

22 July 2014

Australian Securities Exchange

Rights Issue Prospectus - Correction

The Company yesterday advised details of its underwritten non-renounceable 1 convertible note for 1,000 shares rights issue (**Rights Issue**) and released a copy of its prospectus for the Rights Issue. The prospectus released yesterday contained a typographical error – in section 6.3 “\$12.50” should be “\$1.25” and the relevant passage should read:

Each Convertible Note derives interest payable 6 monthly in arrears of 10% per annum (ie. \$1.25 every 6 months) and will be due for redemption in around July 2017.

A copy of the Company's prospectus containing the correction is attached.



John Lemon
Company Secretary

Crater Gold Mining Limited

ACN 067 519 779

Prospectus

For a fully underwritten non-renounceable rights issue of up to 138,190 Convertible Notes to be issued at a price of \$25.00 per Convertible Note on the basis of 1 Convertible Note for every 1,000 Shares held as at 7:00pm (EST) on the Record Date to raise approximately \$3,454,750

This Prospectus provides important information about the Company and the securities being offered by the Company. You should read the entire document including the Application Form. This Prospectus is a transaction-specific document issued in accordance with section 713 of the Corporations Act, 2001. If you have any questions about the Convertible Notes being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. The Convertible Notes offered under this Prospectus should be considered as speculative.

Important Notice

This Prospectus is dated 21 July 2014 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the Convertible Notes offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will apply for the Convertible Notes to be quoted on the ASX within 7 days of the date of this Prospectus. If the Convertible Notes have not been admitted to quotation within 3 months of the date of this Prospectus the provisions of s724(2) of the Corporations Act will apply.

Nature of this Prospectus

This Prospectus is a "transaction - specific prospectus" for an offer of Convertible Notes convertible into continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act as permitted by ASIC Class Order 00/195. Section 713 allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the Prospectus. In general terms "transaction - specific prospectuses" are only required to contain information in relation to the effect of the issue of Convertible Notes on the Company and the rights attaching to the Convertible Notes. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisors to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Shareholders with a registered address in Australia, New Zealand and Hong Kong can obtain a copy of this Prospectus during the Offer period on the Company's website at www.cratergold.com.au or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The Convertible Notes being offered under the Prospectus are offered in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made. There are differences in how securities are regulated under Australian law. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If Shareholders resident in New Zealand wish to make a complaint about the Offer, they may contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle any complaints.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

The Offer may involve a currency exchange risk. The currency for the securities is Australian dollars; not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant. Shareholders resident in New Zealand should expect the securities to pay amounts in Australian dollars and not New Zealand dollars, as such they may incur fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 3, the Company will apply to the ASX for quotation of the Convertible Notes offered under this Prospectus. If quotation is granted, the Convertible Notes offered under this Prospectus will be able to be traded on the ASX. Shareholders resident in New Zealand wishing to trade the securities through that market may have to make arrangements for a participant in that market to sell the securities on their behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to Shareholders resident in New Zealand about the securities and trading may differ from securities markets that operate in New Zealand.

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**C(WUMPO)**"), nor has it been authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). No action has been taken in Hong Kong to authorize or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Convertible Notes have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Convertible Notes has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under

the securities laws of Hong Kong) other than with respect to Convertible Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance).

No person to whom Convertible Notes are issued may sell, or offer to sell, such Convertible Notes, in the circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Convertible Notes.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Responsibility Statement By Trustee

The Trustee, Australian Executor Trustees Limited:

- (a) has not authorised or caused the issue, submission, dispatch or provision of this Prospectus and does not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- (b) has not assumed and none of its directors, employees, officers, affiliates, agents, advisors, intermediaries or related bodies corporate (each a "related person") assume any responsibility for the accuracy or completeness of any information contained in this Prospectus;
- (c) to the maximum extent permitted by law expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from this Prospectus, other than the references to its name;
- (d) has given, and has not, before the lodgement of this Prospectus with ASIC withdrawn, its written consent to be named in this Prospectus in the form and content in which it is named;
- (e) does not, nor does any related person make any representation as to the compliance with law, truth, accuracy and completeness of the contents of this Prospectus (including the summary of the rights of the holders of Convertible Notes and the obligations of the Trustee);
- (f) has relied on the Company for the compliance with law, truth, accuracy and completeness of the contents of this Prospectus (including the summary of the rights of the holders of Convertible Notes and the obligations of the Trustee); and
- (g) does not, nor does any related person, make any representation or warranty as to the performance of the Company or the Convertible Notes or the payment of interest or redemption of Convertible Notes.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as "anticipate", "estimate", "opportunity", "plan", "intend", "aim", "seek", "believe", "should", "will", "may" and similar expressions.

Privacy

Please read the privacy information located in section 4.11 of this Prospectus. By submitting an Application Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries

If you have any questions please call the Company Secretary on +61 7 3367 1666. Alternatively, consult your broker, accountant or other professional advisor.

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Corporate Directory

<p>Directors Sam Chan (Non-Executive Chairman)</p> <p>Greg Starr (Managing Director)</p> <p>Peter Macnab (Non-Executive Director)</p> <p>Tom Fermanis (Non-Executive Director)</p> <p>Desmond Sun (Non-Executive Director)</p> <p>Russell Parker (Non-Executive Director)</p> <p>Lawrence Lee (Non-Executive Director)</p> <p>Company Secretary John Lemon</p>	<p>Registered Office Level 4, 15-17 Young Street Sydney NSW 2000</p> <p>Telephone: (02) 9241 4224 Facsimile: (02) 9252 2335</p> <p>Website: www.cratergold.com.au Email: info@cratergold.com.au</p> <p>Trustee Australian Executor Trustees Limited Level 22 207 Kent Street Sydney NSW 2000</p> <p>Attention: Corporate Trust Fax: 02 90285942 E-mail corptrustnotes@aetlimited.com.au</p> <p>Share Registry Link Market Services Limited Level 15, 324 Queen Street Brisbane, QLD 4000</p> <p>Telephone: 1300 554 474 (within Australia) or +61 1300 554 474 (from outside of Australia) Facsimile: +61 2 9287 0303</p>
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1. TIMETABLE FOR THE OFFER

The proposed timetable for the offer of Convertible Notes is as follows:

1. Announcement of Rights Issue to ASX	Monday 21 July
2. Lodge Prospectus with ASIC & ASX	
3. Application to ASX for quotation of Convertible Notes (Appendix 3B)	
4. Advise option holders	
Notice to Shareholders containing information in Appendix 3B	Tuesday 22 July
Shares trade "Ex" the entitlements issue on the ASX	Wednesday 23 July
Record Date to identify Eligible Shareholders and to determine Entitlements under the Offer	Friday 25 July
1. Despatch of Prospectus and Entitlement and Acceptance Form to eligible shareholders	Wednesday 30 July
2. Advise ASX that despatch completed	
Closing Date	Monday 11 August
Securities quoted on a deferred settlement basis	Tuesday 12 August
ASX notified of under-subscriptions	Thursday 14 August
Issue Date	Monday 18 August
Deferred settlement trading ends	
Last day to confirm to ASX all info required by Appendix 3B.	
Expected commencement of trading of convertible notes on ASX	Tuesday 19 August

* Dates are indicative only. Subject to the Listing Rules, the Directors may vary the dates without prior notice.

2. LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Company I am pleased to invite you to participate in the Company's fully underwritten non-renounceable pro rata rights issue which gives you the opportunity to subscribe for 1 Convertible Note for each 1000 shares held at the Record Date at an issue price of \$25.00 per Convertible Note.

The Convertible Notes issue will raise approximately \$3.45 million. The purpose of this Convertible Note issue is to:

1. raise funds to progress the development of the Company's High Grade Zone ("HGZ") project at Crater Mountain, Papua New Guinea and working capital; and
2. repay approximately \$1,537,500 of debt.

A Mining Lease application was submitted for the HGZ project with the Papua New Guinea Mineral Resource Authority ("MRA") in March of this year. It was formally received by the MRA in May 2014. While the timing of the grant of the Mining Lease is subject to many factors, this fundraising assumes gold production in the 4th quarter of 2014. Gold production is expected to generate a positive cash flow for the Company enabling it to become self-sustaining for the very first time.

The Company has made excellent progress at the HGZ project over the past 9 months as demonstrated by drilling and underground development sampling results outlined in various announcements to the Australian Securities Exchange.

ASX quotation of these Notes will be sought and holders will have the option to convert their Notes to New Shares at \$0.25 per New Share. Noteholders will therefore have an opportunity to benefit from any increase in the Share price above \$0.25. The Company may redeem the Notes during the term of the Notes at a 25% premium to the principal of the Notes.

We believe that the interest rate, ASX quotation and conversion features of these Notes will make them attractive to most Shareholders.

To the extent Entitlements are not taken up by some Shareholders, those Notes will be allocated to Shareholders who have expressed interest in taking up more than their Entitlement on a pro rata basis based on each Applicant's entitlement to Notes under the Offer. Any shortfall then remaining will be taken up by the Underwriters.

The Offer closes at 5.00 pm (Sydney time) on 11 August 2014. To participate you need to ensure that your completed Application Form (with your Application Moneys) is received by the Company OR that you have paid your Application Moneys via BPAY® prior to the Closing Date and time, in line with the instructions that are set out on the Entitlement and Acceptance Form. Please refer to the instructions in section 4.3 "Application for Securities" of this Prospectus for further information.

Full details of the Convertible Note issue are set out in this Prospectus. Please ensure you read this Prospectus in its entirety, including in particular section 6 relating to risks, before participating in this Offer. Before making an investment decision it would be prudent to seek

advice from your investment adviser.

We look forward to your consideration of the Rights Issue and your continued support.

A handwritten signature in black ink, appearing to be 'G. Starr', written over a light grey rectangular background.

Greg Starr
Managing Director

3. INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in Convertible Notes.

Question	Response	Where to find more information
What is being offered?	Under this Prospectus Shareholders may acquire 1 Convertible Note at an issue price of \$25.00 on the basis of 1 Convertible Note for every 1,000 Shares held (fractional entitlements rounded up to nearest whole number). Applicants may apply for Convertible Notes in excess of their Allocation.	Section 4.1 and 4.2
Purpose of the Offer	Funds raised from the issue of the Convertible Notes will be used for further development of the Company's Crater Mountain High Grade Zone Project and working capital, and to repay debt of \$1.5 million and accrued interest of approximately \$37,500 due to Freefire Technology Ltd a Company associated with the Company's Chairman Mr Sam Chan.	Section 5.1
What are the key terms of the Convertible Notes?	<p>The terms and Conditions of issue of the Convertible Notes are set out in the Conditions of Issue annexed to this Prospectus. A brief summary of key terms is as follows:</p> <ul style="list-style-type: none"> • The issue price or principal of each Convertible Note is \$25.00 per note. • Each Note may be converted into 100 shares at a conversion price of \$0.25 per Share. • Unsecured. • The Convertible Notes bear an interest rate of 10% per annum payable 6 monthly in arrears until and including the maturity date. • The maturity date is 3 years from the date of issue. • The Company may redeem the Convertible Notes prior to maturity by paying the principal of the Convertible Notes, a 25% premium on the principal and any outstanding accrued interest. 	Sections 4.2, 7.1, 8.5 and 11 (Annexure – Conditions of Issue)
Who is the Trustee?	Australian Executor Trustees Limited has agreed to act as the trustee in relation to the Convertible Notes pursuant to the terms of the	

Convertible Note Deed. The Convertible Notes are issued by the Company and not the Trustee and are subject to the terms and conditions contained in the Convertible Note Deed. A summary of the Convertible Note Deed is set out in section 8.5.

The interest payments on the Convertible Notes are obligations of the Company and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity.

The obligation to redeem Convertible Notes in accordance with their terms is a direct obligation of the Company. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity guarantees the redemption of or prepayment of any principal or payment of any interest under the Convertible Notes.

The Trustee is not responsible for monitoring the Company's compliance with the Convertible Note Deed nor the Company's business.

What is the Convertible Note Deed?

The Convertible Note Deed governs the terms on which the Convertible Notes are issued. The deed is between the Company and the Trustee. Applicants agree to be bound by the terms of the Convertible Note Deed.

