

27 August 2013

Australian Securities Exchange

Shareholder Meeting

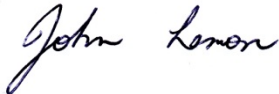
A meeting of the Company's shareholders will be held on 26 September 2013.

Please find attached the following documents which have been sent to the Company's shareholders:

1. Notice of General Meeting; and
2. Proxy Form.

Yours Faithfully

CRATER GOLD MINING LIMITED



John Lemon
Company Secretary



Crater Gold Mining Limited ABN 75 067 519 779

Registered Office and Postal Address

Level 4, 15-17 Young St
Sydney, NSW, 2000
Australia

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NOTICE OF GENERAL MEETING

Date of Meeting: Thursday, 26 September 2013
Time of Meeting: 10.00am (New South Wales Time)
Place of Meeting: The Boardroom
Offices of Herbert Geer Lawyers
Level 12
77 King Street
Sydney, NSW
Australia

This Notice of General Meeting should be read in its entirety. If you are in doubt as to how to vote at the meeting you should seek advice from your accountant, solicitor or other professional adviser before voting.

CRATER GOLD MINING LIMITED
ABN 75 067 519 779

NOTICE OF GENERAL MEETING

A General Meeting of Shareholders of Crater Gold Mining Limited ("the Company") will be held at the Boardroom, offices of Herbert Geer Lawyers, Level 12, 77 King Street, Sydney, New South Wales, Australia on Thursday, 26 September 2013 at 10.00 am (New South Wales time).

The accompanying Explanatory Memorandum provides additional information on the matters to be considered at the General Meeting, and forms part of this Notice of General Meeting.

Certain terms and abbreviations used in this Notice of General Meeting and the accompanying Explanatory Memorandum are defined in Section 8 of the Explanatory Memorandum.

AGENDA

1. RESOLUTION 1 - CONSOLIDATION OF SHARE CAPITAL

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That for the purposes of Section 254H of the Corporations Act 2001 (Cth), clause 30 of the Company's constitution and ASX Listing Rule 7.22, and for all other purposes:

- 1. the consolidation of every one hundred (100) Shares into one (1) Share; and*
- 2. the adjustment of the Company's options on issue in accordance with the ASX Listing Rules, with any fractional entitlements being rounded down to the nearest whole number, is approved."*

2. RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES TO GLOBAL RESOURCES CORPORATION LIMITED

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That the issue of 49,333,991 fully paid ordinary shares in the capital of the Company to Global Resources Corporation Limited on 24 July 2013 is hereby ratified for the purposes of ASX Listing Rule 7.4 and for all other purposes."

3. RESOLUTION 3 – ISSUE OF OPTIONS TO DIRECTOR S W CHAN

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Samuel Wing Chan or his nominee 500,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions contained in the Notice of Meeting."

4. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR G B STARR

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Gregory Barry Starr or his nominee 800,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions contained in the Notice of Meeting."

5. RESOLUTION 5 – ISSUE OF OPTIONS TO DIRECTOR R P MACNAB

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Robert Peter Macnab or his nominee 800,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions contained in the Notice of Meeting."

6. RESOLUTION 6 – ISSUE OF OPTIONS TO DIRECTOR T M FERMANIS

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Thomas Mark Fermanis or his nominee 500,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions contained in the Notice of Meeting.”

7. RESOLUTION 7 – ISSUE OF OPTIONS TO DIRECTOR D SUN

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Desmond Sun or his nominee 500,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions contained in the Notice of Meeting.”

8. RESOLUTION 8 – ISSUE OF OPTIONS TO DIRECTOR R D PARKER

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes the Company is authorised to issue to Director Russell David Parker or his nominee 500,000 options to subscribe for ordinary shares in the Company exercisable at 25 cents (\$0.25) per option and otherwise on the terms and conditions contained in the Notice of Meeting.”

**BY ORDER OF THE BOARD
CRATER GOLD MINING LIMITED**



John Lemon
Company Secretary

26 August 2013

CRATER GOLD MINING LIMITED
ABN 75 067 519 779

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum is provided to shareholders of Crater Gold Mining Limited (“the Company”) to explain the background to and implications of the resolutions proposed to be passed at, and procedural matters concerning, the General Meeting of Shareholders of the Company to be held at 10.00 am (NSW time) on Thursday, 26 September 2013. Terms used in this Explanatory Memorandum are defined in Section 8.

