



Crater Gold Mining Limited

ABN 75 067 519 779

Prospectus

For a renounceable entitlement issue to Eligible Shareholders of up to approximately 1,537,056,263 Shares at an issue price of \$0.015 per Share on the basis of 11 new Shares for every 2 Shares held on the Record Date to raise up to approximately \$23,055,844 before expenses.

Freefire Technology Limited (**Freefire**), a major Shareholder, has committed to take up its Entitlement to \$13,207,089. Mr Sam Chan who controls Freefire has committed to take up his personal Entitlement of \$46,530.

The Offer is not underwritten

This Offer closes at 5.00pm AEDT on 19 February 2019. Valid acceptances must be received by then.

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker, financial or other professional adviser.

The Shares offered by this Prospectus should be considered speculative.

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Important notes

This Prospectus is dated 22 January 2019 and was lodged with the ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply to ASX for Official Quotation of the Shares offered pursuant to this Prospectus within 7 days after the date of this Prospectus.

Eligible Shareholders should read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

Applications for Shares by Eligible Shareholders will only be accepted where they comply with the instructions on the Entitlement and Acceptance Form accompanying this Prospectus as described in section 1.5 (**Entitlements and acceptance**) of this Prospectus.

An application for Additional Shares will only be accepted by completing the relevant section of the Entitlement and Acceptance Form or by making payment for the appropriate monies via BPAY® as described in section 1.6 of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers to whom investors may consult.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to

whom, it would not be lawful to make such an offer or invitation.

Neither this document nor the Shares the subject of the Offer have been, nor will be, registered under the United States Securities Act of 1933, as amended or under the securities legislation of any state of the United States of America, or any applicable securities laws of a country of jurisdiction outside of Australia. Accordingly, subject to certain exceptions, the Shares the subject of the Offer may not, directly or indirectly, be offered or sold within a country or jurisdiction outside of Australia and New Zealand or to or for the account or benefit of any national resident or citizen of, or any person located in a country or jurisdiction outside of Australia and New Zealand.

New Zealand notice

The Shares being offered pursuant to this Prospectus are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Hong Kong notice

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

Papua New Guinea

This Prospectus may be distributed in Papua New Guinea only to shareholders of the Company. This Prospectus has not been registered as a prospectus in Papua New Guinea and no notice of the Offer will be submitted to the Registrar of Companies. No other documents are being lodged with the Registrar of Companies or the Papua New Guinea Securities Commission in respect of the Offer. Any offer of Shares is not, and should not be construed as, an offer of securities to the public in Papua New Guinea.

Privacy

The Company collects personal information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the

application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the personal information in the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, ASIC and other regulatory authorities.

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 ASX Settlement Operating Rules.

If an Applicant becomes a security holder of the Company, the Corporations Act and Australian tax legislation requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

The Company may disclose personal information about Applicants to agents and service providers located outside Australia.

By submitting an Entitlement and Acceptance Form, each Applicant consents to the disclosure of their personal information to the Company's agents and service providers outside Australia. Please note that by so consenting, the Company will not be required to take reasonable steps to ensure the recipient complies with the *Privacy Act 1988* (Cth), nor will the Applicant be able to seek redress against the Company, or the recipient, under the *Privacy Act 1988* (Cth) for any breach of the *Privacy Act 1988* by the recipient.

Competent Person's Statement

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

- 21-12-11 Initial Resource Estimate (This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code

2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement, and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

- 14-11-16 titled 'Maiden JORC Gold Resource at HGZ Project, Crater Mountain, PNG'.

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

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

The information contained in this Prospectus relating to exploration results and mineral resource estimates in relation to the Crater Tenements and the Croydon Tenements is based on and fairly represents information and supporting documentation prepared by Mr Ken Chapple or prepared by appropriately qualified external technical experts and reviewed by him. Mr Chapple is an Associate Member of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Chapple consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

Key definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion. Please refer to section 7 (**Defined terms**) of this Prospectus for a list of defined terms.

Rounding

In determining Entitlements, any fractional entitlement will be rounded up to the nearest whole number.

Key risks

For a summary of the key risks associated with further investment in the Company, please refer to the Investment Overview. A more detailed description of the key risks is set out in section 4 (**Risk factors**).

Important dates

Event	Date*
Announcement of Offer	22 January 2019
Lodgement of Appendix 3B with ASX	22 January 2019
Prospectus lodged at ASIC and ASX	22 January 2019
"Ex" Date (date Shares are quoted ex-rights)	23 January 2019
Rights trading commences	24 January 2019
Record Date to determine Entitlements	7.00pm (AEDT) 25 January 2019
Prospectus (together with Entitlement and Acceptance Form) despatched to Shareholders	30 January 2019
Opening Date	30 January 2019
Rights trading ends	12 February 2019
Shares quoted on a deferred settlement basis	12 February 2019
Closing Date**	19 February 2019
Notification to ASX of under subscriptions	22 February 2019
Issue date	26 February 2019
Normal trading of Shares issued under the Offer commences**	26 February 2019

* These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice, subject to the Listing Rules.

** The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date. As such, the date the Shares are expected to commence trading on ASX may vary.

Brief instructions for Eligible Shareholders

The number of Shares to which you are entitled is shown in the Entitlement and Acceptance Form. You may participate in the Offer as follows:

<p>If you wish to accept your Entitlement in full:</p> <ul style="list-style-type: none"> pay the amount indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 5.00pm (AEDT) on the Closing Date; or complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form. <p>Please refer to section 1.5 (Entitlements and acceptance) of this Prospectus for further details on applying for Shares.</p>	<p>If you only wish to accept part of your Entitlement:</p> <ul style="list-style-type: none"> pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 5.00pm (AEDT) on the Closing Date; or complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form. <p>Please refer to section 1.5 (Entitlements and acceptance) of this Prospectus for further details on applying for Shares.</p>
<p>Applying for Additional Shares</p> <p>Eligible Shareholders who have subscribed for their Entitlement in full may also apply for Additional Shares in addition to their Entitlement. You may apply for Additional Shares as follows:</p> <ul style="list-style-type: none"> complete the relevant section of your Entitlement and Acceptance Form and return it together with a single cheque for the appropriate application monies for both your Entitlement and the Additional Shares you wish to apply for; or pay the appropriate application monies for both your Entitlement and the Additional Shares you wish to apply for via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 5.00pm (AEDT) on the Closing Date. <p>Please refer to section 1.5 (Entitlements and acceptance) of this Prospectus for further details on applying for Shares. Please refer to section 1.6 of this Prospectus for further details on applying for Additional Shares.</p>	<p>If you wish to transfer all or part of your Entitlement (other than on market using ASX):</p> <p>Please forward:</p> <ul style="list-style-type: none"> a completed standard renunciation and transfer form (obtainable from your stockbroker or the Company's share registry); and the Entitlement and Acceptance Form completed by the transferee; and (i) transferee's cheque for the amount due in respect of the Shares; or (ii) transferee's payment of the amount indicated on your Entitlement and Acceptance Form via BPAY®, <p>to the Company's share registry not later than 5.00pm (AEDT) on the Closing Date or such later date as the Directors advise. Cheques should be made payable to "Crater Gold Mining Limited" and crossed "Not Negotiable". BPAY® payments are to be made using the BPAY® code and personalised reference number indicated on your Entitlement and Acceptance Form and funds must be received before 5.00pm (AEDT) on the Closing Date.</p> <p>Please refer to section 1.5 (Entitlements and acceptance) of this Prospectus for further details.</p>
<p>If you wish to sell all or part your Entitlement on ASX:</p> <p>Please follow the instructions set out on the reverse of the Entitlement and Acceptance Application Form under the section marked "Sale of your Entitlement in full or in part by your Stockbroker".</p> <p>Rights trading commences on 24 January 2019. You must deal with your Entitlement by close of trading on the ASX on 12 February 2019, when Rights trading ceases.</p>	<p>If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. If Eligible Shareholders do not take up their Entitlement, their existing interest in the Company will be diluted. Please refer to sections 3.5 (Potential dilutionary impact of Offer) and 4.2 (Risks specific to the Offer) of this Prospectus.</p>

Investment overview

This section provides a summary of information that is key to a decision to invest in Shares. This is a summary only. Potential investors should read this entire Prospectus carefully.

If you are unclear in relation to any aspect of the Offer, or if you are uncertain whether Shares are a suitable investment for you, you should consult your financial or other professional adviser.

Question	Response	Where to find more information
What is being offered and at what price?	<p>The Company is offering to issue Shares to Eligible Shareholders by a pro-rata renounceable entitlement issue.</p> <p>Under the Offer, Eligible Shareholders may subscribe for 11 new Shares for every 2 Shares held on the Record Date, at a price of \$0.015 per Share.</p>	section 1.1 (Offer)
How many new securities will be offered and what is the minimum number that will be issued?	<p>A total of 1,537,056,263 new Shares will be offered under the Offer to raise up to \$23,055,844.</p> <p>Freefire has committed to take its Entitlement to \$13,207,089. Mr Sam Chan controls Freefire and has also committed to take up his personal entitlement of \$46,530. As a result, the Offer is committed to a minimum of \$13,253,619.</p> <p>As detailed in section 2.3, Freefire has made the loans to the Company and subject to agreement between the parties, may elect to pay for some of its Entitlement by way of set off against the amount owed.</p> <p>It is intended that amounts subscribed for by Freefire and Sam Chan, will be used to repay the majority of the existing loans owed to Freefire which it is estimated will total approximately \$16,574,212 as at the Close of the Offer. The balance of the loans owed to Freefire will remain outstanding on the same terms except that rather than being repayable at call the loans will have a term of 3 years from the Close of the Offer.</p> <p>Amounts not subscribed for by Freefire will be used for working capital purposes and not be used to repay Freefire.</p>	section 1.1 (Offer), section 2.3 (Freefire), section 3.4 (Substantial Shareholder)
What is the amount that will be raised under the Offer and what is the purpose of the Offer?	<p>The Company seeks to raise approximately \$23,055,844 under the Offer (before expenses).</p> <p>The purpose of the Offer is to raise funds to:</p> <ul style="list-style-type: none"> • repay \$13,253,619 (of outstanding short-term and long-term loans from Freefire (together with accrued interest in such loans); • pay down the current negative working capital balance (taking into account cash and net trade payables) • continue physical exploration over Anomaly's tenements in PNG • progress commercial gold production at the HGZ mine (located within the Crater Mountain Project); 	section 1.2 (Purpose of the Offer)

Question	Response	Where to find more information
	<ul style="list-style-type: none"> • continue physical exploration over the Croydon Project tenements; • pay for expenses of the Offer; and • provide working capital and funds for general corporate purposes. <p>Further details of the proposed use of funds are set out in Section 1.2.</p>	
Who is eligible to participate in the Offer?	<p>The Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia, New Zealand, Hong Kong or Papua New Guinea on the Record Date.</p> <p>If you are not an Eligible Shareholder, you are not able to participate in the Offer.</p>	section 1.10 (Overseas investors)
What are the alternatives for Eligible Shareholders?	<p>The Offer is renounceable so you may trade your Entitlements. As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> • take up all of your Entitlements; • take up all of your Entitlements and apply for Additional Shares; • sell all of your Entitlements on ASX; • take up part of your Entitlements, and sell the balance on ASX; • take up part of your Entitlements, and allow the balance of your Entitlements to lapse; • deal with part or all of your Entitlements other than on ASX; or • allow all of your Entitlements to lapse. 	section 1.5 (Entitlements and acceptance)
Is the Offer underwritten?	<p>No, the Offer is not underwritten. The Offer is committed to \$13,253,619 being the Entitlements of Freefire and Sam Chan.</p>	
How will Shortfall be allocated?	<p>Any Shortfall may be placed by the Company. The Shortfall Offer is a separate offer made pursuant to this Prospectus.</p> <p>Additional Shares applied for by Eligible Shareholders will be allocated at the discretion of the Directors.</p> <p>In the event that there is any unallocated Shortfall, the Directors reserve the right to place the Shortfall at \$0.015 per Share within 3 months after the close of the Offer.</p>	section 1.7 (Shortfall)
Is Shareholder approval required?	<p>No. Shareholder approval of the acquisition of shares by Sam Chan and Freefire under the Offer pursuant Item 7 of Section 611 was obtained on 17 January 2019. No additional Shareholder approval is required</p>	

Question	Response	Where to find more information
<p>What are the highlights of further investment in the Company</p>	<p>In the view of the Company, the Company's flagship Crater Mountain Project represents one of the most prospective combined epithermal gold and porphyry copper-gold prospects in the Asia-Pacific region.</p> <p>Key highlights include:</p> <ul style="list-style-type: none"> • Prospective gold and copper-gold project, with re-invigorated physical exploration program – The Crater Mountain Project consists of a license package of approximately 308 square kilometres covering four known prospects.¹ Geological setting of the main Nevera Prospect is similar to Newcrest's 25 million ounce plus Wafi-Golpu Mine. The two existing Resources (Mixing Zone and High-Grade Zone) are both open in multiple directions plus historical drilling has shown evidence of the presence of a copper-gold porphyry. Following the Offer, the Company plans to recommence drilling at the Crater Mountain Project • Commercial gold production Mining licence ML 510 contains a fully permitted and operating gold mine in The High Grade Zone (the HGZ project). Mining is currently underway at the HGZ project and the Company expects to increase the rate of mining following it raising sufficient funds under this Offer to allow the purchase of additional mining equipment. • Croydon Projects - the Croydon Projects comprise the Polymetallic project and the Golden Gate Graphite project. Following the raising of sufficient funds under this Offer the Company intends to drill 3 high priority exploration targets at the Croydon Polymetallic project. The project has high grade silver and zinc from historical drilling results, along with very encouraging results from a recent sampling program, highlighting very anomalous polymetallic and gold/silver and copper targets from the A2 and A5 prospects. Recent drilling results from the Golden Gate Graphite Project returned very encouraging drilling results. Metallurgical test work is currently underway. • The Company will be resourced to succeed – Assuming the Offer is fully subscribed the additional working capital and the paying down of material debt using funds raised under the Offer will leave the Company well positioned to achieve its strategic and development goals. If the Offer is not fully subscribed the Company may need to adjust its plans to suit available capital. If only Freefire and Sam Chan subscribe then the proceeds of the Offer will only allow the Company to reduce the debt to Freefire. 	<p>section 2 (Company update)</p>

¹ Note: Shareholders should note that some of the tenements comprising the Crater Mountain Project have expired or will expire in the short term. The Company has lodged applications to renew, but there is no guarantee that renewals will be granted. Further details of risks in this regard are set out in section 4.

