

**NOTICE OF GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM**

Date of Meeting

21 June 2016

Time of Meeting

9.00am AEST

Place of Meeting

Level 4, 15-17 Young St
Sydney, NSW, 2000
Australia

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the members of Crater Gold Mining Limited ("**the Company**") will be held at the offices of Crater Gold Mining Limited at Level 4, 15-17 Young St Sydney on 21 June 2016 commencing at 9.00am (AEST).

BUSINESS:

Resolution 1: Ratification of a Share Placement - Capital Raising 1

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

"That the issue of a total of 6,250,000 fully paid ordinary shares in the capital of the Company to Excluded Offerees at \$0.08 per share on or around 17 March 2016 is hereby ratified for the purposes of ASX Listing Rule 7.4 and for all other purposes".

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 1 by any person who participated in the issue of the Shares, and any associate of such a person.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form

Resolution 2: Ratification of a Share Placement - Capital Raising 2

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

"That the issue of a total of 10,000,000 fully paid ordinary shares in the capital of the Company to Excluded Offerees at \$0.08 per share on or around 9 March 2016 is hereby ratified for the purposes of ASX Listing Rule 7.4 and for all other purposes".

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 2 by any person who participated in the issue of the Shares, and any associate of such a person.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form

Resolution 3: Ratification of a Share Placement - Capital Raising 3

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

"That the issue of a total of 13,200,000 fully paid ordinary shares in the capital of the Company to Excluded Offerees at \$0.08 per share on or around 3 December 2015 is hereby ratified for the purposes of ASX Listing Rule 7.4 and for all other purposes".

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by any person who participated in the issue of the Shares, and any associate of such a person.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form

Resolution 4 - issue of options to director S. W. S. Chan

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Samuel Wing Sun Chan or his nominee 1,000,000 options to subscribe for ordinary shares in the Company exercisable at twelve and a half cents (\$0.125) per option and otherwise on the terms and conditions in the Notice of Meeting."

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolutions 4 by Mr S W S Chan, and any associate of Mr S W S Chan.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form.

Resolution 5 - issue of options to director T. M. Fermanis

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Thomas Mark Fermanis or his nominee 1,000,000 options to subscribe for ordinary shares in the Company exercisable at twelve and a half cents (\$0.125) per option and otherwise on the terms and conditions in the Notice of Meeting."

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolutions 5 by Mr T M Fermanis, and any associate of Mr T Fermanis.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

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

- *if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form.*

Resolution 6 - issue of options to director D. T. Y. Sun

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Desmond Tak Yan Sun or his nominee 1,000,000 options to subscribe for ordinary shares in the Company exercisable at twelve and a half cents (\$0.125) per option and otherwise on the terms and conditions in the Notice of Meeting."

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolutions 6 by Mr D T Y Sun, and any associate of Mr D T Y Sun.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- *it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or*
- *if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form.*

Resolution 7 - issue of options to director R. D. Parker

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Russell David Parker or his nominee 1,000,000 options to subscribe for ordinary shares in the Company exercisable at twelve and a half cents (\$0.125) per option and otherwise on the terms and conditions in the Notice of Meeting."

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolutions 7 by Mr R D Parker, and any associate of Mr R D Parker.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- *it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or*
- *if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form.*

Resolution 8 - issue of options to director L. K. K. Lee

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Lawrence Kin Keung Lee or his nominee 1,000,000 options to subscribe for ordinary shares in the Company exercisable at twelve and half cents (\$0.125) per option and otherwise on the terms and conditions in the Notice of Meeting."

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolutions 8 by Mr L K K Lee, and any associate of such Mr L K K Lee.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form

OTHER BUSINESS

To transact any other business brought forward in accordance with the Company's Constitution.

Further information in relation to these resolutions is set out in the Explanatory Memorandum below.

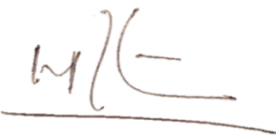
PROXIES

To be effective, the proxy form and the power of attorney or other authority (if any) under which each is signed (or a copy of that power or authority certified in a manner acceptable to the Directors of the Company) must be received at least 48 hours prior to the meeting (i.e. not later than 9.00am AEST on 19 June 2016 or to any adjourned meeting at the Company's Share Registrar. Further details are provided on the proxy form

A member entitled to attend and vote is entitled to appoint not more than two persons as his/her proxy to attend and vote instead of the member. A proxy need not be a member of the Company. If more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. Unless under Power of Attorney (which should have been noted by the Company) a proxy form by a corporation should be executed under its common seal or in accordance with the Corporations Act.

