

1 June 2015

Australian Securities Exchange

General Meeting

A meeting of the Company's shareholders will be held on 3 July 2015.

Please find attached the following documents which have been sent to the Company's shareholders:

1. Notice of General Meeting; and
2. Proxy Form.

Yours Faithfully

CRATER GOLD MINING LIMITED



John Lemon
Company Secretary

NOTICE OF GENERAL MEETING

Date of Meeting: Friday, 3 July 2015

Time of Meeting: 10.00 am (New South Wales Time)

Place of Meeting: Meeting Room
Offices of BDO
Level 11
1 Margaret Street
Sydney, NSW
Australia

This Notice of General Meeting should be read in its entirety.
If you are in doubt as to how to vote at the meeting you should seek advice from your accountant, solicitor or other professional adviser before voting.

CRATER GOLD MINING LIMITED
ABN 75 067 519 779

NOTICE OF GENERAL MEETING

A General Meeting of Crater Gold Mining Limited ("the Company") will be held in The Meeting Room, Offices of BDO, Level 11, 1 Margaret Street, Sydney, New South Wales, Australia on Friday, 3 July 2015 at 10.00 am (New South Wales time).

AGENDA

1. RESOLUTION 1 - RATIFICATION OF ISSUE OF SHARES TO CONTRACTORS

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That the issue of a total of 1,281,250 fully paid ordinary shares in the capital of the Company to Richard Lewis Johnson and Paul Henley on 27 April 2015 is hereby ratified for the purposes of ASX Listing Rule 7.4 and for all other purposes."

2. RESOLUTION 2 - ISSUE OF OPTIONS TO DIRECTOR S. W. S. CHAN

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Samuel Wing Sun Chan or his nominee 1,300,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions in the Notice of Meeting."

3. RESOLUTION 3 - ISSUE OF OPTIONS TO DIRECTOR R. P. MACNAB

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Robert Peter Macnab or his nominee 1,300,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions in the Notice of Meeting."

4. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR T. M. FERMANIS

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Thomas Mark Fermanis or his nominee 1,300,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions in the Notice of Meeting."

5. RESOLUTION 5 – ISSUE OF OPTIONS TO DIRECTOR D. T. Y. SUN

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Desmond Tak Yan Sun or his nominee 1,300,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions in the Notice of Meeting."

6. RESOLUTION 6 – ISSUE OF OPTIONS TO DIRECTOR R. D. PARKER

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Russell David Parker or his nominee 1,300,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions in the Notice of Meeting."

7. RESOLUTION 7 – ISSUE OF OPTIONS TO DIRECTOR L. K. K. LEE

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Lawrence Kin Keung Lee or his nominee 1,300,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions in the Notice of Meeting.”

8. RESOLUTION 8 – ISSUE OF OPTIONS TO FORMER DIRECTOR G B STARR

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Gregory Barry Starr or his nominee 800,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions in the Notice of Meeting.”

**BY ORDER OF THE BOARD
CRATER GOLD MINING LIMITED**



John Lemon
Company Secretary

1 June 2015

CRATER GOLD MINING LIMITED
ABN 75 067 519 779

NOTICE OF GENERAL MEETING
EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum forms part of the notice convening the Company's General Meeting to be held on Friday, 3 July 2015. This Explanatory Memorandum is to assist Shareholders in understanding the background to and implications of the resolutions proposed, and procedural matters concerning the Meeting. Terms used in this Explanatory Memorandum are defined in Section 7.

