



CAPITAL RAISING AND ASSOCIATED TRANSFORMATION

CRATER
GOLD MINING

JULY 2017

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PRESENTATION OF TECHNICAL INFORMATION

Resource estimates contained in this presentation were previously announced in the Company's ASX news releases of:

- 21-12-11 Initial Resource Estimate (This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement, and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.
- 14-11-16 titled 'Maiden JORC Gold Resource at HGZ Project, Crater Mountain, PNG'.

Such resource estimates are subject to the relevant assumptions, qualifications and procedures described in the relevant ASX news releases.

To date, the Company has only announced estimates of Inferred Mineral Resources. Nothing in this presentation or prior announcements by the Company constitutes presentation of Mineral Reserves. As such, economic analysis cannot be applied based on the date contained.

The information contained in this presentation relating to exploration results and mineral resource estimates at Crater Mountain Project, PNG is based on and fairly represents information and supporting documentation prepared by Mr Dorian L. (Dusty) Nicol or prepared by appropriately qualified external technical experts and reviewed by him. Mr Nicol has agreed to join the board of the Company. Mr Nicol is a Fellow of The Australasian Institute of Mining and Metallurgy and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Nicol consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

The Company has an 'exploration target' of 'multi million ounces' for the epithermal gold resources at the Nevera Prospect at Crater Mountain Project. A targeting exercise was carried out by Mining Associates ("MA") for the Nevera prospect using a simple 10x10x10m block model informed by 5 m bench channel samples (not including rock chips) and a Nearest Neighbour ("NN") estimation technique with a limited search range. The NN method was chosen so that no averaging of the grades occurred although there is a risk that estimates can be over selective. As the initial target is highly selective narrow underground mining, this is an acceptable approach. An initial examination of the composited data shows two natural breaks in Au grade distribution. one at about 0.4 g/tAu and a second at about 10 g/tAu. MA suggests that these represent low grade and high mineralisation events respectively. The block model was informed using a 100 m spherical search so that no assumption was made of the direction and trend of mineralisation. Informing samples consisted of 2,766 5 m downhole composites and 1,479 5 m bench samples. No domain selection was used, but no blocks above the topography were estimated. Volume covered is about 700 m long, 700 m wide and 100 m to 350 m deep (variable with topography). This is certainly suitable for both selective mining and a bulk open pit. A bulk density of 2.5 t/m³ was used for reporting, the grade tonnage plot using cut-off grades from 1 to 20 g/t Au was reported. The target for Nevera prospect bulk open pit mining using a cut-off grade 1 g/t Au is 24 Mt @ 2.7 g/t Au for 2Moz of contained Au. The target for the HGZ only for selective underground mining using a cut-off grade 10g/t is 60-100koz @ 13-30 g/t. The exploration targets are conceptual in nature as there has been insufficient exploration to define them as Mineral Resources. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code 2012. The exploration targets are not being reported as part of any Mineral Resource.

SUMMARY OF PROPOSED TRANSFORMATION

- **Company previously enjoyed a market capitalisation in the \$35-50M range when it was actively exploring** its highly prospective Crater Mountain Gold Project but got sidetracked in the last 3-4 years by trying (without success) to develop a small-scale mining operation and taking on a debt burden to do so
- Company is **now pursuing a holistic re-invigoration strategy** – The **balance sheet will be cleared** of outstanding material debt and a **new management team** is being put in place and incentivised¹ to deliver on a **strategy to refocus back on an aggressive ramp up of resource development activities at the Crater Mountain Project**
- Transactions have been entered into resulting in **minimum injection of ~\$14.2M in new capital** – ~\$15.0M Entitlement Offer at 1.0¢ (fully-committed to \$13.0M) plus sale of non-core Croydon Project in Queensland for \$1.2M²
- Pro-forma implied market capitalisation at the Entitlement Offer price of ~\$16-18M, with ~\$4.3-5.1M cash available to pursue new development strategy
- Use of proceeds includes **acquisition of two drill rigs** to be based at Crater Mountain and a **ramp-up of physical exploration activity to more than 10,000 cumulative linear metres per year** – **Transformational increase in gold resources is targeted**
- Subject to metallurgical testing and detailed mine planning, mine development will likely be completed at Nevera Gold Mine to create sustainable commercial gold production to partly self-fund the aggressive exploration activities

COMPANY SNAPSHOT

Capitalisation summary

Ordinary shares on issue¹	272,118,621
Share price (ASX: CGN)¹	2.4¢
Market cap (undiluted)¹	\$6.5M
Unlisted options^{1,2}	30,100,000
Net debt incl. net working capital³	\$9.8M

Notes: 1. As at 17 July 2017. 2. 23,100,000 at 25¢ strike price (7,500,000 expiring September 2017 and 13,600,000 expiring July 2019) plus 9,000,000 at 12.5¢ strike price expiring July 2020. 3. Unaudited estimate as at 30 June 2016 and including: (i) \$1.6M of net trade payables and cash; (ii) \$3.5M of convertible notes due 22 August 2017 and convertible at the equivalent of 25¢ per share; and (iii) \$4.7M of other debt.

Current board

Sam Chan¹	Non-Executive Chairman
Richard Johnson¹	Technical Director
Thomas Fermanis	Non-Executive Director
Desmond Sun	Non-Executive Director
Russell Parker²	Managing Director
Lawrence Lee²	Finance Director

Notes: 1. Sam Chan and Richard Johnson have agreed to step down at the completion of the Entitlement Offer. 2. Russell Parker and Lawrence Lee will cease to have an executive role at the completion of the Entitlement Offer but intend to remain on the board of directors in a non-executive capacity.

Two year share price performance and volume



Top shareholders

Freefire Technology Ltd (Sam Chan)	58.83%
HSBC Custody Nominees	2.65%
Mr Graham & Mrs Annette Bailey	1.61%
Total top 20	74.77%
Total number of shareholders	3,401

NEW BOARD AND MANAGEMENT MEMBERS



Alexander Molyneux¹

Chairman

Non-Executive Chairman Argosy Minerals. 20-years experience in minerals as an executive, director and specialist industry investment banker



Robert Usher¹

Non-Executive Director

Mining Engineer with 25-years+ experience. Former Executive GM PanAust Asia. Significant gold production experience (incl. in PNG – Placer Dome)



Dorian L. (Dusty) Nicol¹

Non-Executive Director

Geologist with 40-years+ experience in discovery and resource development. Worked extensively in PNG for Esso Minerals and Rennison Gold Fields (incl. on Crater Mountain and Kainantu)



Curtis Church²

Chief Operating Officer

20-years mining and exploration experience. Including variety of management roles at Centerra Gold



Matthew O'Kane²

Chief Financial Officer

MBA and CPA. 20-years experience in minerals and automotive sectors. Previously CFO ASX, TSX and HKEX public mining companies

Notes: 1. The three new proposed board members have agreed to join the Company subject to completion of the Entitlement Offer. Sam Chan and Richard Johnson have agreed to resign from the board. The three new directors will be appointed to join the four remaining directors (Thomas Fermanis, Russell Parker, Lawrence Lee and Desmond Sun). 2. Curtis Church and Matthew O'Kane will be appointed the company's COO and CFO respectively, on completion of the Entitlement Offer with Russell Parker and Lawrence Lee relinquishing their executive roles.