Dated at Sydney this 20th day of May 2016

BY ORDER OF THE BOARD

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

Heath Roberts

Company Secretary

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum forms part of the notice convening the Company's General Meeting to be held on 21 June 2016. This Explanatory Memorandum is to assist Shareholders in understanding the background to and implications of the resolutions proposed, and procedural matters concerning the Meeting.

1. RESOLUTIONS 1 - 3 - RATIFICATION OF THREE ISSUES OF SHARES TO EXCLUDED OFFEREEES

- 1.1. Subject to a number of exceptions, ASX Listing Rule 7.1 provides that a company must not issue or agree to issue, equity securities (shares, options, etc.) without shareholder approval if the number of securities issued would, of itself or when added to the number of other equity securities issued by the company in the previous 12 months, exceed 15% of the number of ordinary shares of the company on issue at the commencement of the 12 month period. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue or issues of securities after the fact (provided the issue or issues did not breach the 15% limit) so that the securities which were issued are regarded as having been issued with shareholder approval for the purpose of listing rule 7.1.
- 1.2. Separate from ASX Listing Rule 7.1 referred to in paragraph 1.1 above, ASX Listing Rule 7.1A provides that a company may, on receiving shareholder approval and meeting certain other criteria, issue additional equity securities up to but not exceeding 10% of the number of ordinary shares of the company on issue at the commencement of aforementioned 12 month period. Again, ASX Listing Rule 7.4.2 provides that shareholders may approve an issue or issues of securities after the fact (provided the issue or issues did not breach the ASX Listing Rule 7.1A 10% limit) so that the securities which were issued are regarded as having been issued with shareholder approval for the purpose of listing rule 7.1A.
- 1.3. The Company has previously announced the issue of a total of 29,450,000 fully paid ordinary shares ("Shares") to Excluded Offerees details of which are set out in paragraphs 1.4 to 1.56 (below). The issue of the Shares to the Excluded Offerees has enabled the Company to reduce trade creditors, continue mining operations and increase working capital.
- 1.4. On or around 17 March 2016, the Company issued 6,250,000 Shares at an issue price of \$0.08 per Share to raise \$500,000. These shares were issued pursuant to ASX Listing Rule 7.1.
- 1.5. On or around 9 March 2016, the Company issued 10,000,000 Shares at an issue price of \$0.08 per Share to raise \$800,000. These shares were issued pursuant to ASX Listing Rule 7.1.
- 1.6. On or around 3 December 2015, the Company issued 13,200,000 Shares at an issue price of \$0.08 per Share to raise \$1,056,000. These shares were issued pursuant to ASX Listing Rule 7.1A.

1.7. The issue of the 29,400,000 Shares to the Excluded Offerees was within the combined 15% limit permitted by ASX Listing Rule 7.1 and 10% limit permitted by ASX Listing Rule 7.1A, nevertheless the Company is requesting that Shareholders ratify the issue of the shares for the purpose of ASX Listing Rule 7.4.2 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 and/or 7.1A as the need or opportunity arises.

1.8. As required by ASX Listing Rule 7.5 the following information is provided:

- i. 29,400,000 Shares were issued to the Excluded Offerees who were not related parties of the Company or its Directors.
- ii. The Shares were issue for cash consideration of A\$0.08 per Share.
- iii. The shares are fully paid ordinary shares and are subject to the same rights and obligations and rank equally with all other shares in the capital of the Company.
- iv. The Shares were issued to Excluded Offerees being professional and sophisticated investors who were introduced to the Company by corporate advisers in the Asia Pacific region.
- v. A\$2,356,000 was raised from the issue of the shares. The funds have and will continue to be utilised to reduce trade creditors, continue mining operations at Crater Mountain and for working capital.

1.9. The Company's directors recommend that Shareholders vote in favour of Resolution 1, 2 and 3.

2. RESOLUTIONS 4 - 8 ISSUE OF OPTIONS TO DIRECTORS

- 2.1. Resolutions 4 - 8 seek Shareholder approval for the issue of incentive options to the Company's current Directors.
- 2.2. ASX Listing Rule 10.11 provides that, subject to certain exceptions, an ASX-listed company must not issue equity securities (shares, options, etc) to a "related party" of the Company without the approval of the company's shareholders. Each of the Company's current directors, Messrs Chan, Fermanis, Sun, Parker and Lee comes within the definition of a related party of the Company because he is a director of the Company.
- 2.3. The notice of the meeting to obtain shareholders' approval must comply with ASX Listing Rule 10.13.

