

2 August 2016

Australian Securities Exchange

Market Announcements Platform
Australian Securities Exchange

UNDERWRITTEN NON-RENOUNCEABLE RIGHTS ISSUE TO RAISE \$2.12 MILLION

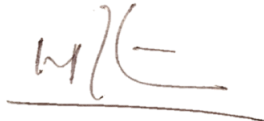
Crater Gold Mining Limited (“**Crater**”, or “the **Company**”) recently announced a non-renounceable pro-rata rights issue of one (1) share for every eight (8) shares held at A\$(0.07) (7 cents) per share to raise approximately \$2,121,485 before costs (“the Rights Issue”).

The following documents are now attached for release:

1. Letter to Shareholders dated 2 August 2016.
2. Letter to Optionholders dated 2 August 2016.
3. Appendix 3B dated 2 August 2016.
4. Cleansing Notice.

Yours Sincerely

Crater Gold Mining Limited



Heath Roberts
Company Secretary

2 August 2016

[Shareholder]

UNDERWRITTEN NON-RENOUCEABLE 1 FOR 8 RIGHTS ISSUE

On 27 July 2016 the Company notified the Australian Securities Exchange (“**ASX**”) that it will undertake a one (1) for eight (8) non-renounceable pro rata rights issue to raise up to \$2,121,485 through the issue of up to 30,306,929 fully paid ordinary shares at \$0.07 (7 cents) per share (“**Rights Issue**”). Eligible shareholders will be offered the opportunity to purchase one (1) share for every eight (8) shares held by them as at 7:00pm AEST on the record date of Friday, 5 August 2016. The shares issued will rank equally in all respects with the existing shares on issue in the Company. All fractional entitlements to shares will be rounded up to the nearest whole number.

Funds raised from the Rights Issue will be used to reduce debt due to Freefire Technology Ltd as well as to cover general administration costs and for working capital generally.

Only those shareholders with registered addresses in Australia, New Zealand and Hong Kong (“**Eligible Shareholders**”) will be eligible to participate in the Rights Issue. The Company’s directors have determined that it would be unreasonable to make offers to shareholders in other countries given the number and value of shares that would be offered and the cost of complying with legal and regulatory requirements in other countries. If you are not eligible to participate in the Rights Issue you have been sent this letter for information purposes only.

Eligible Shareholders may apply for shares in addition to their pro rata entitlement under the Rights Issue to the extent that there is any shortfall. Any such additional shares will be allocated at the discretion of the Company, provided that if any shareholder who takes up shares in addition to their pro rata entitlement would as a result hold greater than 19.9% of the shares in the Company following completion of the Rights Issue the number of additional shares they would be issued will be scaled back so that they do not hold greater than 19.9%. Additionally, the Company intends to scale back applications on a pro rata basis in the event of excess demand for such additional shares.

The Rights Issue will be conducted pursuant to section 708AA of the Corporations Act 2001 (Cth) (the “**Act**”). Consequently, the Rights Issue will be made without disclosure to shareholders pursuant to Part 6D.2 of the Act, ie. without a prospectus. A personalised Entitlement and Acceptance Form will be mailed to you. Your share entitlement will be shown on the Entitlement and Acceptance Form.

The Company currently has on issue:

1. 242,455,431 shares, all of which are quoted on ASX;
2. 138,190 convertible notes, all of which are quoted on the ASX; and

3. 21,100,000 options, none of which are quoted on ASX;

If all 30,306,929 shares are issued under the Rights Issue the Company will have on issue 272,762,360 shares. Application has been made to the ASX for quotation of all shares to be issued under the Rights Issue. If some or all of the options or convertible notes are exercised prior to the record date for the Rights Issue it this will impact the maximum number of New Shares that may be issued under the Rights Issue. However, the Company does not anticipate that any options or convertible notes will be exercised as the exercise price of each is above the offer price under the Rights Issue.

The Rights Issue is fully underwritten by Freefire Technology Limited (“**Freefire**”) on the terms of the Underwriting Deed between the Company and Freefire. The underwriting fee payable by the Company to Freefire is 6% of the amount underwritten. Further details pertaining to the underwriting agreement will be set out in the Rights Issue offer documentation.

No brokers have been appointed for the Rights Issue therefore no handling or other fees will be payable to brokers.