NEW STRATEGY

GOAL: TRANSFORMATIONAL INCREASE IN GOLD RESOURCES

KEY RE-INVIGORATED EXPLORATION

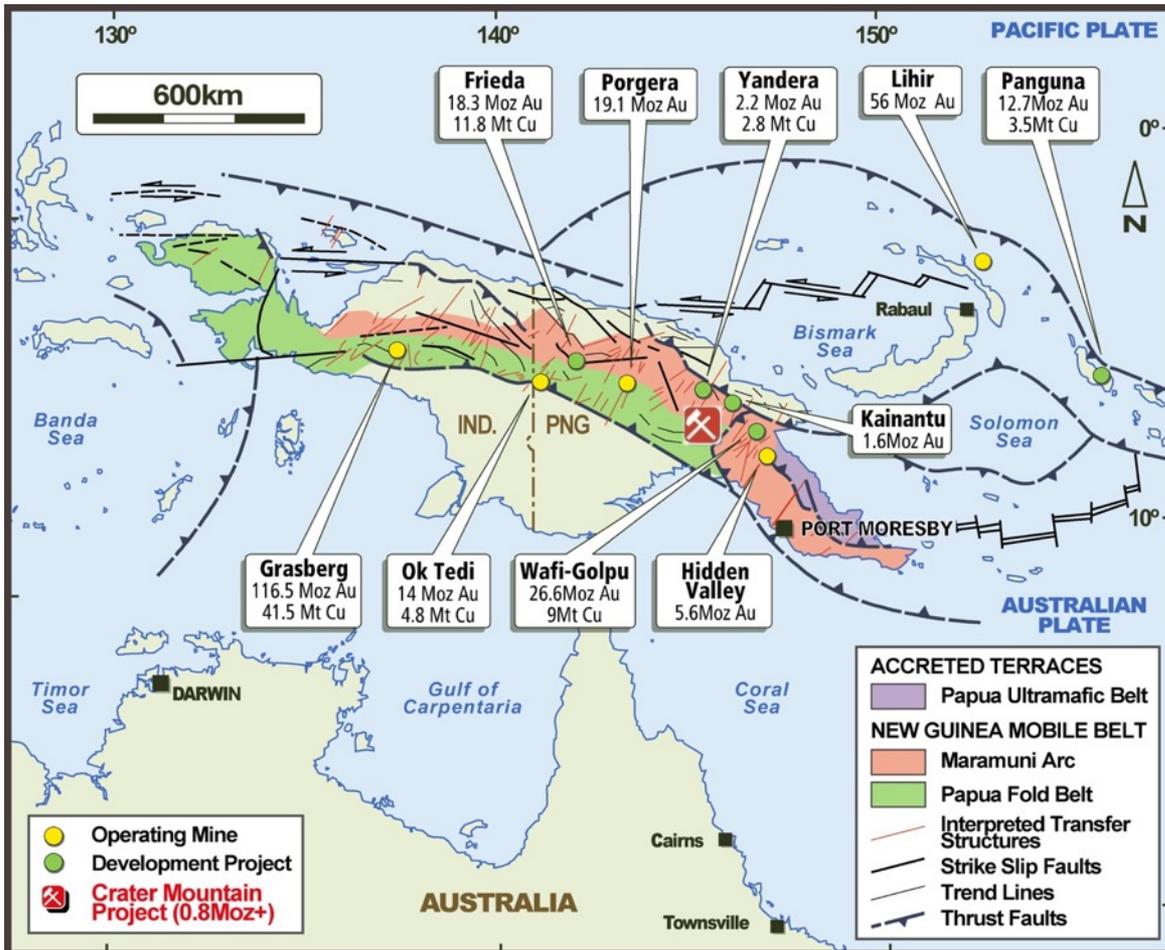
- Short-term – Acquire two drill rigs and re-commence drilling in immediate vicinity of Nevera Mixing Zone (MZ) and High Grade Zone (HGZ)
- Medium-term
 - Drill to increase epithermal gold resources to multi million ounces to plan larger scale gold production
 - Drilling outside existing resources targeting confirmation of central zone of copper-gold porphyry
- Long-term – Establish copper-gold porphyry resource and commence drill testing of non-Nevera prospects

NEVERA GOLD MINE

- Short-term – Subject to additional metallurgical test-work and mine planning to focus on higher grade N1 and L1 veins at HGZ, potential exists to commence mining via adit at 1930 level for sustainable commercial gold production within 12-months
- Long-term – Establish world-class gold mine to rival PNG peers such as Wafi-Golpu and Lihir

PAPUA NEW GUINEA

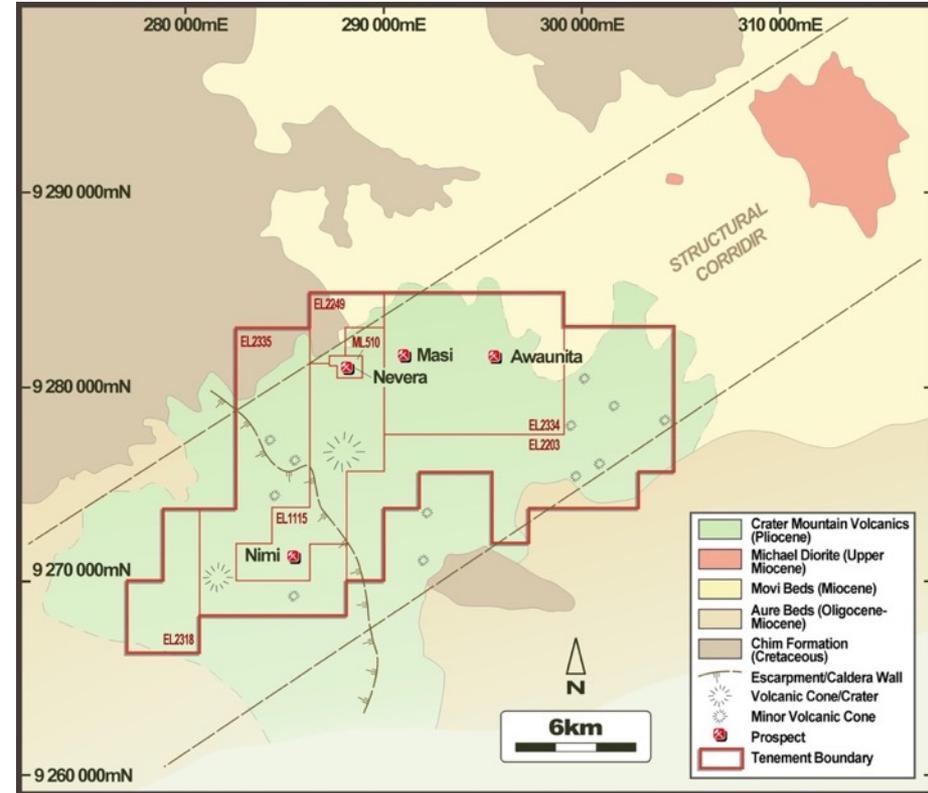
PNG IS ESTABLISHED 'ELEPHANT' COUNTRY



- Home to **multi-million ounce** major **gold mines** with operators such as **Barrick**, **Newcrest** and **Harmony** present
- **Annual gold production exceeds 2.1m ounces** and has been growing
- Commonwealth country
- Stable and competitive tax and regulatory regime – no material change in minerals law for 25 years
- Currency 'pegged' to USD
- Incoming directors regard the owner of nearby Kainantu Project, K92 Mining (TSX-V: KNT) as a key relevant peer

