



27 July 2017

Dear Security holder

**RENOUNCEABLE ENTITLEMENT OFFER**

On 24 July 2017, Crater Gold Mining Limited (ACN 067 519 779) (**Company**) announced that the Company would be conducting a renounceable entitlement offer of approximately 1,496,652,416 fully paid ordinary shares in the capital of the Company (**Shares**) on the basis of 11 Shares for every 2 Shares held at 7.00pm (EST) on 31 July 2017 (**Record Date**) at an issue price of \$0.01 per Share to raise approximately \$14,966,524 (before issue costs) (**Offer**). The Offer is subject to a minimum subscription of \$13 million.

Freefire Technology Limited (**Freefire**), a major shareholder, has committed to take up its entitlement to \$6.6 million. Subject to eligible shareholders (other than Freefire) taking up entitlements to \$2.1 million (**Minority Shareholder Acceptance Condition**) and other conditions, the Offer is committed to \$13 million, comprised of:

- (a) Freefire's commitment of \$6.6 million; and
- (b) the balance of \$6.4 million pursuant to the conditional underwriting agreement between the Company and Patersons Securities Limited (AFSL No. 239 052) (**Underwriter**) and the Minority Shareholder Acceptance Condition.

The purpose of the Offer is to raise funds to:

- (a) repay outstanding short-term and long-term loans (including the convertible notes due August 2017 and loan from Industrial and Commercial Bank of China and loans from Freefire) (together with accrued interest in such loans);
- (b) eliminate (or if only the minimum subscription is raised, significantly pay down) the current negative working capital balance (taking into account cash and net trade payables);
- (c) resume physical exploration over the Company and Anomaly Limited's (the Company's wholly owned PNG subsidiary) tenements in PNG (including the acquisition of two drill rigs);
- (d) progress commercial gold production at the Nevera Gold Mine (located within the Crater Mountain Project);
- (e) pay for expenses of the Offer; and
- (f) provide working capital and funds for general corporate purposes.

Patersons Securities Limited is the lead manager and Underwriter of the Offer.

The Offer is made pursuant to a prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) on 26 July 2017 (**Prospectus**) and released to the Australian Securities Exchange (**ASX**) on the same date.

The Prospectus is available on the Company's website at [www.cratergold.com.au](http://www.cratergold.com.au) or on the ASX website (company announcements section, ASX code: CGN) at [www.asx.com.au](http://www.asx.com.au).

It is anticipated that the Prospectus will be sent to all shareholders in Australia, New Zealand, Hong Kong or Papua New Guinea on 3 August 2017.

### Summary of key features of the Offer

The Offer is open to shareholders who hold Shares as at the Record Date with registered addresses in Australia, New Zealand, Hong Kong or Papua New Guinea (**Eligible Shareholders**). All other shareholders are not eligible to participate in the Offer and will be notified by the Company separately (**Excluded Shareholders**). Excluded Shareholders will not be entitled to subscribe for Shares under the Offer. The Company's Excluded Shareholders are in Brazil, Canada, Switzerland, Fiji, United Kingdom, Ireland, Malaysia, Philippines, Thailand, Singapore and United States of America.

Under the terms of the Offer, Eligible Shareholders will be entitled to subscribe for 11 Shares for every 2 Shares held at the Record Date at an issue price of A\$0.01 per Share (**Entitlements**). Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of Shares. 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 the Offer to sell their respective Entitlements and also enables Shareholders to purchase additional Entitlements if they wish. Eligible Shareholders may also apply for additional Shares in excess of their Entitlement on the terms set out in the Prospectus.

The Company only has one register on which Entitlements will be calculated.

The Company reserves the right to reduce the number of Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

The Shares will rank equally with the existing ordinary shares from the date of issue.

The current number of Shares on issue in the Company is 272,118,621. Under the Offer, up to 1,496,652,416 Shares will be issued and the number of Shares on issue at the completion of the Offer will be up to approximately 1,768,771,037. The number of options on issue will remain unchanged as a result of the Offer however, Shareholders should note that as announced by the Company on 24 July 2017, it is proposed that subject to shareholder approval as necessary, 197,300,000 Performance Rights will be issued to new management and directors of the Company following the completion of the Offer. Subject to completion of the Offer, the Company has also agreed to issue Chancery \$100,000 worth of Shares for introducing the new management team to the Company.

