

10 March 2023

**CRATER GOLD MINING LIMITED – CAPITAL RAISINGS AND RECAPITALISATION PROPOSAL**

Crater Gold Mining Limited (ACN 067 519 779) (CGN or the Company) is pleased to provide the following update.

In order to recapitalise and strengthen its balance sheet, the Company is proposing to undertake:

- (a) a consolidation of its current issued capital on a ten (10) for one (1) basis (**Consolidation**); and
- (b) a capital raising, which will be conducted on a post-Consolidation basis and comprise of:
  - (i) a fully underwritten 1:1 entitlement offer to existing shareholders to issue 123,902,786 fully paid ordinary shares in the Company (Shares) at an issue price of \$0.12 per Share to raise \$14,868,334 (Entitlement Offer); and
  - (ii) a placement of 66,666,667 Shares at a price of \$0.12 per Share (Placement Shares) to raise up to \$8,000,000 (Placement),

(together, the **Capital Raisings**).

Upon completion of the Capital Raisings, the Company will have raised a total of up to \$22,868,334 (before costs).

In accordance with ASX policy in relation to reinstatement of long-term suspended entities, a full form prospectus will be prepared by the Company in respect of the Capital Raisings.

The issue of the Placement Shares is subject to receipt of shareholder approval under Listing Rule 7.1 at an upcoming general meeting of the Company.

**Reinstatement to trading on ASX**

The Company has been in ongoing discussions with ASX in relation to reinstatement of its securities to trading. Following on from these discussions, the Company provided submissions to ASX setting out the details of its proposed exploration program and recapitalisation strategy and seeking ASX's confirmation of the conditions that the Company would be required to satisfy to apply to reinstatement of its securities to trading,

On the basis of the information provided to ASX, ASX has confirmed it can see no reason why the securities of the Company should not be reinstated to official quotation, subject to compliance with the conditions precedent set out in Annexure A of this announcement. The conditions precedent are based solely on the information provided by the Company. If other material facts come to light or should there be any change to the proposed activities and Capital Raisings, ASX reserves the right to withdraw or amend the conditions or impose further conditions on the Company's reinstatement.

If the Company has not satisfied the conditions of reinstatement by 31 May 2023 it will be required to re-apply to ASX for confirmation of ASX's requirements for reinstatement of its securities to quotation. If the Company has not satisfied the conditions of reinstatement by 9 July 2023 its securities would have been suspended for two years and the Company will be removed from the Official List of the ASX.

## Debt Conversion

Freefire Technology Ltd (a company incorporated in Hong Kong) (**Freefire**) is a substantial shareholder of the Company, controlled by Samuel Chan, a Director of the Company. Freefire currently holds 1,040,558,539 Shares (on a pre-Consolidation basis) (approximately 84% of the Shares on issue).

As at the date of this announcement, Freefire has advanced the Company \$12,555,483 under various loan facilities, which have accrued interest of \$3,153,426. The total amount owed by the Company to Freefire as at the date of this announcement is \$15,708,909 (**Existing Debt**).

Upon completion of the Capital Raisings including the Debt Conversion (as defined below) the amount owed by the Company to Freefire will be reduced to approximately \$5,719,547. The exact amount owed by the Company to Freefire upon completion of the Capital Raisings will be dependent on the date of reinstatement of the Company's securities and the interest accrued under the various loan facilities to that date.

Upon completion of the Capital Raisings including the Debt Conversion, and the Consolidation Freefire will hold approximately 60% of the Shares on issue in the Company.

The Company and Freefire have entered into a deed of acknowledgement and release in respect of the Existing Debt (**Deed**).

The material terms of the Deed are as follows:

<b>Entitlement</b>	Freefire agreed to take up 80% of its entitlement under the Entitlement Offer (being 83,244,684 Shares on a post-Consolidation basis) ( <b>Redeemed Amount</b> ).
<b>Debt Conversion</b>	The Company agreed to permit Freefire to offset its obligation to pay the application monies in respect of Shares subscribed for by the Freefire under the Entitlement Offer against the Company's obligation to pay \$9,989,362 of the Existing Debt ( <b>Debt Conversion</b> ).
<b>Outstanding Debt</b>	The parties have agreed that the amount of the Existing Debt remaining after the Debt Conversion ( <b>Outstanding Debt</b> ), will remain outstanding and payable by the Company to Freefire and the Company and Freefire will continue to be bound by their respective obligations under the various loan facilities with respect to the Outstanding Debt.
<b>Release</b>	On and from completion of the Capital Raisings, Freefire agrees to unconditionally and irrevocably release and discharge the Company from all future obligations and claims which Freefire now or at any time may have against the Company, whether arising at common law, in equity, or under statute or otherwise, in relation to the Redeemed Amount.
<b>Termination</b>	If completion of the Capital Raisings does not occur on or before 5.00pm (WST) on 31 May 2023 (or such later date as agreed to in writing between the parties), the Deed will automatically terminate and the parties will be released from their obligations under the Deed and to

each other without any further liability to the other party for any reason whatsoever.