1. AGENDA ITEM 1 (RESOLUTION 1) – CONSOLIDATION OF SHARE CAPITAL

- 1.1 Section 254H of the Corporations Act enables a company to convert all or any of its shares into a smaller number of shares by a resolution passed at a general meeting. Clause 30 of the Company’s constitution provides that for the purpose of giving effect to any consolidation of Shares the Company’s directors may, subject to the CS Facility Rules, settle any difficulty which arises with respect to fractions of Shares in any manner that they think expedient. ASX Listing Rule 7.22 provides that in a consolidation of shares the number of the company’s options on issue must be consolidated in the same ratio as the ordinary shares and the exercise price of the options must be amended in inverse proportion to that ratio.
- 1.2 Resolution 1 provides for the consolidation of the Company’s share capital in a ratio of one (1) new share for every one hundred (100) shares held, with fractional entitlements being rounded down to the nearest whole number. If passed, it will result in the Company’s issued capital being reduced from 10,914,897,007 shares to approximately 109.148 million shares with individual holdings being reduced in accordance with the 100 to 1 consolidation ratio. The Company has an abnormally high number of shares on issue for a company of its size and market capitalisation, and the Company’s directors believe that the share consolidation will help to establish a share price that is more appropriate for a listed entity of its size.
- 1.3 As the consolidation applies equally to all Shareholders (subject only to the rounding of fractions) it will have no material effect on the percentage interest of each Shareholder of the Company. Furthermore, the aggregate value of each Shareholder’s proportionate interest in the Company should not materially change solely as a result of the consolidation. Theoretically the market price per share following the consolidation should be 100 times the market price per share before the consolidation. In reality the actual effect on the per share market price will depend on a number of factors outside the control of the Company and may be higher or lower than the theoretic post-consolidation price.
- 1.4 The Directors believe that the consolidation is fair and reasonable to the Company’s shareholders as a whole. The consolidation will have no tax implications for Shareholders whose shares are consolidated.
- 1.5 If Resolution 1 is passed the Company’s options on issue will be treated in the following manner:

Pre-Consolidation	Post-Consolidation
505,051 options exercisable @ 2.77 cents per share on or before 19 October 2013	5,050 options exercisable @ \$2.77 per share on or before 19 October 2013
728,155 options exercisable @ 2.88 cents per share on or before 31 October 2013	7,281 options exercisable @ \$2.88 per share on or before 31 October 2013
738,916 options exercisable @ 2.84 cents per share on or before 1 November 2013	7,389 options exercisable @ \$2.84 per share on or before 1 November 2013
655,022 options exercisable @ 3.21 cents per share on or before 22 November 2013	6,550 options exercisable @ \$3.21 per share on or before 22 November 2013

Pre-Consolidation (continued)	Post-Consolidation (continued)
490,196 options exercisable @ 4.28 cents per share on or before 30 November 2013	4,901 options exercisable @ \$4.28 per share on or before 30 November 2013
757,576 options exercisable @ 4.62 cents per share on or before 20 December 2013	7,575 options exercisable @ \$4.62 per share on or before 20 December 2013
788,644 options exercisable @ 4.44 cents per share on or before 20 January 2014	7,886 options exercisable @ \$4.44 per share on or before 20 January 2014
932,836 options exercisable @ 3.75 cents per share on or before 23 February 2014	9,328 options exercisable @ \$3.75 per share on or before 23 February 2014
889,680 options exercisable @ 3.93 cents per share on or before 30 March 2014	8,896 options exercisable @ \$3.93 per share on or before 30 March 2014
880,282 options exercisable @ 3.98 cents per share on or before 3 May 2014	8,802 options exercisable @ \$3.98 per share on or before 3 May 2014
690,608 options exercisable @ 5.07 cents per share on or before 2 June 2014	6,906 options exercisable @ \$5.07 per share on or before 2 June 2014
503,356 options exercisable @ 4.17 cents per share on or before 4 July 2014	5,033 options exercisable @ \$4.17 per share on or before 4 July 2014
449,102 options exercisable @ 4.68 cents per share on or before 4 August 2014	4,491 options exercisable @ \$4.68 per share on or before 4 August 2014
496,689 options exercisable @ 4.23 cents per share on or before 5 September 2014	4,966 options exercisable @ \$4.23 per share on or before 5 September 2014
622,407 options exercisable @ 3.37 cents per share on or before 5 October 2014	6,224 options exercisable @ \$3.37 per share on or before 5 October 2014
4,250,000 options exercisable @ 3.50 cents per share on or before 30 June 2015	42,500 options exercisable @ \$3.50 per share on or before 30 June 2015
8,500,000 options exercisable @ 4.50 cents per share on or before 30 June 2015	85,000 options exercisable @ \$4.50 per share on or before 30 June 2015
13,000,000 options exercisable @ 1.81 cents per share on or before 8 May 2015	130,000 options exercisable @ \$1.81 per share on or before 8 May 2015