The Company currently has 30,100,000 unquoted options with varying exercise prices and expiry dates, on issue. Existing option holders may participate in the Offer upon exercise of their options provided the resulting Shares are issued by the Record Date. Given the exercise prices of these Options and the Company's current share price, the Directors consider it is unlikely any of these Options will be exercised prior to the Record Date. The Company sent a notice to option holders on 25 July 2017 notifying them of their right to participate in the Offer upon exercise of their options.

No shareholder approval for the Offer is required.

Under the Underwriting agreement, the Company will:

- (a) pay the Underwriter an underwriting fee of \$352,000;
- (b) pay the Underwriter a corporate advisory fee of \$100,000, of which \$50,000 has been paid and \$50,000 will be paid on allotment of the Shares (including any shortfall shares) the subject of the Offer;
- (c) pay the Underwriter a lead manager fee of 1% of the gross dollar amount raised by the Offer (being a minimum of \$130,000 and up to approximately \$149,665);

- (d) pay the Underwriter a selling fee of 5.5% of the gross dollar amount raised over and above the underwritten amount; and
- (e) pay the Underwriter \$250 or 1% (plus GST) of the value of Entitlements sold on behalf of the Excluded Shareholders (whichever is higher), to act as nominee for the Excluded Shareholders.

The Underwriter will receive a fee of 5.5% of the underwritten amount for its role as underwriter to the Offer, being \$352,000. The Underwriter will also receive a corporate advisory fee of \$100,000, a lead manager fee of 1% of the amount raised and a selling fee of 5.5% of the amount raised in excess of the underwritten amount (excluding Freefire's commitment).

### Indicative timetable

The indicative timetable for the Offer is as follows:

Event	Date*
Announcement of Offer	24 July 2017
Lodgement of Appendix 3B with ASX	24 July 2017
Prospectus lodged at ASIC and ASX	26 July 2017
Notice sent to Shareholders	27 July 2017
"Ex" Date (date Shares are quoted ex-rights)	28 July 2017
Rights trading commences	28 July 2017
Record Date to determine Entitlements	7.00pm (AEST) 31 July 2017
Prospectus (together with Entitlement and Acceptance Form) despatched to Shareholders	3 August 2017
Opening Date	3 August 2017
Rights trading ends	7 August 2017
Shares quoted on a deferred settlement basis	8 August 2017
Closing Date**	14 August 2017
Notification to ASX of under subscriptions	15 August 2017
Issue date	21 August 2017
Normal trading of Shares issued under the Offer commences**	22 August 2017

The above timetable is indicative only and subject to change. The Company reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the closing date of the Offer, to accept late applications either generally or in particular cases or to withdraw the Offer without prior notice. The commencement of quotation of Shares is subject to confirmation from ASX.

### Brief instructions for Eligible Shareholders

If you are an Eligible Shareholder, you may do the following:

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 (AEST) 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 (AEST) 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 \$0.01 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 28 July 2017. You must deal with your Entitlement by close of trading on ASX on 7 August 2017, 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 AEST 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 (AEST) 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:

**Mailing Address**

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

**Hand Delivery**

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

From Australia: 1300 794 682

From Australia: 1300 794 682

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

**More information**

Before making a decision whether to apply for Shares, please read the Prospectus carefully in its entirety when you receive it. **The Offer is scheduled to close at 5:00pm (EST) on 14 August 2017.**

This letter is not a prospectus and does not constitute an offer of securities. An offer of Shares under the Offer will only be made in, or accompanied by, a copy of the Prospectus sent to all eligible shareholders.

The Directors of the Company recommend that if you are in doubt as to the value of the Offer then you should contact your financial adviser.

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

Yours faithfully

Heath Roberts  
Company Secretary

Crater Gold Mining Limited



Yours faithfully

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