Section 8.5

What are the key risks of a subscription under the Offer?

An investment in the Company has risks that you should consider before making a decision to invest. These risks include:

Section 6

- Exploration risks - The Company's Projects are early stage exploration tenements with significant exploration risk.
- The Company's future capital needs. Additional funding may be required to complete the proposed exploration and development program.
- As a junior explorer with currently no production or income, the Company is exposed to general market and economic condition risks.
- A delay in the grant of the Mining Licence may result in the Company needing to seek additional funding.

Please carefully consider these risks and the information contained in other sections of this

	Prospectus before deciding whether or not to apply for Convertible Notes.	
Is the Offer underwritten?	Yes. The Underwriter has underwritten the Convertible Notes issue for up to \$3,454,750. Accordingly up to 138,190 Convertible Notes may be issued to the Underwriter or its nominees by the Company.	Sections 4.5 and 8.4
How do I apply for Convertible Notes under the Offer?	Applications can be made by Shareholders by completing the Application Form accompanying this Prospectus (titled "Rights Issue – Entitlement & Acceptance Form") and sending it together with the relevant Application moneys to the Company's Share Registry, Link Market Services Ltd.	Section 4.3
Can I apply for more Convertible Notes than my Entitlement?	Yes. Shareholders can apply for additional Convertible Notes by completing section B on the Application Form accompanying this Prospectus. If the number of additional Convertible Notes applied for exceeds the Shortfall, the available additional Convertible Notes will be allocated amongst the Applicants pro-rata.	
When will I know if my Application was successful?	A holding statement confirming your allocation under the Offer will be sent to you on or about 22 August 2014.	Timetable
How can I obtain further advice?	Contact the Company Secretary on +61 7 3367 1666. Alternatively, consult your broker, accountant or other professional advisor.	
What are the Directors' intentions?	It is the intention of Freefire Technology Ltd (controlled by Director Sam Chan) to take up its full entitlement under the Rights Issue. Freeefire is also partially underwriting the Rights Issue. The other directors of the Company who hold shares in the Company (Messrs Starr, Fermanis and Parker) have not indicated they will take up all or any of their entitlements.	

4. DETAILS OF THE OFFER

4.1 Offer

This Prospectus contains a fully underwritten non-renounceable rights issue offer of 138,190 Convertible Notes to be issued at a price of \$25.00 per Convertible Note on the basis of 1 Convertible Note for every 1,000 Shares held on the Record Date to raise approximately \$3,454,750 (before the costs of the Offer) (Rights Issue). Fractional entitlements will be rounded up to the nearest whole number.

The purpose of the Rights Issue and the use of funds raised are set out in sections 3 and 5.1 of this Prospectus.

The Company currently has 6,475,679 Options on issue as at the date of this Prospectus. The terms and conditions of these Options do not allow for the participation by the Option Holders in new issues of the Convertible Notes. The Option Holders will, however, be entitled to exercise their Options (provided any pre-conditions to exercise are met) during the time period set out in the ASX Listing Rules in order to participate in the Rights Issue.

4.2 Conditions of Issue of the Convertible Notes

The terms and conditions attaching to the Convertible Notes are set out in the Conditions of Issue annexed to this Prospectus. A brief summary of the key terms and conditions are set out below. This information should be read in conjunction with other information in this Prospectus and, in particular, the terms of the Convertible Notes set out in Section 7.1 and the terms of the Convertible Note Deed set out in Section 8.5 which governs the terms and conditions on which the Convertible Notes are issued.

Issuer:	Crater Gold Mining Limited ACN 067 519 779
Trustee:	<p>Australian Executor Trustees Limited has agreed to act as the trustee in relation to the Convertible Notes pursuant to the terms of the Convertible Note Deed. The Convertible Notes are issued subject to the terms and conditions contained in the Convertible Note Deed. A summary of the Convertible Note Deed is set out in section 8.5. This summary has been prepared by the Company and not the Trustee.</p> <p>The interest payments on the Convertible Notes are obligations of the Company and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity.</p> <p>The obligation to redeem Convertible Notes in accordance with their terms is a direct obligation of the Company. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity guarantees the redemption of or prepayment of any principal under the Convertible Notes.</p> <p>The Trustee is not responsible for monitoring the Company's compliance with the Convertible Note Deed nor the Company's business.</p>

Issue Price/Principal	\$25.00 per Note
Conversion Basis	100 shares for every Convertible Note
Maturity Date	3 years from the date of issue
Interest Rate	10% per annum payable 6 monthly in arrears until and including the Maturity Date. Accrued interest will also be paid in the event of an earlier redemption.
Security	Nil
Early Redemption	The Company may, on giving 10 days written notice to the holders of Convertible Notes, redeem all Convertible Notes on issue upon paying to the holders of Convertible Notes the principal, a 25% premium on the principal and any outstanding accrued interest.
Conversion Rights	Convertible Notes may be converted into Shares at the rate of 100 shares per Convertible Note on the last day of each 3 monthly period and at maturity, The Noteholder may convert the Convertible Note prior to the maturity date in the event of a takeover event as described in the conditions of issue.
Participation Rights	Holders of Convertible Rights are not entitled to participate in Rights Issues, any return of capital, bonus issue or capital reconstruction. However, the conversion ratio will be adjusted in the case of a Rights Issue, return of excess capital or bonus issue. In the case of capital reconstructions, the Convertible Notes will be reconstructed in accordance with the ASX Listing Rules.
Voting	At a meeting of Convertible Note Holders, Holders of Convertible Notes shall have one vote on a show of hands and one vote per Convertible Note on a poll. In the case of a special resolution voting will be on a poll.

The Company will, within the 7 days of the date of this Prospectus, apply for the Convertible Notes to be quoted on the ASX. If quotation is not granted within 3 months of the date of this Prospectus the provision of s.724 of the Corporations Act should apply.

4.3 Application for Securities

Application for Convertible Notes must be made on the Application Form (titled "Rights Issue – Entitlement & Acceptance Form") accompanying this Prospectus. A duly completed Application Form will constitute an offer by the Applicant to subscribe for the number of Convertible Notes applied for on the terms set out in this Prospectus pursuant to the Application Form and an agreement to be bound by the terms of the Convertible Note Deed. In the calculation of any Entitlement, fractions will be rounded up to the nearest whole number.

You may participate in the Rights Issue as follows:

- (a) If you wish to accept your Entitlement in full:
 - (i) Complete the Application Form, filling in the details in the spaces provided;

and

- (ii) Pay by BPAY using the biller code and reference on the Application Form or attach your cheque for the amount indicated on the Application Form and mail or deliver to one of the addresses set out below no later than the Closing Date; or
- (b) If you only wish to accept part of your Entitlement:
 - (i) Fill in the number of Convertible Notes you wish to accept in the space provided on the Application Form; and
 - (ii) Pay by BPAY using the biller code and reference on the Application Form or attach your cheque for the appropriate application monies (at \$25.00 per Convertible Note); or
- (c) If you wish to accept your Entitlement in full and apply for additional Convertible Notes:
 - (i) Complete the Application Form, filling in the details in the spaces provided; and
 - (ii) Fill in the number of additional Convertible Notes you wish to apply for in the space provided marked B on the Application Form; and
 - (iii) Pay by BPAY using the biller code and reference on the Application Form or attach your cheque for the appropriate application monies (at \$25.00 per Convertible Note);
- (d) If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

<p>Mailing Address Crater Gold Mining Limited c/- Link Market Services Ltd Locked Bag 3415 Brisbane QLD 4001</p>	<p>Deliveries Crater Gold Mining Limited c/- Link Market Services Ltd 1A Homebush Drive Rhodes NSW 2138</p>
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4.4 Top Up Facility

Under the Top Up Facility, Shareholders may apply for additional Convertible Notes in excess of their Entitlement by completing section B in the Application Form. The price paid will be the issue price of \$25.00 per additional Convertible Note.

Application for additional Convertible Notes can only be satisfied to the extent to which there is a shortfall in subscriptions under the Offer (Shortfall). No additional Convertible Notes will be made available to satisfy Applications for additional Convertible Notes.

If the number of additional Convertible Notes applied for is less than that available from the Shortfall, all Shareholders will be allocated the number of additional Convertible Notes applied for in full.

If more additional Convertible Notes are applied for than are available from the Shortfall, the Company will allocate those additional Convertible Notes to Applicants pro-rata to their

Entitlements.

It is possible that there will be few or no additional Convertible Notes available for issue. Applicants may be allotted a lesser number of additional Convertible Notes than applied for and will be refunded excess application monies without interest.

4.5 Shortfall Offers

Any Convertible Notes not taken up under the Rights Issue or the Top Up Facility will form the Entitlement Shortfall. The Underwriters have agreed to take up and receive all of the Entitlement Shortfall in accordance with the terms of the Underwriting Agreements.

The issue price of any Convertible Notes the subject of the Entitlement Shortfall shall be \$25.00 per Convertible Note, being the price at which the Convertible Notes are being offered to Shareholders pursuant to this Prospectus.

4.6 Trustee and Convertible Note Deed

Australian Executor Trustees Limited has agreed to act as the Trustee for the Convertible Noteholders. The Convertible Notes are issued subject to the terms and conditions contained in the Convertible Note Deed. A summary of the Convertible Note Deed (prepared by the Company) is set out in Section 8.5. A copy of the Convertible Note Deed is available on the Company's website. Applicants agree to be bound by the terms of the Convertible Note Deed.

4.7 Allotment of Convertible Notes

Convertible Notes issued pursuant to this Prospectus will be allotted as soon as practicable after the Closing Date and in accordance with the ASX Listing Rules and timetable set out in Section 1 of this Prospectus.

Holding statements for Convertible Notes issued under the Offer will be issued in accordance with the timetable set out in Section 1 of this Prospectus.

4.8 Australian Securities Exchange Listing

Application for Official Quotation of the Convertible Notes offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 1 of this Prospectus and in any event within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), all applications will be dealt with in accordance with s724 of the Corporations Act.

The fact that ASX may grant Official Quotation to the Convertible Notes is not to be taken in any way as an indication of the merits of the Company or the Convertible Notes now offered for subscription.

4.9 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Only Shareholders who are registered at the Record Date with registered addresses in Australia, New Zealand and Hong Kong will be able to participate in the Offer. Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to acquire Convertible Notes under the Offer.

4.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Convertible Note certificates. The Company is a participant in CHES for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Information provided to Australian Executor Trustees Limited ABN 84 007 869 794. AFSL 240023 ("AET") is primarily used for the purpose of providing trustee services and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details to its related bodies corporate, to the Company, AET's professional advisers, regulators and/or as otherwise instructed by the Company. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy.

4.12 Enquiries

Any questions concerning the Offer should be directed to John Lemon, Company Secretary, on +61 7 3367 1666.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Introduction

The purpose of the Offer is to raise approximately \$3,454,750 before the expenses of the Offer.

The proceeds from the Offer will be used for the purposes set out below:

Description	Amount (\$)
Development of the Crater Mountain High Grade Zone Project and working capital	\$1,590,250
Repayment of Freefire Technology*	\$1,537,500
Expenses of the Offer	\$327,000
TOTAL	\$3,454,750

* Pursuant to a loan agreement with Freefire Technology Limited dated 9 May 2014 (as amended) an event of default arises if the Mining Lease for the High Grade Zone at the Company's Crater Mountain Project is not granted by 31 July 2014. The Company intends to repay the loan with the proceeds of this issue to Freefire, a company associated with Mr Sam Chan the Company's Non-Executive Chairman. Mr Chan therefore has an interest in the repayment of the loan.

The funds raised from the Offer less the expenses of the Offer are to be used to further develop the Company's Crater Mountain High Grade Zone Project and for working capital, and to repay approximately \$1,537,500 to Freefire Technology Ltd.

In March 2014 the Company applied for a Mining Lease which would enable production up to 50,000 tonnes of ore per annum as at the Crater Mountain High Grade Zone Project. As at the date of this Prospectus the application for the Mining Lease has not been granted.

The Directors believe the funds raised from the Rights Issue will provide adequate funding for its current activities.

