

2 April 2015

Australian Securities Exchange

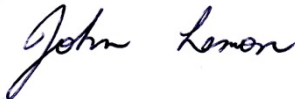
**Rights Issue – Despatch of Offer Documents to Eligible Shareholders**

Offer documents under the Company's rights issue have been despatched to eligible shareholders today. Please find attached copies of the following documents which have been sent to eligible shareholders:

1. letter dated 2 April 2015; and
2. pro forma version of the personalised Entitlement and Acceptance Form sent to each eligible shareholder.

Yours Faithfully

**CRATER GOLD MINING LIMITED**



John Lemon  
Company Secretary

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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.***

2 April 2015

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

Dear Shareholder,

**1. Rights Issue Details**

I refer to the Company's letter to you dated 25 March 2015 which advised details of the Company's 1 for 4 non-renounceable pro rata rights issue (**Rights Issue**).

In summary, under the Rights Issue you are entitled to subscribe for one (1) share for every four (4) shares held by you as at the record date (30 March 2015) at an issue price of \$0.09 (9 cents) per share (**Issue Price**). For example, if you hold 1,000 shares as at the record date you will be entitled to subscribe for a maximum of 250 shares at the Issue Price. In the event any fractions of shares occur as a result of the subscription under the Rights Issue your eventual shareholding will be rounded up to the nearest whole number.

You may subscribe for some or all of your entitlement under the Rights Issue. You may also apply for shares in addition to your entitlement although there is no guarantee that you will receive all or some of the extra shares you apply for. Allocation of any shortfall under the Rights Issue is at the discretion of the Company's directors, 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 maximum number of shares to be issued under the Rights Issue is 34,108,830. The Company expects to raise up to \$3,069,794.70 under the Rights Issue. The purpose of the Rights Issue is to raise funds to repay loans (the current balance of which is \$2.4 million, repayable on various dates) 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.

As also previously advised, Freefire Technology Ltd (**Freefire**) has agreed to underwrite any shortfall under the Rights Issue at the Issue Price on the terms set out in the Company's letter dated 25 March 2015. The Company will however allocate shortfall shares applied for

by existing shareholders prior to allocating any underwriting shares to Freefire, subject to scale-back as described above.

## **2. The Company's Situation**

The Company's current strategy is to use the cash flow generated from mining of the High Grade Zone (**HGZ**) at the Company's Crater Mountain, PNG Project (i) to undertake further development at the HGZ; (ii) for ongoing exploration of the larger Crater Mountain potential; (iii) to conduct a drilling program at the Company's Graphite project at Golden Gate, Croydon, Queensland.

There have been several very significant developments for the Company recently. 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).

## **3. More Rights Issue Details**

The Shares offered under the Rights Issue are in the same class of Shares held by you and the Company will seek their quotation on the ASX.

No disclosure document (prospectus, etc.) accompanies the Rights Issue. Investment in equities is at your own risk and the Board recommends that you seek professional advice

before deciding whether or not to take up the offer to you.

**Attached** to this letter is a personalised Entitlement and Acceptance Form (**the Form**). If you wish to apply for any shares to which you are entitled please follow the instructions on the Form.

The closing date under the Rights Issue is 5.00 pm (AEST) on Thursday, 23 April 2015.

Should you have any questions relating to the Rights Issue please contact the Company Secretary, Mr John Lemon on (07) 3367 1666 during normal business hours.

Yours faithfully

**CRATER GOLD MINING LIMITED**

A handwritten signature in black ink, appearing to read 'Russ Parker', written over a faint, illegible printed name.

Russ Parker  
Managing Director

**SRN/HIN:**

**Entitlement Number:**

**Number of Eligible Shares held as  
at the Record Date, 7:00pm (AEDST)  
on 30 March 2015:**

**Entitlement to New Shares  
(on a 1 New Share for 4 basis):**

**Amount payable on full acceptance  
at A\$0.09 per Share:**

<b>Offer Closes 5:00pm (AEST):</b>	<b>23 April 2015</b>
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## ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 4 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.09 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Offer is being made under section 708AA(2) of the *Corporations Act 2001* (Cth) ("the Act") as notionally modified by ASIC Class Order 08/35.

### PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

#### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 23 April 2015. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares the subject of your application payment.

#### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on 23 April 2015.



Biller Code: 575217  
Ref:

#### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au  
© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

**THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.**



Please detach and enclose with payment



**SRN/HIN:**

**Entitlement Number:**

**A** Number of New Shares accepted (being not more than your Entitlement shown above)

**B** Number of additional New Shares

**C** Total number of New Shares accepted (add Boxes A and B)

**D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS** – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Crater Gold Mining Limited – Rights Issue" and crossed "Not Negotiable".

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

**E CONTACT DETAILS** – Telephone Number

Telephone Number – After Hours

Contact Name

# CRATER GOLD MINING LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia, New Zealand, Hong Kong and Papua New Guinea. In particular, the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Offer being made under section 708AA(2) of the *Corporations Act 2001* (Cth) ("the Act") as notionally modified by ASIC Class Order 08/35 and the Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

## ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment by BPAY®:

- you represent and warrant that you have read and understood the offer being made under section 708AA(2) of the *Corporations Act 2001* (Cth) ("the Act") as notionally modified by ASIC Class Order 08/35;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Crater Gold Mining Limited.

## HOW TO APPLY FOR NEW SHARES

### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.09.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

#### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

#### B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Crater Gold Mining Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

#### C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

#### D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Crater Gold Mining Limited – Rights Issue" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Crater Gold Mining Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

#### E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

## 3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

#### Mailing Address

Crater Gold Mining Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

#### Hand Delivery

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)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 23 April 2015. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Crater Gold Mining Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Crater Gold Mining Limited Company Secretary on +61 7 3367 1666.**