

30 April 2015

Dear Shareholders,

This is my first circular letter to you in my capacity as the new Managing Director of Crater Gold Mining Limited. I send my warmest greetings to you all and thank you at the same time for your continued support.

In assuming the Managing Director's role I want you to know that the enhancement of shareholders' value will always be my primary focus, and I am pleased to say that this policy has the full support of our Chairman Mr. Sam Chan and our majority shareholder, Freefire Technology Limited, a company controlled by Mr Chan.

You are probably aware that the Company has had a board and senior management restructure recently. Concurrent with my appointment, Mr. Tom Fermanis, a long-time director of the Company, was appointed Deputy Chairman and Mr. Lawrence Lee appointed Finance Director. The corporate management team has thus been considerably strengthened.

With the Company moving into production from an exploration phase I shall personally be spending much of my time and effort to streamline operational management and increase efficiency so as to expedite and maximize gold production at the High Grade Zone ("HGZ") in the Nevera Prospect at Crater Mountain in Papua New Guinea. In this process we shall ensure that all mining and related works will be performed in full compliance with the regulations of the local authorities so that production can move ahead at full speed, in fact, the first gold concentrate is being smelted ready for sale very soon.

The Company will separately issue an announcement on the operational and geological aspects of the HGZ project. For the purpose of this letter however, I can briefly inform you that the Company's exploration at the High Grade Zone is focused in and below the base of the spur from which artisanal miners recovered an estimated 15,000 ounces (450 kg) of gold over an eight year period by very simple mining and gravity processing methods. The local miners extracted most of their gold from near-vertical irregular ore shoots with bonanza gold grades of many ounces per tonne, and the structures mined by them were all in ore when they were forced to cease their activities in early 2013 due to Government intervention.

To quote our highly respected Exploration Director, Peter Macnab, "The nature of mineralization localized by intersecting fracture sets found in the HGZ is such that additional ore shoots and splays not previously located by the local artisanal miners can be expected to be identified in the course of further mining. The Company expects this operation to be simple and fruitful".

The Company is currently locating the downwards extensions of the ore shoots and their connecting structures mined by the local miners in its exploration workings, in order to stope upwards on them and efficiently extract the remaining ore between this level and the surface thereby creating a quick cash inflow before developing the underground infrastructure necessary to mine below gully level at the base of the spur. Bonanza gold grades in excess

of 20 ounces per tonne have been recorded in samples from the exploration adit and the Company is optimistic that its strategy to concentrate on extracting the ore above this level will be best for the provision of quick reward.

With the gold production output on course in accordance with this strategy, together with the imminent delivery of additional mining equipment to site, we are fully primed to accelerate the pace of production and gold sales, thereby generating a healthy stream of cash inflow.

The future of the Company looks highly promising.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Russ Parker', written in a cursive style.

Russ Parker
Managing Director

COMPETENT PERSON STATEMENT

The information contained in this report relating to exploration results at Crater Mountain, PNG is based on information compiled by Mr P Macnab, Non-Executive Director of Crater Gold Mining Limited. Mr Macnab is 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 Macnab consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.