### **Lead Manager and Co-Lead Manager**

Indian Ocean Corporate Pty Ltd (ACN 142 266 279), a corporate authorised representative of Indian Ocean Management Group Pty Ltd (AFSL 336409) (**Indian Ocean Corporate**) has agreed to act as lead manager to the Capital Raisings.

RaffAello Securities (HK) Limited (**RaffAello**) has agreed to act as co-lead manager to the Capital Raisings.

The Company and Indian Ocean Corporate have entered into a lead manager mandate to set out the terms of Indian Ocean Corporate's engagement (**Lead Manager Mandate**). Under the Lead Manager Mandate:

- (a) Indian Ocean Corporate will act as lead manager to the Capital Raisings and will provide the Company with all necessary assistance in managing and arranging the Capital Raisings as is customary and appropriate in placements of the nature of the Capital Raisings, including, developing and managing the Capital Raisings timetable and procuring financial support for the Capital Raisings; and
- (b) the Company has agreed to pay Indian Ocean Corporate a fee of 5% (plus GST) of the total gross proceeds raised by Indian Ocean Corporate under the Placement and a work fee of \$5,000 per month from the date of execution of the Lead Manager Mandate until the earlier of completion of the Capital Raisings and termination of the Lead Manager Mandate.

The Lead Manager Mandate otherwise contains terms and conditions considered standard for an agreement of this kind.

The Company and RaffAello have entered into a co-lead manager mandate to set out the terms of RaffAello's engagement (**Co-Lead Manager Mandate**). Under the Co-Lead Manager Mandate:

- (a) RaffAello will act as co-lead manager to the Capital Raisings and will provide the Company with all necessary assistance in managing and arranging the Capital Raisings as is customary and appropriate in placements of the nature of the Capital Raisings, including, developing and managing the Capital Raisings timetable and procuring financial support for the Capital Raisings; and
- (b) the Company has agreed to pay RaffAello a fee of 5% (plus GST) of the total gross proceeds raised by RaffAello under the Placement.

The Co-Lead Manager Mandate otherwise contains terms and conditions considered standard for an agreement of this kind.

### **Underwriter and Sub-Underwriter**

The Company has also entered into an underwriting agreement with Indian Ocean Corporate to act as underwriter and RaffAello Securities (HK) Limited (**RaffAello**) as sub-underwriter to the Entitlement Offer (**Underwriting Agreement**). Under the Underwriting Agreement:

- (a) Indian Ocean Corporate will underwrite and RaffAello will sub-underwrite the Entitlement Offer;
- (b) the Entitlement Offer will be fully underwritten;

- (c) Indian Ocean Corporate will be paid:
- (i) an underwriting fee of 1% (plus GST) of the underwritten amount paid out of the proceeds of the Entitlement Offer (excluding any amounts which are converted under the Debt Conversion); and
  - (ii) a management fee of 1% (plus GST) of the total funds raised by the Company under the Entitlement Offer (excluding amounts in respect of any Existing Debt converted under the Debt Conversion); and
- (d) RaffAello will be paid:
- (i) an underwriting fee of 5% (plus GST) of the underwritten amount paid out of the proceeds of the Entitlement Offer (excluding any amounts which are converted under the Debt Conversion); and
  - (ii) a management fee of 1% (plus GST) of the total funds raised by the Company under the Entitlement Offer (excluding amounts in respect of any Existing Debt converted under the Debt Conversion).

The Underwriting Agreement otherwise contains terms and conditions considered standard for an agreement of this kind (including termination provisions).