1.6 If Resolution 1 is passed the following timetable will apply:

26 September 2013	Shareholders approve 100 for 1 share consolidation & ASX is advised
27 September 2013	Last day for trading in pre-reorganised securities
30 September 2013	Trading in the re-organised securities on a deferred settlement basis under code "CGNDC" starts
4 October 2013	Last day for Company to register transfers on a pre-reorganisation basis
8 October 2013	Company sends notices to each security holder and: a) in the case of uncertificated holdings, first day for the Company to register securities on a post-reorganisation basis and first day for issue of holding statements. b) in the case of certificated holdings, first day for issue of new certificates.
14 October 2013	a) despatch date b) Last date for securities to be entered into the holders' security holdings. If securities are certificated, last day for the Company to issue them and send the certificates to the holders. c) Last day for the Company to send notice to each security holder.
15 October 2013	Normal trading in the Company's securities ("CGN") commences

1.7 The Company's directors recommend that Shareholders vote in favour of Resolution 1.

2. AGENDA ITEM 2 (RESOLUTION 2) – RATIFICATION OF ISSUE OF SHARES TO GLOBAL RESOURCES CORPORATION LIMITED

- 2.1 Subject to a number of exceptions, ASX Listing Rule 7.1 provides that a company must not issue equity securities (shares, options, etc) without shareholder approval if the number of securities issued would, of itself or when added to the number of other equity securities issued by the company in the previous 12 months, exceed 15% of the number of ordinary shares of the company on issue at the commencement of the 12 month period. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact (provided the issue did not breach the 15% limit) so that the securities which were issued are regarded as having been issued with shareholder approval for the purpose of listing rule 7.1.
- 2.2 The Company issued 49,333,991 Shares to Global Resources Corporation Limited ("Global") on 24 July 2013. The issue of the shares was within the 15% limit permitted by ASX Listing Rule 7.1, nevertheless the Company is requesting that Shareholders ratify the issue of the shares for the purpose of ASX Listing Rule 7.4.2 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 as the need or opportunity arises.
- 2.3 As required by ASX Listing Rule 7.5 the following information is provided:
- (i) 49,333,991 shares were issued.
 - (ii) The shares were issued for nil cash consideration. The consideration for their issue was the transfer by Global to the Company of a 94% legal and beneficial interest in Croydon Mining Exploration Permit no. 18616. The number of shares issued (49,333,991) was calculated as the number of Shares having a value of \$200,000 based on the VWAP (volume weighted average price) of the Company's shares traded on ASX in the five trading days immediately prior to the date of execution of the transfer agreement between the Company and Global, that VWAP figure being 0.4054 cents.
 - (iii) The shares are fully paid ordinary shares and are subject to the same rights and obligations and rank equally with all other shares in the capital of the Company.
 - (iv) The shares were issued to Global Resources Corporation Limited.
 - (v) No funds were raised from the issue of the shares.

(vi) Voting Exclusion Statement

As required by the ASX Listing Rules, the Company will disregard any votes cast on this resolution by:

- Global Resources Corporation Limited; and
- an associate (as defined in the ASX Listing Rules) of Global Resources Corporation Limited.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.4 The Company's directors recommend that Shareholders vote in favour of Resolution 2.