The issue of Convertible Notes is the preferred method of funding as it is long term, at competitive rates compared to other sources of finance and has the potential, if the Convertible Notes are converted, to supplement the equity base of the Company. The Rights Issue also gives all Shareholders an opportunity to participate in funding the Company's growth, with the potential to convert the Convertible Notes into an equity holding.

5.2 Effect of the Offer

The effect of the Offer on the capital structure of the Company is set out below, assuming no Options are exercised or other securities issued before the Record Date.

	Ordinary Shares	Options	Convertible Notes
Securities on issue as at the date of this Prospectus	136,435,320	6,475,679	Nil
Securities Offered to the Rights Issues	Nil	Nil	138,190

under this Prospectus			
Total Securities after Completion of Offer	136,435,320	6,475,679	138,190
Securities to be issued if all Convertible Notes under the Offer are converted.	13,819,000	Nil	Nil
Total Securities after conversion of all Convertible Notes offered under Offer	150,254,320	6,475,679	Nil

ISSUED SHARES - UNDILUTED BASIS

Table 1 below illustrates the potential effect of the Offer on the capital structure assuming that none of the existing Options that have been granted prior to the date of this Prospectus are exercised and various percentages of Convertible Notes are converted into Shares.

Table 1

	<u>Existing Shareholders</u>		<u>Eligible Shareholders</u>
	<u>Shares</u>	<u>Options</u>	<u>New Shares issued to CN holders</u>
Pre offer	136,435,320	6,475,679	-
	100.00%		0.00%
At completion of offer assuming 30% of CN holders convert to shares	136,435,320	6,475,679	4,145,700
	97.05%		2.95%
At completion of offer assuming 50% of CN holders convert to shares	136,435,320	6,475,679	6,909,500
	95.18%		4.82%
At completion of offer assuming 75% of CN holders convert to shares	136,435,320	6,475,679	10,364,250
	92.94%		7.06%
At completion of offer assuming 100% of CN holders convert to shares	136,435,320	6,475,679	13,819,000
	90.80%		9.20%

ISSUED SHARES - FULLY DILUTED BASIS

Table 2 below illustrates the potential effect of the Offer on the capital structure on a fully diluted basis assuming that all of the existing Options that have been granted at the date of this Prospectus are exercised and various percentages of Convertible Notes are converted into Shares.

Table 2

	<u>Existing Shareholders</u>		<u>Eligible Shareholders</u>
	<u>Shares</u>	<u>Options</u>	<u>New Shares issued to CN holders</u>
Pre offer	136,435,320	6,475,679	-
	95.47%	4.53%	0.00%
At completion of offer assuming 30% of CN holders convert to shares	136,435,320	6,475,679	4,145,700
	92.78%	4.40%	2.82%
At completion of offer assuming 50% of CN holders convert to shares	136,435,320	6,475,679	6,909,500
	91.07%	4.32%	4.82%
At completion of offer assuming 75% of CN holders convert to shares	136,435,320	6,475,679	10,364,250
	89.01%	4.22%	6.76%
At completion of offer assuming 100% of CN holders convert to shares	136,435,320	6,475,679	13,819,000
	87.05%	4.13%	8.82%

POTENTIAL EFFECT ON NET ASSETS PER SHARE

Table 3 below, illustrates the potential effect of the Offer on the net assets assuming various percentages of Convertible Notes are converted into Shares.

Table 3

	<u>Net assets per share (undiluted) ¹</u>	<u>Net assets per share (fully diluted) ²</u>
Pre offer	\$0.22	\$0.23 ⁷
At completion of offer assuming 30% of CN holders convert to shares	\$0.22 ³	\$0.23 ^{3, 7, 8}
At completion of offer assuming 50% of CN holders convert to shares	\$0.22 ⁴	\$0.23 ^{4, 7, 9}
At completion of offer assuming 75% of CN holders convert to shares	\$0.22 ⁵	\$0.23 ^{5, 7, 10}
At completion of offer assuming 100% of CN holders convert to shares	\$0.23 ⁶	\$0.23 ^{6, 7, 11}

Notes:

1. Net assets per share means the Company's total assets minus total liabilities as disclosed in the auditor reviewed balance sheet of the Company as at 31 December 2013, divided by the number of shares on issue.

2. Fully diluted basis means the total shares which would be on issue if all 6,475,679 existing options are exercised.
3. \$1m from the Convertible Notes issue will be retained if 30% of the CN are converted to 4,145,700 shares.
4. \$1.73m from the Convertible Notes issue will be retained if 50% of the CN are converted to 6,909,500 shares.
5. \$2.6m from the Convertible Notes issue will be retained if 75% of the CN are converted to 10,364,250 shares.
6. \$3.455m from the Convertible Notes issue will be retained if 100% of the CN are converted to 13,819,000 shares.
7. \$2.39m will be raised if all 6,475,679 options are exercised.
8. This is the Company's total assets minus total liabilities as disclosed in the auditor reviewed balance sheet of the Company as at 31 December 2013, adjusted to reflect receipt of \$1m (the retained proceeds of a 30% conversion of CN) and \$2.39m (the gross proceeds of the exercise of the 6.475m options currently on issue), divided by the number of shares on issue on a fully diluted basis.
9. This is the Company's total assets minus total liabilities as disclosed in the auditor reviewed balance sheet of the Company as at 31 December 2013, adjusted to reflect receipt of \$1.73m (the retained proceeds of a 50% conversion of CN) and \$2.39m (the gross proceeds of the exercise of the 6.475m options currently on issue), divided by the number of shares on issue on a fully diluted basis.
10. This is the Company's total assets minus total liabilities as disclosed in the auditor reviewed balance sheet of the Company as at 31 December 2013, adjusted to reflect receipt of \$2.6m (the retained proceeds of a 75% conversion of CN) and \$2.39m (the gross proceeds of the exercise of the 6.475m options currently on issue), divided by the number of shares on issue on a fully diluted basis.
11. This is the Company's total assets minus total liabilities as disclosed in the auditor reviewed balance sheet of the Company as at 31 December 2013, adjusted to reflect receipt of \$3.455m (the retained proceeds of a 100% conversion of CN) and \$2.39m (the gross proceeds of the exercise of the 6.475m options currently on issue), divided by the number of shares on issue on a fully diluted basis.

EFFECT ON DISTRIBUTIONS

The Company has not paid a dividend since it was incorporated. The Offer is not expected to affect any distributions that may be made by the Company in the future.

EFFECT ON FINANCIAL POSITION

To illustrate the effect of the Offer on the Company, below is a summary unaudited pro forma historical consolidated balance sheet which has been prepared based on the Company's auditor reviewed *Consolidated Balance sheet as at 31 December 2013. (* The balance sheet as at 31 December 2013 was audit reviewed which involves a lower level of review than a full audit).

The financial information is presented in an abbreviated form insofar as it does not include all of the disclosures applicable to annual financial reports prepared in accordance with the Corporations Act.

However, the accounting policies adopted in the preparation of the summary pro forma historical consolidated balance sheet are consistent with the accounting policies adopted and described in the Company's annual report for the year ended 30 June 2013 and should be read in conjunction with those reports.

The Company's actual position on completion of the Offer may differ from the position illustrated in the summary pro forma consolidated historical balance sheet.

PRO FORMA UNAUDITED HISTORICAL CONSOLIDATED BALANCE SHEET**Table 4**

Table 4 below sets out the pro forma unaudited historical Consolidate Balance Sheet prepared on the basis described above but assuming none of the existing options on issue are exercised.

	Actual Auditor Reviewed to	Note Issue	Pro-forma	Pro forma 31 December 2013 (auditor reviewed) assuming conversion of			
	31-Dec-13 \$	Adjustment \$	31-Dec-13 \$	30%	50%	75%	100%
ASSETS							
Current assets							
Cash and cash equivalents	2,059,356	3,454,750	5,514,106	3,095,781	3,786,731	4,650,419	5,514,106
Trade and other receivables	104,979		104,979	104,979	104,979	104,979	104,979
Total current assets	2,164,335	3,454,750	5,619,085	3,200,760	3,891,710	4,755,398	5,619,085
Non-current assets							
Other financial assets	37,319		37,319	37,319	37,319	37,319	37,319
Exploration and evaluation	28,121,742		28,121,742	28,121,742	28,121,742	28,121,742	28,121,742
Property, plant and equipment	750,968		750,968	750,968	750,968	750,968	750,968
Total non-current assets	28,910,029	-	28,910,029	28,910,029	28,910,029	28,910,029	28,910,029
Total Assets	31,074,364	3,454,750	34,529,114	32,110,789	32,801,739	33,665,427	34,529,114
LIABILITIES							
Current Liabilities							
Trade and other payables	599,132		599,132	599,132	599,132	599,132	599,132
Related party payables	39,172		39,172	39,172	39,172	39,172	39,172
Provisions	51,101		51,101	51,101	51,101	51,101	51,101
Total current liabilities	689,405	-	689,405	689,405	689,405	689,405	689,405
Non-current liabilities							
Interest-bearing liabilities	-	3,454,750	3,454,750	-	-	-	-
Total non-current liabilities	-	3,454,750	3,454,750	-	-	-	-
Total liabilities	689,405	3,454,750	4,144,155	689,405	689,405	689,405	689,405
Net Assets	30,384,959	-	30,384,959	31,421,384	32,112,334	32,976,022	33,839,709

	Actual Auditor Reviewed to	Note Issue	Pro-forma	Pro forma 31 December 2013 (auditor reviewed) assuming conversion of			
EQUITY							
Contributed equity	50,768,612		50,768,612	51,805,037	52,495,987	53,359,675	54,223,362
Reserves	1,723,716		1,723,716	1,723,716	1,723,716	1,723,716	1,723,716
Accumulated losses	(22,107,369)		(22,107,369)	(22,107,369)	(22,107,369)	(22,107,369)	(22,107,369)
Total Equity	30,384,959	-	30,384,959	31,421,384	32,112,334	32,976,022	33,839,709

5.3 Effect on control -

The exact effect on control depends upon the extent to which eligible Shareholders acquire Convertible Notes under this Offer.

As detailed in Sections 4.5 and 8.4 of this Prospectus, the Underwriter has agreed to fully underwrite this Offer. Accordingly, if no eligible Shareholders take up their entitlement under this Offer, the Underwriters and their Associates will acquire 138,190 Convertible Notes which upon conversion would mean they would have a relevant interest in an additional 13,819,000 Shares (9.2% of the Company's Shares), assuming no options are exercised prior to the Maturity Date of the Convertible Notes and no other securities are issued prior to that date. This would see the Underwriters holding a total of 98,035,133 or 65.25% of the Shares then on issue between them (with Freefire Technology Limited holding 89,349,984 Shares or 59.47% of the Shares then on issue and Bloom Star Investment Limited holding 8,685,149 Shares or 5.78% of the Shares then on issue).

6. RISK FACTORS

6.1 Introduction

The Convertible Notes offered under this Prospectus are considered speculative and involve investors being exposed to risk. The Directors strongly recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Convertible Notes pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Risks Specific to the Company

(a) Exploration Success

The mineral tenements in which the Company has an interest are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(b) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

(c) Resource Estimates

Resource estimates are not precise and involve expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates depend to a significant extent on interpretation of geological boundaries, which may prove to be inaccurate. Should the Company encounter unusual mineralisation to that predicted by past drilling and mining, resource estimates may have to be adjusted and feasibility studies may have to be altered in a way which could either benefit or adversely affect the Company's financial projections.

(d) Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company

to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in several currencies including Papua New Guinean Kina and the United States Dollar as well as the Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between these currencies and the Australian dollar as determined in international markets.

(e) Environmental Risks

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment applicable in the jurisdiction of those activities. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's practice to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The operations and proposed activities of the Company are dependent on receipt of approval from and compliance with all requirements of the relevant environmental authorities.

(f) Valuation of Tenements

This Prospectus does not rely upon any valuation of the mining tenements in which the Company has interests and makes no representation as to the value of those mining tenements. Investors and their advisers should make their own assessment as to the value of those mining tenements.

(g) Access Risk

The mineral tenements in which the Company has an interest may not be immediately accessible. The Company may be required to seek clearances and authorities as these tenements lie in a restricted area, and access will be contingent upon the issuing of such permits and approvals. Such approvals are of a standard nature.