1. AGENDA ITEM 1 – RATIFICATION OF ISSUE OF SHARES TO CONTRACTORS

- 1.1 Subject to a number of exceptions, ASX Listing Rule 7.1 provides that a company must not issue equity securities (shares, options, etc.) without shareholder approval if the number of securities issued would, of itself or when added to the number of other equity securities issued by the company in the previous 12 months, exceed 15% of the number of ordinary shares of the company on issue at the commencement of the 12 month period. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact (provided the issue did not breach the 15% limit) so that the securities which were issued are regarded as having been issued with shareholder approval for the purpose of listing rule 7.1.
- 1.2 The Company issued a total of 1,281,250 Shares to its two of its contractors, Richard Johnson and Paul Henley, on 27 April 2015 (781,250 Shares were issued to Mr Johnson and 500,000 Shares were issued to Mr Henley). Mr Johnson is the Company's General Manager, PNG and Mr Henley is Manager Crater Mountain Operation, PNG. Both men perform those roles as contractors to the Company. The Shares were issued to Messrs Johnson and Henley at the notional rate of \$0.08 (8 cents) per share in lieu of contract fees of \$62,500 and \$40,000 owed by the Company to Messrs Johnson and Henley respectively. The issue of the Shares to Messrs Johnson and Henley has enabled the Company to conserve cash resources whilst at the same time giving both men, who perform critical roles in relation to the Company's flagship Crater Mountain Project in PNG, a greater stake in the Company's success.
- 1.3 The issue of the 1,281,500 Shares to Messrs Johnson and Henley was within the 15% limit permitted by ASX Listing Rule 7.1, nevertheless the Company is requesting that Shareholders ratify the issue of the shares for the purpose of ASX Listing Rule 7.4.2 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 as the need or opportunity arises.
- 1.4 As required by ASX Listing Rule 7.5 the following information is provided:
- (i) 1,281,500 shares were issued, 781,250 to Mr Johnson and 500,000 to Mr Henley.
 - (ii) The shares were issued for nil cash consideration. The consideration for their issue was the agreement by Messrs Johnson and Henley to forego contracting fees (of \$62,500 and \$40,000 respectively) owed to them by the Company. The notional issue value of the shares was \$0.08 (8 cents) per share.
 - (iii) The shares are fully paid ordinary shares and are subject to the same rights and obligations and rank equally with all other shares in the capital of the Company.
 - (iv) The shares were issued to Richard Lewis Johnson and Paul Henley.
 - (v) No funds were raised from the issue of the shares.
 - (vi) **Voting Exclusion Statement**
As required by the ASX Listing Rules, the Company will disregard any votes cast on this resolution by:
 - Richard Lewis Johnson and Paul Henley; and
 - an associate (as defined in the ASX Listing Rules) of each of Messrs Lewis and Henley.However, the Company need not disregard a vote if:
 - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

- 1.5 The Company's directors recommend that Shareholders vote in favour of Resolution 1.

2. AGENDA ITEMS 2 - 8 (RESOLUTIONS 2 - 8) – ISSUE OF OPTIONS TO DIRECTORS S CHAN, P MACNAB, T FERMANIS, D SUN, R PARKER & L LEE AND TO FORMER DIRECTOR G STARR

- 2.1 Resolutions 2 - 7 seek Shareholder approval for the issue of incentive options to the Company's current Directors. Resolution 8 seeks Shareholder approval for the issue of options as a reward to former Director Greg Starr.
- 2.2 Mr Starr was until recently (31 March 2015) the Company's Managing Director and prior to that the Company's Executive Chairman. He served as an executive director of the Company from 19 February 2008. Mr Starr was previously issued 800,000 options exercisable at \$0.25 (25 cents) per option on or before 30 September 2017 but those options recently lapsed in accordance with their terms of issue upon Mr Starr ceasing to be engaged by the Company. The Board is of the view that Mr Starr has played a pivotal role over a lengthy period in guiding the Company and providing advice and assistance that has been critical to the Company being in its current position as an emerging gold producer with a potentially world class gold project (Crater Mountain, PNG). It is also a term of Mr Starr' separation from the Company that Mr Starr be allowed to retain the 800,000 options previously issued to him. The Board believes it is appropriate and equitable in view of Mr Starr's service that he continue to have the ability to earn a return from options if the Company ultimately enjoys the sort of success it is aiming for and to which Mr Starr will have made a major contribution.
- 2.3 ASX Listing Rule 10.11 provides that, subject to certain exceptions, an ASX-listed company must not issue equity securities (shares, options, etc.) to a "related party" of the Company without the approval of the company's shareholders. Each of the Company's current directors, Messrs Chan, Macnab, Fermanis, Sun, Parker and Lee comes within the definition of a related party of the Company because he is a director of the Company. Mr Starr comes within the definition of a related party of the Company because he was a director of the Company within the last six months.
- 2.4 The notice of the meeting to obtain shareholders' approval must comply with ASX Listing Rule 10.13. Therefore, as required by Listing Rule 10.13 the following information is provided:
- (i) The names of the persons to whom it is proposed the options be issued are Samuel Wing Chan, Robert Peter Macnab, Thomas Mark Fermanis, Desmond Sun, Russell David Parker, Lawrence Kin Keung Lee and Gregory Barry Starr.
 - (ii) The maximum numbers of options that may be issued to Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr are as follows:

Sam Chan	1,300,000
Peter Macnab	1,300,000
Tom Fermanis	1,300,000
Desmond Sun	1,300,000
Russ Parker	1,300,000
Lawrence Lee	1,300,000
Greg Starr	800,000

- (iii) The Company will issue the options as soon as practical after the Meeting but in any event not later than one month after the date of the Meeting.
- (iv) Each of Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr is a related party of the Company for the reason set out in Section 2.3 (above).
- (v) The options will be issued for no cash consideration. They will be issued as incentive options in the case of Messrs Chan, Macnab, Fermanis, Sun, Parker and Lee and reward options in the case of Mr Starr.
- (vi) No funds will be raised from the issue of the options. A summary of the material terms of the options is set out in Section 2.7 (below).
- (vii) **Voting Exclusion Statement**
As required by the ASX Listing Rules the Company will disregard any votes cast by each of Messrs Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr and their respective associates (as defined in the ASX Listing Rules) on Resolutions 2, 3, 4, 5, 6, 7 and 8 respectively.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

- 2.5 If approval is given under ASX Listing Rule 10.11 approval is not required under ASX Listing Rule 7.1 (please see Section 1.1 (above) for details of ASX Listing Rule 7.1).

2.6 As required by the Corporations Act a vote must not be cast on each of Resolutions 2 - 8 by a member of the Group's Key Management Personnel, or a Closely Related Party of such a person, acting as proxy, if their appointment does not specify the way the proxy is to vote on the Resolution. However, the Company will not disregard any proxy votes cast on each of Resolutions 2 - 8 by a member of the Group's Key Management Personnel if that person is the chair of the Meeting acting as proxy and their appointment as proxy expressly authorised the chair to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Group's Key Management Personnel.

2.7 Option Terms

The following is a summary of the material terms of the options proposed to be issued to Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr:

- (i) The options are options to subscribe for ordinary shares in the capital of the Company.
- (ii) The options are to be issued for no cash consideration.
- (iii) Shares issued on exercise of the options will rank *pari passu* with all existing ordinary shares of the Company from the date of issue.
- (iv) The options are exercisable at \$0.25 (25 cents) per option. There are otherwise no performance or vesting conditions for the exercise of the options.
- (v) The options may be exercised wholly or in part by notice in writing to the Company accompanied by payment of the exercise price multiplied by the number of shares in respect of which options are being exercised.
- (vi) In the case of each of Messrs Chan, Macnab, Fermanis, Sun, Parker and Lee the options will expire either (i) thirty (30) days after he ceases to be a director, employee or contractor of the Company for any reason other than retirement, permanent disability, redundancy or death, or he ceases to be beneficially entitled to the majority of the voting shares in his permitted nominee company; or (ii) at 5.00pm four years after the date of issue of the options, whichever is the earlier. In Mr. Starr's case the options will expire on 30 September 2017.
- (vii) The options will not be quoted on ASX.
- (viii) Upon allotment of shares pursuant to the exercise of options the Company will apply at its cost to have those shares quoted on the official list of ASX.
- (ix) Option holders do not participate in dividends unless the options are exercised.
- (x) Whilst an option holder does not have any participating rights in new issues of securities in the Company during the term of any options held, the option holder shall be afforded a period of at least 14 days before the record date to determine entitlements to the issue, to exercise the options.
- (xi) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of options, the exercise price of the options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the options which are not conferred on shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the options will remain unchanged.
- (xii) If there is a pro rata issue (except a bonus issue), the exercise price of an option may be reduced according to the following formula:

$$O^n = O - E \frac{[P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the option;
- O = the old exercise price of the option;
- E = the number of underlying securities into which one option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- (xiii) If there is a bonus issue to the holders of shares in the Company the number of Shares over which the option is exercisable may be increased by the number of Shares which the option holder would have received if the option had been exercised before the record date for the bonus issue.
- (xiv) If a takeover bid is made in relation to the Company, a scheme of arrangement proposed in relation to the Company, or a change of shareholding occurs which results in a person or persons being able to alter the majority composition of the Company's board of directors, options on issue may be exercised without restriction, subject to compliance with procedural requirements.