3. AGENDA ITEMS 3 - 8 (RESOLUTIONS 3 - 8) – ISSUE OF OPTIONS TO DIRECTORS S CHAN, G STARR, P MACNAB, T FERMANIS, D SUN AND R PARKER

3.1 Resolutions 3 – 8 seek Shareholder approval for the issue of incentive options to each of the Company's directors. (Higher allocations of options have been made to Managing Director Greg Starr and Exploration Director Peter Macnab to reflect, in Mr Starr's case, his greater responsibility for the overall management and performance of the Company and, in Mr Macnab's case, his greater involvement in and responsibility for the Company's critical exploration and production activities). The proposed exercise price of the options selected by the Board (\$0.25 (25 cents) per option on a post-consolidation basis) represents a 150% premium to the Company's share price (on a post-consolidation basis) at the time the Board resolved to propose the issue of the options. This premium reflects the Board's desire to align the objectives of the option recipients (Directors and management) with those of the Board. (It is proposed that approximately 2.6 million options (on a post-consolidation basis) also be issued to other members of the Company's management, however shareholder approval is not required for that). Please note that all references to options being issued as proposed in Resolutions 3 – 8 are on a post-consolidation basis on the assumption that Resolution 1 ("Consolidation of Share Capital") (see above) is passed and the consolidation is effected prior to the issue of the options.

3.2 ASX Listing Rule 10.11 provides that, subject to certain exceptions, an ASX-listed company must not issue equity securities (shares, options, etc) to a "related party" of the Company without the approval of the company's shareholders. Each of Messrs Chan, Starr, Macnab, Fermanis, Sun and Parker comes within the definition of a related party of the Company because he is a director of the Company.

3.3 The notice of the meeting to obtain shareholders' approval must comply with ASX Listing Rule 10.13. Therefore, as required by Listing Rule 10.13 the following information is provided:

- (i) The names of the persons to whom it is proposed the options be issued are Sam Chan, Greg Starr, Peter Macnab, Tom Fermanis, Desmond Sun and Russ Parker.
- (ii) The maximum numbers of options that may be issued to Messrs Chan, Starr, Macnab, Fermanis, Sun and Parker are as follows:

Sam Chan	500,000
Greg Starr	800,000
Peter Macnab	800,000
Tom Fermanis	500,000
Desmond Sun	500,000
Russ Parker	500,000

- (iii) The Company will issue the options as soon as practical after the Meeting following the consolidation the subject of Resolution 1, but in any event not later than one month after the date of the Meeting.
- (iv) Each of Messrs Chan, Starr, Macnab, Fermanis, Sun and Parker is a related party of the Company for the reason set out in Section 3.3 (above).
- (v) The options will be issued for no cash consideration. They will be issued as incentive options.
- (vi) No funds will be raised from the issue of the options. A summary of the material terms of the options is set out in Section 3.6 (below).

(vii) **Voting Exclusion Statement**

As required by the ASX Listing Rules the Company will disregard any votes cast by each of Messrs Chan, Starr, Macnab, Fermanis, Sun and Parker and their respective associates (as defined in the ASX Listing Rules) in respect of whichever of Resolutions 3 – 8 concerns the issue of options to him.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.4 If approval is given under ASX Listing Rule 10.11 approval is not required under ASX Listing Rule 7.1. (Please see Section 2.1 (above) for details of ASX Listing Rule 7.1).

3.5 As required by the Corporations Act a vote must not be cast on any of Resolutions 3 - 8 by a member of the Group's Key Management Personnel, or a Closely Related Party of such a person, acting as proxy, if their appointment does not specify the way the proxy is to vote on the Resolution. However, the Company will not disregard any proxy votes cast on any of Resolutions 3 - 8 by a member of the Group's Key Management Personnel if that person is the chair of the Meeting acting as proxy and their appointment as proxy expressly authorised the chair to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Group's Key Management Personnel.