(h) Title Risk

The mineral tenements in which the Company has an interest are governed by legislation and various conditions requiring compliance. Additionally, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments or it could be forced to relinquish an area it does not want to relinquish which could inadvertently result in the relinquishment of ground where a mineral deposit was present, but remained undiscovered.

(i) Sovereign Risk

While the country, Papua New Guinea, in which the Crater Mountain Project and Fergusson Island Gold Project are located, is generally regarded as politically stable, it may nevertheless be subject to social and economic uncertainty or the laws pertaining to tenure of title may change. This could result in the activities of the Company slowing or being rendered uneconomic, or affect its financial performance, the tenure of titles and the value of its assets.

(j) Timing of the Grant of the Mining Lease and initial production

As noted in section 5.1 the Directors believe the funds raised from the Rights Issue will provide adequate funding for its current activities. These activities include the development of the Crater Mountain High Grade Zone ("HGZ") and then the commencement of production following the grant of a Mining Lease.

However, the timing of the grant of the mining lease is subject to many factors outside of the company's control and as a result further funding may be required if there is significant delay in the grant of the Mining Lease.

Further, the geological nature of the HGZ is such that results may not be uniform causing volatility in initial planned cash flow from production.

6.3 Risks relating to Convertible Notes

Each Convertible Note derives interest payable 6 monthly in arrears of 10% per annum (ie. \$1.25 every 6 months) and will be due for redemption in around July 2017. The Company is currently a mining exploration company and does not currently derive significant revenues. If the Company is unable to commence mining operations or raise additional funds which will see it being able to fund its future activities and pay the accrued interest on the Convertible Notes or the principal of the Convertible Notes on maturity there is a risk that the interest and principal may not be repaid in full.

6.4 General Risks

(a) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings

and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) Taxation

The acquisition and disposal of Shares and Convertible Notes will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares and Convertible Notes from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

(e) Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. Further, without adequate funds raised the Company's going concern status may be at risk. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(f) Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(g) Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus

Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

7.1 Convertible Notes

The terms and conditions attaching to the Convertible Notes are set out in the Conditions of Issue annexed to this Prospectus. A brief summary of the terms and conditions is as follows:

- (a) The Convertible Notes will have an issue price of \$25.00 per Note. The Notes must each be paid for in full on application;
- (b) Interest will be payable on the Convertible Note at the rate of 10% per annum payable 6 monthly in arrears. Accrued interest will also be paid in the event of an earlier redemption;
- (c) The Maturity Date is three years from the date of issue of the Convertible Notes;
- (d) Each share issued on conversion will rank equally with all existing shares then on issue, except they will not be entitled to any dividend that has been declared or determined but not paid as at the conversion date;
- (e) The Company may, on giving 10 days' written notice to the holders of Convertible Note, redeem all Convertible Notes on issue upon paying to the holders of Convertible Notes the outstanding principle, a 25% premium on the outstanding principal and any outstanding accrued interest.
- (f) Convertible Notes may be converted into shares at the rate of 100 shares per Convertible Note on the last day of each 3 monthly period and at maturity. The Noteholders may convert the Convertible Notes before the maturity date in the event of a takeover event as defined in the Corporations Act;
- (g) Before conversion, holders of Convertible Notes are not entitled to participate in rights issues, any return of capital, bonus issue or capital reconstruction. However, the conversion ratio will be adjusted in the case of a rights issue, return of excess capital or bonus issue. In the case of capital reconstruction, the Convertible Notes will be reconstructed in accordance with the ASX Listing Rules;
- (h) The Convertible Notes will be unsecured.
- (i) At a meeting of Convertible Note Holders, Holders of Convertible shall have one vote of hands and one vote per Convertible Note on a poll. In the case of a special resolution voting will be on a poll.

7.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares which would be issued on conversion of the Notes. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares which would be issued on conversion of the Convertible Notes are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote except where a Shareholder has appointed two proxies, in which case neither proxy may vote on a show of hands; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act.

The Directors may set aside out of profits such amounts by way of reserves as they think appropriate before declaring a dividend or determining to pay a dividend.

Subject to the rights of persons (if any) entitled to Shares with special rights to dividends, all fully paid Shares on which any dividend is declared or paid, are entitled to participate in that dividend equally, and each partly paid Share is entitled to a fraction of the dividend declared or paid on a fully paid Share of the same class, equivalent to the proportion which the amount paid (not credited) on the Share bears to the total amounts paid and payable, whether or not called (excluding amounts credited) on the Share. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. Interest is not payable by the Company on a dividend.

If and to the extent authorised by resolution of the Company in general meeting, the Directors may establish a plan under which Shareholders or any class of shareholders may elect to reinvest cash dividends paid by the Company by subscribing for Shares.

If and to the extent authorised by resolution of the Company in general meeting, the Directors may resolve, in respect of any dividend which it is proposed to pay on any Shares, that holders of those Shares may elect to forego their right to share in the proposed dividend or part of the proposed dividend and instead receive an issue of Shares credited as fully paid.

Winding-Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets, and for that purpose, determine how he or she will carry out the division between the different classes of Shareholders, but may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability. The liquidator may, with the sanction of a special resolution of the Company, vest all or any of the Company's assets in a trustee or trusts determined by the liquidator for the benefit of the contributories.

Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

Variation of Rights

Under Section 246B of the Corporations Act, the Company may vary or abrogate the rights attaching to Shares with the sanction of a special resolution passed at a meeting of Shareholders or with the written consent of Shareholders with at least 75% of the votes of that class.

8. Additional Information

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities. The Company relies on ASIC Class Order 00/195 in issuing a Prospectus under Section 713 of the Corporations Act offering Convertible Notes.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Annual Financial Report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

14/07/2014	Gold Mining Plant Being Commissioned - HGZ Gold Project
07/07/2014	High Grade Gold Results continue from High Grade Zone
06/06/2014	Initial Director's Interest Notice – L. Lee
06/06/2014	Appointment of Director – Lawrence Lee
02/06/2014	High Grade Zone Drilling Results – Clarification
02/06/2014	High Grade Zone Drilling Results
09/05/2014	Loan Agreement
08/05/2014	Investorium Presentation – Clarification
30/04/2014	Quarterly Activities Report
29/04/2014	High Grade Gold Drilling Results
28/04/2014	Investorium Presentation
24/04/2014	Quarterly Cashflow Report
25/03/2014	Change of Director's Interest Notice – S Chan
14/03/2014	Half Yearly Accounts
25/02/2014	Release of Shares from Escrow
25/02/2014	Drilling to Delineate Measured Resource Commences at HGZ
24/02/2014	Mining Lease Application Lodged for HGZ Project
31/01/2014	Quarterly Cashflow Report
31/01/2014	Quarterly Activities Report
29/01/2014	Response to ASX Query
28/01/2014	Change of Director's Interest Notice – R. Parker
24/12/2013	Change of Director's Interest Notice - J Collins-Taylor
24/12/2013	Change of Director's Interest Notice - T Fermanis
24/12/2013	Change of Director's Interest Notice – S Chan
24/12/2013	Change in substantial shareholding
19/12/2013	Rights Issue – Results
26/11/2013	AGM Results
26/11/2013	AGM – Managing Director's Presentation
25/11/2013	Rights Issue – Despatch of Offer Documents
19/11/2013	Bonanza gold grades intersected at High Grade Zone
12/11/2013	Rights Issue – Letter to Shareholders
11/11/2013	Letter to Option Holders - Rights Issue
11/11/2013	Cleansing Notice – Rights Issue
11/11/2013	Appendix 3B – Rights Issue
11/11/2013	1 for 4 Non-Renounceable Rights Issue
31/10/2013	Appendix 5B
31/10/2013	Quarterly Activities Report
28/10/2013	Change of Director's Interest Notice - J Collins-Taylor
28/10/2013	Change of Director's Interest Notice – R Parker
28/10/2013	Change of Director's Interest Notice – D Sun
28/10/2013	Change of Director's Interest Notice – T Fermanis
28/10/2013	Change of Director's Interest Notice – P Macnab
28/10/2013	Change of Director's Interest Notice – G Starr
28/10/2013	Change of Director's Interest Notice – S Chan
28/10/2013	Annual General Meeting
28/10/2013	High grade gold bearing structures intersected - Crater Mtn
25/10/2013	Appendix 5B
17/10/2013	High Grade Zone - Independent Consultant Target Review
16/10/2013	Porphyry Cu-Au target at Crater identified - Airborne Survey
14/10/2013	High Grade Zone adit commenced at Crater Mountain, PNG
01/10/2013	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation, promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the offer of Securities pursuant to this Prospectus.

Directors' relevant interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options
Sam Chan	83,004,984 shares	500,000 options exercisable @ \$0.25 (25 cents) each expiring 30 September 2017
Greg Starr	301,000 shares	800,000 options exercisable @ \$0.25 (25 cents); expiring 30 September 2017
Peter Macnab	Nil	800,000 options exercisable @ 0.25 (25 cents) ; expiring 30 September 2017
Tom Fermanis	587,000 shares	500,000 options exercisable @ 0.25 (25 cents); expiring 30 September 2017
Desmond Sun	Nil	500,000 options exercisable @ 0.25 (25 cents); expiring 30 September 2017
Russell Parker	85,365 shares	500,000 options exercisable @ 0.25 (25 cents); expiring 30 September 2017
Lawrence Lee	Nil	Nil

Pursuant to a loan agreement with Freefire Technology Limited dated 9 May 2014 (as

amended) an event of default arises if the Mining Lease for the High Grade Zone at the Company's Crater Mountain Project is not granted by 31 July 2014. The Company intends to repay the loan with the proceeds of this issue to Freefire, a company associated with Mr Sam Chan the Company's Non-Executive Chairman. Mr Chan therefore has an interest in the repayment of the loan.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The Company paid to the Directors and former directors of the Company a total of \$531,473 (unaudited) for the year ended 30 June 2014. For the period from 1 July 2014 to the date of this Prospectus no amounts have been paid by the Company by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (and including superannuation payments).

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.3 Interests and Consents of Advisers

Other than as set out elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation, promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the offer of Securities pursuant to this Prospectus.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Matthews Folbigg have acted as legal adviser to the Company in connection with this Offer and the Underwriting. In aggregate the Company has paid or agreed to pay Matthews Folbigg approximately \$33,000 (plus GST and disbursements) for these services. Further amounts may be paid to Matthews Folbigg in accordance with its normal time based charges. Matthews Folbigg has given and has not withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

Link Market Services Limited has given and not withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

Bloom Star Investment Limited has given and not withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

Freefire Technology Limited has given and not withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

Australian Executor Trustees Limited has given and not withdrawn its consent to being named in this Prospectus in the form and context in which it is named and

- (a) has not made any statement or purported to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based; and
- (b) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from the Prospectus, other than the references to its name.

8.4 Material Contracts

The Company has entered into underwriting agreements with Freefire Technology Ltd and Bloom Star Investment Limited (together the "Underwriters") pursuant to which the Underwriters agree to fully underwrite the Offer, on the same terms and conditions, which are set out below ("Underwriting Agreements").

In consideration for the Underwriters agreeing to fully underwrite the Offer, the Company must pay a fee to each Underwriter of \$86,369 plus reasonable costs and expenses.

The Underwriters and the Company provide each other with standard representations and warranties typical of agreements of this type, including a warranty by the Company that it holds all licences, permits and approvals necessary to enable it to carry on each of its activities.

The Underwriters will provide Shortfall Application Forms and monies to the Company for the Shortfall by 15 August 2014.