Chapter 2E Corporations Act 2001 (Cth)

- 2.8 Under Chapter 2E *Corporations Act 2001* (Cth) a public company must not give a "financial benefit" to a "related party" without shareholder approval unless an exception applies. ("Related party" includes a director of the public company and a person who has been a director of the public company within the last six months. The expression "financial benefit" is widely defined and includes the issue of securities in the company.) One of the exceptions is where the benefit is remuneration to a related party as an officer or employee of the company and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment).
- 2.9 In the present case the Company commissioned a valuation of the options proposed to be issued. That valuation is attached as **Annexure A** to this Notice of Meeting. The valuation concludes that the current values of the options proposed to be issued are as follows:

Director	No. of Options	Total Value of Options (\$)
Sam Chan	1,300,000	\$23,798
Peter Macnab	1,300,000	\$23,798
Tom Fermanis	1,300,000	\$23,798
Desmond Sun	1,300,000	\$23,798
Russ Parker	1,300,000	\$23,798
Lawrence Lee	1,300,000	\$23,798
Greg Starr	800,000	\$6,388

- 2.10 Accordingly the Company's directors consider that the issue of options as remuneration as proposed to each of Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr would be reasonable given the Company's circumstances and the circumstances of each of Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr. In particular, the Company's directors who provide services to the Company additional to usual Directors' services have of late accepted reduced pay for those services to enable the Company to conserve cash pending the Company's gold production generating sufficient revenue to cover costs. Although it is the intention that the Directors (and senior management personnel) eventually be reimbursed in full for back pay foregone the Directors (and senior management personnel) have accepted a degree of risk and made personal sacrifices to enable the Company to conserve cash. In addition, the Company's directors have not been paid directors' fees since August, 2014 to conserve cash for the Company. Again, the foregone directors' fees have been accrued but the same comments apply in respect of them. Accordingly the Directors consider that the issue of options to Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr as proposed would represent reasonable remuneration for the purposes of Chapter 2E Corporations Act and therefore Shareholder approval is not required for the purpose of Chapter 2E Corporations Act.

2.11 Other Information

(i) Related Parties' Interests

Each of Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr has a material personal interest in the outcome of Resolutions 2 - 8 respectively as it is proposed that options be granted to them (or their respective nominees) as set out in those agenda items. Messrs Chan,

Macnab, Fermanis, Sun, Parker, Lee and Starr have the following interests in equity securities in the Company:

Related Party	No. of Company's shares in which Related Party holds interest	% of total shares on issue ⁽¹⁾	No. of convertible notes ⁽²⁾ in which Related Party holds interest	No. of options over shares in the Company in which Related Party holds interest ⁽³⁾	No. of further options proposed to be issued to Related Party
S. Chan	107,301,841	62.44	100,241	500,000	1,300,000
P. Macnab	---	---	---	800,000	1,300,000
T. Fermanis	602,311	0.35	40	500,000	1,300,000
D. Sun	---	---	---	500,000	1,300,000
R. Parker	85,365	0.04	---	500,000	1,300,000
L. Lee	---	---	---	500,000	1,300,000
G. Starr	232,250	0.13	---	---	800,000
Total	83,909,599	62.96	100,281	3,300,000	8,600,000

(1) The number of Shares on issue as at the date of this Notice of Meeting is 171,301,841. The calculation is based on the assumption that none of the Company's options or convertible notes on issue as at the date of this Notice of Meeting are exercised or converted.

(2) Convertible notes are convertible into 100 Shares each subject to the terms of their issue.

(3) Options exercisable at \$0.25 (25 cents) each; expiring 30 September 2017. These options were previously issued with Shareholder approval.

If all of the options proposed to be issued (8,600,000 in total), together with the options on issue which were previously issued to the proposed recipients with Shareholder approval (3,300,000 in total), being a total of 11,900,000 options, are exercised, the following will be the effect on the holdings of shares in the Company of Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr:

Related Party	No. of Shares in which Related Party holds interest if options convert to Shares	% of Total Shares on Issue following issue of Shares upon exercise of options ⁽¹⁾
S. Chan	109,101,841	59.55
P. Macnab	2,100,000	1.14
T. Fermanis	2,402,311	1.31
D. Sun	1,800,000	0.98
R. Parker	1,885,365	1.02
L. Lee	1,800,000	0.98
G. Starr	1,032,250	0.56
Total	120,121,767	65.54

(1) Calculated based on the assumption that 11,900,000 options are issued (as referred to above) but none of the Company's other options or convertible notes on issue are exercised or converted, i.e. the total number of Shares increases from 171,301,841 to 183,201,841.