3.6 **Option Terms**

The following is a summary of the material terms of the options proposed to be issued to Messrs Chan, Starr, Macnab, Fermanis, Sun and Parker:

- (i) The options are options to subscribe for ordinary shares in the capital of the Company.
- (ii) The options are to be issued for no cash consideration.
- (iii) Shares issued on exercise of the options will rank *pari passu* with all existing ordinary shares of the Company from the date of issue.
- (iv) The options are exercisable at \$0.25 (25 cents) (on a post-consolidation basis – please refer to Section 3.2 (above)) per option. There are otherwise no performance or vesting conditions for the exercise of the options.
- (v) The options may be exercised wholly or in part by notice in writing to the Company received at any time after the occurrence of an exercise condition in respect of the options, together with a cheque for the exercise price multiplied by the number of shares in respect of which options are being exercised.
- (vi) The options will expire either (i) thirty (30) days after the option holder ceases to be a director, employee or contractor of the Company for any reason other than retirement, permanent disability, redundancy or death, or the option holder ceasing to be beneficially entitled to the majority of the voting shares in the option holder's permitted nominee company; or (ii) at 5.00pm on 30 September 2017, whichever is the earlier.
- (vii) The options will not be quoted on ASX.
- (viii) Upon allotment of shares pursuant to the exercise of options the Company will apply at its cost to have those shares quoted on the official list of ASX.
- (ix) Option holders do not participate in dividends unless the options are exercised.
- (x) Whilst an option holder does not have any participating rights in new issues of securities in the Company during the term of any options held, the option holder shall be afforded a period of at least 14 days before the record date to determine entitlements to the issue, to exercise the options.
- (xi) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of options, the exercise price of the options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the options which are not conferred on shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the options will remain unchanged.

- (xii) If there is a pro rata issue (except a bonus issue), the exercise price of an option may be reduced according to the following formula:

$$O^n = O - E \frac{[P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the option;
 O = the old exercise price of the option;
 E = the number of underlying securities into which one option is exercisable;
 P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
 S = the subscription price for a security under the pro rata issue;
 D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
 N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- (xiii) If there is a bonus issue to the holders of shares in the Company the number of Shares over which the option is exercisable may be increased by the number of Shares which the option holder would have received if the option had been exercised before the record date for the bonus issue.
- (xiv) If a takeover bid is made in relation to the Company, a scheme of arrangement proposed in relation to the Company, or a change of shareholding occurs which results in a person or persons being able to alter the majority composition of the Company's board of directors, options on issue may be exercised without restriction, subject to compliance with procedural requirements.

Chapter 2E Corporations Act 2001 (Cth)

- 3.7 Under Chapter 2E *Corporations Act 2001* (Cth) a public company must not give a "financial benefit" to a "related party" without shareholder approval unless an exception applies. ("Related party" includes a director of the public company. The expression "financial benefit" is widely defined and includes the issue of securities in the company.) One of the exceptions is where the benefit is remuneration to a related party as an officer or employee of the company and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment).
- 3.8 In the present case the Company commissioned a valuation of the options proposed to be issued. That valuation is attached as **Annexure A** to this Notice of Meeting. The valuation concludes that the current values of the options proposed to be issued are as follows:

Director	No. of Options	Total Value of Options (\$)
Sam Chan	500,000	240.07
Greg Starr	800,000	384.11
Peter Macnab	800,000	384.11
Tom Fermanis	500,000	240.07
Desmond Sun	500,000	240.07
Russ Parker	500,000	240.07

- 3.9 Accordingly the Company's directors consider that the issue of options as remuneration as proposed to each of the Directors would be reasonable given the Company's circumstances and the circumstances of each of the Directors. Accordingly the Directors consider that the issue of options to each of the Directors as proposed would represent reasonable remuneration for the purposes of Chapter 2E Corporations Act and therefore Shareholder approval is not required for the purpose of Chapter 2E Corporations Act.

3.10 Other Information

(i) Directors' Interests

Each of Messrs Chan, Starr, Macnab, Fermanis, Sun and Parker has a material personal interest in the outcome of agenda items 3 – 8 (Resolutions 3 – 8) respectively as it is proposed that options be granted to them (or their respective nominees) as set out in those agenda items. Messrs Chan, Starr, Macnab and Fermanis have an interest in equity securities (specifically shares) in the Company as detailed in the table below (on a post-consolidation basis). If all of the options proposed to be granted are exercised and result in the issue of Shares to the Directors the following will be the effect on their holdings in the Company:

Director	No. of Company's Shares in which Director holds Interest ⁽¹⁾	% of Total Shares on Issue ⁽²⁾	No. of Shares in which Director holds interest if options convert to Shares	% of Total Shares on Issue following issue of Shares upon exercise of options ⁽³⁾
S Chan	64,531,868	59.12	65,031,868	57.67
G Starr	301,000	0.27	1,101,000	0.97
P Macnab	8	---	808,000	0.71
T Fermanis	571,140	0.52	1,071,140	0.95
D Sun	---	---	500,000	0.44
R Parker	---	---	500,000	0.44
Total	65,404,016	59.91	69,012,008	61.18

(1) The 64,531,868 shares are held by Freefire Technology Ltd. Mr Chan is the controller of Freefire Technology Ltd.