Question	Response	Where to find more information
<p>What are the key risks of further investment in the Company?</p>	<p>Potential investors should be aware that subscribing for Shares involves a number of risks. A summary of some of the more significant risks which affect an investment in the Company are set out below. Further details of these key risks and other risks are set out in section 4:</p> <ul style="list-style-type: none"> • Potential for significant dilution – if the Offer is fully subscribed the number of Shares will increase from 279,464,775 to 1,816,521,038 such increase equating to approximately 84.62% of all of the issued Shares following completion. Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by up to approximately 84.62% assuming full subscription (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). • Freefire commitment risk – the Offer is committed to \$13,253,619 through Freefire’s commitment to take up its Entitlement to \$13,207,089 and Sam Chan’s commitment to take up his personal entitlement of \$46,530. However, it is possible that Freefire could default in its commitment to take up its entitlement to \$13,207,089. If Freefire defaults in its commitment, the Company may not raise the funds required for the Company to meet its stated minimum objectives, and the Company would need to find alternative financing to meet its funding requirements. There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. • Liquidity Risk – on completion of the Offer (assuming full subscription) Mr Sam Chan and Freefire will continue control over 57.48% of the Shares in the Company. In addition, Freefire and Sam Chan may (assuming no other person subscribed for Shares under the Offer) hold relevant interests in 89.47% and 89.78% respectively of the Shares in the Company. As such they would not be in a position to compulsorily acquire the remaining Shares. However, there is a risk that trading in the Company’s shares will be largely illiquid which may potentially have an adverse effect on the Company share price. In addition, there is a risk that Mr Sam Chan and/or Freefire could exercise their control of the Company in a manner detrimental to the Company and the interests of other shareholders. • Going concern - Shareholders should be aware of the going concern risk to which the Company is exposed. The Company’s financial report for the year ended 30 June 2018 included a material uncertainty on the basis that the Company had net cash outflows of \$5.5 million for the year and the auditor noted the group’s ability to continue as a going concern depends upon continued successful raising of funding, financial support from Freefire and gold production at the Crater Mountain Project. As detailed in section 2.2, the Company has 	<p>section 4 (Risk factors)</p>

Question	Response	Where to find more information
	<p>significant liabilities, and it is intended that funds raised from the Offer from Freefire and Sam Chan will be used to substantially repay existing debts.</p> <p>Assuming full subscription, the Board believes that on completion of the Offer the Company will have sufficient funds to adequately meet the Company's current commitments and short-term working capital requirements.</p> <p>If the Offer is not fully subscribed and depending on the extent of funds subscribed and depending on the Company's ability to obtain funding through other means, the Company may need to re-evaluate its objectives and adjust the use of funds to ensure it has sufficient funds to operate.</p> <ul style="list-style-type: none"> <p>Title Risk - the mineral tenements in which the Company and its subsidiary Anomaly have interests are governed by legislation and various conditions requiring compliance. The Company and Anomaly could lose title to their interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments or they could be forced to relinquish an area they do not want to relinquish which could inadvertently result in the relinquishment of ground where a mineral deposit was present but remained undiscovered. As detailed in section 2.3, six of the seven tenements at the Company's Crater Mountain Project have expired. The Company and Anomaly have lodged applications to renew within the time required by the PNG Mining Act, however there is no guarantee that the renewals will be granted by the PNG government. In particular, the Company has not met expenditure requirements on some of these mining tenements. If one or more of the renewal applications are not granted, it may have a significant adverse impact on the Company's ability to explore and develop the Crater Mountain Project and on the Company generally.</p> <p>These and other risks are set out in more detail in section 4 'Risk Factors'.</p> <p>These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their financial or other professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.</p>	
<p>What is the effect on control of the Company?</p>	<p>The Offer may have a significant effect on the control of the Company, and the following information is provided to Shareholders.</p> <p>The Company's Chairman, Sam Chan has a relevant interest in 160,649,929 Shares held through Freefire (an entity he controls, as to 160,085,929 Shares) and HSBC Custody Nominees (Australia) Limited (as to 564,000 Shares). These</p>	<p>section 3.6 Potential impact of Offer on control of the Company</p>

Question	Response	Where to find more information
	<p>Shares equate to approximately 57.48% of the issued Shares in the Company, with the Shares held by Freefire equating to approximately 57.28% of the issued Shares. Freefire has committed to fully take up its Entitlement to 880,472,610 Shares (\$13,207,089). Sam Chan through HSBC Custody Nominees (Australia) Limited intends to take up his full entitlement in respect of 3,102,000 Shares (\$46,530). Assuming full subscription of the Offer the maximum percentage relevant interest Sam Chan and Freefire could have on completion of the Offer is 57.48% and the maximum percentage Freefire will have in Shares on completion of the Offer is 57.28%.</p> <p>If the only Shares subscribed for under the Offer are subscribed for by only Freefire and Sam Chan then they will have relevant interests in 89.47% and 89.78% respectively of the Shares in the Company. As such they could not compulsorily acquire the remaining Shares.</p>	

Chairman's Letter

Dear Shareholders,

Over the past few years, the Company has endured some setbacks from a variety of circumstances, some of which were external markets forces. Throughout these years, the Company managed to survive financially largely due to my personal support by way of loans. However, this accumulation of loans has inevitably led to a weak balance sheet which has made it even more difficult for the Company to raise new capital. I also appreciate how you all as shareholders have stood by us during this difficult period.

In recognition of the need to move the Company forward in a sensible and purposeful way, the board and management have taken the view that we must undertake progress on a number of fronts running in parallel:

Firstly, the 1930m RL adit development at HGZ is now completed and gold production has commenced. Visible gold has been noted in the gold bearing structures with mineralisation appearing to be widening with depth. We are working to expedite production and gold sales as soon as operationally possible.

Secondly, previous exploration works had indicated the high potential of the Crater Mountain Mixing Zone. For this potential to be fulfilled, it is our intention to resume drilling as soon as funds are made available.

Thirdly, in our Croydon tenements in Queensland Australia, three high priority drill targets have been identified at the A2 Polymetallic project with drilling aimed to take place after the current wet season in North Queensland this year subject to funds being available.

Drilling by the Company confirmed graphite at the Golden Gate project at Croydon. We have commenced metallurgical testing of the graphite composite compiled from the drill core. Should the results prove positive, additional exploration works will need to be undertaken.


Much preparatory groundwork has been done on all of the areas above, and we are excited by the prospects. I have demonstrated in the past and continue to strongly believe in the potential of our flagship Crater Mountain project, supported by our interests in the Croydon tenements.

However, for these to progress unhindered, further funding is required from this capital raise. I shall of course support this myself, and I invite you to actively participate in this revised offer whereby you can subscribe for 11 new shares for every 2 existing shares you currently hold.

Assuming full subscription under the Offer, the Company will have significantly reduced debt and be funded to execute our plans. This will enable us to take the Company forward to a new phase of rapid transformation for Crater Gold Mining.

I thank you once again for your support and encourage you all to take up your Rights in the issue

Yours sincerely,



Sam Chan
Chairman

1 Details of the Offer

1.1 Offer

This Prospectus invites Eligible Shareholders to participate in a pro-rata renounceable entitlement issue of up to approximately 1,537,056,263 new Shares on the basis of 11 new Shares for every 2 Shares held at 7.00pm (AEDT) on 25 January 2019 (the Record Date) at an issue price of \$0.015 per Share for the purpose of raising up to approximately \$23,055,844 less expenses of the Offer.

As at the date of this Prospectus, the Company has 279,464,775 Shares on issue.

Option holders will not be entitled to participate in the Offer. However, they may exercise their Options prior to the Record Date if they wish to participate in the Offer.

The Company currently has 22,600,000 Options on issue. Please refer to section 3.3 (**Effect on capital structure**) of this Prospectus for further information on the exercise price and expiry date of these Options. In the event that all of these Options are exercised prior to the Record Date, a further 124,300,000 Shares will be offered pursuant to this Prospectus to raise up to a further \$1,864,500. However, given the exercise price of these Options and the Company's current share price, the Directors consider it is unlikely that any of these Options will be exercised prior to the Record Date.

The Company currently also has 37,201,020 Performance Rights on issue and resolutions for the issue of up to 106,128,075 additional Performance Rights were recently approved. The Performance Rights cannot be exercised at this time and so the holders cannot participate in the Offer.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to section 5.5 (**Rights attaching to Shares**) of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

An investment in the Company should be considered speculative.

1.2 Purpose of the Offer

The purpose of the Offer is to raise \$23,055,844 before costs.

It is intended that funds not subscribed for by Sam Chan or Freefire directly (e.g., those taken up by other shareholders or placed to investors if there is any Shortfall) will be used in the Company's operations and third party debt and will not be used to repay debt to Freefire.

It is anticipated that the funds raised from the Offer will be applied as follows:

Description	Use of funds (Fully subscribed)		Use of funds (subscribed by only Freefire and Sam Chan)	
	(\$ (000)	% of proceeds	(\$ (000)	% of proceeds
Repayment of Freefire Loans (including interest)	13,254	57.5	13,254	100
Repayment of ICBC Facility	800	3.5	Nil	0
Net Trade and other payables	1,100	4.8	Nil	0
Crater Mountain Project Exploration and development	2,000	8.7	Nil	0

Croydon exploration resumed	750	3.3	Nil	0
General working capital and administrative expenses ¹	1,200	5.2	Nil	0
Funding reserved for further exploration and working capital	3,848	16.7	Nil	0
Expenses of the Offer ²	104	0.5	Nil	0
TOTAL	23,055	100%	13,254	100%

1 This includes working capital and administrative costs such as salaries, ASX and other fees and corporate overheads.

2 Please refer to section 5.11 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus for the application of proceeds under the Offer. It is anticipated that funds used to repay Freefire debt will be immediately expensed and the balance of funds will be applied over the next 24 months.

That part of the debt due to Freefire which is not repaid will remain outstanding under a New Loan Facility which will not be repayable until 3 years after the Close of the Offer. The terms of the New Loan Facility are set out in section 5.6 of this Prospectus.

The Company's current cash resources and additional capital proposed to be raised by the Offer are at full subscription sufficient to meet the Company's current stated activities.

The above proposed use of funds and their relative priority is subject to ongoing review and evaluation by the Company and is dependent upon the amount subscribed under the Offer. As with any budget, the actual use of funds raised under the Offer may change depending on the amount actually raised under the Offer and the outcome of the programs as they proceed. The Board will evaluate its plans upon completion of the Offer considering the amount raised and reserves the rights to alter the way in which funds are applied on this basis.

Any additional funds raised from the participation of Eligible Shareholders in the Offer following the exercise of their Options prior to the Record Date will be applied towards the Company's general working capital and administration expenses. However, given the exercise price of these Options and the Company's current share price, the Directors consider it is unlikely that any of these Options will be exercised prior to the Record Date.

1.3 Rights trading

Entitlements to Shares pursuant to the Offer are renounceable. This enables Shareholders who do not wish to subscribe for some or all of their Entitlement under this Offer to sell their respective Entitlements and also enables Shareholders to purchase additional Entitlements if they wish.

Rights trading commences on 24 January 2019. If you wish to deal with your Entitlement you must do so by close of trading on the ASX on 12 February 2019, when rights trading ceases.

1.4 Opening and closing dates

The Offer will open for receipt of acceptances at 9.00am AEDT on 30 January 2019 and will close at 5.00pm AEDT on 19 February 2019, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 3 Business Days prior to the Closing Date.

