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**WARNING/IMPORTANT**

***The contents of this document and the terms of the Rights Issue have not been reviewed by any regulatory authority in Australia, New Zealand, Hong Kong or Papua New Guinea. You are advised to exercise caution in relation to the Rights Issue. If you are in any doubt about any of the contents of this document and other Rights Issue documents you should seek independent professional advice.***

24 March 2015

Australian Securities Exchange

**Underwritten Non-Renounceable 1 for 4 Rights Issue**

Crater Gold Mining Limited (**CGN** or **the Company**) will undertake a non-renounceable pro rata rights issue of one (1) share for every four (4) shares held at AUD\$0.09 (9 cents) per share to raise up to \$3,069,794.70 before costs (**Rights Issue**). Funds raised will be used to repay loans of \$1.23 million which were taken out to finance ongoing expenditure at the Company's High Grade Zone mining project in PNG, for general working capital purposes, and to cover the costs of the rights issue.

To the extent that there is any shortfall under the Rights Issue all eligible shareholders may also apply for shares in addition to their pro rata entitlements under the Rights Issue.

The Company's major shareholder, Freefire Technology Ltd (**Freefire**), which presently holds 60.42% of CGN's issued share capital, has agreed to take up its full pro rata entitlement under the Rights Issue. Freefire has advised the Company however that it will not be applying for shares in addition to its pro rata entitlement under the Rights Issue. In addition, Freefire has agreed to underwrite the Rights Issue shortfall at the issue price of \$0.09 (9 cents) per share. Freefire's underwriting commitment is subject to the terms and conditions of an Underwriting Deed dated 23 March 2015 entered into by Freefire and the Company. The terms of the Underwriting Deed are typical for such agreements including typical conditions precedent and termination events. Freefire is entitled to receive in cash a fee under the Underwriting Deed equal to 5% of the amount underwritten by it.

Freefire, which is controlled by the Company's Chairman of Directors, Mr Sam Chan, has recently provided to the Company on arm's length terms loans totalling \$1.78 million. The rights issue proceeds will be used, amongst other things, to repay at least part of those loans.

There have been several very significant developments for the Company in recent months. On 6 November 2014 the Company advised the Australian Securities Exchange (**ASX**) that the Company's wholly owned PNG subsidiary, Anomaly Limited, had been granted a Mining Lease for the Company's High Grade Zone (HGZ) gold project at Crater Mountain, PNG. More recently (on 18 December 2014) the Company advised ASX as follows:

*“Crater Gold Mining Limited (ASX: CGN) is pleased to announce that it has commenced gold mining at its High Grade Zone (“HGZ”) project at Crater Mountain, Papua New Guinea (PNG).*

*Following the signing of the Mining Lease, ML510, by the Hon Minister for Mines on 5 November 2014 the Company has successfully concluded a Compensation Agreement with the landowners and formally registered it with the Mineral Resources Authority of PNG (“MRA”).*

*Crater Gold Mining's CEO Mr Greg Starr commented, "This is an exciting milestone for the Company as we have successfully transitioned from explorer to now become PNG's newest gold producer.*

*“We anticipate producing some 10,000 ounces of gold in the year ahead at an all-in cash cost of below \$400 per ounce average over the Mining Lease term, positioning the mine within the lowest quartile in terms of operating costs. Our Mining Lease enables us to continue mining for the next 5 years with the right to extend the Lease.*

*"As a high margin operation, HGZ will generate strong cashflows, which will fund further development at the HGZ mine and exploration activities at the Company's other assets.””*

Unfortunately, as announced to ASX on 23 December 2014, mining activity at the Crater Mountain HGZ project was halted as the result of a cessation order issued by the PNG Mines Safety Inspectorate whilst the Company addressed areas identified by the Inspectorate where changes and improvements should be made to enhance the safe environment at the HGZ mine. The cessation order has now been relaxed (as advised by the Company to ASX on 12 March 2015) and mining has recommenced at the HGZ (as announced by the Company to ASX on 18 March 2015).

The Company's current strategy is to use the cash flow generated from mining of the HGZ (i) to undertake further development at the HGZ; (ii) for ongoing exploration of the larger Crater Mountain potential; (iii) to follow up on the targets highlighted by the previously conducted airborne geophysical survey at Crater Mountain; and (iv) to conduct a drilling program at the Company's Graphite project at Golden Gate, Croydon, Queensland.

Shareholders eligible to participate in the Rights Issue will be those shareholders with a registered address in Australia, New Zealand, Papua New Guinea or Hong Kong as at 7.00 pm AEDST on the record date of 30 March 2015. The Company has determined that it would be unreasonable to extend the offer to participate in the Rights Issue to shareholders in other jurisdictions having regard to the number of holders in those jurisdictions, the number and value of shares those holders would be offered under the Rights Issue, and the costs of complying with the legal requirements and requirements of regulatory authorities in those jurisdictions.

Shareholders in Papua New Guinea will be able to deposit the Australian dollar equivalent in Kina for shares under the Rights Issue in an account in Papua New Guinea.

As noted above, eligible shareholders may apply for shares in addition to their pro rata entitlements under the Rights Issue to the extent that there is any shortfall. Any such additional shares will be allocated at the discretion of the Company, provided that if any shareholder who takes up shares in addition to their pro rata entitlement would as a result hold greater than 19.9% of the shares in the Company following completion of the Rights Issue then the number of additional shares they would be issued will be scaled back so that they do not hold greater than 19.9%. Additionally, the Company intends to scale back applications on a pro rata basis in the event of excess demand for such additional shares.

The Rights Issue will be conducted pursuant to section 708AA of the *Corporations Act 2001 (Cth)* (**the Act**). Consequently the Rights Issue will be made without disclosure to shareholders pursuant to Part 6D.21 of the Act, i.e. without a prospectus.

The timetable for the Rights Issue is as follows:

Notice to Shareholders containing information in Appendix 3B	Wednesday 25 March
<b>Shares trade "Ex" the entitlements issue on the ASX</b>	Thursday 26 March
Record Date to identify Eligible Shareholders and to determine Entitlements under the offer	Monday 30 March
1. Despatch of Offer and Entitlement and Acceptance Form ("Opening Date") 2. Advise ASX that despatch completed	Thursday 2 April
<b>Closing Date</b>	Thursday 23 April
Securities quoted on a deferred settlement basis	Friday 24 April
ASX notified of under-subscriptions	Tuesday 28 April
Securities issue date	Thursday 30 April
Expected commencement of trading of new shares on ASX	Friday 1 May

The timetable is indicative only and subject to change. Subject to the Act and the ASX Listing Rules, CGN reserves the right to vary the dates in connection with the Rights Issue, including the closing date, without prior notice. The Company also reserves the right not to proceed with all or part of the Rights Issue at any time prior to the date of issue of the shares proposed to be issued under the Rights Issue (in which event application monies will be refunded without interest).

#### **CRATER GOLD MINING LIMITED**



Greg Starr  
Managing Director