(ii) **Current Remuneration**

As Managing Director Mr Parker receives annual remuneration of \$200,000. As Exploration Director Mr Macnab is paid contracting fees from time to time at the rate of \$1,200 per day. As Director in charge of business development and investor relations Mr Fermanis receives annual remuneration of \$144,000. As Finance Director Mr Lee receives annual remuneration of \$85,000. Each of Messrs Chan, Macnab, Fermanis, Sun and Lee receives non-executive director's fees of \$35,000 per annum.

Details of remuneration paid by the Company to Messrs Chan, Macnab, Fermanis, Sun, Parker, Lee and Starr in the year ended 30 June 2014 are as follows:

	Short-term		Post-employment
	Base Fees/salary	Other	Superannuation
Non-executive Directors			
S W S Chan	35,000	-	-
T M Fermanis	35,000	144,000	-
L K K Lee ¹	2,301	-	-
R P Macnab	35,000	102,016	-
R D Parker	35,000	-	-
D T Y Sun	35,000	-	-
Executive Directors			
G B Starr, Managing Director	300,000	-	27,750

(1) Mr Lee was appointed a director of the Company on 5 June 2014.

(iii) **Dilution**

If Shareholders approve the issue of options as proposed in Resolutions 2 - 8 and all of those options and all incentive options on issue which were previously issued to the proposed recipients with Shareholder approval are subsequently exercised and converted to Shares the effect will be to dilute the shareholding of existing Shareholders by approximately 2.58% based on the number of shares on issue as at the date of this Notice (see the capital structure tables in Section 2.11(i) (above)). To the extent that the dilutionary impact caused by the issue of Shares upon exercise of the options will be detrimental to the Company the Company's Directors consider that this is more than offset by the advantages accruing to the Company through the retention of the services of Messrs Chan, Macnab, Fermanis, Sun, Parker and Lee on appropriate incentive terms and the desirability of adequately rewarding Mr Starr for his contributions in helping the Company to be in the position it is currently in.

(iv) **Valuation of the Options**

As mentioned in Section 2.9 (above) the Company commissioned a valuation of the options proposed to be issued. That valuation is attached as **Annexure A** to this Notice of Meeting and sets out the valuation methodology and the assumptions upon which the valuation is based.

The valuations do not necessarily represent the market values of the options or the tax values for taxation purposes to the option holder. The future value of the options may be up or down on the values noted in the valuation as it will primarily depend on the future value of a Share, and the time to expiry of the options.

(v) **ASX Best Practice Recommendations**

The Board notes that Recommendation 8.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (3rd edition)* (the current edition) includes the following:

Equity-based remuneration: *it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders. However, non-executive directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity.*

In the present case there are no performance hurdles attached to the options proposed to be issued to non-executive Directors Messrs Chan, MacNab, Fermanis, Sun and Lee.

(vi) **Taxation Consequences**

The options will be exercisable immediately such that under Australian tax law any discount to the market value of the options provided to recipients will be assessable to the recipient in the income year of grant. However, to the extent that the options have a nil monetary value, whether under general valuation principles or the special valuation methodology available under Australian tax law, there will be no discount

provided to recipients and no amount to be included in their assessable income in this regard. The granting of the options or any Shares upon exercise of the options does not have any tax impact to the Company.

(vii) **Market Price of the Company's Shares on the ASX**

The highest, lowest and last trading prices of the Company's shares on ASX during the last 12 months are set out below:

	Date	Price (\$)
Highest	15 July 2014	0.195
Lowest	28 May 2014, 29 May 2014	0.076
Last	29 May 2015	0.11

2.12 The Company's directors (excepting each individual Director in the case of the Resolution proposing the issue of options to him) recommend that Shareholders vote in favour of Resolutions 2 – 8 for the reasons set out above and, in particular, in Sections 2.2, 2.10 and 2.11(iii).

3. VOTING RIGHTS

The Board has determined that all of the shares of the Company will be taken, for the purposes of determining the right of shareholders to attend and vote at the Meeting, to be held by the persons who are registered in the Company's register of shareholders at 7.00 pm (AEST) on 1 July 2015 as the owners of those shares. Therefore transfers registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Meeting.

4. PROXIES

4.1 A Shareholder entitled to attend and vote at the Meeting may appoint:

- (i) one proxy if the Shareholder is only entitled to one vote at the meeting; or
- (ii) one or two proxies if the Shareholder is entitled to more than one vote at the meeting, to attend and vote at the meeting for the Shareholder.