1.5 Entitlements and acceptance

The number of Shares to which you are entitled (**Entitlement**) is shown on your Entitlement and Acceptance Form.

In determining Entitlements, any fractional entitlement will be rounded up to the nearest whole number.

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Offer as follows:

- (a) If you wish to accept your Entitlement in full:
 - (i) pay the amount indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 5.00pm (AEDT) on the Closing Date; or
 - (ii) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form.
- (b) If you only wish to accept part of your Entitlement:
 - (i) pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 5.00pm (AEDT) on the Closing Date; or
 - (ii) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.015 per Share).
- (c) If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.
- (d) If you wish to sell all or part your Entitlement on ASX, please follow the instructions set out on the reverse of the Entitlement and Acceptance Application Form under the section marked "Sale of your Entitlement in full or in part by your Stockbroker". Rights trading commences on 24 January 2019. You must deal with your Entitlement by close of trading on ASX on 12 February 2019, when rights trading ceases.
- (e) If you wish to transfer all or part of your Entitlement (other than on market using ASX) then you must forward:
 - (i) a completed standard renunciation form (obtainable from your stockbroker or the Company's share registry);
 - (ii) the Entitlement and Acceptance Form completed by the transferee; and
 - (A) transferee's cheque for the amount due in respect of the Shares; or
 - (B) transferee's payment of the amount indicated on your Entitlement and Acceptance Form via BPAY®,

to the Company's share registry not later than 5.00pm (AEDT) on the Closing Date. BPAY® payments are to be made using the BPAY® code and personalised reference number indicated on your Entitlement and Acceptance Form and funds must be received before 5.00pm (AEDT) on the Closing Date.

All cheques or bank drafts must be drawn on an Australian branch of a financial institution and made payable in Australian currency to "Crater Gold Mining Limited" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must be:

Mailed to
Crater Gold Mining Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
Telephone:
From overseas: +61 7 1300 794 682
From Australia: 1300 794 682

Delivered to:
Crater Gold Mining Limited
OR C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138
Telephone:
From overseas: +61 7 1300 794 682
From Australia: 1300 794 682

and received by no later than **5.00pm (AEDT) on the Closing Date.**

If you choose to pay via BPAY® you are not required to submit your Entitlement and Acceptance Form. Your BPAY® payment will not be accepted after 5.00pm (AEDT) on the Closing Date and no Shares will be issued to you in respect of a late application.

PLEASE NOTE THAT IF YOU INADVERTENTLY USE THE SAME CUSTOMER REFERENCE NUMBER FOR MORE THAN ONE OF YOUR APPLICATIONS, YOU WILL BE DEEMED TO HAVE APPLIED FOR THE ENTITLEMENT TO WHICH THAT CUSTOMER REFERENCE NUMBER APPLIES AND ANY EXCESS AMOUNT WILL BE DEEMED TO BE AN APPLICATION FOR ADDITIONAL SHARES.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY®. It is your responsibility to check that the amount you wish to pay via BPAY® does not exceed your limit.

Non-acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Offer, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the Shares not accepted will be dealt with in accordance with section 1.6 (**Applying for Additional Shares**) of this Prospectus.

If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted. Please refer to sections 3.5 (Potential dilutionary impact of Offer) and 4.2 (**Risks specific to the Offer**) of this Prospectus for further details.

Taxation Implications

Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Offer.

Further queries

If you have any queries regarding your Entitlement, please contact the Company's Share Registry on (outside Australia): +61 7 1300 794 682 (within Australia): 1300 794 682 or your stockbroker, financial or other professional adviser.

PLEASE NOTE IF YOU DO NOT ACCEPT YOUR ENTITLEMENT IN FULL IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT ABOVE, ANY PART OF AN ENTITLEMENT NOT ACCEPTED IN FULL WILL FORM PART OF THE SHORTFALL.

1.6 Applying for Additional Shares

Eligible Shareholders who have subscribed for their Entitlement in full may apply for Shares in addition to their Entitlement (**Additional Shares**) by:

- (a) completing the relevant section of their Entitlement and Acceptance Form and returning it together with a single cheque for the appropriate application monies for both their Entitlement and the Additional Shares applied for; or

- (b) paying the appropriate application monies for both their Entitlement and the Additional Shares applied for via BPAY® using the BPAY® code and personalised reference number indicated on the Entitlement and Acceptance Form.

All cheques or bank drafts must be drawn on an Australian branch of a financial institution and made payable in Australian currency to “Crater Gold Mining Limited” and crossed “**Not Negotiable**”.

Your completed Entitlement and Acceptance Form and cheque must be:

Mailed to

Crater Gold Mining Limited
C/- Link Market Services Limited
GPO Box 3560
SYDNEY NSW 2001
Telephone:
Outside Australia: +61 7 1300 794 682
Within Australia: 1300 794 682

OR

Hand delivered to:

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)

Telephone:
Outside Australia: +61 7 1300 794 682
Within Australia: 1300 794 682

and received by no later than **5.00pm (AEDT) on the Closing Date**.

If you choose to pay via BPAY® you are not required to submit your Entitlement and Acceptance Form. Your BPAY® payment will not be accepted after 5.00pm (AEDT) on the Closing Date and no Shares will be issued to you in respect of a late application.

If you have multiple holdings you will have multiple BPAY® reference numbers. To ensure you receive your Shares in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any Shares that you wish to apply for in respect of that holding.

It is possible that there will be few or no Additional Shares available, depending on the level of acceptance of Entitlements by Eligible Shareholders. There is therefore no guarantee that in the event that Additional Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

In the event not all Entitlements are accepted by Eligible Shareholders, the Directors reserve the right to allocate any Additional Shares at their absolute discretion. The Company may issue to an Applicant a lesser number of Additional Shares than the number applied for, reject an application for Additional Shares or not proceed with the issuing of all or part of the Additional Shares. If the number of Additional Shares allocated and issued is less than the number applied for, surplus application monies will be refunded without interest.

1.7 Shortfall

Any Shares (including Additional Shares) not taken up by Eligible Shareholders may become available as Shortfall.

The offer of any Shortfall is a separate offer made pursuant to this Prospectus (**Shortfall Offer**) and is open to all Eligible Shareholders (other than related parties) and other applicants. Non-shareholder applicants will need to complete a Shortfall Application Form that accompanies this Prospectus in accordance with the instructions on that form.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall at their discretion within three months after the Closing Date. Shares offered pursuant to the Shortfall Offer will be issued at the same issue price as the Shares offered to Eligible Shareholders under the Offer.

1.8 Allotment of Shares

The New Shares and Additional Shares are expected to be allotted by no later than 22 February 2019. Shares allotted pursuant to the placement of Shortfall under section 1.6 (**Shortfall**) may be allotted within three months after the Closing Date. Until issue and allotment of the Shares under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on application monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the Shares takes place.

1.9 ASX listing

Application for Official Quotation of the Shares allotted pursuant to this Prospectus will be made to ASX within seven days following the date of this Prospectus.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus within three months after the date of this Prospectus (or such period as varied by ASIC), the Company will not allot any Shares and will repay all application monies for the Shares within the time period prescribed under the Corporations Act, without interest.

A decision by ASX to grant Official Quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Shares now offered for subscription.

1.10 Overseas investors

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Shareholders outside of Australia, New Zealand, Hong Kong and Papua New Guinea (**Excluded Shareholders**) having regard to:

- (a) the number of Shareholders outside of Australia, New Zealand, Hong Kong and Papua New Guinea;
- (b) the number and value of the securities to be offered to Shareholders outside of Australia, New Zealand, Hong Kong and Papua New Guinea; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to, and does not, make offers under the Prospectus to Shareholders outside of Australia, New Zealand, Hong Kong and Papua New Guinea.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand).

As required by Listing Rule 7.7.1, the Company has appointed Millinium Capital Managers Limited ("Millinium") as nominee to sell the Entitlements to which Excluded Shareholders are entitled.

The net proceeds of the sale of these Entitlements (if any will then be forwarded by Millinium to the Company's Share registry, who will forward the proceeds as soon as practicable to the Excluded Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, Excluded Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements at a particular price.

The Company will pay Millinium a fee of \$20,000 per month excluding GST (calculated weekly if over more than one month) in respect of its role as nominee. This fee is included in the estimate of the costs of the issue.

1.11 Market prices of Shares on ASX

The highest and lowest closing market sale prices of Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.03 on 6 November 2018 and \$0.012 on 12 December 2018.

The latest available market sale price of Shares on ASX at the close of trading on the date of this Prospectus was \$0.013 on 21 January 2019.

1.12 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and such other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and the Directors.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. Some of these risk factors are set out in section 4 (**Risk factors**) of this Prospectus.

2 Company update

2.1 Recent developments

As detailed in the Company's ASX announcement on 12 December 2018, the Offer is part of a broad plan to revitalise the Company by significantly reducing debt and to unlock the potential of the Crater Mountain Project and the Croydon projects.

The Company's plans and intentions outlined below are dependent upon sufficient funds being raised under this Offer or alternative funding being available, if sufficient funds are not raised or alternative funds are not available then the Company's plans and intentions may need to be adjusted to suit available capital.

CRATER MOUNTAIN GOLD PROJECT

CGN's Crater Mountain Gold Project is highly prospective. It has two separate existing epithermal gold Inferred Resources, which in combination host in excess of 800,000oz of gold.

These Resources were established with approximately 14,500 cumulative linear

metres of drilling that mainly took place in 2010-2013. At the time, the Company enjoyed a market capitalisation in the \$35-50M range.

The main resource is contained within the Mixing Zone Project (“MZ Project”) and has a JORC compliant Inferred Resource of 24Mt @ 1.0 g/t Au at a cut-off grade of 0.5 g/t Au¹ for 790,000ozs. Within this is a higher grade inferred resource zone of 9.4 Mt at 1.46 g/t Au at a cut-off grade of 1.0 g/t Au for 440,000ozs. A second separate resource is contained within the High-Grade Zone (“HGZ”) and has a JORC Inferred Resource of 44,500 tonnes for 17,100oz of gold at 11.9g/t Au at a cut-off of 5.0 g/t Au² (see Figure 1).

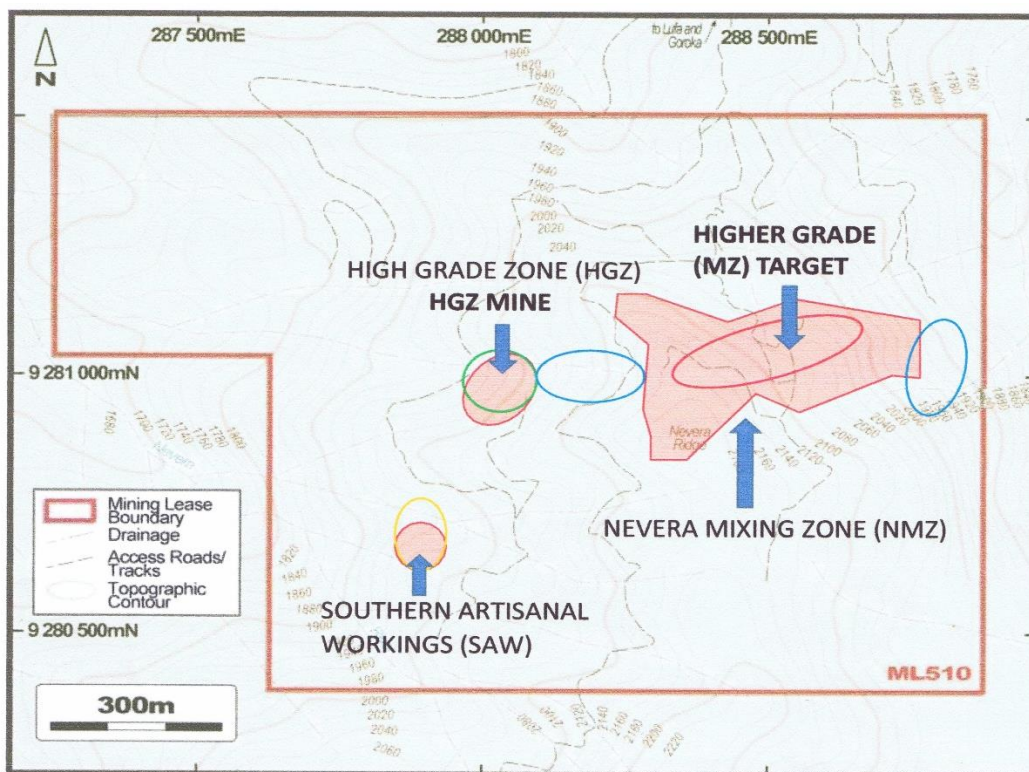


FIGURE 1: Location of the Crater Mountain tenements, prospect areas and drill targets.