The Underwriters may, by giving notice to the Company, terminate their underwriting obligations if any of the following termination events occur:

- (a) The Company does not announce the Offer in accordance with the timetable attached to the Underwriting Agreement.
- (b) Official quotation has not been granted within 7 days of the Shortfall Notice Deadline Date as defined in the Underwriting Agreements (or such other period mutually agreed between the parties);
- (c) The Company is delisted from the ASX;
- (d) The Company's securities become suspended from official quotation and that suspension is not lifted within 24 hours following such suspension;

- (e) ASX or ASIC redraws, revokes or materially amends any modification, exemption, declaration, waiver, direction, class order or ruling by ASIC or ASX that is required to enable the Company to conduct the Offer;
- (f) There is a delay in any specified date in the timetable annexed to the Underwriting Agreement such that the Company is in breach of the ASX Listing Rules;
- (g) This Prospectus does not contain all information required under the Corporations Act, the Listing Rules or any other relevant legislation or policies;
- (h) ASIC gives notice of any deficiency in the Offer or the Prospectus (and such notice is not withdrawn within 2 Business Days) or ASIC gives notice of an intention to hold a hearing, examination or investigation;
- (i) An event of insolvency occurs in respect of the Company (defined to include a liquidator or provisional liquidator being appointed or an application being made to the Court for the winding up of the Company);
- (j) The Company is prevented from allotting the Convertible Notes within the timetable annexed to the Underwriting Agreement or in accordance with the Corporations Act or the Listing Rules;
- (k) The takeovers panel makes a declaration of unacceptable circumstances;
- (l) There is an outbreak of hostilities involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan or the Peoples' Republic of China, Israel, Iran, Oman or any member of the European Union;
- (m) A director of the Company is charged with an indictable offence.

The Underwriter may also terminate the Underwriting Agreement if, in the reasonable opinion of the Underwriter reached in good faith, any of the following termination events occur and they are likely to have a material adverse effect (as defined in the Underwriting Agreement) or they could give rise to a reasonable possibility of contravention by the Underwriter of the Corporations Act or any other applicable law or liability of the Underwriter:

- (a) the Company is in default of a term or condition of the Underwriting Agreement;
- (b) any representation, warranty or undertaking given by the Company in the Underwriting Agreement becomes untrue or incorrect;
- (c) there is a material contravention by the Company of any provision of its Constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (d) any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of the Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (e) the Official Quotation, if granted is qualified or conditional other than as set out in the definition of Official Quotation in the Underwriting Agreement;
- (f) a prescribed occurrence occurs (defined in the Underwriting Agreement) to include the Company converting all or any of its shares into a larger or smaller number of shares, reducing share capital in any way, entering into a buy-back agreement, issuing or granting options prescribed for shares other than in accordance with the Underwriting Agreement;

- (g) issuing convertible notes other than as contemplated in the Underwriting Agreement, disposing or agreeing to dispose of the whole or a substantial part of the Company's business or properties, charging or agreeing to charge the whole or a substantial part of the Company's business or property, resolving that the Company be wound up, the appointment of a liquidator or provisional liquidator or the making of an order for the winding up of the Company.
- (h) judgment in an amount exceeding \$25,000 is obtained against the Company and is not set aside or satisfied within 7 days;
- (i) litigation or arbitration or industrial proceedings up to the date of the Underwriting Agreement commenced or threatened against the Company;
- (j) there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter;
- (k) there is a material change in the major or controlling shareholdings of the Company or a takeover offer is announced in relation to the Company;
- (l) there is a delay in any specified date in the timetable annexed to the Underwriting Agreement which is greater than 7 Business Days;
- (m) there is a force majeure effecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days;
- (n) the Company apart alters its capital structure in a manner not already disclosed to the Underwriter;
- (o) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (p) an event occurs which gives rise to a material adverse effect (as defined in the Underwriting Agreement) or any adverse change or any development including a prospective adverse change occurs after the date of the Underwriting Agreement in the assets, liability, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company.

8.5 Summary of the Convertible Note Deed

The Convertible Note Deed governs the terms and conditions on which the Convertible Notes are to be issued. Schedule 1 to the Convertible Note Deed contains the Conditions of Issue of the Convertible Notes. Applicants agree to be bound by the Convertible Note Deed. The Conditions of Issue of the Convertible Notes are annexed to this Prospectus. A summary of the terms of issue of the Convertible Notes is set out in sections 4.2 and 7.1 of this Prospectus.

The terms of the Convertible Note Deed take precedence over any other document, and the summary of the terms of issue of the Convertible Notes, set out in sections 4.2 and 7.1 and this Prospectus must be read subject to those terms.

The following is a summary of the Convertible Note Deed and is not intended to set out in detail all of its provisions. The Convertible Note Deed complies with section 283AB of the Corporations Act and sets out the duties of the Company and the Trustee as required by Chapter 2L of the Corporations Act. The Convertible Note Deed provides that the Convertible Notes are to be issued to such persons as the Company determines.

Australian Executor Trustees Limited has agreed to act as the trustee in relation to the Convertible Notes pursuant to the terms of the Convertible Note Deed. The Convertible Notes are issued subject to the terms and conditions contained in the Convertible Note Deed.

The interest payments on the Convertible Notes are obligations of the Company and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity.

The obligation to redeem Convertible Notes in accordance with their terms is a direct obligation of the Company. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity guarantees the redemption of or prepayment of any principal or the payment of any interest under the Convertible Notes.

The Trustee is not responsible for monitoring the Company's compliance with the Convertible Notes Deed nor the Company's business.

(a) **Company's obligations**

Under the Convertible Note Deed, the Company must:

- (i) carry on and conduct its businesses in a proper and efficient manner and in accordance with applicable laws and regulations;
- (ii) on request provide a copy of the Convertible Note Deed to a Convertible Noteholder or the Trustee;
- (iii) make available for inspection to the Trustee or to any registered company auditor appointed by the Trustee all of the financial or other records of the Company;
- (iv) notify the Trustee within 10 days of becoming aware that a material condition of the Convertible Note Deed cannot be fulfilled;
- (v) comply with the Convertible Note Deed;
- (vi) contemporaneously provide the Trustee a copy of any notice or other correspondence sent to Convertible Noteholders generally; and
- (vii) advise the Trustee if the Company creates any charge over its assets.

(b) **Reporting**

The Company is required to make its financial and other records available for inspection by the Trustee and to provide periodic reports on the financial performance of the Company, including the directors' reports and annual report, to the Trustee.

(c) **Trustee**

There are certain powers that the Trustees may exercise under the Convertible Note Deed if directed to do so by the Convertible Noteholders. The Trustee must exercise powers of enforcement against the Company where there has been an event of default in accordance with the terms of the documents and the Convertible Noteholders have resolved to enforce their rights.

The Trustee is not under any liability in connection with the Note Deed except in the circumstance of negligence, fraud or wilful default of the Trustee. In addition, without prejudice to any indemnity allowed by law, the Company has agreed to indemnify the Trustee for all liabilities and expenses incurred by the Trustee in the execution of any of the powers, authorities or discretions vested in the Trustee.

The power of appointing a new trustee is vested in the Company and the Company may in

certain circumstances remove the Trustee and appoint a new trustee. If on the expiration of a specified period after the Trustee gives notice that it wishes to retire, and a new trustee has not been appointed, the Borrower has the power to appoint a new Trustee without the requirement for Convertible Noteholders' approval. The Trustee makes no statement in this Prospectus and does not guarantee the payment of interest on the Convertible Notes, the repayment of the Issue Price of the Convertible Notes or any other obligations of the Company.

(d) **Meeting of Convertible Noteholders**

The Convertible Note Deed (in Schedule 2 to the Convertible Note Deed) contains provisions regarding meetings of Convertible Noteholders. Under the provisions, the Trustee or the Company may convene a meeting of the Convertible Noteholders by giving not less than 10 Business Days prior notice to the Convertible Noteholders. The Company must, upon delivery to the Convertible Note registry of an application by persons holding Convertible Notes representing not less than 10% in value of the total redemption amount, summon a meeting of Convertible Noteholders by providing the requisite notice.

If the meeting of Convertible Noteholders is to consider ordinary resolutions only, there will be a quorum for a meeting of Convertible Noteholders if Convertible Noteholders present in person or by proxy or, being a corporation, by proxy or duly authorised representative, represent at least 10% by number of the Convertible Noteholders and who between them hold more than 50% of the total redemption amount.

If the meeting of Convertible Noteholders is to consider any special resolution, there will be a quorum if the number of Convertible Noteholders present in person or by proxy, or being a corporation, by proxy or duly authorised representative, represent at least 50% by number of the Convertible Noteholders who between them hold more than 67% of the total redemption amount.

Every question submitted to a meeting of Convertible Noteholders must be decided in the first instance by a show of hands. At every meeting of Convertible Noteholders each Convertible Noteholder is entitled on a show of hands to 1 vote. At any meeting of Convertible Noteholders, a poll may be demanded by the Chairman or in writing by 5 or more Convertible Noteholders present in person, by proxy by attorney or by duly authorised representative and holding or representing at least 10% in value of the total redemption amount. On a poll every Convertible Noteholder will have 1 vote for every Convertible Note with respect to which they are the registered holder.

All resolutions will be decided by a simple majority except for the following resolutions which will require approval by a 75% majority:

- (i) release of any party from any liability to the Convertible Noteholders;
- (ii) a resolution which would adversely affect the rights of a Convertible Noteholder;
- (iii) removal of the Trustee; and
- (iv) authorisation of the Trustee's enforcement rights against the Company after there has been an event of default,

(e) **Release of Company**

The Company is released from the obligations under the Note Deed 6 months after the Notes and interest accrued on them being paid in full or otherwise redeemed or satisfied and payment of all costs, charges, liabilities and expenses properly incurred by the Trustee, and the Borrower providing the Trustee with a written statement that it does not intend to, and will not, create any Convertible Notes in the future.

(f) Events of Default

If there is an event of default the Trustee must, if directed to do so by a special resolution of the Convertible Noteholders, declare the Convertible Notes immediately redeemable, demand and require immediate payment of the secured money and recover the same from the Company and exercise any rights of enforcement at law under the Convertible Note Deed granted in favour of the Convertible Noteholders.

8.6 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.7 Expenses of Offer

In the event that the Offer is fully subscribed, the total expenses of the Offer are estimated to be approximately \$327,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
Underwriters Fees and Costs	178,000
Trustee fees	37,500
Legal fees	39,000
ASIC fees	2,300
ASX fees	10,000
Printing, postage and other expenses	60,200
Total	327,000

8.8 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	Price (\$)	Date (s)
Highest	0.195	15 July 2014
Lowest	0.070	29 April 2014
Last	0.155	18 July 2014

9. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Greg Starr
Managing Director
For and on behalf of
CRATER GOLD MINING LIMITED

10. Definitions

\$ means Australian dollars.

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

Applicant means a Shareholder in the Company who applies for Convertible Notes pursuant to the Offer.

Application Form means the "Rights Issue - Entitlement and Acceptance Form" accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means 5.00 pm (AEST) on 11 August 2014 (unless extended).

Company means Crater Gold Mining Limited (ACN 067 519 779).

Conditions of Issue means the conditions of issue of Convertible Notes set out in Section 11.

Constitution means the constitution of the Company as at the date of this Prospectus.

Convertible Note or **Notes** means convertible notes offered under this Prospectus having the terms set out in Section 7.1 and which are governed by the Convertible Note Deed.

Convertible Note Deed means the Convertible Note Trust Deed between the Company and the Trustee details of which are set out in Section 8.5.

Corporations Act means Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the number of Convertible Notes a Shareholder is entitled to acquire on the basis of the number of Shares held as at the Record Date.

Entitlement Shortfall means any Convertible Notes not taken up by Shareholders pursuant to their Entitlements or under the Top Up Facility.

Noteholders means the holders of Convertible Notes.

Offer means the offer of 138,190 Convertible Notes to Shareholders on the basis of 1 Convertible Note for every 1,000 Shares held as at the Record Date.

Official Quotation means official quotation on ASX.

Prospectus means this prospectus.

Record Date means 25 July 2014.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means any Convertible Notes not taken up by Shareholders pursuant to their Entitlements.

Trustee means Australian Executor Trustees Limited.

Top Up Facility means any Convertible Notes not taken up by Shareholders pursuant to their Entitlements.

Underwriter means the underwriter of the Convertible Note Offer.

11 Annexure - Conditions of Issue**SCHEDULE 1****Conditions of issue of convertible Notes****1. Defined meanings**

Words used in this Schedule 1 and the rules of interpretation that apply are set out and explained in Condition 21.

2. Issue of Notes and interest**2.1 Issue of Notes**

- (a) The Borrower may issue Notes with an Issue Price of \$25.00 each.
- (b) The Notes must each be paid for in full on application.