4.2 A Shareholder may appoint an individual person or a body corporate as the Shareholder's proxy.

4.3 A body corporate appointed as a shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been provided to the Company.

4.4 A Shareholder who appoints two proxies may state on the Proxy Form what proportion or number of the Shareholder's votes the proxy may exercise. If a Shareholder appoints two proxies and does not specify the number or proportion of votes each proxy may exercise, each of the proxies may exercise half of the Shareholder's votes.

4.5 A proxy need not be a shareholder of the Company.

4.6 Section 250BB(i) Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and **if it does:**

- (i) the proxy need not vote on a show of hands but if the proxy does so the proxy must vote that way (i.e. as directed); and
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution the proxy must not vote on a show of hands; and
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on the proxy must vote on a poll and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair the proxy need not vote on the poll but if the proxy does so the proxy must vote that way (i.e. as directed).

4.7 Section 250BC Corporations Act provides that if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
 - (ii) the appointed proxy is not the chair of the meeting; and
 - (iii) at the meeting, a poll is duly demanded on the question that the resolution be passed; and
 - (iv) either of the following apply:
 - (a) if a record of attendance is made for the meeting – the proxy is not recorded as attending;
 - (b) the proxy does not vote on the resolution;
- the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

4.8 A Proxy Form is enclosed. If you wish to appoint a proxy or proxies you must complete the Proxy Form and deliver it to the Company, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy), **by no later than 10.00 am (New South Wales time) on Wednesday, 1 July 2015** to:

- (i) **by post:**
Crater Gold Mining Limited
Level 4, 15-17 Young St,
Sydney, NSW 2000; or
- (ii) **by delivery:**
Crater Gold Mining Limited
Level 4, 15-17 Young St,
Sydney, NSW 2000; or
- (iii) **by facsimile:**
(02) 9252 2335 (from within Australia)
(+612) 9252 2335 (from outside Australia)
- (iv) **by email:**
info@cratergold.com.au

5. CORPORATE REPRESENTATIVE

A Shareholder which is a body corporate may appoint an individual as the Shareholder's representative to attend and vote at the Meeting. The representative must bring the formal notice of appointment to the meeting, unless it has previously been provided to the Company.

6. OTHER INFORMATION

Queries in relation to the lodgement of proxies or other matters concerning the Annual General Meeting may be directed to the Company Secretary (Telephone: (07) 3367 1666).

7. INTERPRETATION

In this notice of meeting the following expressions have the following meanings:

"ASX" means Australian Securities Exchange.

"Board" means the Directors of the Company from time to time acting as a board.

"Closely Related Party" of a member of the Key Management Personnel of the Group has the meaning ascribed to it in the Corporations Act. (The expression includes, for example, certain of Key Management Personnel's family members, dependants and companies they control).

"Company" means Crater Gold Mining Limited ABN 75 067 519 779.

"Corporations Act" means the *Corporations Act 2001* (Cth).

"Directors" means the Directors of the Company.

"Group" means the Crater Gold Mining Limited group of companies comprising the consolidated entity referred to in the Company's 2014 Annual Report.

“Key Management Personnel” means those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

"Meeting" means the General Meeting of Shareholders convened for 3 July 2015 and any adjournment thereof.

“Section” means a section of this Explanatory Memorandum.

"Shares" means ordinary fully paid shares in the capital of the Company.

"Shareholder" means a shareholder of the Company.

CRATER GOLD MINING LIMITED
ABN 75 067 519 779

NOTICE OF GENERAL MEETING
(Date of Meeting: 3 July 2015)

ANNEXURE A

Valuation of director stock options

Report for Crater Gold Mining Limited

27 May 2015

SFG CONSULTING

Level 1, South Bank House
Cnr. Ernest and Little Stanley St
South Bank, QLD 4101

PO Box 29
South Bank, QLD 4101

Email: s.gray@sfgconsulting.com.au
Office: +61 7 3844 0684
Phone: +61 419 752 260