### Indicative Capital Structure

Upon completion of the Capital Raisings (assuming both the Placement and Entitlement Offer are fully subscribed), the capital structure of the Company will be as follows:

	Shares
Current issued capital – pre-Consolidation	1,239,027,862
<b>Consolidation on a 10-to-1 basis</b>	
Issued capital – post-Consolidation	<b>123,902,786</b>
Shares to be issued pursuant to the Entitlement Offer on a post-Consolidation basis	123,902,786
Shares to be issued pursuant to the Placement on a post-Consolidation basis	66,666,667
<b>Total issued capital post Capital Raisings (on a post-Consolidation basis)</b>	<b>314,472,239</b>

#### Notes:

1. This assumes the Company raises a total of \$8,000,000 under the Placement at an issue price of \$0.12 per Share.
2. This assumes the Company raises a total of \$14,868,334 under the Entitlement Offer at an issue price of \$0.12 per Share.

### Proposed Use of Funds

Assuming successful completion of the Capital Raisings, the Company will have up to \$12,878,972 in available cash (both before costs and excluding existing cash reserves).

Funds raised from the Capital Raisings will be used towards exploration at the Company's Projects, considering acquisition opportunities that may be presented to the Board from time to time and general working capital as set out below.

<b>Funds available</b>	<b>Full Subscription</b>	<b>%</b>
Existing cash reserves <sup>1</sup>	\$130,560	1.0%
Funds raised under the Entitlement Offer <sup>2</sup>	\$4,878,972	37.5%
Funds raised under the Placement	\$8,000,000	61.5%
<b>Total</b>	<b>\$13,009,532</b>	<b>100.0%</b>
<b>Allocation of funds</b>		
Exploration at Croydon Projects <sup>3</sup>	\$6,250,000	48.0%
Papua New Guinea (Crater Mountain) Project	\$805,200	6.2%
Expenses of the Capital Raisings	\$1,091,421	8.4%
Administration costs <sup>4</sup>	\$2,355,280	18.1%
Working capital	\$2,507,631	19.3%
<b>Total</b>	<b>\$13,009,532</b>	<b>100.0%</b>

**Notes:**

1. As at 30 June 2022.
2. This assumes the Company raises a total of \$14,868,334 under the Entitlement Offer at an issue price of \$0.12 per Share and \$9,989,362 of the application monies is paid by way of the Debt Conversion.
3. To the extent that:
  - a. the Company's exploration activities warrant further exploration activities; or
  - b. the Company is presented with additional acquisition opportunities,

the Company's working capital will fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the initial 2-year period following reinstatement.
4. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, and other associated costs.

The above table assumes that successful completion of the Capital Raisings and is a statement of current intentions as of the date of this announcement. As with any budget, intervening events including exploration success or failure and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

As required under the conditions of reinstatement, the Company will provide Shareholders a more detailed use of funds in the full form prospectus to be prepared by the Company in respect of the Capital Raisings.

## Proposed Timetable

The proposed timetable to complete the recapitalisation strategy is set out below:

Event	Date
ASX announcement of the Capital Raisings and Consolidation	10 March 2023
Lodgement of re-compliance prospectus with the ASIC and ASX	14 March 2023
Opening Date of the Offers under the re-compliance prospectus	14 March 2023
General Meeting held to approve Placement and Consolidation	11 April 2023
Closing Date of Offers under the re-compliance prospectus	17 April 2023
Re-quotations of Shares (including Shares offered under the Offers on ASX)	1 May 2023

The above timetable is indicative only and subject to change.

The proposed timetable to complete the Consolidation is set out below:

Action	Date
Company announces Consolidation.	10 March 2023
Company sends out the Notice of Meeting	10 March 2023
Shareholders pass <b>Error! Reference source not found.</b> to approve the Consolidation.	11 April 2023
Effective Date of Consolidation	11 April 2023
Last day for pre-Consolidation trading.	12 April 2023
Post-Consolidation trading commences on a deferred settlement basis.	13 April 2023
Record Date.	14 April 2023
Last day for the Company to register transfers on a pre-Consolidation basis.	14 April 2023
First day for the Company to update its register and send holding statements to security holders reflecting the change in the number of Shares they hold.	17 April 2023
Last day for the Company to update its register and to send holding statements to security holders reflecting the change in the number of Shares they hold and to notify ASX that this has occurred.	21 April 2023

The above timetable is indicative only and subject to change.

This announcement has been authorised by the Board of Directors.