Therefore, as required by Listing Rule 10.13 the following information is provided:

- (i) The names of the persons to whom it is proposed the options be issued are Samuel Wing Chan, Thomas Mark Fermanis, Desmond Sun, Russell David Parker and Lawrence Kin Keung Lee.
- (ii) The maximum numbers of options that may be issued to Messrs Chan, Fermanis, Sun, Parker and Lee are as follows:

Sam Chan	1,000,000
Tom Fermanis	1,000,000

Desmond Sun	1,000,000
Russ Parker	1,000,000
Lawrence Lee	1,000,000

- (iii) The Company will issue the options as soon as practical after the Meeting but in any event not later than one month after the date of the Meeting.
- (iv) Each of Messrs Chan, Fermanis, Sun, Parker and Lee is a related party of the Company for the reason set out in Section 2.2 (above).
- (v) The options will be issued for no cash consideration. They will be issued as incentive options in the case of Messrs Chan, Fermanis, Sun, Parker and Lee.
- (vi) No funds will be raised from the issue of the options A summary of the material terms of the options is set out in Section 2.7 (below).
- (vii) Voting Exclusion Statement.

2.4. As required by the ASX Listing Rules the Company will disregard any votes cast by each of Messrs Chan, Fermanis, Sun, Parker and Lee and their respective associates (as defined in the ASX Listing Rules) on Resolutions 4, 5, 6, 7 and 8 respectively.

However, the Company need not disregard a vote if:

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

2.5 If approval is given under ASX Listing Rule 10.11 approval is not required under ASX Listing Rule 7.1 (please see Section 1.1 (above) for details of ASX Listing Rule 7 1).

2.6 As required by the Corporations Act a vote must not be cast on each of Resolutions 4 – 8 by a member of the Group's Key Management Personnel, or a Closely Related Party of such a person, acting as proxy, if their appointment does not specify the way the proxy is to vote on the Resolution. However, the Company will not disregard any proxy votes cast on each of Resolutions 4 - 8 by a member of the Group's Key Management Personnel if that person is the chair of the Meeting acting as proxy and their appointment as proxy expressly authorised the chair to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Group's Key Management Personnel.

2.7 Option Terms

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

- (i) The options are options to subscribe for ordinary shares in the capital of the Company.
- (ii) The options are to be issued for no cash consideration.
- (iii) Shares issued on exercise of the options will rank pari passu with all existing ordinary shares of the Company from the date of issue.

- (iv) The options are exercisable at \$0.125 (twelve and a half cents) per option. There are otherwise no performance or vesting conditions for the exercise of the options.
- (v) The options may be exercised wholly or in part by notice in writing to the Company accompanied by payment of the exercise price multiplied by the number of shares in respect of which options are being exercised.
- (vi) The options will expire either at 5.00pm (AEST) four years after the date of issue of the options.
- (vii) The options will not be quoted on ASX.
- (viii) Upon allotment of shares pursuant to the exercise of options the Company will apply at its cost to have those shares quoted on the official list of ASX.
- (ix) Option holders do not participate in dividends unless the options are exercised.
- (x) Whilst an option holder does not have any participating rights in new issues of securities in the Company during the term of any options held, the option holder shall be afforded a period of at least 14 days before the record date to determine entitlements to the issue, to exercise the options.
- (xi) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of options, the exercise price of the options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the options which are not conferred on shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the options will remain unchanged.
- (xii) If there is a pro rata issue (except a bonus issue) the exercise price of an option may be reduced according to the following formula:

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

Where:

- O^n = the new exercise price of the option;
- O = the old exercise price of the option;
- E = the number of underlying securities into which one option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;

- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

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

Chapter 2E Corporations Act 2001 (Cth)

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

The valuation concludes that the current values of the options proposed to be issued are as follows:

Director	No. Of Options	Total Value of Options (\$)
Sam Chan	1,000,000	12,832
Tom Fermanis	1,000,000	12,832
Desmond Sun	1,000,000	12,832
Russ Parker	1,000,000	12,832
Lawrence Lee	1,000,000	12,832

- 2.10 Accordingly, the Company's directors consider that the issue of options as remuneration as proposed to each of Messrs Chan, Fermanis, Sun, Parker and Lee would be reasonable given the Company's circumstances and the circumstances of each of Messrs Chan, Fermanis, Sun, Parker and Lee. In particular, the Company's directors who provide services to the Company (either in their capacity as Directors or additional thereto as salaried services) have of late accepted significantly deferred pay for those services to enable the Company to conserve cash pending the Company's gold production generating sufficient revenue to cover costs. Accordingly, the Directors consider that the issue of options to Messrs Chan, Fermanis, Sun, Parker and Lee as proposed would represent reasonable remuneration for the purposes of

Chapter 2E Corporations Act and therefore Shareholder approval is not required for the purpose of Chapter 2E Corporations Act.