2.2 Interest

- (a) The Borrower must pay interest to the Noteholder in Australian dollars on each Note at the Interest Rate.
- (b) Interest will accrue daily on the basis of a 365 day year from the Issue Date until the Note is redeemed or converted (as the case may be) in accordance with these Conditions and will be due and payable in arrears on each Interest Payment Date.
- (c) Despite anything else in these Conditions, the first interest payment will be due on 31 December 2014 in respect of the period from the Issue Date until 31 December 2014. After that date interest will be computed from the day after each Interest Payment Date until the next succeeding Interest Payment Date (inclusive), with the last interest payment being made on the Maturity Date, Early Redemption Date or the Conversion Date, whichever is applicable.
- (d) If the Borrower fails to make an interest payment when due and payable the unpaid interest will:
 - (i) remain owing and not form part of the principal owing to the Noteholder; and
 - (ii) bear interest at the same rate as interest is payable on the Redemption Amount calculated daily and payable on each Interest Payment Date.
- (e) The record date to identify the Noteholder entitled to receive an interest payment will be 7 calendar days before the Interest Payment Date unless the Listing Rules require otherwise.

3. Redemption**3.1 Redemption on Maturity Date**

If the Notes are not otherwise redeemed or converted in accordance with these Conditions, the Notes must be redeemed by the Borrower on the Maturity Date by payment in Australian dollars to the Noteholder of the Redemption Amount on that date.

3.2 Early Redemption

The Borrower may, on giving 10 days' written notice to Noteholders, redeem all Notes on issue upon paying to Noteholders the Redemption Amount, a 25% premium on the Redemption Amount, and any unpaid accrued interest.

4. Conversion

4.1 Quarterly Conversion Right

- (a) Subject to these Conditions, a Noteholder has the right to convert all or some of its Notes in multiples of 20 Notes into the number of Ordinary Shares calculated in accordance with the following formula:

$$\text{Number of Notes subject to Conversion Notice} \times \text{Conversion Ratio} = \text{Number of Ordinary Shares}$$

by delivering a Conversion Notice to the Note Registry during the 10 Business Days immediately preceding the Election Date.

- (b) Subject to these Conditions, in the event that a Noteholder exercises their Quarterly Conversion Right, the conversion of the Notes to Ordinary Shares will occur on the Quarterly Conversion Date, in accordance with Condition 4.6.
- (c) If a Noteholder exercises its Quarterly Conversion Right, the Borrower will pay the Noteholder on the relevant Quarterly Conversion Date any interest that is accrued and unpaid up to the Quarterly Conversion Date (on such Notes in respect of which the Noteholder is exercising such Quarterly Conversion Rights) except where the Noteholder is already entitled to an interest payment on such Notes by virtue of a record date in respect of an Interest Payment Date on which the Quarterly Conversion Date falls.

4.2 Conversion at maturity

- (a) Subject to these Conditions, a Noteholder has the right to convert all or some of their Notes into the number of Ordinary Shares calculated in accordance with the following formula:

$$\text{Number of Notes subject to Conversion Notice} \times \text{Conversion Ratio} = \text{Number of Ordinary Shares}$$

by delivering a Conversion Notice to the Note Registry during the 15 Business Days immediately preceding the Maturity Election Date.

- (b) In the event that a Noteholder exercises their right pursuant to Condition 4.2(a):
- (i) the conversion of the Notes to Ordinary Shares will occur on the Maturity Date in accordance with Condition 4.4; and
- (ii) the Borrower will also pay the Noteholder on the Maturity Date any interest that is accrued but unpaid on such Notes up to the Maturity Date.

4.3 Conversion on Takeover Event

- (a) Upon a Takeover Event occurring a Noteholder may elect to convert all of its Notes into the number of Ordinary Shares calculated in accordance with the following formula:

$$\text{Number of Notes} \quad \times \quad \text{Conversion Ratio} \quad = \quad \text{Number of Ordinary Shares}$$

if a Takeover Notice is issued by the Borrower.

- (b) If a Noteholder's Notes are converted pursuant to Condition 4.3(a):
- (i) the conversion of the Notes to Ordinary Shares will occur on the Takeover Conversion Date in accordance with Condition 4.5; and
- (ii) the Borrower will also pay the Noteholder on the Takeover Conversion Date any interest that is accrued and unpaid on such Notes up to the Takeover Conversion Date.

4.4 Conversion Notices

- (a) The Borrower will, upon request by a Noteholder to the Note Registry, procure that the Noteholder is sent a pro forma Conversion Notice.
- (b) A Conversion Notice cannot be withdrawn without the consent in writing of the Borrower.
- (c) Not less than 25 Business Days before the Maturity Date, the Borrower must send to Noteholders a notice notifying them of this date, and its implications, and of the Maturity Election Date together with a pro forma Conversion Notice.

4.5 Method of Conversion

- (a) On receipt of a Conversion Notice from a Noteholder or issue of a Takeover Notice:
- (i) the Borrower will redeem each of the Notes which are being converted in accordance with the Conversion Ratio on the Conversion Date; and
- (ii) the holder of the Notes which are being converted irrevocably and unconditionally directs the Borrower to apply the whole of the Redemption Amount to subscribe for the number of Ordinary Shares to which the Noteholder is entitled (as adjusted in accordance with these Conditions).
- (b) Where the total number of Ordinary Shares to be issued to a holder on conversion includes a fraction, that fraction will be disregarded.
- (c) The Borrower will within 3 Business Days following the Conversion Date issue Ordinary Shares in respect of converted Notes, except in the event of a Takeover Event, in which event Ordinary Shares in respect of converted Notes will be issued on the next Business Day following the Conversion Date. Any such issue will have effect and be deemed to have been made on the Conversion Date.
- (d) The issue of Ordinary Shares as a result of the conversion of Notes will be treated for all purposes as full repayment of the Redemption Amount payable with respect to such Notes and the obligations of the Borrower in relation to the Redemption Amount will cease after the Conversion, except in respect of any obligation or liability which has arisen on or before the Conversion Date.

5. Takeover Event

5.1 Company to issue a notice on Takeover Event

If a Takeover Event occurs the Borrower may issue a Takeover Notice to Noteholders within 5 Business Days after the occurrence of the Takeover Event.

5.2 Meaning of Takeover Event

A Takeover Event occurs if, at any time on or before the Maturity Date, an off-market bid, a market bid, scheme of arrangement, or offer or invitation is made to all holders of Ordinary Shares to purchase or otherwise acquire Ordinary Shares from them within a specified period and the bid, scheme or offer becomes unconditional; and:

- (a) the offeror has at least 50% of the voting power (as defined by the Corporations Act) in the Borrower; or
- (b) the Directors issue a statement recommending that the bid, scheme or offer (as the case may be) be accepted or approved by holders of Ordinary Shares whether or not in the absence of a more favourable bid, scheme or offer (as the case may be).

6. Rights Issues, Bonus Issues and capital reconstructions

6.1 Rights Issues and Bonus Issues

- (a) Subject to paragraph (b), if the Borrower makes a Bonus Issue or Rights Issue, the Conversion Ratio will be adjusted immediately in accordance with the following formula:

$$CN = CN_0 \times P \times \left[\frac{(RD + RN)}{(RD \times P) + (RN \times A)} \right]$$

where:

- CN means the Conversion Ratio applying immediately after the application of this formula;
 - CN₀ means the Conversion Ratio applying immediately before the application of this formula;
 - P means the VWAP calculated in respect of the period from (and including) the first Business Day after the announcement of the Bonus Issue or Rights Issue to ASX to (and including) the last Business Day of trading *cum* Bonus Issue or Rights Issue;
 - A means, in the case of a Rights Issue, the subscription price per new Ordinary Share and, in the case of a Bonus Issue, 0;
 - RN means the number of Ordinary Shares issued pursuant to the Bonus Issue or Rights Issue; and
 - RD means the number of Ordinary Shares on issue immediately before the allotment of new Ordinary Shares pursuant to the Bonus Issue or Rights Issue.
- (b) Paragraph (a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan or a dividend reinvestment plan.

6.2 Capital reconstructions

If, while any Note remains capable of being converted, the Ordinary Shares are reconstructed, consolidated or divided (other than by way of a Bonus Issue) into a greater or lesser number of Securities, then the Notes must, in accordance with the

Listing Rules, be reconstructed, consolidated or divided on the same basis so that neither the Noteholders nor the holders of Ordinary Shares will receive a benefit that the other does not receive.

6.3 Listing Rules not to be contravened

Despite any provision of Conditions 6 to 9:

- (a) no adjustment under those conditions may contravene any Listing Rule; and
- (b) if an adjustment under those conditions would contravene paragraph (a), the Notes are to be adjusted in accordance with the relevant adjustment required or permitted under the Listing Rules (and, if more than one, that one chosen by the Borrower).

7. Spin-offs

Noteholders will be entitled to participate (without first having to convert Notes to Ordinary Shares) in any Spin-off on the following terms:

- (a) if the Spin-off is conducted by way of a priority offer to holders of Ordinary Shares, Noteholders will be entitled to participate in the priority offer on the same terms as if the Noteholders had converted their Notes to Ordinary Shares immediately before the date of entitlement to the Spin-off (without having to convert their Notes) so that Noteholders are treated in the same manner as the holders of Ordinary Shares;
- (b) if the Spin-off is conducted by way of a new issue of Securities in the Borrower to holders of Ordinary Shares, Noteholders will be entitled to participate on the same terms as if the Noteholders had converted their Notes to Ordinary Shares immediately before the date of entitlement to the Spin-off (without having to convert their Notes) so that Noteholders are treated in the same manner as the holders of Ordinary Shares; and
- (c) if the Spin-off is conducted in any other way, including an *in specie* distribution of existing Securities to holders of Ordinary Shares, the value transferred to each Ordinary Share pursuant to the Spin-off will be deemed to be a return of capital, and the Conversion Ratio will be adjusted in accordance with Condition 8.

8. Return of capital or Excess Distribution

8.1 Adjustment to Conversion Ratio

If the Borrower makes a return of capital or there is an Excess Distribution to holders of Ordinary Shares the Conversion Ratio will be adjusted in accordance with the following formula:

$$CN = CN_0 \times \frac{P}{(P - C)}$$

where:

- CN: means the Conversion Ratio applying immediately after the application of this formula;
- CN₀: means the Conversion Ratio applying immediately before the application of this formula;
- P: means the VWAP during the period from the first Business Day after the announcement of the return of capital to ASX up to and including the last Business Day of trading *cum* the return of capital or Excess Distribution; and

- C: means with respect to a return of capital, the amount of the cash and/or the value (as reasonably determined by the Directors) of any other property distributed to holders of Ordinary Shares per Ordinary Share (or such lesser amount such that the difference between P and C is greater than 0), and with respect to an Excess Distribution, the amount of such Excess Distribution.

8.2 Meaning of Excess Distribution

For the purposes of Condition 8.1, Excess Distribution means the amount by which the sum of all dividends per Ordinary Share (including, if the dividend is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person under the Tax Act) paid by the Borrower in respect of a financial year exceeds 125% of the sum of all dividends per Ordinary Share (including, if the dividend is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person for the purposes of the Tax Act) paid by the Borrower in respect of the previous financial year.

9. Adjustments for off market buy-backs

9.1 Adjustment to Conversion Ratio

Subject to Condition 9.2, if the Borrower undertakes an off market buy-back of any of its Ordinary Shares, the Conversion Ratio will be adjusted immediately in accordance with the following formula:

$$CN = CN_0 \times P \times \left[\frac{(BD - BN)}{(BD \times P) - (BN \times A)} \right]$$

where:

- CN: means the Conversion Ratio applying immediately after the application of this formula;
- CN₀: means the Conversion Ratio applying immediately before the application of this formula;
- P: means the VWAP during the 20 Business Days before the announcement of the buy-back;
- A: means the buy-back price per Ordinary Shares;
- BN: means the number of Ordinary Shares bought back; and
- BD: means the number of Ordinary Shares on issue immediately before the buy-back.

9.2 Restriction on Conversion Ratio adjustment

The Conversion Ratio will not be adjusted in accordance with Condition 9.1 if P exceeds A.