CRATER MOUNTAIN PROJECT OVERVIEW

- Seven contiguous mining and exploration licenses (308km²) covering four prospects (Nevera, Nimi, Masi and Awaunita)
- **Former BHP asset** in PNG's Eastern Highlands, 50km southwest from Goroka (regional centre)
- Maiden **Inferred Resource for Mixing Zone at Nevera of 790koz at 1.0g/t¹**
- Separate **High Grade Zone (HGZ) with a maiden Inferred Resource of 17koz at 11.9g/t²** plus proximal zones not included in current Resource – HGZ 'exploration target' of 60-100koz at 13-30g/t^{2,3}
- **Scope to confirm** deeper **copper-gold porphyry** system of regional significance
- Additional prospects (particularly Nimi) look equally as prospective as Nevera did before it received exploration focus



Notes: 1. Refer to ASX announcement 21-12-11 Initial Resource Estimate (This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement, and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. 2. Refer to ASX announcement 14-11-16 titled 'Maiden JORC Gold Resource at HGZ Project, Crater Mountain, PNG'. 3. The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code 2012. The Exploration Target is not being reported as part of any Mineral Resource.

NEVERA PROSPECT AND GOLD MINE COMPLEX



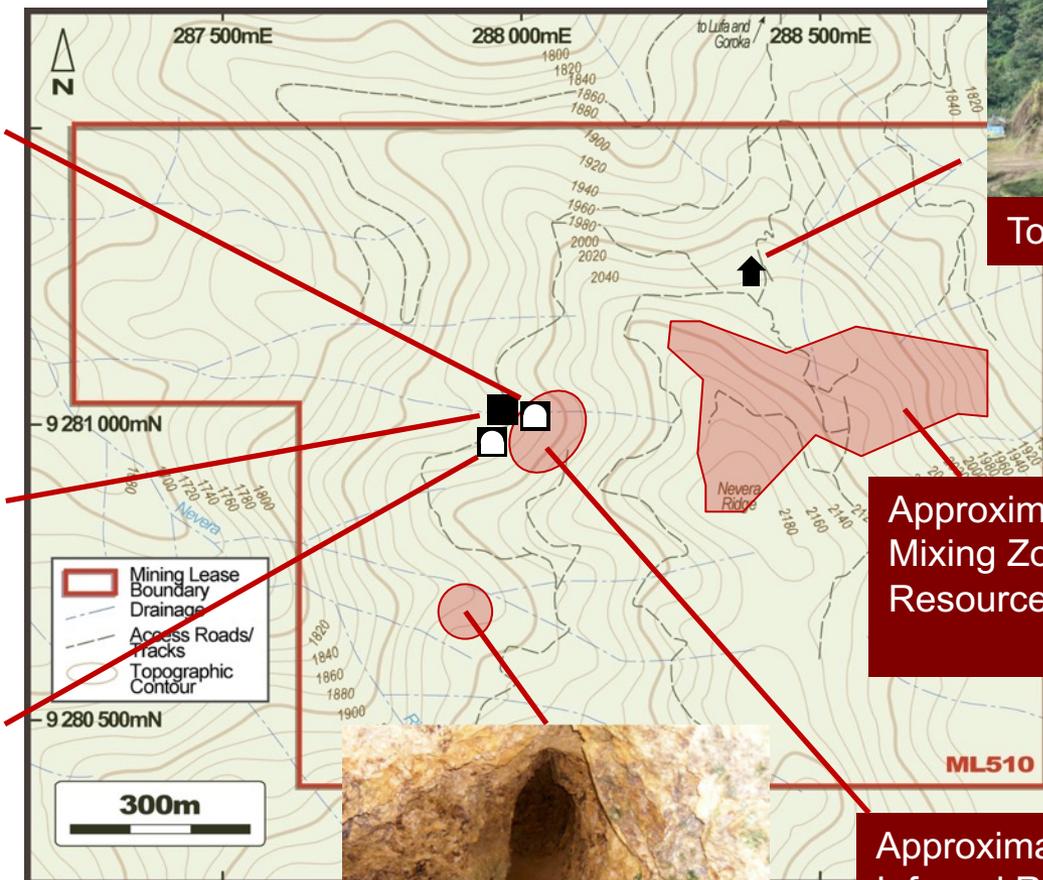
1960 Level Portal



Processing Plant



1930 Level Portal



Top Camp

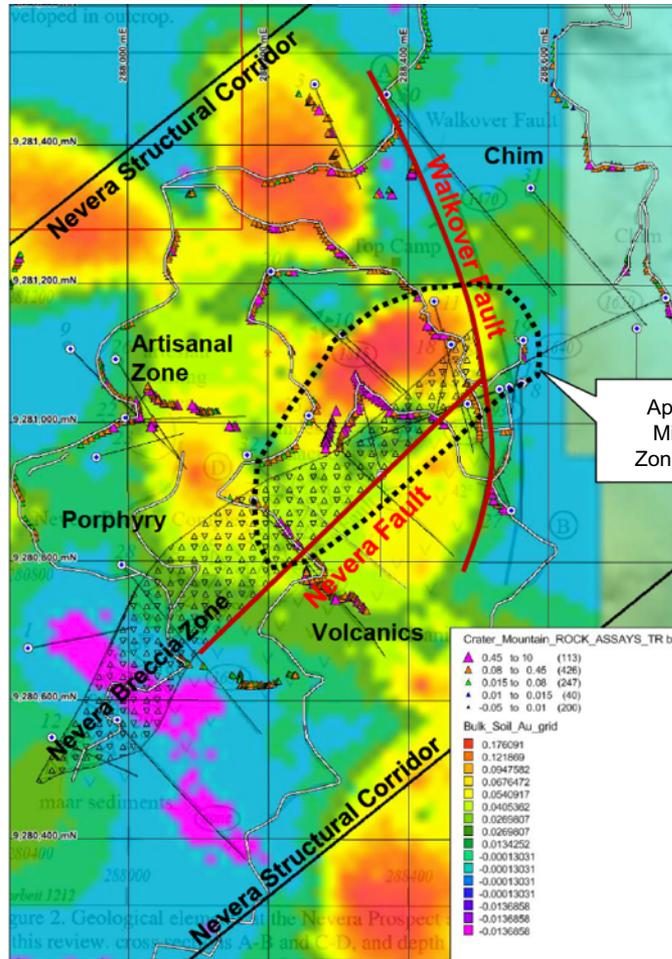
Approximate location of Mixing Zone Inferred Resource (790koz @ 1.0g/t)¹