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## REINSTATEMENT CONDITIONS

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### Reinstatement Conditions

ASX has confirmed that the securities of the Company will be reinstated to official quotation, subject to compliance with the following conditions precedent:

- (a) the Company's shareholders approving all the resolutions required to effect the proposed Capital Raisings to be considered at a general meeting of shareholders;
- (b) the Company releasing a full form prospectus, which must include a solicitor's report on title, pursuant to section 710 of the Corporations Act 2001 (Cth) (the Prospectus) in relation to the Capital Raisings;
- (c) completion of the Capital Raisings, closure of the Prospectus and confirmation that the Company has reached minimum subscription;
- (d) confirmation in a form acceptable to ASX that the Company has received cleared funds for the complete amount of the issue price of every security allotted and issued to every successful applicant for securities under the Capital Raisings (excluding any securities issued in satisfaction of the Debt Conversion);
- (e) the Company demonstrating compliance with Listing Rules 12.1 and 12.2 to the satisfaction of ASX, as set out below:
  - (i) the Company announces to the market:
    - A. a detailed exploration programme at EPM 8795 and 18616 in accordance with the Programme of Activities<sup>1</sup>;
    - B. an expenditure programme outlining commitments for the next 12 months (as disclosed in the 2023 Exploration Expenditure<sup>2</sup>); and
    - C. confirmation that the Company has commenced the 2nd Drilling Campaign<sup>3</sup>;
  - (ii) the Company demonstrating compliance with Listing Rule 12.2 to the satisfaction of ASX including:
    - A. providing a 'working capital statement' similar to that required by Listing Rule 1.3.3(a) to the effect that following completion of the Capital Raisings, the Company will have sufficient working capital at the time of its reinstatement to carry out its objectives (being those in the Programme of Activities); and
    - B. providing a reviewed pro forma statement of financial position to the satisfaction of ASX, illustrating compliance with the 'working capital test' of at least \$1.5million, similar to that required by Listing Rule 1.3.3(c);
  - (iii) confirmation that there are no legal, regulatory or contractual impediments to CGN undertaking the activities the subject of the commitments disclosed in the Prospectus';

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<sup>1</sup> For further details please refer to Schedule 1 of the Company's Notice of General Meeting released on the Company's ASX platform on 10 March 2023 (**Notice of General Meeting**).

<sup>2</sup> For further details please refer to Schedule 1 of the Notice of General Meeting.

<sup>3</sup> For further details please refer to Schedule 1 of the Notice of General Meeting.

- (f) lodgement of all outstanding Appendices 3B and 2A with ASX for the issue and quotation of any new securities;
- (g) lodgement of any outstanding reports for the period since the Company's securities were suspended and any other outstanding documents required by Listing Rule 17.5;
- (h) lodgement of Director's Interest Notices, being either Appendix 3X's, 3Y's or 3Z's, as required;
- (i) payment of any ASX fees, including listing fees, applicable and outstanding;
- (j) confirmation that the securities to be issued following the Meeting have been issued, and despatch of each of the following has occurred:
  - (i) in relation to all holdings on the CHESS sub register, a notice from CGN under ASX Settlement Operating Rule 8.9.1;
  - (ii) in relation to all other holdings, issuer sponsored holding statements; and
  - (iii) any refund money;
- (k) provision of the following documents, in a form suitable for release to the market:
  - (i) a statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those holders;
  - (ii) a distribution schedule of the numbers of holders in each class of security to be quoted, setting out the number of holders in the following categories:
    - 1-1000
    - 1,001 – 5,000
    - 5,001 – 10,000
    - 10,001 – 100,000
    - 100,001 and over
  - (iii) a statement confirming the completion of the Capital Raisings, closure of the Prospectus and that the Company has reached minimum subscription;
  - (iv) a statement outlining the Company's capital structure following the Meeting on a post-issue basis;
  - (v) the Company's pro forma balance sheet based on actual funds raised;
  - (vi) a consolidated activities report setting out the proposed business strategy for the Company (including an update on the status of the Company's assets and the current activities with respect thereto); and
  - (vii) a statement confirming there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus;
- (l) confirmation that the Company is in compliance with the listing rules and in particular 3.1;
- (m) confirmation that the Company will release to the market monthly Activities and 5B cash flow reports which includes a comparison of CGN's actual expenditure on the individual items disclosed in its estimated expenditure programme since its re-

instatement against its estimated expenditure programme with an explanation for any material variances; and

- (n) provision of any other information required or requested by ASX including, but not limited to the generality of the foregoing, in relation to any issues that may arise:
  - (i) from ASX's review of the Prospectus and
  - (ii) the Company's financial reports.