10. VWAP

10.1 Meaning of VWAP

VWAP is the arithmetic average of the daily volume weighted average sale price of the Borrower's Ordinary Shares sold on ASX during the relevant period but does not include:

- (a) special crossings;
- (b) crossings before the commencement of normal trading;
- (c) crossings during the after hours adjust phase; or
- (d) the exercise of options over Ordinary Shares,

as described in the ASX Market Rules.

10.2 Suspension of Shares

If Ordinary Shares are suspended by ASX at any time when VWAP is being calculated, the relevant period for calculation of VWAP will be the 10 consecutive Business Days up to but not including the first day of suspension.

10.3 Meaning when dividends declared during the relevant period

For the purposes of calculating VWAP, if, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted on ASX as *cum* dividend or *cum* any other distribution or entitlement, then the VWAP on the Business Days on which those shares have been quoted *cum* dividend or *cum* entitlement will be reduced by an amount equal to:

- (a) (in the case of a dividend or other distribution), the amount of that dividend or distribution including, if the dividend is franked the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person under the Tax Act;
- (b) (in the case of an entitlement which is traded on ASX on any of those Business Days), the volume weighted average price of all such entitlements sold on ASX during the relevant period on the Business Days on which those entitlements were traded; or
- (c) (in the case of an entitlement not traded on ASX during the relevant period), the value of the entitlement as reasonably determined by the Directors.

11. General

11.1 Payments

Any amount which is payable to Noteholders in respect of the Notes in accordance with these Conditions will, unless the Borrower and the Noteholder otherwise agree, be paid by direct credit to a nominated account at an Australian financial institution or by Australian dollar cheque drawn in favour of such Noteholder and sent by pre-paid post to the address of the Noteholder in the Note Register.

11.2 Quotation

Application will be made for the Notes to be quoted on the official list of ASX within 7 days of the date of the Prospectus.

11.3 Ranking of Ordinary Shares

Each Ordinary Share issued on conversion of a Note will, as from the Conversion Date of that Note, rank equally in all respects with the then issued Ordinary Shares, except that they will not be entitled to any dividend that has been declared or determined but not paid as at the Conversion Date.

11.4 Security

The Notes are unsecured obligations of the Borrower and will rank equally with all other unsecured creditors of the Borrower, excluding unsecured creditors preferred by Law. The Notes will rank equally amongst themselves and in priority to Ordinary Shares on a winding up of the Borrower and interest on the Notes will be paid in priority to dividends on Ordinary Shares.

11.5 Voting

Noteholders may attend general meetings of the Borrower but the Notes do not carry a right to vote at a general meeting of the Borrower, unless provided for by the Listing Rules or the Corporations Act.

11.6 Reporting requirements

- (a) The Borrower will observe the reporting requirements set out in this schedule, which include requirements to furnish reports on the financial performance of the Borrower.
- (b) The Borrower will send to each Noteholder a copy of all reports, notices and announcements sent to holders of Ordinary Shares at the time they are sent to those holders of ordinary shares.

11.7 Notes redeemed

All Notes redeemed by the Borrower in accordance with these Conditions will be cancelled once redeemed and may not be reissued.

11.8 Payments made free and clear

Payments in respect of the Notes are subject in all cases to applicable provisions of fiscal and other Laws. All payments under the Notes must be made free and clear or and without deduction for, or by reference to, any present or future Taxes of any Governmental Agency of any jurisdiction unless required by Law.

11.9 No gross-up

If any withholding or deduction as described in Condition 11.8 is required by any Law, the Borrower will account to the relevant Governmental Agency for the amount required to be withheld or deducted and the Borrower will not be obliged to pay any additional amounts to Noteholders in respect of such withholding or deduction.

12. Holding statements and certificates**12.1 Uncertificated Holdings and holding statements**

The Directors will not issue Note Certificates, unless required to do so under the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules. Where Note Certificates are not issued a Noteholder will be entitled to receive such statements of the holdings of Notes of the Noteholder as the Borrower is required to give pursuant to the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules.

12.2 Cancellation of Note Certificates

The ranking of the Notes will in no way be affected by the cancellation of any Note Certificate on which they were originally included or of any subsequent Note Certificate on which they were included.

13. Transfer of Notes

13.1 Forms of transfer

A Noteholder may transfer any Notes the Noteholder holds by:

- (a) a Proper ASTC Transfer or any other method of transferring or dealing in Notes introduced by the ASX or operated in accordance with the ASX Settlement Operating Rules or Listing Rules and, in any such case, recognised under the Corporations Act; or
- (b) a written instrument of transfer in any usual form or in any other form approved by either the Directors or the ASX and that is otherwise permitted by Law.

13.2 Registration of transfer

A transferor of Notes remains the owner of the Notes transferred until the transfer is registered and the name of the transferee entered in the Note Register in respect of the Notes, and the transferee of Notes on being entered on the Note Register will have all the rights and obligations which the transferor had and all the rights and obligations of a Noteholder under these Conditions.

13.3 Transfers which are not Proper ASTC Transfers

The following provisions apply to instruments of transfer referred to in Condition 13.1(b):

- (a) unless the instrument of transfer is otherwise a sufficient transfer under the Corporations Act, the instrument will be signed by, or executed by or on behalf of:
 - (i) the transferor; and
 - (ii) if required by the Borrower, the transferee;
- (b) the instrument of transfer duly stamped will be left at the place where the Note Register is kept, accompanied by the Note Certificate (if any) in respect of the Notes to be transferred and such other evidence as the Directors require to prove the transferor's title to, or right to transfer, the Notes;
- (c) the instrument of transfer must be endorsed or accompanied by an instrument executed by the transferee to the effect that the transferee agrees to accept the Notes subject to the terms and conditions on which the transferor held them, to become a Noteholder and to be bound by the Note Deed and these Conditions; and
- (d) on registration of a transfer of Notes, the Borrower will cancel the old Note Certificate (if any).

13.4 Directors to register transfers

Subject to Conditions 13.3 and 13.5, the Directors will not refuse to register or fail to register or give effect to a transfer of Notes.

13.5 Refusal to register transfers other than Proper ASTC Transfer

- (a) The Directors may refuse to register any transfer of Notes (other than a Proper ASTC Transfer) where the Listing Rules permit the Borrower to do so.
- (b) The Directors will refuse to register any transfer of Notes (other than a Proper ASTC Transfer) where the Corporations Act or the Listing Rules require the Borrower to do

so, or the transfer is in breach of the Listing Rules.

13.6 Notice of refusal to register

- (a) Where the Directors refuse to register a transfer of Notes under Condition 13.5, the Borrower will give written notice of the refusal and the reasons for the refusal to the transferee and the person who lodged the transfer, if not the transferee, within 5 Business Days after the date on which the transfer was lodged with the Borrower.
- (b) Failure by the Borrower to give notice under Condition 13.6(a) will not invalidate the refusal to register the transfer in any way.

13.7 No fee

No fee or other charge is payable in respect of the transfer or registration of any Note except as permitted in accordance with the Listing Rules.

14. Joint Noteholders

14.1 Note Certificates

- (a) Joint Noteholders will be entitled to 1 Note Certificate only in respect of Notes held by them jointly and the Note Certificate will be delivered to the first joint holder named on the register.
- (b) Delivery of a Note Certificate for any Note to the first joint holder named in the Register in relation to that Note is deemed to be delivery to all the joint holders.

14.2 Payment to one Noteholder effective discharge

If several persons are entered in the Note Register as joint Noteholders in respect of a Note, the payment to any 1 of such persons of any money from time to time payable to the joint Noteholders will be an effective discharge to the Borrower for the money so paid.

14.3 More than 3 joint Noteholders

Subject to the ASX Settlement Operating Rules, the Borrower will not be bound to register more than 3 persons as the joint holders of any Notes.

14.4 Actions of joint Noteholders

All of the joint Noteholders in respect of any Note must join in any:

- (a) transfer of the relevant Note;
- (b) application for the replacement of a Note Certificate which has been lost or destroyed; or
- (c) delivery of a Conversion Notice.

15. Non-resident Noteholders

15.1 Obligations on Noteholder to obtain all authorisations

Where Notes are held by, or on behalf of, a person resident outside the Commonwealth of Australia, then, despite anything to the contrary contained in or implied by these Conditions, it is a condition precedent to any right of the Noteholder:

- (a) to receive payment of any money in respect of those Notes; or

(b) to obtain Ordinary Shares on conversion of any of those Notes,

that all necessary Authorisations (if any) and any other statutory requirements which may then be in existence are obtained at the cost of the Noteholder and satisfied.

15.2 Meaning of Authorisation

For the purposes of Condition 15.1, Authorisation includes any consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with any government or any Governmental Agency.

16. Indemnity to the Borrower

16.1 Noteholder indemnifies the Borrower

Whenever in consequence of:

- (a) the death of a Noteholder;
- (b) the non-payment of any income Tax or other Tax payable by a Noteholder;
- (c) the non-payment of any stamp or other duty by the legal personal representatives of a Noteholder or his estate; or
- (d) any other act or thing in relation to a Note or a Noteholder,

any Law for the time being of any country or place, in respect of a Note, imposes or purports to impose any liability of any nature on the Borrower to make any payments to any Governmental Agency, the Borrower will in respect of that liability be indemnified by that Noteholder and his legal personal representatives and any money paid by the Borrower in respect of that liability may be recovered from that Noteholder or the Noteholder's legal personal representative as a debt due to the Borrower and the Borrower will have a lien in respect of that money upon the Notes held by that Noteholder or his legal personal representatives and upon any money payable in respect of the Notes.

16.2 Indemnity does not limit other rights

Nothing in Condition 16.1 will prejudice or affect any right or remedy which any Law may confer or purport to confer on the Borrower.

17. Death, legal disability

17.1 Death, legal disability

If a Noteholder dies, becomes subject to a legal disability, becomes bankrupt or is liquidated, the survivor (in the case of joint Noteholders), the legal personal representative or the person entitled to Notes as a result of bankruptcy or liquidation will be recognised as having an enforceable claim to Notes registered in the Noteholder's name.

17.2 Transfer, transmission under Condition 17.1

Subject to the Listing Rules, the Borrower need not register any transfer or transmission under Condition 17.1 unless the transferee provides an indemnity in favour of the Borrower in a form determined by or satisfactory to the Borrower in respect of any consequence arising from the transfer or transmission.

17.3 Two or more persons jointly entitled

Where 2 or more persons are jointly entitled to any Note in consequence of the death of the registered holder of that Note, for the purpose of these Conditions they will be deemed to be joint holders of that Note.

17.4 Moneys payable in respect of Notes

The Directors will be at liberty to retain any money payable in respect of any Notes which any person under Condition 17 is entitled to transfer until such person is registered or has duly transferred the Notes in accordance with these Conditions.

18. Events of Default**18.1 Events of Default**

If any one or more of the following occur, subject to Condition 18.2 an Event of Default will have occurred. The Borrower must inform the Trustee not later than 5 Business Days in writing upon the happening of any of the following:

- (a) there is default in the performance of any term, agreement, representation, warranty or condition contained in or implied by this Note Deed (other than a payment default referred to in paragraph (b));
- (b) any indebtedness or obligations of the Borrower to any Noteholder is not paid or satisfied when due;
- (c) a receiver, receiver and manager, administrator, liquidator, provisional liquidator, trustee, inspector, official manager or similar person is appointed to the Borrower's undertaking or any part of its undertaking;
- (d) the Borrower without the Trustee's prior written consent ceases to carry on its business;
- (e) an application for winding up or similar process of the Borrower is presented and not withdrawn or dismissed within 14 days or an order is made or any effective resolution is passed for the winding up of the Borrower;
- (f) proceedings are initiated with a view to obtaining an order for the winding up or similar process of the Borrower or any member either calls any meeting for the purpose of considering or passing any resolution for the winding up or similar process of the Borrower and is not withdrawn or dismissed within 14 days;
- (g) any action is initiated by ASIC with a view to striking the name of the Borrower off any register of companies;
- (h) the quotation of the Notes on ASX is suspended or revoked and such suspension or revocation remains in force for a period greater than 14 days;
- (i) any distress or execution is levied or enforced against any of the assets or property of the Borrower;
- (j) the Borrower breaches any undertaking at any time given to the Trustee or any condition imposed by the Trustee in agreeing to any matter or thing; or
- (k) the Borrower is unable to pay its debts as they fall due or it is unable to certify that it is able to pay its debts as they fall due, it commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its

indebtedness or enters or proposes to enter into any arrangement or composition with its creditors.

