroker". Rights trading commences on 24 January 2019. You must deal with your Entitlement by close of trading on ASX on 12 February 2019 when rights trading ceases.
- e) If you wish to transfer all or part of your Entitlement (other than on market using ASX) then you must forward:
- i. a completed standard renunciation form (obtainable from your stockbroker or the Company's share registry);
 - ii. the Entitlement and Acceptance Form completed by the transferee; and
 - A. transferee's cheque for the amount due in respect of the Shares; or
 - B. transferee's payment of the amount indicated on your Entitlement and Acceptance Form via BPAY© to the Company's share registry not later than 5.00pm AEDT on the Closing Date. BPAY© payments are to be made using the BPAY© code and personalised reference number indicated on your Entitlement and Acceptance Form and funds must be received before 5.00pm (AEDT) on the Closing Date.

All cheques or bank drafts must be drawn on an Australian branch of a financial institution and made payable in Australian currency to "Crater Gold Mining Limited" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must be:

Mailed to

Crater Gold Mining Limited
C/- Link Market Services Limited
GPO Box 3560
SYDNEY NSW 2001

Hand delivered to:

Crater Gold Mining Limited
OR C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

and received no later than **5.00pm (AEDT) on the Closing Date.**

More information

Before making a decision whether to apply for Shares, please read the Prospectus carefully in its entirety when you receive it. **The Offer is scheduled to close at 5.00pm (AEDT) 19 February 2019.**

This letter is not a prospectus and does not constitute an offer of securities. An offer of Shares under the Offer will only be made in, or accompanied by, a copy of the Prospectus sent to all eligible shareholders.

The Directors of the Company recommend that if you are in doubt as to the value of the Offer then you should contact your financial adviser.

If you have any queries regarding your Entitlement, please contact the Company on (From overseas): +618 6188 8181 (From Australia): 08 6188 8181 or your stockbroker, financial or other professional adviser.

Yours faithfully



Andrea Betti
Company Secretary

Crater Gold Mining Limited ABN 75 067 519 779

23 January 2019

Dear Shareholder,

ENTITLEMENT OFFER

We write to you as a holder of Crater Gold Mining Limited (ACN 067 519 779) ('**Company**') fully paid ordinary shares (Shares) as at today's date with a registered address outside of Australia, New Zealand, Hong Kong and Papua New Guinea (Excluded Foreign Holders).

On 12 December 2018, the Company announced it would be conducting a renounceable entitlement issue to eligible shareholders of approximately 1,537,056,263 Shares at an issue price of \$0.015 per Share on the basis of 11 Shares for every 2 Shares held at 7.00pm (AEDT) on 25 January 2019 (Record Date) to raise approximately \$23.055 million before expenses (Offer). Offer was subject to Shareholder approval of the acquisition by Mr Chan and Freefire under the Offer. Shareholder approval was obtained on 17 January 2019.

The Offer will only be made to all registered shareholders on the Record Date and who reside in Australia, New Zealand, Hong Kong or Papua New Guinea.

The Offer is made pursuant to a prospectus lodged with the Australian Securities and Investments Commission (ASIC) on 22 January 2019 (Prospectus). The Prospectus is available on the Company's website: www.cratergold.com.au or on the ASX website (company announcements section, ASX code: CGN): www.asx.com.au.

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it is unreasonable to extend the Offer to those shareholders that are Excluded Foreign Holders. The Company has taken into consideration the size of the shareholdings held by the Excluded Foreign Holders and the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to Excluded Foreign Holders. Accordingly, the Company is unable to extend to you the opportunity to participate in the Offer.

The Company has appointed Millinium Capital Managers Limited (AFSL 284 336) (ACN 111 283 357) ("Millinium") as nominee for foreign holders of the Company's securities in those countries outside of Australia, New Zealand, Hong Kong, and Papua New Guinea to arrange the sale of the entitlements which would have been offered to the Excluded Foreign Holders.

Millinium will arrange for the sale of the Entitlements of the Excluded Foreign Holders. Millinium will account to the Company's share registry who will then dispatch the net proceeds (if any) (that is, sale proceeds after deducting fees and GST) pro rata to each individual Excluded Foreign Holder. Neither the Company nor Millinium will be subject to any liability for failure to sell the Entitlements.