1 Refer to ASX announcement 24 November 2011 titled “Gold Anomaly Announces Maiden 790KO Gold Resource at Crater Mountain, PNG (This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

2 Refer to ASX Announcement dated 14 November 2016 titled “Maiden JORC Gold Resource at HGZ Project, Crater Mountain, PNG” (This information was prepared and first disclosed under JORC Code 2012). The Company confirms it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

FOCUS ON CRATER MOUNTAIN EXPLORATION AND DRILLING PROGRAMS

Now that the HGZ Mine development is established, the Company plans to aggressively undertake re-invigorated exploration and drilling programs at Crater Mountain. The MZ Project is open at depth and along strike. More drilling is justified to test along strike. Further drilling aims to identify the continuity of higher grade areas in the MZ Project and to test areas lateral to the MZ Project. Drilling along strike of the MZ Project is justified from historical drilling which intersected gold mineralisation in isolated drill holes outside the resource area (off section). Areas of higher grade gold are marked on Figure 2. The marked zones appear continuous and plunge to the NE outside of the resource area. More drilling is required to test this.

Initially drilling will focus on testing the continuity of the higher grade Au intersections (>1.0 g/t) in the top 350m of the MZ Project.

From the list of drill hole intersections >1.0 g/t Au in Table 1 below (contained within ASX Announcement dated 13 February 2012 titled “Extensive Gold Intersected in New Mineralised Zone at Crater Mountain, PNG”), it can be seen that these wide target zones range from 6m @ 2.28 to 215m @1.46 g/t Au and include zones of 15m @ 3.43, 24m @ 6.55, 20m @ 2.33, 25.5m @ 2.36, 16m @1.92, 44m @ 1.52, 46m @ 2.42 g/t Au, 26m @ 4.6, 8m @ 1.30, 98m @ 1.06, 30m @ 1.03, 10m @ 1.10, 24m @ 1.30 and 10m @1.23 g/t Au. These drill hole locations have been highlighted on Figure 3.

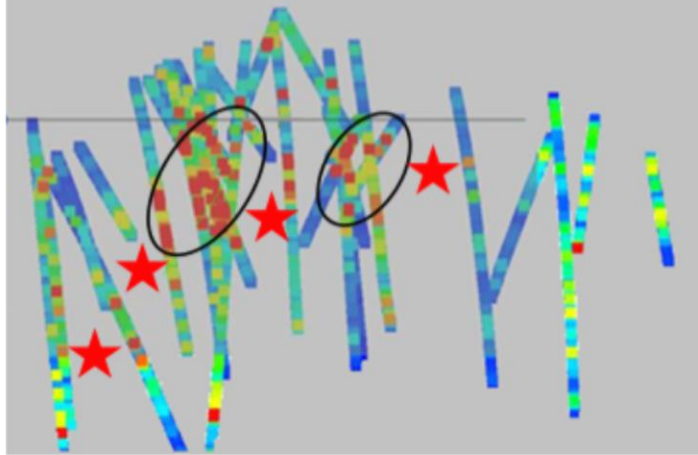
HOLE NUMBER	FROM (m)	TO (m)	INTERVAL (m)	GRADE (g/t Au)
NEV02	201	340	139	1.58
NEV02	225	240	15	3.43
NEV05	94	250	156	1.36
NEV05	214	238	24	6.55
NEV08	284	342	58	1.89
NEV08	358	378	20	2.33
NEV11	150	175.5	25.5	2.36
NEV018	20	36	16	1.92
NEV018	224	243	19	3.37
NEV018	262	306	44	1.52
NEV019	181	396	215	1.46
NEV019	217	243	26	4.60
NEV019	272	318	46	2.42
NEV024	380	386	6	2.28
NEV031	106	116	10	1.10
NEV031	318	342	24	1.30
NEV031	442	452	10	1.23

TABLE 1: List of higher grade drill holes in the MZ Project with Au intersections >1.0 g/t Au and up to 6.55 g/t Au (please note intersection intervals are down-hole lengths and not true widths).

On Figure 3, the locations of the Walkover and Nevera Faults have been plotted to demonstrate their spatial relationship with the MZ Project. This shows that the inferred resource effectively lies along the northern side of the Nevera Fault while the higher grade gold zone straddles the Walkover Fault north of its intersection with the Nevera Fault. Figure 4 shows a long section of the MZ Project target zone.

It is also interesting to note that there is a zone of structures associated with Au mineralisation at the HGZ that trend just north of east and if these were to continue on this orientation they might pass through the higher grade zone of the MZ Project.

MIXING ZONE



LONG SECTION ALONG NEVERA FAULT (LOOKING EAST)
SHOWING DRILLHOLE TRACES

- Mixing zone mineralisation includes a number of higher grade gold intercepts.
- The marked zones appear continuous and plunge NE, but more drilling is required to test this.
- Drilling along strike of the Mixing zone is justified from historical drilling which intersected gold mineralisation in isolated drillholes outside the resource area (off section)
- In summary, further drilling aims to identify the continuity of higher grade areas in the mixing zone and to test areas lateral to the mixing zone.

FIGURE 2: Long section along Nevera fault (looking east) showing drill hole traces

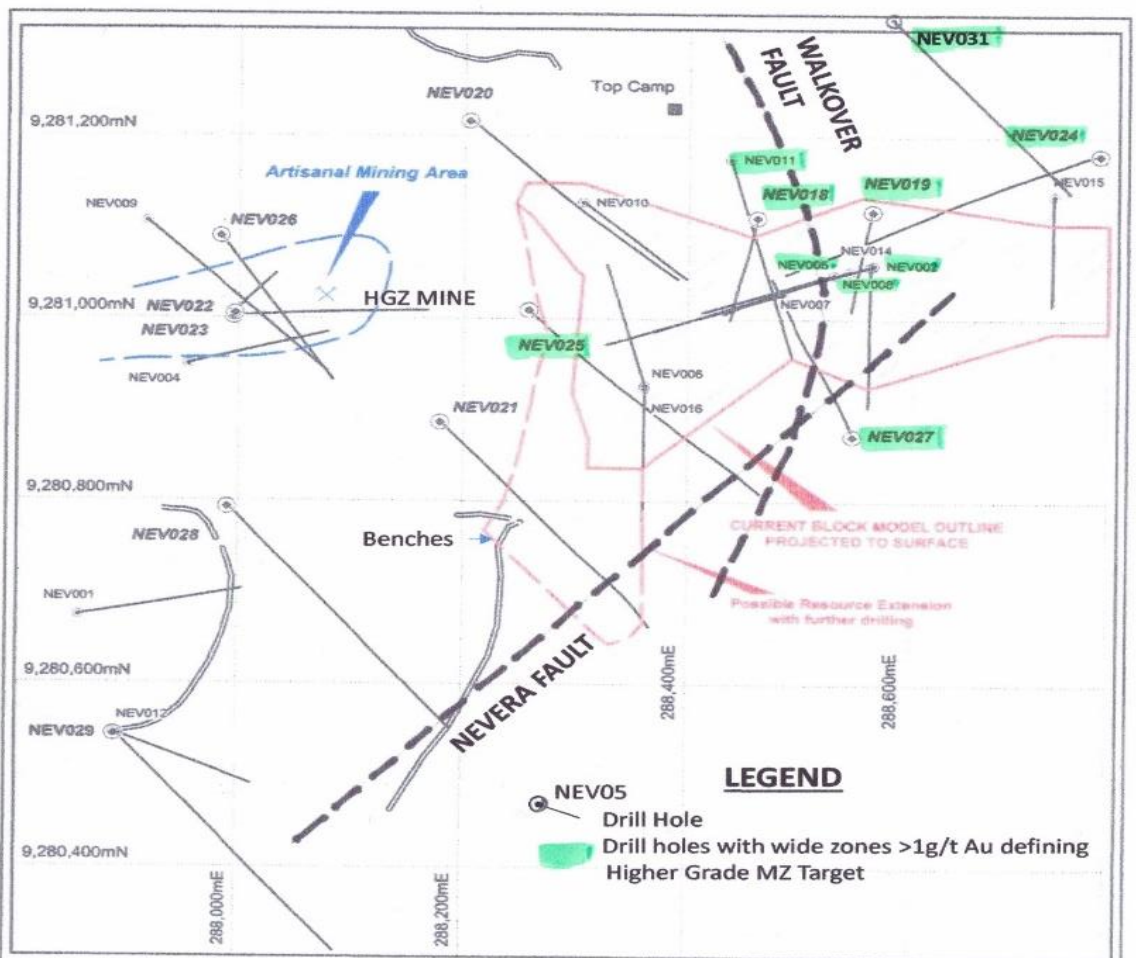


FIGURE 3: Plan view location of the Nevera and Walkover Faults, the HGZ Mine and the higher grade target zone (>1.0 g/t Au) within the Mixing Zone.

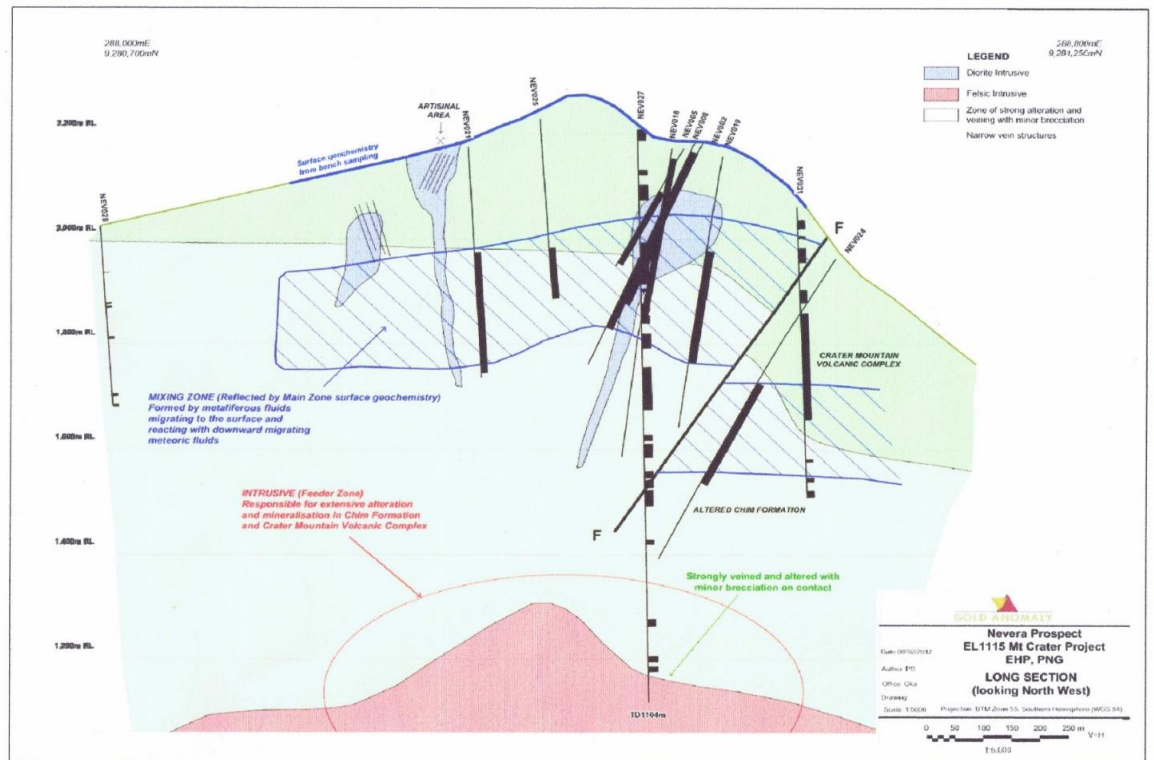


FIGURE 4: Long Section Looking NW showing the main Au mineralised intercepts (highlighted in black) and the Mixing Zone Higher Grade Target in the central region.

HIGH GRADE ZONE (“HGZ”) MINING PROJECT

To date, the adit and drive development at HGZ has been successful in locating the gold mineralizing vein structures and in fact has been able to demonstrate wider lateral extent of the mineralization than predicted in the resource estimate for the 1960m to 1930m RL levels.

It is intended that two deeper holes will be drilled under the current mine development to investigate the continuity of gold mineralization at depth.

CROYDON

The board considers both Croydon Projects to be highly prospective. The projects comprise the A2 Polymetallic project and the Golden Gate Graphite project.

The A2 Polymetallic project has drilling results which includes high grade silver and zinc assays. In 2017 the Company embarked on a SGH sampling programme to confirm the previous drilling results, and to further outline other targets for drilling. The results highlighted a number of high priority targets for drill testing. To the immediate north of the existing known mineralisation a very high priority polymetallic area was indicated. In the NW of EPM 13775 very high priority silver and copper targets were indicated. The Company was sufficiently impressed by the sampling results, that it has applied for additional ground to cover possible extensions of all the anomalies indicated. The Company intends to embark upon an initial 3 hole drilling program to test high priority targets with drilling to commence after the conclusion of the wet season early this year (see below).

Sampling results from the A5 prospect highlighted polymetallic and gold anomalies. As a consequence, the Company plans to expand a sampling program over a wider area.

At Golden Gate very good drilling results were received by the Company in 2018, which closely reflected the historic drilling results. The Company reported that petrological testing

of samples from the recent drilling campaign have returned excellent results with the graphite being identified as Flake graphite. The Company is currently undertaking metallurgical test work.