18.2 Grace period

Despite the provisions of Condition 18.1, in relation to a breach of Condition 18.1(a), (g), (i), or (j), the Borrower will not have committed an Event of Default until the Borrower has failed to remedy the breach within 10 Business Days of the occurrence of the breach (Grace Period). For the avoidance of doubt, the Borrower must still notify the Trustee not later than 2 Business Days of the occurrence of the event or breach to which a Grace Period applies.

18.3 Notification obligations when issuer in liquidation

Without limiting anything in Condition 18.1, if the Borrower or any of its assets are placed into liquidation, then the receiver, receiver and trustee, official trustee, liquidator, administrator or similar official appointed to the Borrower or its assets (as applicable) (Appointee) must:

- (a) if the Trustee has not already done so, notify the Noteholders of each relevant Event of Default and of the Appointee's appointment; and
- (b) provide regular updates to the Trustee and the Noteholders as to the status of the liquidation and any other material developments affecting the Borrower or its assets.

19 Representations and warranties

19.1 Representations and warranties repeated

The representations and warranties made in clause 14 of the Note Deed are deemed to be repeated by the Borrower on each Interest Payment Date and each Conversion Date by reference to the facts and circumstances existing on that date.

19.2 Reliance

The Borrower acknowledges that the Trustee and the Noteholders have entered into the Note Deed and Conditions (and the transactions in connection with them) to which they are a party in reliance on the representations and warranties in this Condition 19.

20 Amendments to documents

20.1 Right to amend the documents

The Borrower and the Trustee may jointly modify, alter, cancel, amend or add to all or any part of the Note Deed (Amendment) if:

- (a) the Borrower and the Trustee are each of the opinion that the Amendment is:
 - (i) of a formal or technical nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) expedient for the purpose of enabling the Notes to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the Laws for the time being in force in any place and is otherwise not considered by the Trustee to be materially prejudicial to the interests of Noteholders as a whole;

- (iv) necessary to comply with the provisions of any statute or the requirements of any statutory authority; or
 - (v) to evidence the succession of another person to the Borrower and the assumption by any such successor of the covenants and obligations of the Borrower in this schedule; or
- (b) the Amendment is authorised by a Special Resolution of the Noteholders passed at a meeting (including a meeting held by way of postal ballot) of Noteholders held pursuant to the Meeting Provisions.

21 Definitions and interpretation

21.1 Definitions

In these Conditions:

ASX Market Rules means the business rules of ASX as amended or replaced from time to time;

ASX Settlement means ASX Settlement Pty Ltd and, where the case requires, includes an agent appointed by ASX;

ASX Settlement Operating Rules means the operating rules of ASX Settlement, currently known as the ASX Settlement Operating Rules, as amended or replaced from time to time;

Authorised Officer means, in relation to any party the officers of that party who are authorised by that party to act of its behalf in any matter related to these Conditions, without withdrawal or cancellation of that notification as at that time;

Authorised Officer's Certificate means a certificate signed by a director of the Borrower;

Bonus Issue means a pro rata issue made to holders of Ordinary Shares of any Securities credited as fully paid by way of capitalisation of profits, reserves or otherwise, but excluding any issue of Securities made either in lieu of a cash payment as a dividend under the constitution of the Borrower or pursuant to a Spin-off;

Conditions means these Conditions of Issue;

Conversion Date means a Takeover Conversion Date, a Quarterly Conversion Date, or the Maturity Date, as the case may be;

Conversion Notice means a notice from a Noteholder that it requires the Borrower to convert the number of Notes specified in the notice into Ordinary Shares in such a form as the Directors may from time to time approve, given in accordance with this schedule;

Conversion Ratio means 100, subject to adjustment pursuant to these Conditions;

Directors means the directors of the Borrower;

Dollar or \$ means the lawful currency of the Commonwealth of Australia at any time;

Election Date means the day 20 Business Days before a Quarterly Conversion Date;

Event of Default has the meaning in Condition 18;

Excess Distribution has the meaning in Condition 8.2;

Governmental Agency means a government or a governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity;

Group Company means the Borrower or a Subsidiary of the Borrower;

Income Tax means any tax which is assessed, levied, imposed or collected on income or capital gains by or on behalf of any Governmental Agency and includes any interest, fine, penalty, charge, fee or other amount imposed in respect of the above;

Interest Payment Date means initially 31 December 2014 and thereafter 30 June and 31 December of each calendar year until and including the Maturity Date for any Notes that have not been previously converted or redeemed.

Interest Period means in respect of the first Interest Period, the period commencing on the Issue Date and ending on the first Interest Payment Date thereafter, and in respect of all subsequent Interest Periods, means the period commencing the on the day after the Interest Payment Date and ending on the next Interest Payment Date. The last Interest Period will, in respect of a Note, end on the date of its redemption or conversion;

Interest Rate means 10% pa;

Issue Date means the date on which the Borrower issues the Notes;

Listing Rules means the official listing rules of the ASX and any other rules of the ASX which are applicable while any Notes are admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX;

Maturity Date means 3 years after Issue Date for those Notes which have not been converted or redeemed before that date;

Maturity Election Date means the day 5 Business Days before the Maturity Date;

Note or **Convertible Note** means an unsecured redeemable note convertible into fully paid Ordinary Shares, having an issue price of \$25.00 and issued in accordance with the provisions of the Note Deed;

Note Register means the register of Noteholders and, where appropriate, includes:

- (a) a sub-register conducted by or for the Borrower pursuant to the Corporations Act, Listing Rules or ASX Settlement Operating Rules; and
- (b) any branch register;

Note Registry means the place where the Note Register is kept, which at the date of the Note Deed, is care of Link Market Services Limited, Level 15, 324 Queen Street, Brisbane QLD 4000 or otherwise determined by the Borrower by notice in writing to the Trustee;

Noteholder means the holder of a Note as recorded in the Note Register;

Ordinary Share means a fully paid ordinary share in the capital of the Borrower;

Proper ASTC Transfer has the meaning given in Corporations Regulations 2001 Regulation 1.0.02;

Prospectus means the prospectus of the Notes to be lodged with the Australian Securities and Investments Commission on or about 21 July 2014 by the Borrower;

Quarterly Conversion Date means the last day of each calendar quarter between the Issue Date and the Maturity Date;

Quarterly Conversion Right means a Noteholder's right to convert their Notes into Ordinary Shares in accordance with Condition 4.1(a);

Related Body Corporate of a body corporate means another body corporate which is related to the first within the meaning of s50 of the Corporations Act;

Rights Issue means any pro rata offer or invitation of Securities (not being an offer of Securities which are issued in lieu of distributions or by way of a dividend reinvestment or under a scheme for the benefit of employees of the Borrower or its Related Bodies Corporate or under a share purchase plan or by way of a Spin-off or under a Bonus Issue) to the holders of Ordinary Shares;

Securities includes shares, debentures, debenture stock, notes and any option or right to subscribe for the same;

Spin-off means the sale or divestment of any business of a Group Company where that process includes either a priority entitlement to, in specie distribution of, transfer of, or any other distribution or sale or subscription of Securities, in the entity conducting the business that is being sold or divested, to holders of Ordinary Shares;

Subsidiary has the meaning given in s9 of the Corporations Act;

Takeover Conversion Date means the day 20 Business Days after the date a Takeover Notice is issued by the Borrower upon the occurrence of a Takeover Event;

Takeover Event has the meaning given in Condition 5.2;

Takeover Notice means a notice in such form as the Directors approve issued by the Borrower to a Noteholder that a Takeover Event has occurred;

Tax means:

- (a) a tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding;
- (b) income, stamp or transaction duty, tax or charge; or
- (c) GST,

which is assessed, levied, imposed or collected by, or payable to, a Governmental Agency (excluding Income Tax other than interest withholding tax) and includes interest, fines, penalties, charges, fees or other amounts imposed on or in respect of any of the above;

Tax Act means:

- (a) the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* as the case may be as amended;
- (b) any other act setting the rate of income tax payable; and
- (c) any regulation promulgated under an Act noted in paragraph (a) or (b);

VWAP has the meaning given in Condition 10.

21.2 Interpretation

- (a) Unless the context otherwise requires, these Conditions will be interpreted in accordance with clause 29 of the Note Deed, and any terms defined in the Note Deed will have the same meanings when used in these Conditions.
- (c) If an Interest Payment Date, Conversion Date, or Maturity Date falls on a day which is not a Business Day, the time for performing any acts to be done on that day will be extended to the next succeeding Business Day subject to paragraph 2 of Appendix 6A of the Listing Rules.

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as at the Record Date, 7:00pm (EST) on 25 July 2014:

Entitlement to Convertible Notes (on a 1 Convertible Note for 1,000 Shares basis):

Amount payable on full acceptance at A\$25.00 per Convertible Note:

Offer Closes
5.00pm (EST):

11 August 2014

RIGHTS ISSUE – ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 Convertible Note for every 1,000 Existing Shares that you hold on the Record Date, at an Offer Price of A\$25.00 per Convertible Note. You may also apply for Convertible Notes in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Prospectus dated 21 July 2014. The Prospectus contains information about investing in the Convertible Notes. Before applying for Convertible Notes you should carefully read the Prospectus. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus. Expressions used in this Entitlement and Acceptance Form have the same meaning as in the Prospectus unless the context does not permit.

If you do not have a paper copy of the Prospectus you can obtain a paper copy at no charge by calling the Company Secretary on +61 7 3367 1666.

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional Convertible Notes, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®. Payment must be received via BPAY® before 5.00pm (EST) on 11 August 2014. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Convertible Notes subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5.00pm (EST) on 11 August 2014.

Billers Code: [XXXXXXX]

Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment



SRN/HIN:

Entitlement Number:

A Number of Convertible Notes accepted (being not more than your Entitlement shown above)

B Number of additional Convertible Notes

C Total number of Convertible Notes accepted (add Boxes A and B)

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – institution in Australian currency, made payable to "Crater Gold Mining Limited" and crossed "Not Negotiable".

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

E CONTACT DETAILS

Telephone Number	Telephone Number – After Hours	Contact Name	Email
() <input type="text"/>	() <input type="text"/>	<input type="text"/>	<input type="text"/>

CRATER GOLD MINING LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia, New Zealand and Hong Kong. In particular, the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Convertible Notes in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Prospectus;
- you provide authorisation to be registered as the holder of Convertible Notes acquired by you and agree to be bound by the Constitution of Crater Gold Mining Limited and the terms of issue of the Convertible Notes and the terms of the Convertible Note Deed.

HOW TO APPLY FOR NEW CONVERTIBLE NOTES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank

debit or transaction account. For more information on paying by BPAY® (please view the following link: www.bpay.com.au).

Work out the total amount payable by you. To calculate the total amount, multiply the number of Convertible Notes you wish to apply for by A\$25.00.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any Convertible Notes that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of Convertible Notes

Enter into section A the number of Convertible Notes you wish to apply for. The number of Convertible Notes must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional Convertible Notes

You can apply for more Convertible Notes than your Entitlement. Please enter the number of additional Convertible Notes above your Entitlement for which you wish to apply into Box B. Your Application for additional Convertible Notes may not be successful (wholly or partially). The decision of Crater Gold Mining Limited on the number of Convertible Notes to be Monies received or returned.

C. Total Number of Convertible Notes Subscribed for

To calculate total number of Convertible Notes subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian "Crater Gold Mining Limited" and crossed "Not Negotiable". Please ensure banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Crater Gold Mining Limited may treat you as applying for as many Convertible Notes and Additional Convertible Notes as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of Convertible Notes, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Prospectus electronically, your completed Entitlement and Acceptance Form with the payment for Convertible Notes may be mailed to the postal address, or delivered by hand to the delivery address, set out below. If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address
Crater Gold Mining Limited
C/- Link Market Services Limited
Locked Bag 3415
Brisbane QLD 4001

Hand Delivery
Crater Gold Mining Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery so Link Market Services Limited receives them no later than 5.00pm (EST) on 11 August 2014 it is received. Crater Gold Mining Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form please contact the Company Secretary on +61 7 3367 1666.