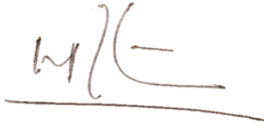
The timetable* for the Rights Issue is as follows:

Notice to Shareholders containing information in Appendix 3B	Tuesday, 2 August 2016
Shares Trade “Ex” the entitlements issue on the ASX	Thursday, 4 August 2016
Record Date to identify Eligible Shareholders and to determine Entitlements under the offer.	Friday, 5 August 2016
1. Despatch Offer and Entitlement and acceptance Form (“Opening Date”) 2. Advise ASX that despatch completed	Wednesday, 10 August 2016
Closing Date	Friday, 19 August 2016
Securities quoted on a deferred settlement basis	Monday, 22 August 2016
ASX notified of under-subscriptions	Wednesday, 24 August 2016
Expected commencement of trading of new shares on ASX. Send Share Holding Statements to Shareholders	Friday, 26 August 2016

*The timetable is indicative only and subject to change. Subject to the Act and the ASX Listing Rules, the Company reserves the right to vary the dates in connection with the Rights Issue, including the closing date, without prior notice. The Company, in conjunction with the underwriter, also reserves the right not to proceed with all or part of the Rights Issue at any time prior to the date of issue of the shares to be issued under the Rights Issue (in which event application monies will be refunded without interest).

If you have any questions regarding the Rights Issue or the Entitlement and Acceptance Form which will be sent to you please contact the Company Secretary, Heath Roberts (Tel: 0419 473925).

Yours Sincerely,
Crater Gold Mining Limited

A handwritten signature in brown ink, appearing to read 'H Roberts', is written over a horizontal line.

Heath Roberts
Company Secretary

2 August 2016

[Optionholder]

Dear Option Holder

UNDERWRITTEN NON-RENOUCEABLE 1 FOR 8 RIGHTS ISSUE

On 27 July 2016 the Company notified the Australian Securities Exchange (“**ASX**”) that it will undertake a one (1) for eight (8) non-renounceable pro rata rights issue to raise up to \$2,121,485 through the issue of up to 30,306,929 fully paid ordinary shares at \$0.07 (7 cents) per share (“**Rights Issue**”). Eligible shareholders will be offered the opportunity to purchase one (1) share for every eight (8) shares held by them as at 7:00pm AEST on the record date of Friday, 5 August 2016. The shares issued will rank equally in all respects with the existing shares on issue in the Company. All fractional entitlements to shares will be rounded up to the nearest whole number.

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 or Hong Kong). You would need to exercise the options in time to allow the underlying shares to be issued to you before 7.00 pm AEST on the rights issue record date of 5 August 2016. 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.

The timetable* for the Rights Issue is as follows:

Notice to Shareholders containing information in Appendix 3B	Tuesday, 2 August 2016
Shares Trade “Ex” the entitlements issue on the ASX	Thursday, 4 August 2016
Record Date to identify Eligible Shareholders and to determine Entitlements under the offer.	Friday, 5 August 2016

1. Despatch Offer and Entitlement and acceptance Form ("Opening Date")	Wednesday, 10 August 2016
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Expected commencement of trading of new shares on ASX.	Friday, 26 August 2016
Send Share Holding Statements to Shareholders	

*The timetable is indicative only and subject to change. Subject to the Act and the ASX Listing Rules, the Company reserves the right to vary the dates in connection with the Rights Issue, including the closing date, without prior notice. The Company, in conjunction with the underwriter, also reserves the right not to proceed with all or part of the Rights Issue at any time prior to the date of issue of the shares to be issued under the Rights Issue (in which event application monies will be refunded without interest).

If you have any questions regarding the Rights Issue or the Entitlement and Acceptance Form which will be sent to you please contact the Company Secretary, Heath Roberts (Tel: 0419 473925).

Yours Sincerely,
Crater Gold Mining Limited



Heath Roberts
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Crater Gold Mining Ltd