Approximate location of HGZ Inferred Resource (17koz @ 11.9g/t)²



South Artisanal Works

NEVERA PROSPECT GEOLOGY

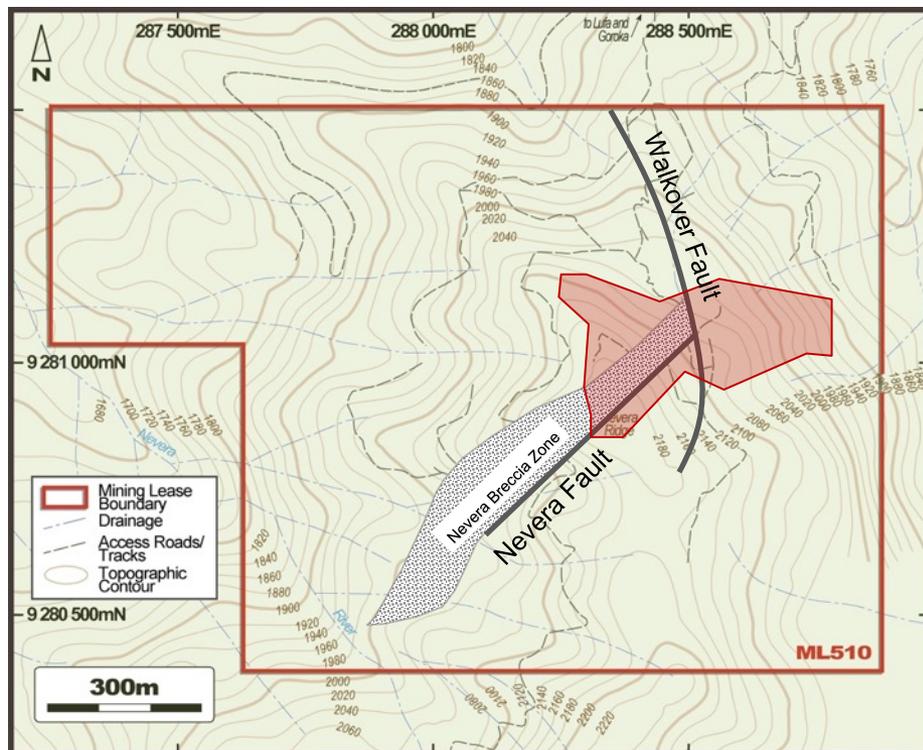


**AU SOIL IMAGE WITH TRENCH
ROCK CHIPS**

- **Strong similarities** in geological setting to **Porgera and Wafi-Golpu**
- Majority of known mineralisation hosted within structural corridor running to north east
- Chim Formation forms basement, overlain by young porphyry and volcanics
- Truncated by Nevera breccia zone and Walkover fault
- Regional trends indicate mineralised systems likely stretch for many kilometres
- Widespread low sulphidation epithermal and base metal carbonate gold mineralisation (eg, Mixing Zone)
- Smaller areas of high sulphidation epithermal gold mineralisation (eg, HGZ)
- Existing evidence of potential porphyry mineralisation at depth
- Existing Resources established with approximately 14,500m of drilling mostly done in 2010-2013
- Huge potential for success with a resumption of aggressive drilling

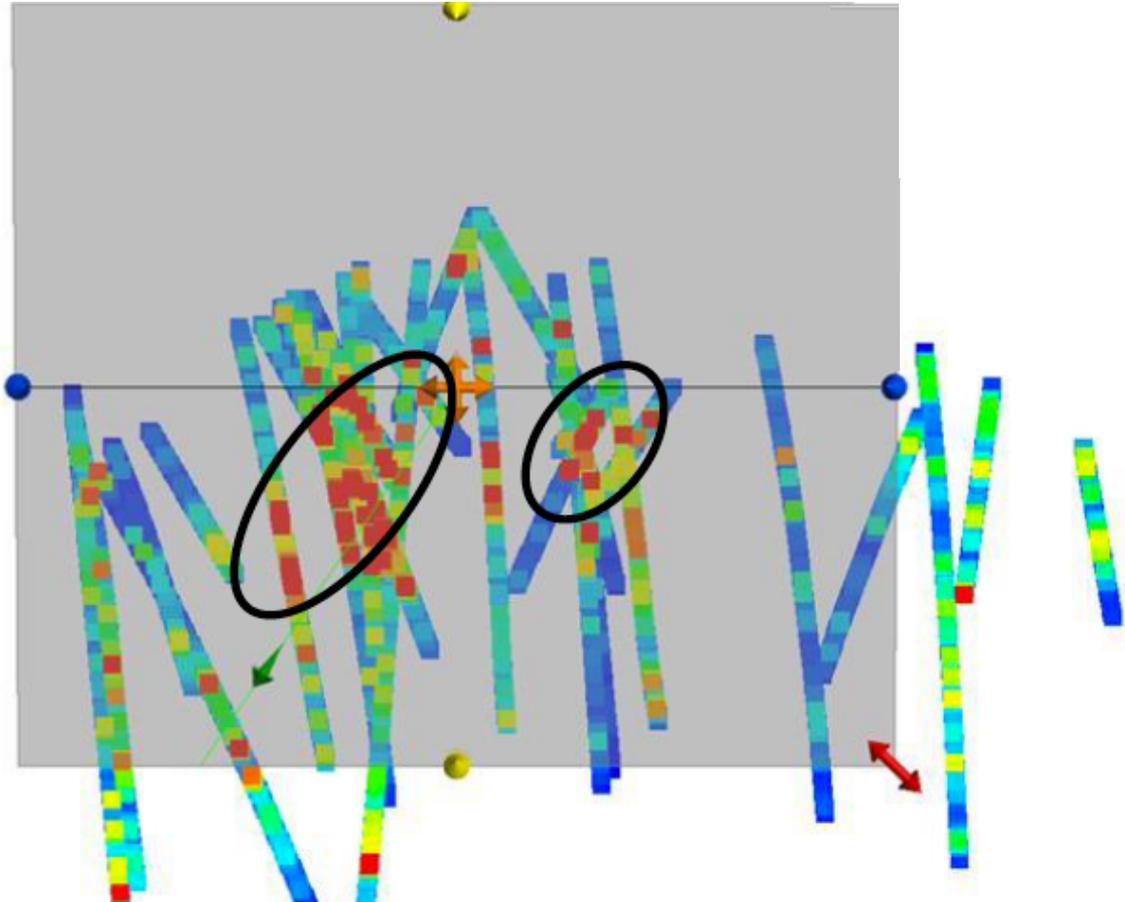
NEVERA MIXING ZONE

- Intrusion-related low sulphidation epithermal quartz-sulphide gold and copper overprinted by carbonate-base metal gold style mineralisation
- Mixing Zone (MZ) was focus of initial exploration and maiden Inferred Resource (data from 26 drill-holes drilled from 1997 to 2011)
- Using 0.5g/t cut-off, **Inferred Resource was 24Mt at 1.0g/t gold for approx. 790koz¹**
- Using 1.0g/t cut-off results in 9.4Mt at 1.5g/t gold for approx. 440koz¹
- Located 150m to 300m below the northern edge of the Nevera Ridge
- Dimensions are approx. 600m strike 250m wide and 150m thick
- **Open at depth and to northeast** (mineralisation crosses Walkover fault) **and southwest**



PLAN VIEW SHOWING APPROXIMATE LOCATION OF MIXING ZONE RESOURCE

NEVERA MIXING ZONE (CONT.)