Instructions and valuation framework

1. SFG Consulting (**SFG**) has been retained by Crater Gold Mining Limited (**CGN**) to provide a valuation of stock options that will be issued to a number of its directors.
2. We are instructed that:
 - a) Two tranches of options (Tranche 1 and Tranche 2) will be issued to seven CGN directors;
 - b) Six directors will receive 1.3 million Tranche 1 options while a single director will receive 800,000 Tranche 2 options;
 - c) The options will be granted on or about the 15th of July 2015. Options in Tranche 1 will expire four years from the grant date while options in Tranche 2 will expire on the 30th of September 2017 (approximately 2.21 years from the issue date);
 - d) The options are standard call options (i.e., there are no threshold, milestone or barrier provisions);
 - e) The strike price for all of the options is set at \$0.25;
 - f) CGN does not presently pay dividends and is unlikely to pay any dividends prior to the maturity of the options.
3. It is well known in the option valuation literature, and in practice, that standard call options on a non-dividend paying stock can be valued using the Black-Scholes option valuation model. In some option valuation settings, the binomial option valuation model is used in preference to the Black-Scholes model. However, for a standard call option on a non-dividend paying stock, the binomial model will (by construction) produce exactly the same valuation estimate as the Black-Scholes model, but for discretisation error in the implementation of the binomial model. Consequently, in the present case we examine only Black-Scholes values as the binomial model will be redundant.

Parameter values

4. The Black-Scholes option valuation model is a mathematical formula that requires five input parameters. The input parameters, and the techniques that we use to estimate each of them, are set out below:
 - a) **Current stock price:** We use CGN's most recent close price of \$0.12 on the 26th of May 2015 as listed on the Thomson Reuters Datastream service with reference code A:CGNX;
 - b) **Exercise price:** The exercise price for all options is \$0.25;
 - c) **Time to maturity:** Tranche 1 options expire 4 years after they are issued. Tranche 2 options expire 2.21 years after they are issued;
 - d) **Risk-free rate of interest:** It is standard valuation practice to use the yield on Commonwealth Government bonds as an estimate of the risk-free rate of interest. We use the most recent zero coupon equivalent yields supplied by the Reserve Bank of Australia (**RBA**) as at the 30th April 2015. We select the zero coupon yield that's equal to the tranche's time to maturity, or interpolate between the straddling zero coupon yields in cases when there's no exact match.

The 4 year zero coupon yield for Tranche 1 is 1.95% p.a. and the 2.21 year interpolated zero coupon yield for Tranche 2 is 1.93% p.a.;

- e) **Stock return volatility:** Stock return volatility is estimated as the standard deviation of returns on the underlying stock, expressed in annualised terms. This standard deviation can be estimated from observed stock returns over an historical period. We estimate CGN's volatility 43.97% by annualizing the standard deviation of CGN's weekly Friday-to-Friday stock returns over the 6 months prior to the valuation date of the 26th of May 2015, excluding the weeks ending 15th of May 2015 and 22nd of May 2015.

On Friday the 8th of May 2015, CGN issued an ASX announcement notifying the market of their first sale of gold from the Crater Mountain PNG project. In the two weeks following this announcement, CGN's stock price experienced significantly increased volatility. CGN's first sale of gold represents a one-off event and the resulting stock price volatility is not reflective of future expected price movements. We therefore exclude the weeks ending 15th of May 2015 and 22nd of May 2015 in our volatility calculations to reflect this expectation.

Option valuation

5. We estimate the value of the relevant options using the parameter estimates set out above in the Black-Scholes option valuation model. The resulting valuation estimates are set out in Table 1 below.

Table 1 - Option Value Estimates

Director	Tranche	Number of Options	Time to Expiry (Years)	Stock Price	Exercise Price	Risk Free Rate	Volatility	Fair Value per Option	Total Value
P. Macnab	Tranche 1	1,300,000	4	\$0.12	\$0.25	1.95%	43.97%	\$0.0183	\$23,798
T. Fermanis	Tranche 1	1,300,000	4	\$0.12	\$0.25	1.95%	43.97%	\$0.0183	\$23,798
S. Chan	Tranche 1	1,300,000	4	\$0.12	\$0.25	1.95%	43.97%	\$0.0183	\$23,798
D. Sun	Tranche 1	1,300,000	4	\$0.12	\$0.25	1.95%	43.97%	\$0.0183	\$23,798
R. Parker	Tranche 1	1,300,000	4	\$0.12	\$0.25	1.95%	43.97%	\$0.0183	\$23,798
L. Lee	Tranche 1	1,300,000	4	\$0.12	\$0.25	1.95%	43.97%	\$0.0183	\$23,798
G. Starr	Tranche 2	800,000	2.21	\$0.12	\$0.25	1.93%	43.97%	\$0.0080	\$6,388

Sensitivity to volatility estimates

6. As described in 4e) above, we estimate CGN's volatility using weekly Friday-to-Friday returns over the 6 months prior to the 26th of May 2015, excluding the weeks ending 15th of May and 22nd of May. We have repeated the options valuation process using look-back periods longer than 6 months for both tranches in Tables 2 and 3. Note that using a 1 year look-back period generates an elevated volatility because of a single large 70% gain during July 2014.
7. During 2013 CGN's stock price decreased to the lowest possible price on the ASX (0.00001). At this point, any movement from the minimum tick size (0.00001) was producing a 100% daily gain. This situation was remedied by a 1:100 stock split in September 2013.
8. Because of the single 70% daily return in July 2014 and the tick size issue in September 2013, we have chosen to use a 6 month look-back period in valuing the two options tranches, as set out in Table 1 above.