ABN

75 067 519 779

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 30,306,929 (approx; rights issue subject to rounding) |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares coded 'CGN' |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes, fully paid ordinary shares coded 'CGN'</p>
<p>5 Issue price or consideration</p>	<p>\$0.07 (7 cents) per share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To repay debt to Freefire Technology Ltd and for general working capital</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>27 November 2015</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>NA</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	NA						
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	NA						
6f	Number of +securities issued under an exception in rule 7.2	NA						
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	NA						
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	NA						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1						
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	New rights issue shares to be issued on or around 26 August 2016						
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">272,762,360</td> <td style="vertical-align: top;">Fully paid ordinary shares (ASX Code: CGN)</td> </tr> <tr> <td style="vertical-align: top;">138,190</td> <td style="vertical-align: top;">Convertible notes, convert \$25.00 each, mature 3 years from issue date</td> </tr> </tbody> </table>	Number	+Class	272,762,360	Fully paid ordinary shares (ASX Code: CGN)	138,190	Convertible notes, convert \$25.00 each, mature 3 years from issue date
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272,762,360	Fully paid ordinary shares (ASX Code: CGN)							
138,190	Convertible notes, convert \$25.00 each, mature 3 years from issue date							

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class												
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <tr> <td>4,600,000</td> <td>Options, \$0.25 exercise price each, expiring 30 September 2017</td> </tr> <tr> <td>2,100,000</td> <td>Options, \$0.25 exercise price each, expiring 30 September 2017 (ESOP)</td> </tr> <tr> <td>7,800,000</td> <td>Options, \$0.25 exercise price each, expiring 27 July 2019</td> </tr> <tr> <td>800,000</td> <td>Options, \$0.25 exercise price each, expiring 30 September 2017</td> </tr> <tr> <td>5,800,000</td> <td>Options, \$0.25 exercise price each, expiring 27 July 2019</td> </tr> <tr> <td>9,000,000</td> <td>Options, \$0.125 exercise price each, expiring 12 July 2020</td> </tr> </table>	4,600,000	Options, \$0.25 exercise price each, expiring 30 September 2017	2,100,000	Options, \$0.25 exercise price each, expiring 30 September 2017 (ESOP)	7,800,000	Options, \$0.25 exercise price each, expiring 27 July 2019	800,000	Options, \$0.25 exercise price each, expiring 30 September 2017	5,800,000	Options, \$0.25 exercise price each, expiring 27 July 2019	9,000,000	Options, \$0.125 exercise price each, expiring 12 July 2020
4,600,000	Options, \$0.25 exercise price each, expiring 30 September 2017													
2,100,000	Options, \$0.25 exercise price each, expiring 30 September 2017 (ESOP)													
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800,000	Options, \$0.25 exercise price each, expiring 30 September 2017													
5,800,000	Options, \$0.25 exercise price each, expiring 27 July 2019													
9,000,000	Options, \$0.125 exercise price each, expiring 12 July 2020													
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	NA												

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1:8

+ See chapter 19 for defined terms.

14	+Class of +securities to which the offer relates	Fully paid ordinary shares coded 'CGN'
15	+Record date to determine entitlements	Friday 5 August 2016
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Rounded up
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries other than Australia, New Zealand and Hong Kong
19	Closing date for receipt of acceptances or renunciations	Friday 19 August 2016
20	Names of any underwriters	Freefire Technology Limited
21	Amount of any underwriting fee or commission	6%
22	Names of any brokers to the issue	NA
23	Fee or commission payable to the broker to the issue	NA
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	NA
25	If the issue is contingent on security holders' approval, the date of the meeting	NA

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Wednesday 10 August 2016
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	2 August 2016
28	Date rights trading will begin (if applicable)	NA
29	Date rights trading will end (if applicable)	NA
30	How do security holders sell their entitlements <i>in full</i> through a broker?	NA
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	NA
32	How do security holders dispose of their entitlements (except by sale through a broker)?	NA
33	⁺ Issue date	26 August 2016

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible

⁺ See chapter 19 for defined terms.

securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over

- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought

- 39 +Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.

+ See chapter 19 for defined terms.


- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 2 August 2016
Company secretary)

Print name: Heath L Roberts

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	171,825,400
<i>Add</i> the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	16,250,000 approved res 1 13/11/2016 25,110,835 Appendix 3B 18/11/2016, approved res 2 13/11/2015 10,000,000 approved res 2 21/06/2016 6,250,000 approved res 1 21/06/2016 30,306,929 rights issue Appendix 3B 02/08/2016
<i>Subtract</i> the number of fully paid +ordinary securities cancelled during that 12 month period	0
“A”	259,743,164

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	38,961,475
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>12,590,625 fully paid ordinary shares</p> <p>4,000,000 options Appendix 3B 12/07/2016</p> <p>428,571 shares appendix 3B 22/07/2016</p>
“C”	17,019,196
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	38,961,475
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	17,019,196
<p>Total [“A” x 0.15] – “C”</p>	<p>21,942,279</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	259,743,164
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	25,974,316
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	6,250,000 Appendix 3B 16/02/2016
“E”	6,250,000