2.11 Other Information

(i) Related Parties' Interests

Each of Messrs Chan, Fermanis, Sun, Parker and Lee has a material personal interest in the outcome of Resolutions 4 - 8 respectively as it is proposed that options be granted to them (or their respective nominees) as set out in those agenda items. Messrs Chan, Fermanis, Sun, Parker and Lee have the following interests in equity securities in the Company.

Related Party	No of Company's shares in which Related Party holds interest	% of total shares on issue ⁽¹⁾	No. of convertible notes ⁽²⁾ in which Related Party hold interest	No. of options over shares in the Company in which Related Party holds interest⁽³⁾	No. of further options proposed to be issued to Related Party
S. Chan	131,848,176	55.06%	100,241	1,800,000	1,000,000
T. Fermanis	602,311	0.25%	40	1,800,000	1,000,000
D. Sun	-	0.00%	-	1,800,000	1,000,000
R. Parker	239,874	0.10%	77	1,800,000	1,000,000
L. Lee	-	0.00%	-	1,800,000	1,000,000

- (1) The number of shares on issue as at the date of this Notice of Meeting is 239,464,360. The calculation is based on the assumption that none of the Company's options or convertible notes on issue as at the date of this Notice of Meeting are exercised or converted.
- (2) Convertible notes are convertible into 100 Shares each subject to the terms of their issue.
- (3) Options exercisable at \$0.25 [25 cents] each, expiring 30 September 2017. These options were previously issued with Shareholder approval.

If all of the options proposed to be issued (5,000,000 in total), together with the options on issue which were previously issued to the proposed recipients with Shareholder approval (9,000,000 in total), being a total of 14,000,000 options, are exercised, the following will be the effect on the holdings of shares in the Company of Messrs Chan, Fermanis, Sun, Parker and Lee:

Related Party	No. of Shares in which Related Party holds interest if options convert to Shares	% of Total Shares on Issue following issue of Shares upon exercise of options ⁽¹⁾
S. Chan	134,648,176	53.12%
T. Fermanis	3,402,311	1.58%
D. Sun	2,800,000	1.10%
R. Parker	3,039,874	1.29%
L. Lee	2,800,000	1.10%
TOTAL	146,690,361	58.21%

- (1) Calculated based on the assumption that 5,000,000 options are issued (as referred to above) and all 14,000,000 Director's option on are exercised, but none of the Company's other options or convertible notes on issue are exercised or converted, i e the total number of Shares increases from 239,464,360 to 253,464,360.

(ii) Current Remuneration

As Managing Director Mr Parker receives annual remuneration of \$200,000. As Director in charge of business development and investor relations Mr Fermanis receives annual remuneration of \$144,000. As Finance Director Mr Lee receives annual remuneration of \$85,000. Each of Messrs Chan, Fermanis, Sun and Lee receives non-executive director's fees of \$35,000 per annum.

Details of remuneration paid by the Company to Messrs Chan, Fermanis, Sun, Parker and Lee in the year ended 30 June 2015 are as follows.

Directors	Short Term		Post Employment
	Base Fees/Salary	Other	Superannuation
S. Chan	35,000		
T. Fermanis	35,000	144,000	
D. Sun	35,000		
R. Parker	85,000	18,000	
L. Lee	56,250		

Dilution

If Shareholders approve the issue of options as proposed in Resolutions 4 - 8 and all of those options and all incentive options on issue which were previously issued to the proposed recipients with Shareholder approval are subsequently exercised and converted to shares the effect will be to dilute the shareholding of existing Shareholders by approximately 5.85% based on the number of shares on issue as at the date of this Notice (see the capital structure tables in Section 2.11(i) (above)). To the extent that the dilutionary impact caused by the issue of shares upon exercise of the options will be detrimental to the Company the Company's Directors consider that this is more than offset by the advantages accruing to the Company through the retention of the services of Messrs Chan, Fermanis, Sun, Parker and Lee on appropriate incentive terms.