Table 2 - Tranche 1 Volatility Estimates

Look-back Period	Estimated Volatility	Option Fair Value
6 Months	43.97%	\$0.0183
1 Year	72.41%	\$0.0452
2 Years	166.38%	\$0.1042
3 Years	171.51%	\$0.1058
4 Years	154.09%	\$0.0998
5 Years	142.43%	\$0.0947

Table 3 - Tranche 2 Volatility Estimates

Look-back Period	Estimated Volatility	Option Fair Value
6 Months	43.97%	\$0.0080
1 Year	72.41%	\$0.0265
2 Years	166.38%	\$0.0842
3 Years	171.51%	\$0.0864
4 Years	154.09%	\$0.0784
5 Years	142.43%	\$0.0723

CRATER GOLD MINING LIMITED
ABN 75 067 519 779

Level 4, 15-17 Young Street, Sydney, NSW
Telephone: (02) 9241 4224; Fax: (02) 9252 2335

PROXY FORM

I/We _____

of _____

being a shareholder(s) of Crater Gold Mining Limited ("the Company") and entitled to

_____ shares in the Company hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the general meeting of the Company to be held in the Meeting Room, offices of BDO, Level 11, 1 Margaret Street, Sydney, New South Wales on 3 July 2015 at 10.00 am (New South Wales time) ("the Meeting") and at any adjournment thereof in respect of _____ of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%. (The Company on request will supply an additional proxy form.)

If you wish to indicate how your proxy is to vote, please tick the appropriate boxes below. If no directions are given then, subject to anything to the contrary in the notice of the Meeting, your proxy may vote as your proxy thinks fit or may abstain.

The Chair of the Meeting intends to vote undirected proxies in favour of all proposed resolutions, including Resolutions 2 – 7 which deal with the issue of options to Directors of the Company. If you appoint the Chair of the Meeting as your proxy or the Chair of the Meeting is by default taken to have been appointed as your proxy (refer to Section 4.7 in the notice of the Meeting) unless you indicate otherwise by ticking the "For", "Against" or "Abstain" box for each of Resolutions 2 – 7 (see over page) you will be authorising the Chair of the Meeting to vote in accordance with the Chair's voting intentions on each Resolution, even if the Resolution (as is the case for Resolutions 2 - 7) is connected directly or indirectly with the remuneration of a member or members of the Crater Gold Mining Limited group of companies' Key Management Personnel.

(Please note that the above statement as to how the Chair of the Meeting intends to vote undirected proxies expresses the Chair's intention as at the date of the notice of the Meeting. In exceptional circumstances the Chair's intention may change subsequently. If there is a change to how the Chair intends to vote undirected proxies the Company will make an announcement to ASX advising of that fact and explaining the reason for the change).

[Continued on reverse side]

I/we direct my/our proxy to vote as indicated below:

RESOLUTION	FOR	AGAINST	ABSTAIN
1. Ratification of issue of shares to contractors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Issue of options to Director S. Chan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Issue of options to Director P. Macnab	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of options to Director T. Fermanis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of options to Director D. Sun	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of options to Director R. Parker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of options to Director L. Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Issue of options to former Director G. Starr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed/executed this _____ day of _____ 2015

If a **natural person(s)**:

Signature(s)

Full Name(s)

If a **company**:

EXECUTED by _____)
_____)
in accordance with its _____)
Constitution _____)

Director/Sole Director

Director/Secretary

Name (Printed)

Name (Printed)

If by **power of attorney**:

SIGNED for and on behalf of _____)
_____)
by _____)
_____ under a Power of Attorney dated _____)
and who declares that he/she has not _____)
received any revocation of such Power of Attorney in the _____)
presence of :

Signature of Attorney

Signature of Witness

[N.B. After completing this proxy form, please deliver it to the Company in accordance with Section 4.8 of the Explanatory Memorandum in the Notice of the Meeting]