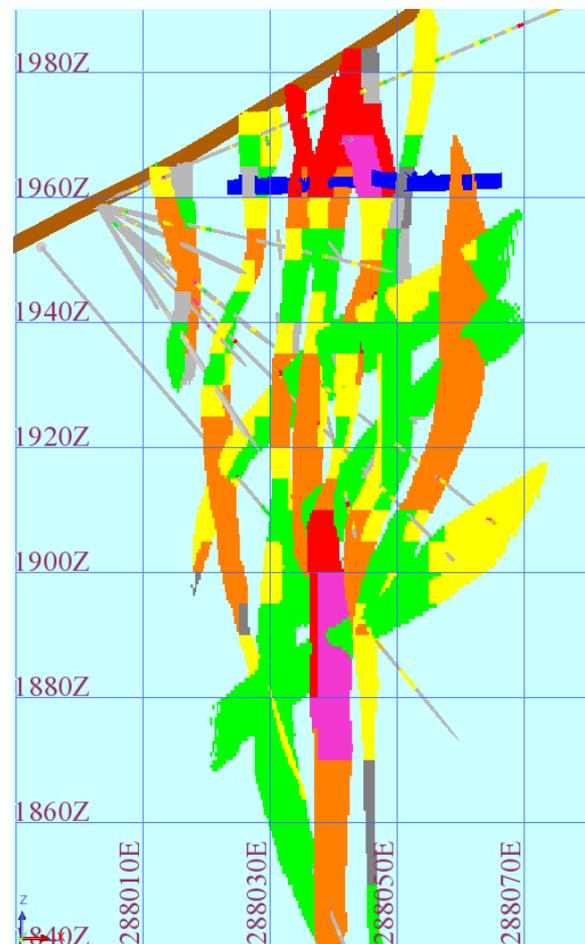


LONG SECTION ALONG NEVERA FAULT (LOOKING EAST)

- Mineralisation includes a number of high grade (>2.5g/t) shoots
- The shoots appear continuous and have potential to be selectively mined
- Historical drilling has also intersected significant gold mineralisation in isolated drill holes outside the resource area
- **Further exploration to identify additional higher grade zones as well as increased overall mineral inventory**

NEVERA HIGH GRADE ZONE (HGZ)

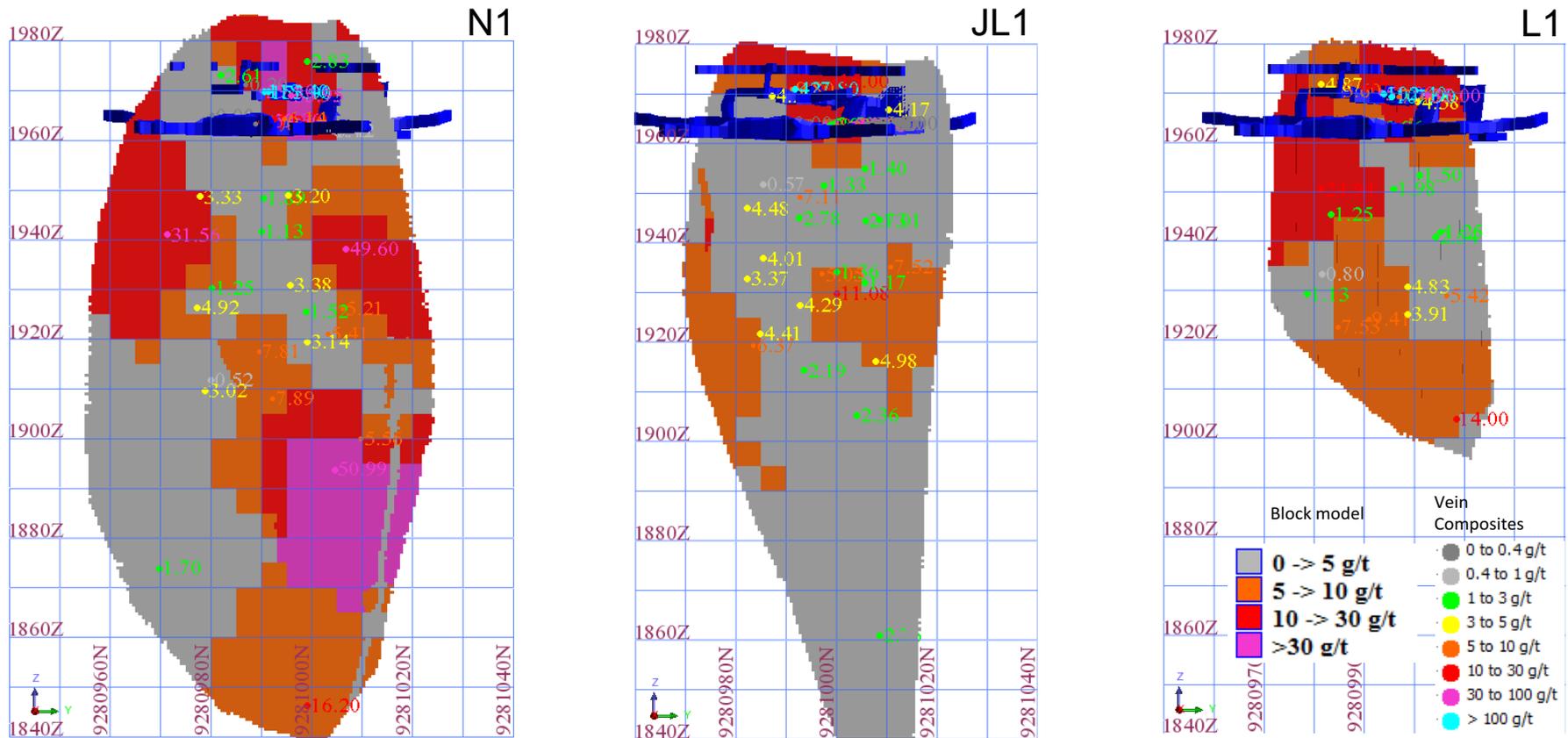
- Steeply dipping structurally controlled intense acid leached zone with higher grade of gold (high sulphidation epithermal quartz-pyrite-gold)
- Located around 300m east of Mixing Zone on one side of Nevera Ridge
- Mineralisation outcrops (where local artisans have mined up to 50m deep) and extends to at least 150m
- Using 5.0g/t cut-off, **Inferred Resource is 44.5kt at 11.9g/t gold for approx. 17.1koz¹**
- Resource remains open along strike and laterally to the east as well as at depth – **'exploration target' of 60-100koz at 13-30g/t¹**
- Key opportunity to target extensions of higher grade shoots at depth (below 1900 level), particularly highest grade veins N1 and L1
- HGZ is unlikely to be the only such high grade zone in the prospect area – **potential for multiple HGZs** and possibly the South Artisanal Works 430m to the south of HGZ is the next one



MINERALISED ZONES AT LOCATION OF HGZ AT NEVERA (9281000mN)

NEVERA HIGH GRADE ZONE (HGZ) (CONT.)