CROYDON A2 POLYMETALLIC PROJECT DRILLING PROGRAM

The Company will undertake a program of three (3) diamond core drill holes to test high priority SGH soil anomalies at the Croydon A2 Polymetallic Project area. The program will commence when ground access is possible after the wet season early in 2019.

DRILL HOLE 1

This hole is planned to test the northern sector of the large high priority NW silver-copper SGH soil anomaly (Figure 5). The hole is to be drilled on an azimuth of MGA Grid 040° (034° magnetic) at an inclination of 70° for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

DRILL HOLE 2

This hole is planned to test the southern sector of the large high priority NW silver-copper SGH soil anomaly (Figure 5). The hole is to be drilled on an azimuth of MGA Grid 040° (034° magnetic) at an inclination of 70° for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

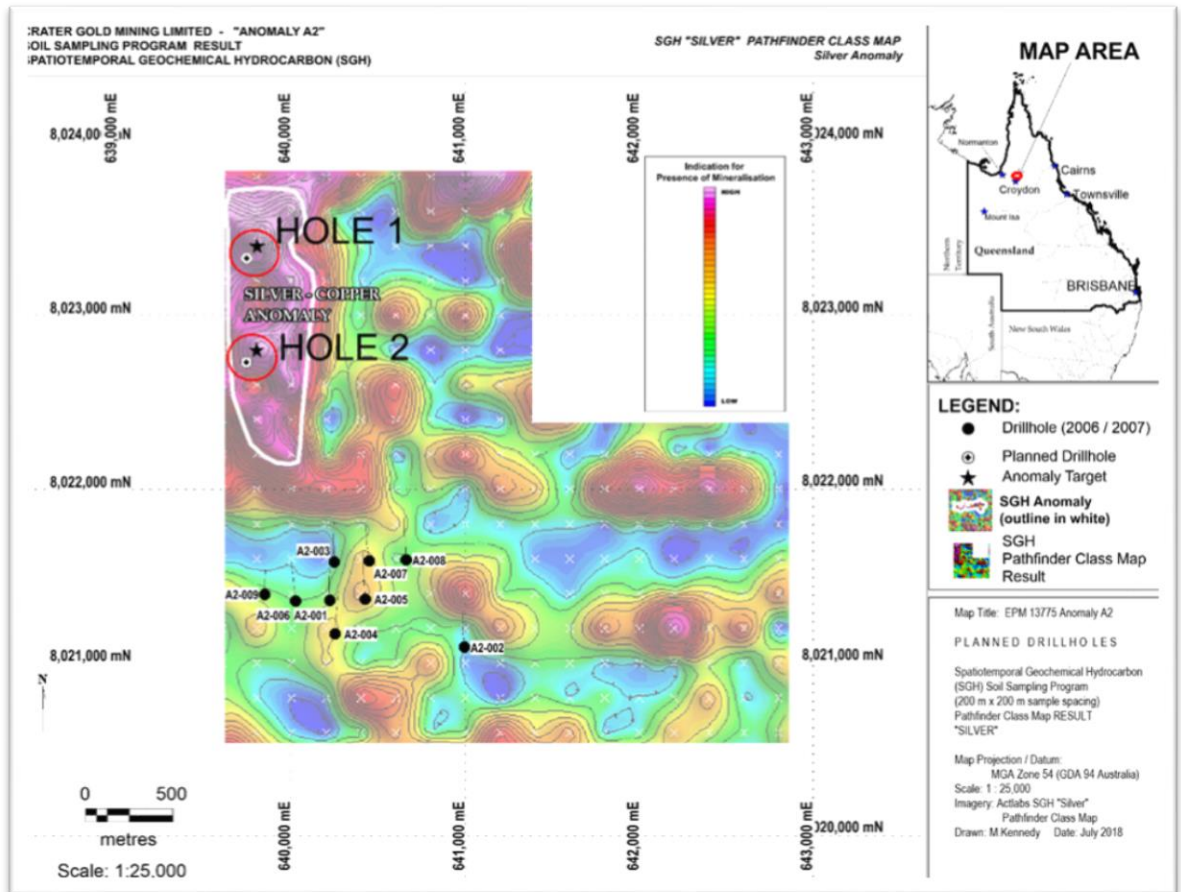


FIGURE 5: Location of A2 Polymetallic Project Drill Holes 1 and 2

DRILL HOLE 3

This hole is planned to test a halo peak within the high priority polymetallic SGH soil anomaly in the northern zone of the large polymetallic anomaly (Figure 6). The hole is to be drilled on an azimuth of MGA Grid 040° (034° magnetic) at an inclination of 70° for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

This is one of several polymetallic targets in the northern zone area which, together with polymetallic targets in the southern zone, all display higher anomalism than the central zone area previously drilled and where widespread stockwork zinc-silver-tin veining was intersected.

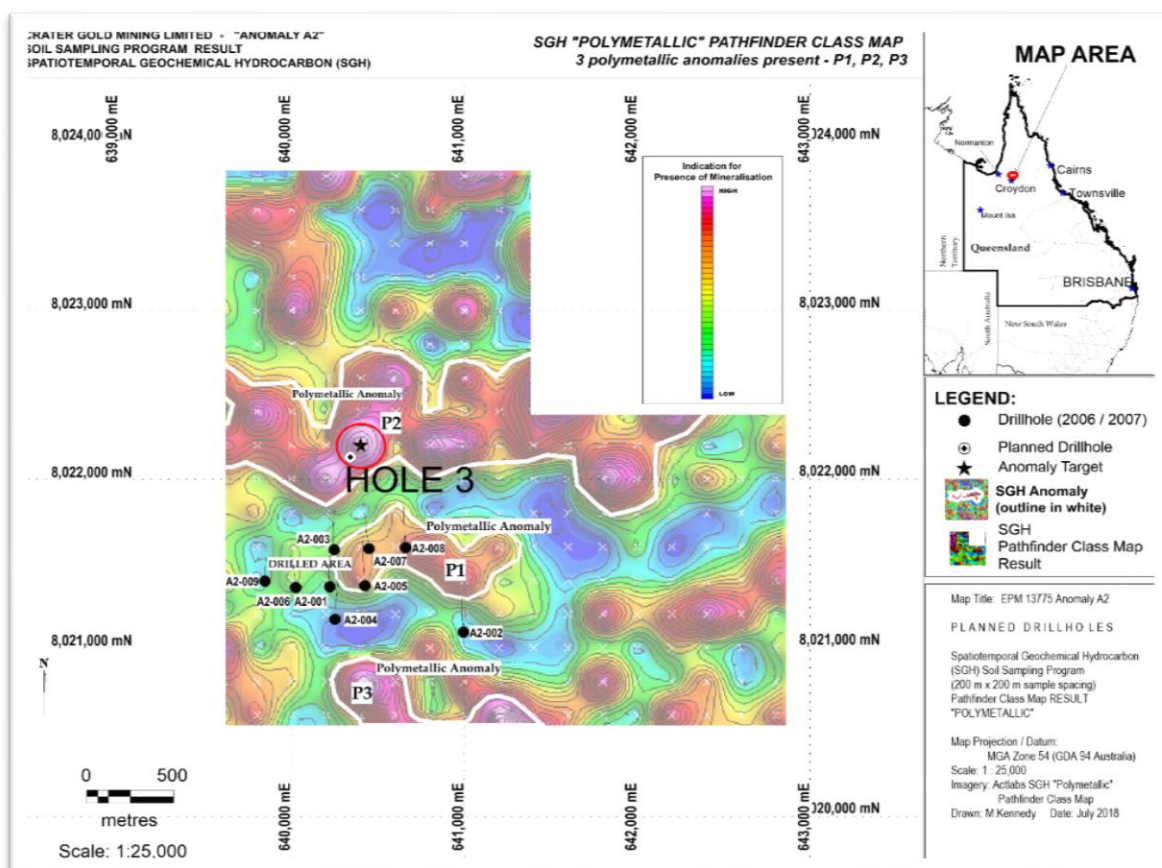


FIGURE 6: Location of A2 Polymetallic Project Drill Hole 3

2.2 Freefire

As noted in the Company's previous ASX announcements, the Company has relied heavily in the past on ongoing funding and support from Freefire, a company which is controlled by the Company's Chairman Sam Chan.

As at 21 January 2019 (being the last practicable date prior to the date of this Prospectus), Freefire has loaned the Company \$16,574,212 (inclusive of interest) under various debt facilities which have been provided on substantially the same terms (Freefire Loans). The Freefire Loans were negotiated between the parties at arm's length and have been provided on substantially similar terms, including interest rates of 8% and 12% per annum and repayable on demand from Freefire. Some amounts loaned under the Freefire Loans are, subject to Shareholder approval, convertible into Shares under the terms of those relevant debt facilities.

As detailed in section 1.2, it is intended that funds raised under the Offer through subscriptions by Freefire and Sam Chan will be used to repay a maximum of \$13,253,619 of the Freefire Loans.

The Company's approximate debt position as at the date of this Prospectus is set out below:

Debt	Amount
Freefire Loans ¹	\$16,574,212
ICBC Loan	\$ 800,000
Trade and other creditors	\$ 2,341,000
Total	\$19,715,212

1. Includes accrued but unpaid interest

As detailed in section 1.2, assuming full subscription, the Company intends to repay \$13,253,619 of the liabilities due to Freefire, all third party debt listed above in full in full, using funds raised under the Offer following which the Company expects to have (after expenses of the Offer) approximately \$6,661,801 in working capital to pursue the Company's strategy as detailed in section 2.1. Upon repayment of the Freefire Loans as detailed above, following completion of the Offer, the outstanding Freefire Loans are estimated to total \$3.3 million. The balance of the Freefire Loans will remain outstanding on substantially the same terms except that they will be extended so repayment will be within 3 years of the Close of the Offer, rather than being repayable at call.

2.3 Crater Mountain Tenements Anomaly, (a wholly owned subsidiary of the Company) holds or held and is applying for renewal of, the following tenements in respect of the Crater Mountain Project:

Tenement Number	Registered Holder	Expiry date
EL 1115	Anomaly	25 th September 2018
EL 2203	Anomaly	10 September 2017
EL 2249	Anomaly	10 November 2017
EL 2318	Anomaly	10 September 2017
EL 2334	Anomaly	21 May 2017
EL 2335	Anomaly	21 May 2017
ML 510	Anomaly	4 November 2019

As noted above, the 6 exploration tenements (ELs) have expired. The Company and Anomaly have lodged applications to renew these tenements, but the applications have not yet been granted or the tenements renewed. If one or more of these applications to renew are not granted, it could have an adverse impact on the operations and prospects of the Company and Anomaly. The Company retains the rights in respect of the 6 exploration tenements until the applications for renewal are determined. Further details of this risk are set out in section 4.

Croydon Tenements

Tenement Numbers	Registered Holder/Applicant	Expiry
EPM 18616	CGN	18/06/2023
EPM 8795	CGN	06/09/2020
EPM 13775	CGN	5/03/2020
EPM 16002	CGN	30/01/2021

The Company has also lodged an application (EPMA 26748) for a new Exploration Permit (EPM).

3 Effect of the Offer on the Company

3.1 Effect of the Offer

The principal effects of the Offer on the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, are as follows:

- (a) the Company will issue 1,537,056,263 new Shares and the total number of Shares on issue will increase to 1,816,521,038 Shares; and
- (b) Freefire debt will be reduced by \$13,253,619 to approximately \$3.3 million
- (c) All third party debt will be repaid.
- (d) the cash reserves of the Company will increase by approximately \$6.5 million to approximately \$6.7 million (less the expenses of the Offer) immediately after completion of the Offer.

3.2 Statement of Financial Position

Set out below is the Statement of Financial Position of the consolidated entity as at 30 June 2018 together with pro forma statements adjusting for the effects of the Offer and other events as detailed below:

The pro-forma Statements of Financial Position of the consolidated entity as at 30 June 2018 set out below have been adjusted for the following transactions:

- the issue of 1,537,056,263 Shares pursuant to this Prospectus to raise approximately \$23,055,844;
- the estimated expenses of the Offer of approximately \$104,000 in the full subscription scenario;
- Payment of all third party debt;
- Payment of related party payables (excluding Freefire);
- payment of \$13,253,619 of debt due to Freefire;
- Conversion of loans totalling approximately \$3.3 million that would be outstanding at the Close of the Offer from current liabilities following their terms being varied so that they are repayable within 3 years of the Close of the Offer; and
- changes to the financial position of the Company from 1 July 2018 up to 30 November 2018. Details of these are set out in the notes to the accounts.

