

1 September 2017

Companies Announcements
Australian Securities Exchange
Level 6, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

CORPORATE UPDATE

On 30 August 2017, Crater Gold Mining Ltd ('Crater', or 'the Company') advised that the 11:2 renounceable rights issue launched on 26 July 2017 to raise up to approximately \$15 million (the 'Rights Issue') had been terminated. All application funds received pursuant to the Rights Issue will be refunded to the applicants.

Fresh Rights Issue to be Launched

A fresh rights Issue (the '**Fresh Rights Issue**') will be launched forthwith. The Fresh Rights Issue will be made on a 9:2 basis, at a price of \$0.01 per share (the same pricing as the Rights Issue) to raise approximately \$12,245,000. The Fresh Rights Issue will be fully and directly underwritten by Freefire Technologies Ltd (**Freefire**), a company associated with Chairman, Mr Sam Chan (**Chan**) and will be made to shareholders in the same jurisdictions as the Rights Issue (Australia, New Zealand, Hong Kong, Papua New Guinea). The Fresh Rights issue will be renounceable.

The Fresh Rights Issue prospectus is being prepared and is expected to be issued in the next fortnight. A comprehensive timetable for the Fresh Rights Issue will be issued at that time.

Interim Loan from Freefire to payout Creditors

In order to meet the Company's creditor obligations whilst the Fresh Rights Issue is carried out, Freefire will advance an unsecured, arms-length-terms loan to the Company in the amount of \$2,000,000 (the '**Freefire Interim Loan**'). The Freefire Interim Loan is being documented at present and is expected to be in place early next week. The prospectus for the Fresh Rights Issue will contain an updated 'Use of Proceeds of the Offer' section, reflective of the fact that a significant part of the Company's current creditor pool will be settled in the coming week through the utilisation of the Freefire Interim Loan.

Sale of Croydon Project to Freefire to be abandoned

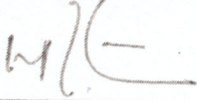
The Company and Freefire have agreed to abandon the sale of the Croydon Project to Freefire. Accordingly, that project will remain within the Company and the prospectus for the Fresh Rights Issue will address the allocation of funds to advance that project.

Convertible Notes (CGNG) Redeemed in the Ordinary Course

As stated previously, the Company is in the process of redeeming its convertible notes (previously coded CGNG) in the ordinary course. This redemption process remains unaffected by the other matters addressed in this announcement.

The Company will retain the momentum already being developed on the ground in PNG so that the relatively short delay attendant the change in funding route outlined above does not detrimentally affect the Company's plans. In particular, the Company still anticipates and welcomes the involvement of the new operational management identified in previous announcements.

Yours sincerely



Heath Roberts
Company Secretary