(iii) Valuation of the Options

As mentioned in Section 2.9 (above) the Company undertook an internal valuation of the options proposed to be issued. That valuation was based on the Black and Scholes valuation methodology.

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

(iv) ASX Best Practice Recommendations

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

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

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

(v) Taxation Consequences

The options will be exercisable immediately such that under Australian tax law any discount to the market value of the options provided to recipients will be assessable to the recipient in the income year of grant. However, to the extent that the options have a nil monetary value, whether under general valuation principles or the special valuation methodology available under Australian tax law, there will be no discount provided to recipients and no amount to be included in their assessable income in this regard. The granting of the options or any Shares upon exercise of the options does not have any tax impact to the Company.

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

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

	Date	Price (\$)
Highest	20/05/15	0.140
Lowest	06/01/16	0.058
Last	19/05/16	0.074

- 2.12 The Company's directors (excepting each individual Director in the case of the Resolution proposing the issue of options to him) recommend that Shareholders vote in favour of Resolutions 2 - 6 for the reasons set out above and, in particular, in Sections 2.2, 2.10 and 2.11 (iii).

3. VOTING RIGHTS

The Board has determined that all of the shares of the Company will be taken, for the purposes of determining the right of shareholders to attend and vote at the Meeting, to be held by the persons who are registered in the Company's register of shareholders at 9.00 am (AEST) on 19 June 2016 as the owners of those shares. Therefore, transfers registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Meeting.

4. PROXIES

- 4.1 A Shareholder entitled to attend and vote at the Meeting may appoint:
- (i) one proxy if the Shareholder is only entitled to one vote at the meeting; or
 - (ii) one or two proxies if the Shareholder is entitled to more than one vote at the meeting, to attend and vote at the meeting for the Shareholder.
- 4.2 A Shareholder may appoint an individual person or a body corporate as the Shareholder's proxy.
- 4.3 A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been provided to the Company.
- 4.4 A Shareholder who appoints two proxies may state on the Proxy Form what proportion or number of the Shareholder's votes the proxy may exercise. If a Shareholder appoints two proxies and does not specify the number or proportion of votes each proxy may exercise, each of the proxies may exercise half of the Shareholder's votes.
- 4.5 A proxy need not be a shareholder of the Company.
- 4.6 Section 250BB(i) Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and if it does:
- (i) the proxy need not vote on a show of hands but if the proxy does so the proxy must vote that way (i.e. as directed); and
 - (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution the proxy must not vote on a show of hands; and
 - (iii) if the proxy is the chair of the meeting at which the resolution is voted on the proxy must vote on a poll and must vote that way (i.e. as directed); and
 - (iv) if the proxy is not the chair the proxy need not vote on the poll but if the proxy does so the proxy must vote that way (i.e. as directed).
- 4.7 Section 250BC Corporations Act provides that if:
- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
 - (ii) the appointed proxy is not the chair of the meeting; and
 - (iii) at the meeting, a poll is duly demanded on the question that the resolution be passed; and
 - (iv) either of the following apply:
 - a. if a record of attendance is made for the meeting – the proxy is not recorded as attending; or
 - b. the proxy does not vote on the resolution;

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as proxy for the purposes of voting on the resolution at that meeting.

- 4.8 A Proxy Form is enclosed. If you wish to appoint a proxy or proxies you must complete the Proxy Form and deliver it to the Company, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy), as provided on the proxy form.

5. CORPORATE REPRESENTATIVE

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

6. OTHER INFORMATION

Queries in relation to the lodgement of proxies or other matters concerning the General Meeting may be directed to the Company Secretary (Telephone 0419 473925).

7. INTERPRETATION

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

"ASX" means Australian Securities Exchange.

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

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

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

"Directors" means Directors of the Company.

"Group" means the Crater Gold Mining Limited group of companies comprising the consolidated entity referred to in the Company's 2015 Annual Report.

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Crater Gold Mining Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Crater Gold Mining Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (*mark box*)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **9:00am on Tuesday, 21 June 2016 at Level 4 / 15-17 Young St, Sydney NSW 2000** (the Meeting) and at any postponement or adjournment of the Meeting.


The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Ratification of a Share Placement – Capital Raising 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Issue of options to director T. M. Fermanis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of a Share Placement – Capital Raising 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Issue of options to director D. T. Y. Sun	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of a Share Placement – Capital Raising 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of options to director R. D. Parker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of options to director S. W. S. Chan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Issue of options to director L. K. K. Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:00am on Sunday, 19 June 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Crater Gold Mining Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**