Pro-forma Statement of Financial Position – Full Subscription

ASSETS	June 30/06/2018	Working capital changes to 30/11/2018	Rights Issue proceeds	Post Raise 30/11/2018
Current Assets				
Cash and cash equivalents	265,155	82,788	3,807,801	4,155,744
Trade and other receivables	102,341	(15,898)	-	86,443
Total Current Assets	367,496	66,890	3,807,801	4,242,187
Non-Current Assets				
Other Financial Assets	65,796	(545)	-	65,251
Exploration Interests & Expenditure	9,014,465	(117,305)	2,750,000	11,647,160
Property, Plant & Equipment	687,384	16,442	-	703,826
Total Non-Current Assets	9,767,645	(101,408)	2,750,000	12,416,237
Total Assets	10,135,141	(34,518)	6,557,801	16,658,424
LIABILITIES				
Current Liabilities				
Trade and other payables	1,685,558	(199,463)	(1,486,095)	-
Related Party Payables	873,587	(19,258)	(854,329)	-
Freefire loans	12,879,324	3,118,382	(13,253,619)	2,744,087
Other interest bearing liabilities	800,000	-	(800,000)	-
Total Current Liabilities	16,238,469	2,899,661	(16,394,043)	2,744,087
Non-Current Liabilities				
Interest-bearing liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	-	-
Total Liabilities	16,238,469	2,899,661	(16,394,043)	2,744,087
Net Assets	(6,103,328)	(2,934,179)	22,951,844	13,914,337
EQUITY				
Contributed Equity	61,015,655	(7,980)	22,951,844	83,959,519
Reserves	(2,001,161)	305,083	-	(1,696,078)
Retained Earnings	(65,117,822)	(3,231,282)	-	(68,349,104)
Total Equity	(6,103,328)	(2,934,179)	22,951,844	13,914,337

Notes to the pro-forma Statement of Financial Position

The Pro Forma Statements of Financial Position have been prepared by the Company and is presented in an abbreviated form insofar as it does not comply with all the disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The pro-forma Statements of Financial Position were developed as follows:

- Preparation of the 30 June 2018 Financial Statements; and
- The financial position of the Company post the completion of the Offer further for assumes the Offer was completed at the date of 30 November 2018. The proceeds of the Offer of \$23,055,844 less the costs of the Offer are first utilised to repay all \$13,253,619 of outstanding current liabilities due to Freefire and all third party debt, with the balance of the proceeds of the offer being recorded as cash and cash equivalents. These balances are subject to adjustment due to any booking post 30 June 2018 of journals and adjustments that effect the period up to 30 November 2018, and as a result of the subsequent audit of those financial statements. The pro-forma financials also assume that no existing Options are exercised prior to the Record Date for the Offer.

3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no existing Options are exercised prior to the Record Date, is set out below.

Shares

	Number Maximum subscription
Shares currently on issue	279,464,775
Shares to be issued pursuant to the Offer*	1,537,056,263
Shares on issue after completion of the Offer	1,816,521,038

* If all Options that are currently capable of being exercised are exercised prior to the Record Date, a further 124,300,000 Shares will be offered pursuant to this Prospectus.

Options

Exercise Price	Expiry Date	Number
<i>Existing Unquoted Options on issue</i>		
\$0.25	27/07/2019*	7,800,000
\$0.25	27/07/2019*	5,800,000
\$0.125	12/07/2020	9,000,000
Options to be issued pursuant to the Offer		Nil
Total Options on issue		22,600,000

*Given the current share price of the Company shares it is likely that these options will lapse in due course.

Performance Rights

The Company has on issue a total of 37,201,020 Performance Rights as follows:

Subscriber	Role	Class A	Class B	Class C	Class D	Class E
Russ Parker	Director	2,018,660	1,009,330	1,009,330	1,009,330	1,009,330
Thomas Fermanis	Director	2,018,660	1,009,330	1,009,330	1,009,330	1,009,330
Lawrence Lee	Director	865,140	432,570	432,570	432,570	432,570
Desmond Sun	Director	865,140	432,570	432,570	432,570	432,570
Matthew O'Kane	CFO	2,018,660	1,009,330	1,009,330	1,009,330	1,009,330
Curtis Church	COO	2,018,660	1,009,330	1,009,330	1,009,330	1,009,330
Brett Collins	GM, PNG	2,018,660	1,009,330	1,009,330	1,009,330	1,009,330
John Hung	Advisor	576,760	288,380	288,380	288,380	288,380

Subject to completion of the Offer (and in the case of the Directors and Mr John Hung Shareholder approval), the Company will issue up to a total of 213,932,145 additional Performance Rights as follows:

Subscriber	Role	Class A	Class B	Class C	Class D	Class E	Class F
Russ Parker	Director	9,648,009	4,824,003	4,824,003	4,824,003	4,824,003	4,824,003
Tom Fermanis	Director	9,648,009	4,824,003	4,824,003	4,824,003	4,824,003	4,824,003
Lawrence Lee	Director	4,134,860	2,067,430	2,067,430	2,067,430	2,067,430	2,067,430
Desmond Sun	Director	4,134,860	2,067,430	2,067,430	2,067,430	2,067,430	2,067,430
Matt O’Kane	CFO	9,648,009	4,824,003	4,824,003	4,824,003	4,824,003	4,824,003
Curt Church	COO	9,648,009	4,824,003	4,824,003	4,824,003	4,824,003	-
John Hung	Advisor	2,756,572	1,378,287	1,378,287	1,378,287	1,378,287	1,378,287
Brett Collins	GM, PNG	9,648,009	4,824,003	4,824,003	4,824,003	4,824,003	-
Nyamgerel Narangerel	Manager, PNG	2,166,668	1,083,333	1,083,333	1,083,333	1,083,333	-
Ken Chapple	Consultant	-	-	-	-	-	4,824,003
Michelle Kennedy	Consultant	-	-	-	-	-	4,824,003

Each Performance Right is a right to acquire a Share subject to the satisfaction of specified performance criteria within the performance period. The performance period for the Performance Rights is from grant until 31 January 2020, and the performance criteria for the Performance Rights are, in summary:

- (a) Class A Performance Rights – achievement of successful commercial gold production at the Crater Mountain Project, with successful commercial gold production defined as attaining positive operating cash flow from mining operations (i.e. Revenue less: direct variable cash mining and processing costs: 50% of fixed overhead costs incurred at the Nevera Gold Mine; 50% of the Chief Operating Officer’s employment expense, and the cost of any landowner compensation payments that relate to mining activities) for three consecutive months.
- (b) Class B Performance Rights – On expansion of the Crater Mountain Project total Resources (ie, adding all categories of Measured, Indicated and Inferred together) to 1,112,500 contained ounces of gold or more, with a cut-off grade of 0.5g/t AU.
- (c) Class C Performance Rights – if at any time the share price remains at or above A\$0.020 per share for 20 consecutive trading days with an average daily trading liquidity for those trading days at or above A\$5,000.
- (d) Class D Performance Rights – if at any time the share price remains at or above A\$0.030 per share for 20 consecutive trading days with an average daily trading liquidity for those trading days at or above A\$5,000.
- (e) Class E Performance Rights – if at any time the share price remains at or above A\$0.040 per share for 20 consecutive trading days with an average daily trading liquidity for those trading days at or above A\$5,000.

- (f) Class F Performance Rights
- i. the achievement of a 20m+ drill intersection averaging an accredited laboratory assay of 5% Zn, or Zn with a polymetallic combination of Zn, Cu, Pb, Ag, Sn metal values that give a 5% Zn equivalent. In compliance with clause 50 of the 2012 JORC Code, each equivalent metal value to be determined by calculation of the metal assay x the London metal price for that day after applying a discount of 1,000 ppm for recovery of each metal Zn, Cu, Pb and Sn and after a discount of 100 ppm for Ag; or
 - ii. the achievement of a 20m+ drill intersection averaging an accredited laboratory assay of 3.0 g/t Au, or Au with a polymetallic combination of Zn, Cu, Pb, Ag, Sn metal values that give a 3.0 g/t Au equivalent. In compliance with clause 50 of the 2012 JORC Code, each equivalent metal value to be determined by calculation of the metal assay x the London metal price for that day after applying a discount of 1,000 ppm for recovery of each metal Zn, Cu, Pb and Sn and after a discount of 100 ppm for Ag.

3.4 Substantial shareholders

The Company's Chairman, Sam Chan has a relevant interest in 160,649,929 Shares held through Freefire (an entity he controls, as to 160,085,929 Shares) and HSBC Custody Nominees (Australia) Limited (as to 564,000 Shares). These Shares equate to approximately 57.48% of the issued Shares in the Company, with the Shares held by Freefire equating to approximately 57.28% of the issued Shares.

Freefire has committed to partially take up its Entitlement to \$13,207,089 and Sam Chan's to entitlement of \$46,530. Assuming full subscription by shareholders other than Freefire or investors under the Shortfall Offer, the maximum percentage relevant interest Sam Chan will have on completion of the Offer is 57.48%, and the maximum percentage Freefire will have in Shares on completion of the Offer is 57.28%.

Save for Sam Chan and Freefire, the Company is not aware of any other substantial shareholders in the Company.

3.5 Potential dilutionary impact of Offer

Assuming no existing Options are exercised prior to the Record Date, the maximum number of Shares which will be issued pursuant to the Offer is 1,537,056,263. This equates to approximately 84.62% of all the issued Shares following completion of the Offer.

If all Eligible Shareholders take up their Entitlements under the Offer, each Eligible Shareholder's percentage interest in the total issued Shares will remain the same and will not be diluted.

However, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by up to approximately 85.71% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holding as at Record Date	% at Record Date	Entitlement under the Offer	Holding if Offer not taken up	% post completion of the Offer
50,000,000	18.37%	275,000,000	50,000,000	2.75%
20,000,000	7.35%	110,000,000	20,000,000	1.10%
10,000,000	3.67%	55,000,000	10,000,000	0.55%
5,000,000	1.84%	27,500,000	5,000,000	0.28%
500,000	0.18%	2,950,000	500,000	0.03%
50,000	0.018%	275,000	50,000	0.003%
20,000	0.200%	110,000	20,000	0.001%

3.6 Potential impact of Offer on control of the Company

The Offer may have a significant effect on control of the Company. The following information is provided to Shareholders.

Assuming no existing Options are exercised prior to the Record Date, the maximum number of Shares which will be issued pursuant to the Offer is 1,537,056,263. This equates to approximately 84.62% of all the issued Shares following completion of the Offer.

The Company's Chairman, Sam Chan has a relevant interest in 160,649,929 Shares held through Freefire (an entity he controls, as to 160,085,929 Shares) and HSBC Custody Nominees (Australia) Limited (as to 564,000 Shares). These Shares equate to approximately 57.48% of the issued Shares in the Company, with the Shares held by Freefire equating to approximately 57.28% of the issued Shares. Freefire has committed to take up its full Entitlement of \$13,207,089 and Sam Chan has committed to take his entitlement of \$46,530. The maximum percentage relevant interest Sam Chan will have on completion of the Offer (assuming full subscription by persons other than Sam Chan or Freefire) is 57.48%, and the maximum percentage Freefire will have in Shares on completion of the Offer is 57.28%. The extent of Sam Chan and Freefire's interest in the Company following completion of the Offer will depend on take up under the Offer, but the minimum relevant interest Sam Chan will have is 57.48% and the maximum interest Freefire will have is 57.28%. The maximum interest of Sam Chan and Freefire following the Offer are 89.78% and 89.47% respectively. As a result Freefire and Sam Chan will not be in a position to compulsorily acquire Shares in the Company upon Close of the Offer. The Company has obtained shareholder approval pursuant to Item 7, Section 611 of the Corporations Act in respect of any increase in the percentage holdings of either Sam Chan or Freefire.

4 Risk factors

4.1 Introduction

This section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

4.2 Risks specific to the Offer

Potential for significant dilution

Upon completion of the Offer, assuming all Entitlements are accepted, and no existing Options are exercised prior to the Record Date, the number of Shares will increase from 279,464,775 up to 1,956,253,425. This increase equates up to approximately 84.62% of all the issued Shares following completion of the Offer.

This means that each Share will represent a significantly lower proportion of the ownership of the Company. It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.013 is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by up to approximately 84.62% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Please refer to section 3.5 (**Potential dilutionary impact of Offer**) of this Prospectus for examples of how the potential dilutionary effect of the Offer may impact Shareholders.

Freefire commitment risk

Freefire and Mr Sam Chan have agreed to take up their full entitlements under the Offer which total \$13,253,619.

If Freefire or Sam Chan default in taking up some or all of their Entitlements the Company may not raise the funds required for the Company to meet its stated objectives, and the Company would need to find alternative financing to meet its funding requirements.

There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. If alternative funding cannot be sourced, it could materially adversely affect the Company's business, cash flow and financial position. In particular, the Company may not be able to repay its debts when they fall due and the Company not be able to continue operating as a going concern.

4.3 Minority Shareholder Risk/ Liquidity risk

Ownership and control by the Company's Existing Shareholders

Upon completion of the Offer, Freefire and Mr Sam Chan control Existing Shareholders, will control 57.28% and 57.48% respectively of the Company's enlarged issued and paid-up share capital respectively. It is possible for the interests of Freefire and Sam Chan to increase to 89.47% and 89.78% respectively following completion of the offer. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of the group as well as influence the outcome of certain matters requiring the voting of the Shareholders unless they are required to abstain from voting by law and/or by the relevant guidelines or regulations.