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	25,974,316
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	6,250,000
Total [“A” x 0.10] – “E”	19,724,316 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

2 August 2016

Australian Securities Exchange

Market Announcements Platform
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**RIGHTS ISSUE CLEANSING NOTICE UNDER SECTION 708AA(2)(f) OF THE
CORPORATIONS ACT 2001**

This Notice is given by Crater Gold Mining Limited (“**CGN**” or “the **Company**”) under *Section 708AA(2)(f) of the Corporations Act 2001 (Cth)* (the “**Act**”) as notionally modified by ASIC Class Order 08\35.

On 27 July 2016, CGN announced a non-renounceable, pro-rata Rights Issue (the “**Rights Issue**”) of one (1) fully paid Ordinary Share (“**New Shares**”) for every eight (8) ordinary shares held as at 7.00pm (AEST) on Friday, 5 August 2016 by CGN’s Eligible Shareholders. The issue price for each New Share under the Rights Issue will be A\$0.07 (7 cents).

CGN advises that:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act;
- (b) this Notice is being given under Section 708AA(2)(f) of the Act;
- (c) as at the date of this notice CGN has complied with:
 - i. the provisions of Chapter 2M of the Act as they apply to CGN; and
 - ii. Section 674 of the Act;
- (d) as at the date of this notice there is no excluded information of the type referred to in sub-sections 708AA(8) or (9) of the Act; and
- (e) the potential effect the Rights Issue will have on the control of CGN, and the consequences of that effect, will depend on a number of factors, including shareholder demand. The potential effect and the consequences of that effect are assessed further below.

The Company has on issue 242,455,431 Ordinary Shares, 138,190 Convertible Notes and 30,100,000 Options. The Company does not anticipate that a significant number of Convertible Notes or options, if any, will be exercised to take advantage of the Rights Issue.

The funds be raised under the Rights Issue will be applied towards reduction of loans due to Freefire Technology Limited, general administration costs and for its working capital requirements.

Further to paragraph e above and having regard to the composition of CGN's share register, the terms of the Rights Issue, the underwriting arrangements in place for the Entitlement Offer, and the nature of the Underwriters, CGN does not believe that any person (other than Freefire Technology Ltd ("Freefire")) will increase their percentage shareholding in CGN pursuant to the Rights Issue in a way which will have any material impact on the control of CGN.

Assuming no rights to take up shares are exercised by the convertible note holders or the option holders, the potential effect* of the issue of New Shares on the control of CGN is illustrated below:

POTENTIAL ACCEPTANCE	EFFECT ON CONTROL
1. If all eligible shareholders take up their full entitlement under the Right Issue	No effect on control. Freefire's shareholding would increase remain at approximately 54.85%.
2. If eligible shareholders, other than Freefire, take up only 50% of their full entitlement under the Rights Issue and Freefire takes up the shortfall in accordance with the Underwriting Agreement.	Freefire's shareholding would increase from 54.85% to 57.35%.
3. If Freefire is the only shareholder to take up its entitlements under the Rights Issue and it takes up the shortfall in accordance with the respective Underwriting Agreement.	Freefire's shareholding would increase from 54.85% to 59.86%

* If any of the option rights to take up shares, held by Freefire or other unrelated parties are exercised then Freefire's percentage of the shareholding in the Company would change.

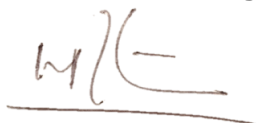
Eligible shareholders may apply for shares in addition to their pro rata entitlements under the Rights Issue to the extent that there is any shortfall. Any such additional shares will be allocated at the discretion of the Company, provided that if any shareholder who takes up shares in addition to their pro rata entitlement would as a result hold greater than 19.9% of the Shares in the Company following completion of the Rights Issue then the number of additional shares they would be issued will be scaled back so that they do not hold greater than 19.9%. Additionally, the Company intends to scale back applications on a pro rata basis in the event of excess demand for such additional shares.

The consequence of the change of control referred to in the above table would be to slightly increase Freefire's voting power at the Company's general meetings. The practical effect of this would be minimal.

Yours sincerely

Yours Sincerely

Crater Gold Mining Limited



Heath Roberts
Company Secretary