TWO THIRDS OF HGZ RESOURCE CONTAINED IN THREE VEINS AVERAGING APPROXIMATELY 8-20g/t¹

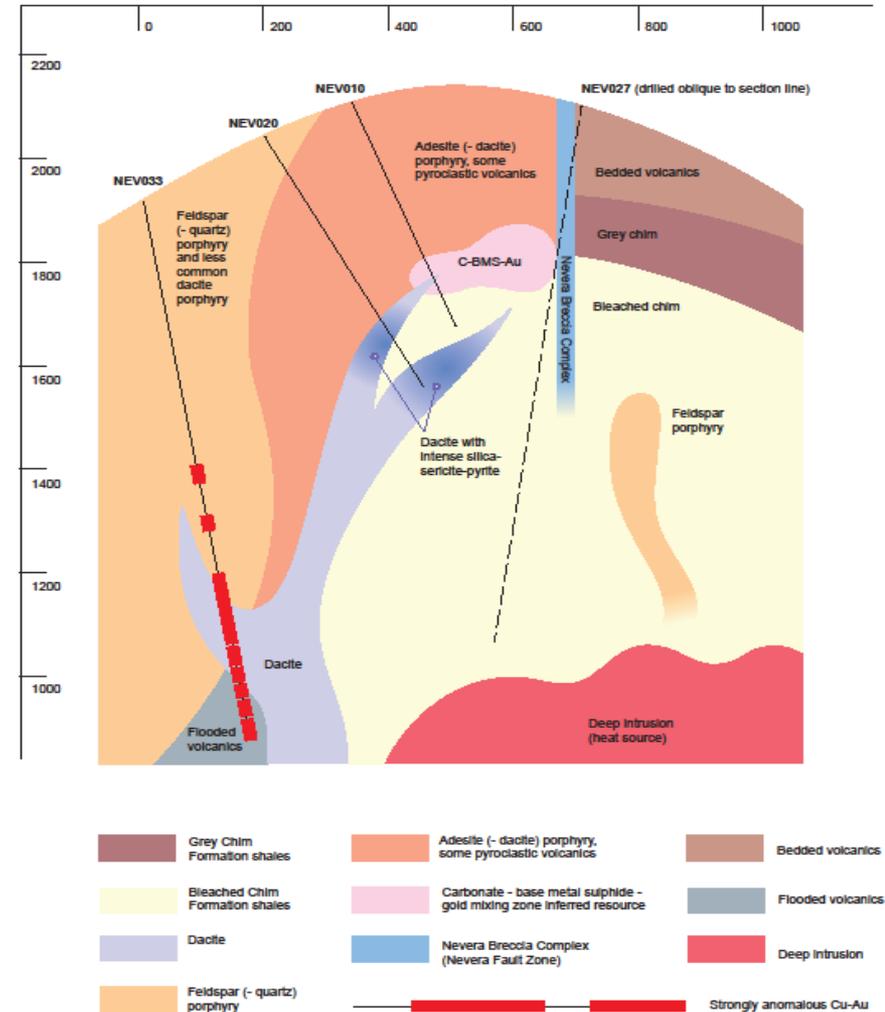


NORTH-SOUTH COMPOSITE SECTIONS FOR SELECTED VEINS

Note: 1. Refer to ASX announcement 14-11-16 titled 'Maiden JORC Gold Resource at HGZ Project, Crater Mountain, PNG'.

NEVERA COPPER-GOLD PORPHYRY

- Phyllic (quartz-sericite), propylitic, and argillic alteration typical of porphyry systems observed
- Potassic alteration of dacite dykes and breccias
- Extensive bleaching of Chim Formation sediments, indicating proximity to intrusions
- Several drill holes exhibit porphyry style veining and stockwork mineralization in intrusive rocks (including NEV027, exhibiting porphyry style veining in tonalite at about 1,090 metres)
- In NEV033, **porphyry style quartz veining** is overprinted by younger (retrograde?) epithermal alteration
- Extensive and **strong surface copper anomalies** (including one zone 600 metres south of existing HGZ / MZ) mineralization that **could indicate** the presence of **porphyry copper mineralization at depth**



GEOLOGY AND ALTERATION MODEL

CRATER MOUNTAIN DEVELOPMENT TIMELINE

GOAL: TRANSFORMATIONAL INCREASE IN GOLD RESOURCES

1 FIRST PHASE (NEXT 6-12 MONTHS)

- Acquire and mobilise two owner-operated drill rigs to Nevera Prospect
- Re-commence drilling in the immediate vicinity of HGZ and MZ
- Helicopter-borne magnetic survey to assist define drilling targets away from HGZ and MZ
- Complete metallurgical test-work and detailed mine planning on HGZ and if successful commence mining via 1930 level adit for commercial gold production using the existing plant

2 SECOND PHASE (2018)

- Extend high-grade resource inventory through continued exploration at HGZ and commencement of works at South Artisanal Works – 1-2,000m drilling
- Initial phase of transformational resource development program – 4-5,000m+ drilling (including extension of MZ and infill in higher-grade areas of MZ)

3 THIRD PHASE (2019)

- Major resource development program – Building up to 10,000m+ per year drilling on Nevera trend including multiple holes testing target area for copper-gold porphyry zone
- 1-2,000m initial drill testing of non-Nevera prospects targeting Nimi first

CRATER MOUNTAIN KEY EXPLORATION TARGETS

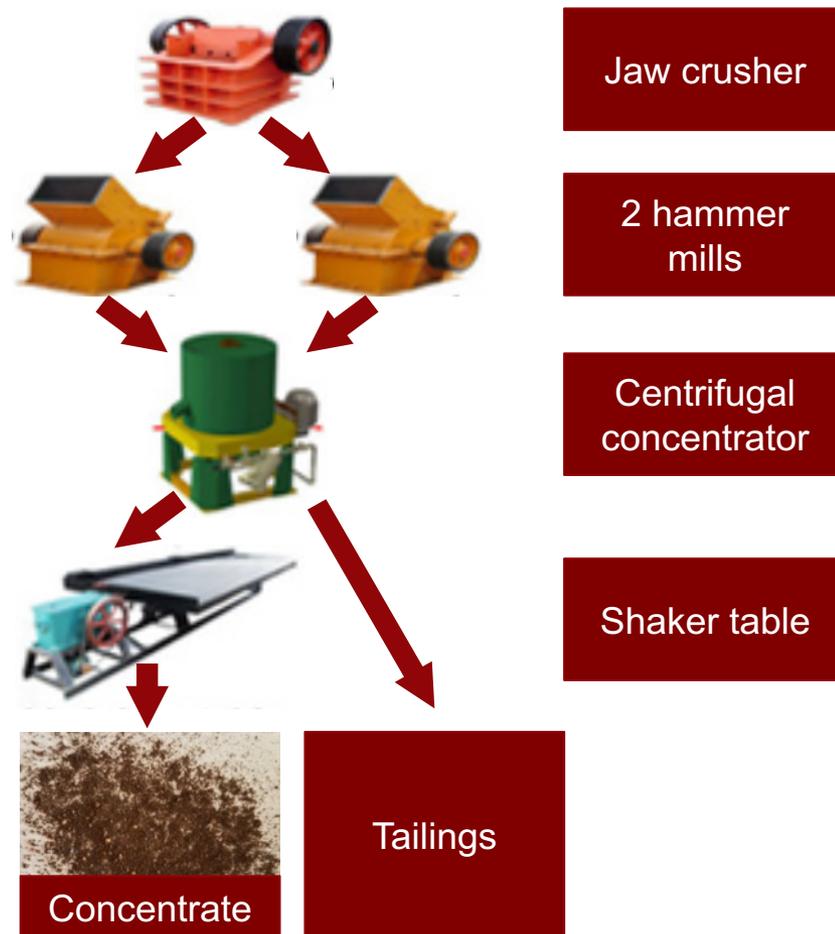
HIGHLY PROSPECTIVE COMBINED EPITHERMAL GOLD AND PORPHYRY COPPER-GOLD PROJECTS IN ASIA-PACIFIC