Nevertheless, as a step towards good corporate governance, the Company has appointed two Independent Directors and established an Audit and Risk Committee to ensure that, inter alia, all future transactions involving related parties, if any, are entered into on an arm's length basis, or on normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not to the detriment of the other Shareholders.

Risk of oppression of minority shareholders

Immediately after the Offer, Freefire and Mr Sam Chan will control 57.28% and 57.48% respectively of the Company's issued capital. It is possible their interests could increase to 89.47% and 89.78% respectively of the Company. As a result, each would be able to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including the election of Directors and approval of significant corporate transactions.

This concentration of ownership may harm the market price of the Shares by delaying or preventing a change in control, even if a change is in the best interests of the Company's other Shareholders.

Future sale of Company Shares by the Company's major shareholder may adversely affect the Company's Share prices

Any future sale or availability of the Company's Shares by its major shareholder can result in downward pressure on the Share price. The sale of a significant amount of Shares in the public market after the IPO, or the perception that such sale may occur, could adversely affect the market price of the Shares. These factors also affect ability to sell additional equity securities. There will be no restrictions imposed on any major shareholder in respect of a disposal of their shareholdings.

4.4 Risks specific to the Company

Going concern risk

Shareholders should be aware of the going concern risk to which the Company is exposed.

As detailed in section 2.2, the Company has significant liabilities, and it is intended that funds raised from the Offer will be used to substantially repay existing debts

Assuming full subscription, the Board believes that on completion of the Offer the Company will have sufficient funds to adequately meet the Company's current commitments and short-term working capital requirements.

If the Offer is not fully subscribed and depending on the extent of funds subscribed and depending on the Company's ability to obtain funding through other means, the Company may need to re-evaluate its objectives and adjust the use of funds to ensure it has sufficient funds to operate.

Title Risk

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

As detailed in section 2.3, all six of the exploration tenements at the Company's Crater Mountain Project have expired. The Company and Anomaly have lodged applications to renew within the time required by the PNG Mining Act, however there is no guarantee that the renewals will be granted. In particular, the Company has not met expenditure requirements on some of these mining tenements.

The PNG Mining Advisory Council (**MAC**) has discretion as to whether to grant an application to renew a tenement, and the Company understands it will look at a range of factors including spending on surrounding tenements held by the Company and development of the Company's projects to date. The Company is in discussions with the PNG Mineral Resources Authority (which provides advice to the MAC) regarding the renewal of its tenements and considers that the announcement of the Offer and proposed use of funds on the tenements will support its applications for renewal of the tenements.

If one or more of the renewal applications are not granted, it may have a significant adverse impact on the Company's ability to explore and develop the Crater Mountain Project.

Additional requirements for capital

As detailed in section 2.2, the Company has significant liabilities, some which will become due and payable prior to the completion of the Offer. As noted in section 2.3, the Company has relied heavily on funding support from Freefire in the past. The Company is confident it has sufficient funds to meet its debts as they become due prior to the completion of the Offer

The Company may require further financing in addition to amounts raised under the Offer. 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. 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.

Exploration and development risks

The business of gold and mineral exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Some of the Company's projects are still at an early stage and there is no guarantee of development. Ultimate and continuous success of activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- obtaining regulatory consents and approvals necessary for exploration, development and production;
- securing plant and equipment; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of gold or other minerals. In particular, the Company may not produce sufficient quantities or qualities of gold or other minerals to be profitable or commercially viable and may result in a total loss of the investments by the Company.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

Industry operating risks include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

In addition, the Company will be subject to multi-jurisdictional compliance with governmental regulations in relation to licence conditions, the environment and operational conduct.

These factors affect the Company's ability to re-establish mining operations, continue with its projects, earn income from its operations and will affect the Company's share price.

Mineral resource estimates may be inaccurate

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

Production costs

All production costs, particularly labour, fuel and power, are a key risk and have the potential to adversely affect the Company's income from mining operations. If the Company's mining projects and processing operations are subject to cost over-runs and/or higher than anticipated operating costs, this would adversely affect the Company's financial position, the value of the Company's projects and in turn, the value of the Shares.

Metallurgical risks

The economic viability of gold recovery depends on a number of factors such as the development of an economic process route for metal concentrates. Further, changes in mineralogy may result in inconsistent metal recovery.

Artisanal mining

Artisanal miners may be active in the Crater Mountain Project which may have many material adverse effects including delays and/or impediments to the Company's exploration activities and schedule, effects on the amount of gold recovered by the Company and exposure to safety, security, environment and social liabilities and losses.

Mining operations

The Company has recently restarted its production operations at the Nevera Gold Mine. The success of the restart be subject to not only operational, geological and geotechnical risks but also environmental, social and community and economic risks, all of which could affect the financial outcome of the Company re-establishing itself as a gold producer. Also, the Company cannot be certain that the operations, will be profitable.

Operational risks

The Company's performance is dependent on the effective operation of its processing plant and infrastructure which could be affected by operational risks outside of the control of management. These risks include technical difficulties (such as pipe blockages), weather (including lightning strikes and heavy rainfall), industrial accidents, mechanical or structural failures of the processing facilities and inadequate maintenance of processing facilities and capital equipment as may eventuate due to delays from third party suppliers providing replacement parts at critical times. The operation may be affected by force majeure, engineering difficulties and other unforeseen events.

Geotechnical risks

The Company's resources are subject to natural and man impacted (old workings) geotechnical risk. The areas mined by the Company are subject to many geotechnical features such as faults and dykes. These features may increase the costs of production where impacting directly on the mining of gold bearing veins. Additionally, the mining rights area controlled by the Company has been the subject of mining historically. Not all of the historical mining as conducted is reflected in the plans available to the Company or identified during the new exploration and mapping process. The Company may encounter unanticipated voids which reduce the anticipated recovery of gold bearing veins.

Insurance coverage risk

Exploration and development operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes and other environmental occurrences, political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes, changes in regulatory environment, monetary losses and possible legal liability.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and development is not generally available to the Company or to other companies in the industry on acceptable terms. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

Commodity price risk and exchange rate risk

In the future, and from current mining activities in the High Grade Zone, the Company's revenue will and does come from the sale of product. Therefore, its earnings will be closely related to the price and arrangements it enters into for selling of its products. Product prices fluctuate and are affected by factors including the relationship between global supply and demand for gold and other commodities, forward selling by producers, the cost of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues. These factors may have an adverse effect on the Company's exploration, development and production activities as well as its ability to fund those activities.

In particular, the Company's profitability depends upon the world market prices of gold. If the market prices for gold fall below the Company's production costs and remain at such levels for any sustained period of time, it may not be economically feasible to commence or continue production. This would materially and adversely affect production, profitability and the Company's financial position. The Company may experience losses and may determine to discontinue operations or development of a project or mining at one or more of its properties. If the price of gold drops significantly, the economic prospects of the projects in which the Company has an interest could be significantly reduced or rendered uneconomic. Gold prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of gold are produced, a profitable market will exist for them.

A decline in the market prices of gold may also require the Company to write down its mineral reserves and resources which would have a material and adverse effect on its earnings and profitability. Should any significant write-down in reserves and resources be required, material write-down of the Company's investment in the affected mining properties and increased amortisation, reclamation and closure expenses may be required.

Furthermore, international prices of gold are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in primarily Australian and Papua New Guinean currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Papua New Guinean Kina and the Australian dollar as determined in international markets.

In-country/political risks

The Company's operations in PNG are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to: currency exchange rates; high rates of

inflation; labour unrest/workforce reliability; difficulties implementing best working practices, renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls; and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in PNG may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by governmental regulations with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittance; income taxes; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people; water use; mine safety; and government and local participation. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral tenure and development could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or its financial position.

Access to land

The Company will experience delays and cost overruns in the event it is unable to access the land required for its operations. Anomaly is party to a compensation agreement with the landowners of the land covered by ML 510 which provides it with full rights to access and mine the land, however access and mining may be affected by a range of factors including weather, environmental or regulatory restraints, harvesting, ability to maintain good relations with the relevant local communities, landholder's activities or other factors.

As noted above, the compensation agreement in relation to ML 510 provides the Company access and rights to this land, and the Company is not otherwise aware of any landholder or compensation issues, however, such issues are not uncommon in PNG. Any failure to adequately manage community and social expectations with respect to compensation for land access, employment opportunities, impact on local business and other expectations may lead to local dissatisfaction with the Company, which in turn may lead to disruptions in the exploration and production programs on the tenements and potential losses.

The Company's mining and exploration activities are also dependent upon the grant, or as the case may be, the maintenance or renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintenance, renewal and granting of tenements often depends on the Company being successful in obtaining required statutory approvals. There is no assurance that the Company will be granted all the mining tenements for which it has applied or that licences, concessions, leases, permits or consents will be renewed as and when required or that new conditions will not be imposed in connection therewith. To the extent such approvals, consents or renewals are not obtained, the Company may be curtailed or prohibited from continuing with its mining or exploration activities or proceeding with any future exploration or development.

Environmental regulation risk

The Company's operations are subject to environmental regulations in PNG. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may

be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions (including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed) and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Amendments to current laws, regulations and permits governing the Company's operations and activities, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in the development of new properties.

Environmental liabilities risk

The Company's activities are subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

Due to the minimal disturbance of the land the subject of the existing mining operations in PNG, no provision has been made in the accounts of the Company for rehabilitation expenses. There is a risk that if a rehabilitation liability arises the Company will not have the money to fund the rehabilitation work.

Land rehabilitation requirements

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimise long term effects of land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on the Company in connection with its mineral exploration, the Company must allocate financial resources that might otherwise be spent on further exploration and/or development programs.

Litigation risk

The Company is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities.

Unforeseen expenses

The Company may be subject to significant unforeseen expenses or actions.

This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events. The Directors expect that the Company will have

adequate working capital to carry out its stated objectives however there is the risk that additional funds may be required to fund the Company's future objectives.

Reliance on key personnel

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. The Company's ability to manage its exploration and development activities, and hence its success, will depend in large part on the efforts of these individuals. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

Contractors and agents

The Directors are unable to predict the risk of:

- insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or
- insolvency or other managerial failure by any of the other service providers used by the Company for any activities.

Conflicts of Interest

Some of the directors of the Company are also directors/employees of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. In particular, one of the consequences may be that corporate opportunities presented to a Director may be offered to another company or companies with which the director is associated, and may not be presented or made available to the Company. The Directors are required by law to act honestly, in good faith and in the best interests of the Company and its Shareholders, to disclose any interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the procedures prescribed in the Company's Code of Ethics.

4.5 General Risks

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.

Further, 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;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

Securities price fluctuation

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

Share market risk

The market price of the Shares could fluctuate significantly. The market price of the Shares may fluctuate based on a number of factors including the Company's operating performance and the performance of competitors and other similar companies, the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who track the Shares or the shares of other companies in the resource sector, changes in general economic conditions, the number of the Shares publicly traded and the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Shares are affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Shares, and the attractiveness of alternative investments.

4.6 Speculative nature of investment

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 Shares offered under this Prospectus. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their financial or other professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

5 Additional information

5.1 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically, as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

The Board have adopted a policy on compliance with the Listing Rules which sets out the obligations of the Directors, officers and employees to ensure the Company satisfies the continuous disclosure obligations imposed by the Listing Rules and the Corporations Act. The policy provides information as to what a person should do when they become aware of information which could have material effect on the Company's securities and the consequences of non-compliance. Legal framework of this Prospectus

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure (**ED**) securities and the securities are in a class of

securities that were quoted ED securities at all times in the 3 months before the issue of this Prospectus.

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 a 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 enquiries as are reasonable, the Company believes that it has complied with the requirements of ASX as applicable to disclosing entities from time to time, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 3 months before the issue of this Prospectus.

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 ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

5.2 Information available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the year ending 30 June 2018;
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2018 and before the issue of this Prospectus:

Date	Announcement
1 October 2018	Annual Corporate Governance Statement
1 October 2018	Appendix 4G
24 October 2018	Crater Mountain Gold Project Update
26 October 2018	Notice of Annual General Meeting and Proxy Form
30 October 2018	CGN Announces New A\$0.75 M Loan Facility with Freefire
31 October 2018	Quarterly Activities Report
31 October 2018	Quarterly Cash Flow Report
29 November 2018	Result of Meeting
12 December 2018	Drilling campaigns for mixing zone and polymetallic projects
12 December 2018	11 to 2 Renounceable Rights Issue at 1.5c
18 December 2018	Notice of General Meeting and Proxy Form

Date	Announcement
21 December 2018	Crater Gold announces new \$1.0M facility with Freefire
17 January 2019	Results of Meeting
18 January 2019	Renounceable Rights Issue Timetable

5.3 Shortfall Offer Brokerage

The Company will pay in respect of any successful applications received which are stamped by AFSL Holders brokerage of 6.0% in respect of the amount successfully subscribed for by the Applicant.

5.4 Corporate Governance

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent that they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has disclosed the reasons for the departure in its Corporate Governance Statement for the financial year ended 30 June 2018. This can be found on the Company's website at [<http://www.cratergold.com.au/irm/content/corporate-governance.aspx?RID=181>.]