Thank you for your ongoing support of the Company, if you have any questions in relation to the above, please contact the Company on (From overseas): +61 8 6188 8181 (From Australia): 08 6188 8181 or your stockbroker, financial or other professional adviser.

Yours faithfully



Andrea Betti
Company Secretary

23 January 2019

Dear Option Holder

Participation in Rights Issue

Crater Gold Mining Limited (“**CGN**” or the ‘**Company**’) announced on 12 December 2018 that it will undertake a renounceable rights issue of 11 shares for every 2 shares held at A\$0.015 (1.5 cents) per share to raise approximately \$23.055m before costs. That offer is only being extended to holders of ordinary shares with a registered address in Australia, New Zealand, Hong Kong and Papua New Guinea as at 7.00pm (AEDT) on the record date of 25 January 2019. A copy of the Company’s announcement, which contains details of the rights issue, is attached. Offer was subject to Shareholder approval of the acquisition by Mr Chan and Freefire under the Offer. Shareholder approval was obtained on 17 January 2019.

This notice is sent to you as a holder of options to acquire ordinary shares in CGN.

Your options do not carry a right to participate in the rights issue. The purpose of this letter is to give you notice of the rights issue and to give you the opportunity to exercise any of your options should you wish to participate in the rights issue in respect of the shares that would be issued to you upon exercise of any of your options (assuming that you have a registered address in Australia, New Zealand, Papua New Guinea or Hong Kong).

You would need to exercise the options prior to 7.00pm (AEDT) 25 January 2019 to allow the underlying shares to be issued to you before 7.00pm (AEDT) on the rights issue record date of 25 January 2019. Before deciding whether to exercise any options, you hold prior to the record date and participate in the rights issue you should consider the terms of the rights issue carefully and, if in doubt, you should consult your stockbroker, accountant or other professional adviser.

Yours faithfully



Andrea Betti
Company Secretary

12 December 2018

11:2 Renounceable Rights Issue at 1.5c to raise approximately \$23.056 M

HIGHLIGHTS

- **11 for 2 renounceable pro-rata entitlement offer (“Entitlement Offer”) at an issue price 1.5¢ per new share to raise approximately \$23.056 M (before costs).**
- **New funding will materially retire debt**
- **Drilling program at flagship Mixing Zone Project at Crater Mountain in early 2019**
- **Processing plant upgrade at the HGZ mining operation to increase gold production potential**
- **Drilling program at Polymetallic Project, North Qld in early 2019**

Following on the Company’s earlier announcement today regarding its renewed focus on exploration, Crater Gold Mining Limited (ASX:CGN) (“**CGN**” or the “**Company**”) is pleased to announce an eleven (11) for two (2) Entitlement Offer of up to 1,537,056,263 fully paid ordinary shares (“**New Shares**”) at an issue price of 1.5¢ per New Share to raise up to \$23.056 M before costs. The Entitlement Offer is subject to shareholders approving the potential increase in shareholding by the Chairman, Mr Sam Chan and an entity he controls, Freefire Technology Limited (“Freefire”).

The Entitlement Offer will see a material major reduction of debt and proceeds will also be utilised to fund the increased focus of the Company on exploration.

A new drilling program will be commenced at the Company’s flagship Mixing Zone Project (**MZ Project**) at Crater Mountain in Papua New Guinea (“**PNG**”). The drilling program will initially consist of eight (8) holes and will focus on extending the existing 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 flagship 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.”* Mr Chan further added *“A successful Entitlement Offer will enable the Company to pursue all the drilling programs as well as providing the working capital to bring the HGZ Mining Project into full production capacity very shortly”.*

ENTITLEMENT OFFER

Eligible Shareholders will be offered eleven (11) New Shares at an Issue Price of 1.5¢ per New Share for every two (2) existing Share held on the Record Date (7:00pm AEST on 23 January 2019). Eligible Shareholders who subscribe for their Entitlements in full will (subject to availability) be able to apply for New Shares in excess of their Entitlement. Up to 1,537,056,623, New Shares will be offered under the Entitlement Offer to raise up to approximately \$23.056 M before costs.