- Company, devoid of senior geological expertise since Peter Macnab's passing (2015) will re-activate exploration under leadership of new director and experienced geologist, Dusty Nicol
- Immediate focus will be re-examination of historical data, extended mapping and some additional geophysics (first few months) whilst drilling extensions to HGZ and MZ
- Planned drilling of 5-7,000m in 2018 and then increase to 10,000m+ in 2019
- In-line with new strategy exploration targets will be (in order of approach):
 - Increase mining inventory of HGZ – down dip and eastwards extensions
 - Test SAW for potential as second HGZ – 430m to the south of current HGZ where artisanal miners have been active in the past. Sidewall channel sampling in 2015 included 46.6g/t over 1m
 - Drill the approx. 300m between HGZ and MZ – potential for continuous mineralisation
 - Multiple longer drill-holes to properly test porphyry targets starting in the area 600m to the south of MZ / HGZ where anomalous surface copper is observed
 - First drill testing of additional prospects – starting with Nimi, which has similar geological setting to Nevera and historical rock chip samples with high gold content

NEVERA GOLD MINE

EXISTING PLANT CAPABLE TO PRODUCE 200-250OZ PER MONTH

- Mining license (ML510) granted in 2014
- Small-scale gravity separation plant constructed on site in 2015 and 1960 level exploration adit used to test mine gold from HGZ
- Approximately 500oz produced from 1960 level adit in 2015 and 2016 using existing plant
- Plant is fit to produce 200-250oz per month of payable gold in concentrate¹



NON-CRATER MOUNTAIN ASSETS

Fergusson Island Gold Project, PNG (100%-owned)

Croydon Polymetallic, Gold and Graphite Project, Queensland (new-JV)

- One exploration licence covering the Wapolu gold prospect on Fergusson Island (northeast of the PNG mainland)
- Most gold encountered to date on Fergusson Island is refractory in nature but is also known to respond well to the Albion process
- Company has entered into an agreement with Freefire Technology Ltd sell Croydon for \$1.2M in cash
- Sale conditional on shareholder approval
- \$300,000 deposit payable on or before 31 July 2017
- Remainder to be paid in four equal installments over 12-months from closing

ENTITLEMENT OFFER

Offer

- Pro-rata renounceable Entitlement Offer of eleven (11) new shares for every two (2) shares held at an issue price of 1.0¢ per new share to raise up to approximately \$15.0M before costs
- Rights trading allows shareholders to sell entitlements or purchase additional entitlements

Issue price discount

- Issue price of 1.0¢ per share represents:
 - A discount of 58.3% to the closing price on 17 July 2017 of 2.4¢
 - A discount of 61.4% to the 30-day volume weighted average price (VWAP) up to and including 17 July 2017 of 2.59¢

Eligibility

- Offer being made to shareholders in Australia, New Zealand, PNG and HK

Underwriting and commitments

- Major shareholder, Freefire Technology Ltd, has committed to take up \$6.6M (660M new shares) of its entitlement and to sub-underwrite \$2.2M
- Partial underwriting so Offer is fully committed, subject to certain conditions, to raise a minimum of \$13.0M
- New directors and management have agreed to sub-underwrite \$700,000

COMBINED USE OF PROCEEDS

COMBINED PROCEEDS FROM ENTITLEMENT OFFER AND SALE OF CROYDON WILL BE \$14.2M TO 16.2M

	Low ¹	High ²	
Use of proceeds	■ Repayment of ICBC loan	\$0.8M	\$0.8M
	■ Repayment of Convertible Notes (incl. accrued interest)	\$3.5M	\$3.5M
	■ Repayment of Freefire Technology Ltd loans (incl. accrued int)	\$3.3M	\$3.3M
	■ Net trade and other payables (net of existing cash)	\$1.6M	\$2.6M
	■ Crater Mountain Project exploration and development ^{3,4,5}	\$2.8M	\$3.1M
	■ Working capital and general purposes ^{5,6}	\$1.5M	\$2.0M
	■ Costs and expenses of the Offer	\$0.7M	\$0.9M
	■ Total	\$14.2M	\$16.2M

Notes: 1. Assumes minimum Entitlement Offer proceeds (ie, fully-committed amount only) of \$13.0M. 2. Assumes Entitlement Offer is fully subscribed for ~\$15.0M of proceeds. 3. Including approximately \$500,000 for acquisition of two drill rigs. 4. Includes \$900,000 of the expected proceeds from the Croydon sale. 5. The sale of Croydon is subject to certain conditions precedent including shareholder approval. 6. Includes \$300,000 of the expected proceeds from the Croydon sale.

SUMMARY OF PROPOSED TRANSFORMATION

- **Company previously enjoyed a market capitalisation in the \$35-50M range when it was actively exploring** its highly prospective Crater Mountain Gold Project but got sidetracked in the last 3-4 years by trying (without success) to develop a small-scale mining operation and taking on a debt burden to do so
- Company is **now pursuing a holistic re-invigoration strategy** – The **balance sheet will be cleared** of outstanding material debt and a **new management team** is being put in place and incentivised¹ to deliver on a **strategy to refocus back on an aggressive ramp up of resource development activities at the Crater Mountain Project**
- Transactions have been entered into resulting in **minimum injection of ~\$14.2M in new capital** – ~\$15.0M Entitlement Offer at 1.0¢ (fully-committed to \$13.0M) plus sale of non-core Croydon Project in Queensland for \$1.2M²
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- Use of proceeds includes **acquisition of two drill rigs** to be based at Crater Mountain and a **ramp-up of physical exploration activity to more than 10,000 cumulative linear metres per year** – **Transformational increase in gold resources is targeted**
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APPENDIX

CRATER
GOLD MINING

PROPOSED PERFORMANCE SHARE SCHEME

- Subject to shareholder approval the Company intends to issue 197.3M new performance shares to directors and management, with the vast majority (177.3M) allocated to the newly joining directors and management
- The performance shares will convert to ordinary shares on achievement of certain milestones in three-year period from issuance in the following proportions:
 - 1/3rd – On achievement of commercial gold production defined as attaining positive operating cash flow from mining operations (ie, revenue less: direct variable cash mining and processing costs; 50% of fixed overhead costs incurred at Nevera Gold Mine; 50% of the COO's employment expense; and the cost of any landowner compensation payments that relate to mining activities) for three consecutive months
 - 1/6th – On expansion of the Crater Mountain Project total Resource (ie, adding Measured, Indicated and Inferred together) to 1,112,500 contained ounces of gold or more
 - 1/6th – If at any time the share price remains at or above 2.0¢ for 20 consecutive trading days with average daily trading liquidity for those days at or above \$20,000
 - 1/6th – If at any time the share price remains at or above 3.0¢ for 20 consecutive trading days with average daily trading liquidity for those days at or above \$20,000
 - 1/6th – If at any time the share price remains at or above 4.0¢ for 20 consecutive trading days with average daily trading liquidity for those days at or above \$20,000