A summary of the Company's corporate governance policies and procedures is available on the Company's website at [<http://www.cratergold.com.au/irm/content/corporate-governance.aspx?RID=181>.]

5.5 Rights attaching to Shares

The Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares.

Full details of the rights attaching to the Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the principal rights which attach to the Shares:

(a) Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, and a proportionate vote for every Share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairman of the meeting, by any five Shareholders entitled to vote on the particular resolution present in person or by proxy, attorney or representative, or by any one or more Shareholders with at least 5% of the total votes that may be cast on the resolution on a poll.

(b) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in

writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares, (other than a market transfer) where the Company is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules. The Company must not prevent, delay or interfere with the registration of a proper market transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASX Settlement Operating Rules.

(c) Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act or the Listing Rules.

(d) Liquidation rights

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Alteration to the Constitution

The constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice, specifying the intention to propose the resolution as a special resolution must be given.

(g) ASX Listing Rules

If the Company is admitted to the Official List, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

5.6 New Loan Facility

On 21 January 2019, the Company and Freefire signed the New Loan Facility agreement whereby it was agreed that to the extent debt was due to Freefire following the Close of the Offer (Remaining Debt) the amount of the Remaining Debt would be the subject of the New Loan Facility.

Under the terms of the New Loan Facility the Remaining Debt would be:

- Unsecured;
- Attract an 8% per annum interest rate payable quarterly in arrears; and

- Be repayable (unless repaid early by the Company) on the third anniversary of the Close of the Offer.

5.7 Litigation

The Company is not involved in any litigation and is not aware of any potential litigation.

5.8 Interests of Directors

(a) Directors' holdings

At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

Director	Number of Shares		Number of Options		Performance Rights	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Desmond Sun	1,750,000	-	2,300,000 ¹	-	2,595,420 ²	-
Lawrence Lee	1,750,000	-	2,300,000 ³	-	2,595,420 ⁴	-
Russ Parker	96,036	161,367	2,300,000 ⁵	-	6,055,980 ⁶	-
Sam Chan	-	160,649,929 ⁷	2,300,000 ⁸	-	-	-
Thomas Fermanis	570,200	32,271 ⁹	2,300,000 ¹⁰	-	6,055,980 ¹¹	-

¹ These Options comprise 1,300,00 options exercisable at \$0.25 exercisable at \$0.25 each on or before 27 July 2019 and 1,000,000 Options exercisable at \$0.125 each on or before 12 July 2020.

² The Performance Rights will vest into fully paid ordinary shares upon the achievement of specific hurdles and expire 31 December 2020.

³ These Options comprise 1,300,000 Options exercisable at \$0.25 each on or before 27 July 2019 and 1,000,000 Options exercisable at \$0.125 each on or before 12 July 2020.

⁴ The Performance Rights will vest into fully paid ordinary shares upon the achievement of specific hurdles and expire 31 December 2020.

⁵ These Options comprise 1,300,000 Options exercisable at \$0.25 each on or before 27 July 2019 and 1,000,000 Options exercisable at \$0.125 each on or before 12 July 2020.

⁶ The Performance Rights will vest into fully paid ordinary shares upon the achievement of specific hurdles and expire 31 December 2020.

⁷ 160,085,929 Shares held by Freefire Technology Ltd (Sam Chan is a director of Freefire Technology Ltd) and 564,000 Shares held by HSBC Custody Nominees (Australia) Limited on behalf of Sam Chan.

⁸ 1,300,000 Option exercisable at \$0.25 each on or before 27 July 2019 and 1,000,000 Options exercisable at \$0.125 each on or before 12 July 2020.

⁹ 32,111 Shares held by Thomas Fermanis Pty Ltd ATF TMF Investments S/F A/C (being Mr Fermanis' self-managed superannuation account).

¹⁰ 1,300,000 Options exercisable at \$0.25 each on or before 27 July 2019 and 1,000,000 Options exercisable at \$0.125 each on or before 12 July 2020.

¹¹ The Performance Rights will vest into fully paid ordinary shares upon the achievement of specific hurdles and expire 31 December 2020.

As noted earlier, Sam Chan and Freefire (an entity controlled by Mr Sam Chan) have committed to take up their Entitlements totalling \$13,253,619. They will not take up acquire additional Shares prior to the Record Date. The other Directors may or may not take up their Entitlements and may or may not purchase additional Shares prior to the Record Date.

(b) Remuneration of Directors

The Constitution provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general

meeting (which is currently \$350,000 per annum). Each Non-Executive Director is paid a fee of \$35,000 per annum.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Details of remuneration provided to Directors and their associated entities during the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018 are as follows:

Director	Financial Year End	Fees/ Salaries (including leave entitlements (\$))	Super-annuation (\$)	Equity Options (\$)	Other non-monetary remuneration (\$)	Total (\$)
Desmond Sun	2018	35,000	-	8,996	-	43,996
	2017	35,000	-	12,832	-	47,832
	2016	35,000	-	9,883	-	44,883
Lawrence Lee ¹	2018	35,000	-	8,996	7,083	51,079
	2017	120,000	-	12,832	-	132,832
	2016	120,000	-	9,883	-	129,883
Russ Parker	2018	161,583	-	20,994	-	182,577
	2017	200,000	-	12,832	-	212,832
	2016	200,000	-	9,883	-	209,883
Sam Chan	2018	35,000	-	-	-	35,000
	2017	35,000	-	12,832	-	47,832
	2016	35,000	-	9,883	-	44,883
Thomas Fermanis	2018	138,736	14,597	20,994	-	174,327
	2017	179,000	-	12,832	-	191,832
	2016	179,000	-	9,883	-	188,883
Peter Macnab ²	2018	-	-	-	-	-
	2017	-	-	-	-	-
	2016	17,500	-	9,883	-	27,383
Richard Johnson ³	2018	14,583	-	-	-	14,583
	2017	163,332	-	12,832	-	176,164
	2016	250,000	-	10,683	-	260,683

¹ Mr Lee was appointed a director on 6 June 2014 and was appointed as Finance Director on 1 April 2015. Mr Lee became a non-executive director on 1 August 2017

² Mr MacNab passed away in December 2015.

³ Mr Johnson was appointed as Technical Director on 19 July 2016. Mr Johnson was previously employed as the General Manager. Mr Johnson resigned as a director on 6 December 2017.

(c) Directors' interests

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (iii) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director

or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer.

The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

5.9 Interests of named persons

Except as disclosed in this Prospectus or previously announced by the Company, no promoter or 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, holds, or during the last two years has held, 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 or promotion or the Offer; or
- (c) the Offer,

and no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to a promoter or any 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 for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Freefire has provided loans totalling \$13,253,619 to the Company as at 18 January 2019 and may make further advances during the Offer Period. It is anticipated upon completion of the Offer Freefire will be repaid as to \$13,253,619 in respect of these loans. The balance of any loans not repaid to Freefire will be rolled over into the New Loan Facility, the terms of which are set out in Section 5.5

Validus Corporate Lawyers Pty Ltd ("VCL") has acted as solicitors to the Company in relation to the Offer. The Company will pay approximately \$21,700 to VCL for these services. VCL (formerly Highgate Legal Pty Ltd) has provided other professional services to the Company during the last two years on normal commercial terms.

Millinium Capital Managers Ltd has agreed to act as the Company's nominee for the sale of rights of Ineligible Shareholders. Millinium will be paid a fee of \$20,000 per month (plus GST) which will be prorated on a weekly basis after one month.

5.10 Consents

Each of the other parties referred to in this section 5.10:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this section; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes 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.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (a) Millinium Capital Managers Limited as nominee of Excluded Shareholders;

- (b) VCL as solicitors to the Company in relation to the Offer;
- (c) Mr Ken Chapple has consented to be named as a competent person; and
- (d) Mr Sam Chan and Freefire as substantial shareholders of the Company. They have also consented to the inclusion in this Prospectus statements relating to its intentions to take up their Entitlements totalling \$13,253,619 in the form and context in which the statements appear.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

5.11 Expenses of the Offer

The estimated expenses of the Offer are as follows:

Expense	\$
ASIC Fees	3,200
ASX Fees	32,000
Legal Fees	26,300
Printing and Distribution expenses	15,000
Nominee fee	27,500
Total	104,000

5.12 Electronic prospectus

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6188 8181 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.cratergold.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

6 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 consented to the lodgement of this Prospectus with the ASIC.

Dated: 22 January 2019

A handwritten signature in blue ink, consisting of a large loop followed by a series of connected strokes that trail off to the right.

Mr Thomas Fermanis

Director

For and on behalf of

Crater Gold Mining Limited

7 Defined terms

A\$ and \$	Australian dollars, unless otherwise stated
Additional Shares	Shares in addition to an Eligible Shareholder's Entitlement for which an Eligible Shareholder applies for pursuant to an Entitlement and Acceptance Form
AEDT	Australian Eastern Daylight Savings Time
Anomaly	Anomaly Limited, a company incorporated in Papua New Guinea and a wholly owned subsidiary of the Company
Applicant	a person who submits an Entitlement and Acceptance Form
Application Form	an Entitlement and Acceptance Form or Shortfall Application Form, as the context requires
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532)
ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement as amended from time to time
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires
Board	the board of Directors
Business Day	every day other than a Saturday, Sunday, 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	19 February 2019 (unless extended)
Company	Crater Gold Mining Limited (ABN 75 067 519 779) and its subsidiaries
Constitution	the constitution of the Company as at the date of this Prospectus
Corporations Act	Corporations Act 2001 (Cth)
Corporations Regulations	Corporations Regulations 2001 (Cth)
Crater Mountain Project	means the Company's gold project located over exploration licences (EL) EL1115, EL2203, EL2249, EL2318, EL2334 and EL2335 and mining licence ML 510.
Croydon Project	means the Company's project located over tenements EPM 8795, EPM 13775, EPM 16002 and EPM 18616.
Directors	the directors of the Company as at the date of this Prospectus
Eligible Shareholder	a Shareholder whose details appear on the Register as at the Record Date and who is not an Excluded Shareholder
Entitlement	the entitlement of an Eligible Shareholder to apply for Shares pursuant to the Offer
Entitlement and Acceptance Form	the entitlement and acceptance form either attached to or accompanying this Prospectus
Excluded Shareholder	a Shareholder who does not reside in Australia, New Zealand, Hong Kong or Papua New Guinea
Indicated Resource	has the meaning given to it in the JORC Code

Inferred Resource	has the meaning given to it in the JORC Code
Listing Rules	the Listing Rules of ASX
Underwriter	means Freefire Technology Limited
Measured Resource	has the meaning given to it in the JORC Code
Millinium Capital Managers Limited	ACN 111 283 357 AFSL 284 336
Mineral Resource	has the meaning given to it in the JORC Code
Nevera Gold Mine	The Nevera Gold Mine located within the Crater Mountain Project
Notice of Meeting	The notice of meeting to be circulated for the General Meeting.
Offerf	the renounceable entitlement offer of Shares pursuant to this Prospectus
Official List	the Official List of the ASX
Official Quotation	quotation on the Official List
Optionholder	an option to acquire a Share
Option	a holder of an Option
Performance Right	a right to acquire a Shares subject to the satisfaction of specified performance conditions
PNG	Papua New Guinea
PNG Mining Act	The Papua New Guinea <i>Mining Act 1992</i>
Prospectus	this prospectus
Record Date	7.00pm AEDT on 25 January 2019
Register	the register of Shareholders
Share	an ordinary fully paid share in the capital of the Company
Shareholder	the registered holder of a Share
Shortfall	the Shares offered by this Prospectus, not accepted as Entitlements or Additional Shares by Eligible Shareholders
Shortfall Application Form	the shortfall application form either attached to or accompanying this Prospectus
Shortfall Offer	the offer of the Shortfall on the terms and conditions set out in section 1.7 (Shortfall) of this Prospectus
Shortfall Shares	the Shares comprising the Shortfall Offer

Corporate directory

Directors	<p>Mr Russ Parker (Managing Director)</p> <p>Mr Sam Chan (Chairman)</p> <p>Mr Thomas Fermanis (Deputy Chairman)</p> <p>Mr Lawrence Lee (Non- Executive Director)</p> <p>Mr Desmond Sun (Non-Executive Director)</p>	Solicitors	<p>Validus Corporate Lawyers Pty Ltd 31 Highgate Court Kellyville NSW 2155 Telephone: 0403 192 230</p>
Company Secretary	Ms Andrea Betti		
Registered and principal office	<p>Level 2, 22 Mount Street, Perth WA,6000</p> <p>Email: info@cratergold.com.au Website: www.cratergold.com.au</p>	Auditors*	<p>RSM Australia Partners Level 32, Exchange Tower, 2 The Esplanade Perth, WA 6000. Tel: 08 9261 9100 www.rsm.com.au</p>
ASX CODE	CGN	Share Registry*	<p>Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000</p> <p>Offer Information Line: Within Australia: 1300 794 682 Outside Australia: +61 7 1300 794 682</p>

**These entities are included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.*