The issue price of 1.5¢ per New Share represents a discount of approximately 25% to the last closing price of CGN Shares on 11 December 2018 (being the last trading day prior to the Company entering into a trading halt ahead of this announcement) of 2.0¢ and approximately 28.57% to the 30-day volume weighted average price up to and including that day.

Shareholders with a registered address in Australia, New Zealand, Papua New Guinea or Hong Kong will be eligible to participate. Shareholders outside of these jurisdictions will not be permitted to participate, however, the Company has appointed Millinium Capital Managers Limited (AFSL 284336) (ACN 111 283 357) to deal with the rights of these shareholders and remit the proceeds (if any) to them.

A shortfall Offer will be made as part of the Entitlement Offer and the Board reserves the right to place any shortfall at 1.5 cents in the 3 month period following the Entitlement Offer closing.

FREEFIRE COMMITMENT

The Company's existing major shareholder and Chairman, Sam Chan, personally and through his vehicle Freefire Technology Limited ("**Freefire**"), has provided a commitment to subscribe for a total of 883,574,610 New Shares under the Entitlement Offer which will raise \$13,253,619. These funds will be used to repay that amount of debt due to Freefire.

No funds subscribed by other shareholders or investors through the shortfall Offer will be used to reduce debt. Funds subscribed by parties non-related to Mr Chan and Freefire will be used primarily for exploration and general working capital.

The previous proposal to convert \$12,000,000 of debt due to Freefire into 1,000,000 Redeemable Convertible Preference Shares will not now proceed. That proposal encountered regulatory difficulties that could not be resolved with Freefire.

Following the Offer, the remaining debt of approximately \$2.75m due to Freefire will be rolled into a new 3 year loan facility. The facility will be unsecured and attract an 8% per annum dividend. As a result the debt will not be repayable on demand but 3 years after the close of the Offer.

SHAREHOLDERS MEETING

Given the potential increase in the percentage shareholdings of Freefire and Mr Chan if the Offer is not fully subscribed, from 57.48% to 89.78%, the Company will seek shareholder approval for that increase pursuant to Item 7 of Section 611 of the Corporations Act. A notice of meeting will be issued shortly. If approval is not obtained the offer will be withdrawn. The Company will then need to consider its options.

The Company proposes to use the expected combined proceeds from the Entitlement Offer.

	Approximate amounts*
Freefire Debt Reduction	\$13,254,000
ICBC Debt Reduction	\$800,000
Net Trade and other payables	\$1,100,000
Drilling and HGZ mine project development at Crater Mountain Project in PNG	\$2,000,000
Drilling of Croydon Polymetallic Project	\$750,000
Payment of the expenses of the Entitlement Offer	\$104,000
Working capital and general corporate purposes	\$1,200,000
Funding reserved for further exploration and working capital	\$3,848,000
Total:	\$ 23,056,000

(*rounded to nearest \$1,000)

INDICATIVE TIMETABLE OF KEY EVENTS

The Company is finalising a prospectus for the Entitlement Offer which it is intending to lodge with ASIC and ASX following shareholder approval on or about 17 January 2019. Indicatively it is anticipated that the timetable for the Entitlement Offer and the shareholder meeting will be as follows:

Event	Date
Notice of Meeting to Shareholders	17 December 2018
General Meeting	17 January 2019
Lodge Prospectus with ASIC/ASX	18 January 2019
Ex. Date	22 January 2019
Rights trading commences	22 January 2019
Record Date	23 January 2019 (7pm WST)
Dispatch Prospectus to entitled shareholders	24 January 2019
Rights trading ends	31 January 2019
Closing date	7 February 2019
Notify Shortfall to ASX	12 February 2019
Settlement of Shortfall	14 February 2019
Issue Date of New Shares	14 February 2019

**These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice, subject to the Listing Rules.*

The Appendix 3B applying for quotation of Shares offered under the Entitlement Offer and the Notice of Meeting for the general meeting are to follow.

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

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.