PRO-FORMA CAPITAL STRUCTURE

	31 December 2016	Unaudited estimate as at 30 June 2017	Pro-forma post Entitlement Offer, sale of Croydon and issue of performance rights	
			Min. \$13.0M Entitlement Offer	Max ~15.0M Entitlement Offer
Ordinary shares outstanding (M)	272.1	272.1	1,572.1	1,768.8
Options (at 12.5¢ to 25¢) (M)	30.1	30.1	30.1	30.1
Performance rights (M)	—	—	197.3	197.3
Major shareholder Sam Chan's interest	59%	59%	52-59%	47%
Key balance sheet items				
■ Cash and cash equivalents ¹	\$0.2M	\$0.3M	\$4.3M	\$5.1M
■ Net trade payables	(\$2.1M)	(\$1.9M)	(1.0M)	—
■ Related party payables	(\$1.0M)	(\$1.1M)	—	—
■ Interest bearing liabilities	(\$5.1M)	(\$7.1M)	—	—
■ Total net cash / (debt) (incl. payables)	(\$8.0M)	(\$9.8M)	\$3.3M	\$5.1M

KEY RISK FACTORS

KEY RISK FACTORS INCLUDE BUT ARE NOT LIMITED TO THESE

- Title Risk – The mineral tenements in which the Company and its wholly-owned PNG subsidiary, Anomaly have an interest are governed by legislation and various conditions requiring compliance. Additionally, the Company and Anomaly could lose title to their interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments or they could be forced to relinquish an area they do not want to relinquish which could inadvertently result in the relinquishment of ground where a mineral deposit was present, but remained undiscovered. Certain of the tenements at the Company's Crater Mountain Project have expired or will expire in the short term. The Company and Anomaly have lodged applications to renew within the time required by the PNG Mining Act, however there is no guarantee that the renewals will be granted. In particular, the Company has not met expenditure requirements on some of these mining tenements, and recently an application to renew a tenement was rejected on this basis. Whilst the Company did not consider the loss of this tenement to be material to the Company, the loss of other tenements at the Crater Mountain Project could have an adverse impact on the Company. The PNG Mining Advisory Council (MAC) has discretion as to whether to grant an application to renew a tenement, and the Company understands it will look at a range of factors including spending on surrounding tenements held by the Company and development of the Company's projects to date. The Company is in discussions with MAC regarding the renewal of its tenements, and considers that the announcement of the Offer and proposed use of funds on the tenements will support its applications for renewal of the tenements. If one or more of the renewal applications are not granted, it may have a significant adverse impact on the Company's ability to explore and develop the Crater Mountain Project.
- Compliance – As detailed in the Entitlement Offer prospectus, the Company has entered into a number of funding arrangements, including a number of loan agreements with Freefire, some of which were (subject to Shareholder approval), convertible into Shares. These arrangements were broadly announced by the Company in its quarterly reporting, but were not announced at the time they were entered into in accordance with the Company's disclosure obligations under the Listing Rules. Further, following the passing of former Director Peter McNabb, contrary to the requirements of the Corporations Act, there was a period of time in late 2015, early 2016 when the Company only had 1 Australian domiciled Director, as the Board took time to find an appropriate replacement. As such, the Company faces the risk of action. As part of the due diligence for the Offer, the Company has become aware that its continuous disclosure policies and practice require review, and the new management and Board intend to do this and implement stricter controls and training moving forward.

KEY RISK FACTORS (CONT.)

KEY RISK FACTORS INCLUDE BUT ARE NOT LIMITED TO THESE

- Going concern risk – Shareholders should be aware of the going concern risk to which the Company is exposed. The Company’s financial report for the year ended 30 June 2016 included an emphasis of matter from the auditor which noted the group’s ability to continue as a going concern depends upon continued successful raising of funding, financial support from Freefire and gold production at the Crater Mountain Project. Failing to meet these assumptions would indicate the existence of a material uncertainty that would cast significant doubt on the group’s ability to continue as a going concern. The auditor was unable to form an opinion on the Company’s financial report for the half year ended 31 December 2016 as the Company was unable to provide sufficient information to support the carrying value of the entity’s exploration and evaluation assets and plant and equipment in accordance with the accounting standards. On 15 June 2017, the Company announced that it had obtained an independent valuation of its assets in PNG, and noted that if the preferred market value of the assets had been recognised as at 31 December 2016, non-current assets would have been written down/impaired by \$15,343,249. As detailed in the prospectus, the Company has significant liabilities, and it is intended that funds raised from the Offer will be used to substantially repay existing debts. Taking into account Freefire’s commitment and the Underwriting Agreement, the Board believes that on completion of the Offer the Company will have sufficient funds to adequately meet the Company’s current commitments and short term working capital requirements. However, should Freefire default in its commitment and/or the Underwriting Agreement is terminated, and the Company is unable to obtain funding through other means, it may cast significant doubt on the Company’s ability to continue as a going concern.
- Current debts to the PNG government for taxes – The Company and Anomaly, as of the date of this Prospectus, are in arrears in their obligations to make payments of employee’s pay as your earn (“PAYE”) taxes to the PNG tax authorities, and also the Company and employee mandatory contributions to the PNG retirement fund known as NASFUND. These arrears have arisen due to cash shortages in the Company and Anomaly overtime. The Company and Anomaly intend to repay these obligations in full using funds raised from the Offer. However, it is also possible that the PNG government may charge interest on overdue amounts, levy fines and/or take action against the Company and Anomaly as a result of these outstanding debts. The quantum of these potential costs is not possible to estimate at that date of this Prospectus, and as such have not been included in the proposed use of funds. The imposition of fines or interest charges may have an adverse effect on the Company.
- Artisanal mining – Artisanal miners may be active in the Crater Mountain Project which may have many material adverse effects including delays and/or impediments to the Company’s exploration activities and schedule, effects on the amount of gold recovered by the Company and exposure to safety, security, environment and social liabilities and losses.

KEY RISK FACTORS (CONT.)

KEY RISK FACTORS INCLUDE BUT ARE NOT LIMITED TO THESE

- Completion risk relating to the Croydon Project – The Company has entered into an agreement with Freefire to dispose of the Croydon Project to Freefire for \$1.2 million. If the Company or Freefire is unable to complete any of the condition precedents under the Sale Agreement, or if the Sale Agreement does not proceed for any reason (including termination or inability of the Company to secure shareholder approval) the sale of the Croydon Project may not proceed. If the sale does not proceed, the Company may not be able to sell the Croydon Project and receive further anticipated funds as a result. This will likely affect the Company's current strategy and it may be required to seek further funding. There is no certainty that the Company will be able to secure such further funding on satisfactory terms, or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance.
- Restart of operations – The Company is proposing to restart its production operations at the Nevera Gold Mine. The restart will be subject to not only operational, geological and geotechnical risks but also environmental, social and community and economic risks, all of which could affect the financial outcome of the Company re-establishing itself as a gold producer. Also, the Company cannot be certain that the operations, once restarted, will be profitable.
- In-country/political risks – The Company's operations in PNG are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to: currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; and currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in PNG may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by governmental regulations with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittance; income taxes; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people; water use; mine safety; and government and local participation. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral tenure and development could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or its financial position.

An aerial photograph of a mining site situated on a steep, forested hillside. The site includes several buildings, a large white structure, and various pieces of equipment. The surrounding area is densely covered with green trees, with some exposed earth visible on the slopes.

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