(2) "Total Shares on Issue" is estimated to be 109,148,970 on the assumption the consolidation the subject of Resolution 1 (agenda item 1) is approved. The calculation is also based on the assumption that none of the Company's options on issue as at the date of this Notice of Meeting are exercised.

(3) Calculated based on the assumption that all options are issued in accordance with Resolutions 3 – 8 and exercised but no other options on issue are exercised, i.e. the total number of Shares increases from 109,148,970 to 112,748,970.

As at the date of this Notice of Meeting none of the Directors has an interest in options over shares in the Company.

(ii) Current Remuneration

Managing Director Greg Starr receives an annual salary of \$300,000 plus statutory superannuation guarantee payments. Non-Executive directors Sam Chan, Peter Macnab, Tom Fermanis, Desmond Sun and Russ Parker each receives director's fees of \$35,000 per annum (inclusive of superannuation guarantee payments in the case of Tom Fermanis).

Details of remuneration paid by the Company to Messrs Starr, Macnab and Fermanis in the year ended 30 June 2013 are as follows⁽¹⁾:

	Short-term	Other ⁽²⁾	Post-employment	Share-based payments	Total
	Base Fees/Salary (\$)		Superannuation (\$)	Options ⁽³⁾	(\$)
S W Chan	14,778				14,778
G B Starr	300,000		27,000	15,734	342,734
R P Macnab	35,000	85,496		-	120,496
T M Fermanis	32,110	147,083	11,807	5,900	196,900
D Sun	14,778				14,778
R D Parker	10,694				10,694

(1) Messrs Chan and Sun were appointed directors of the Company in January, 2013 and Mr Parker was appointed a director in March, 2013. The others were directors of the Company during the entire financial year.

(2) Consultancy fees in addition to director's fees

(3) *The figures represent monetary valuations. The options were subsequently cancelled and Messrs Starr and Fermanis received no value from the options.*

(iii) **Dilution**

If Shareholders approve the issue of options as proposed in Resolutions 3 – 8 and all of those options are subsequently exercised and converted to Shares the effect will be to dilute the shareholding of existing Shareholders by approximately 1.27% based on the number of shares on issue as at the date of this Notice (see the capital structure table in Section 3.10(i) (above)). To the extent that upon the issue of Shares under the Plan the dilutionary impact caused by the issue of Shares will be detrimental to the Company, the Company's Directors consider that this is more than offset by the advantages accruing to the Company through the retention of the services of experienced and skilled directors on appropriate incentive terms.

(iv) **Valuation of the Options**

As mentioned in Section 3.8 (above) the Company commissioned a valuation of the options proposed to be issued. That valuation is attached as **Annexure A** to this Notice of Meeting and sets out the valuation methodology and the assumptions upon which the valuation is based.

The valuations do not necessarily represent the market values of the options or the tax values for taxation purposes to the option holder. The future value of the options may be up or down on the values noted in the valuation as it will primarily depend on the future value of a Share, and the time to expiry of the options.

(v) **ASX Best Practice Recommendations**

The Board recognises that the grant of options to non-executive directors Messrs Chan, Macnab, Fermanis, Sun and Parker is arguably contrary to Recommendation 8.3 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations. However, each Director recommends in relation to those of the resolutions proposed in agenda Items 3 - 8 in which the Director does not have a material personal interest that Shareholders vote in favour of the resolutions for the reasons set out in Sections 3.1 and 3.2 (above). In addition, the Directors note that the issue of equity-linked incentives as part of the remuneration packages of executive and non-executive directors is an established practice of junior public listed companies and provides those companies with a means of conserving cash whilst properly incentivising and rewarding directors. It should be also noted that due to the size of the Company the non-executive Directors play a far more hands on role in the day to day operations of the Company than what is normally expected of non-executive directors. With this in mind the Plan is specifically designed to incentivise and remunerate non-executive Directors as well as executives.

(vi) **Taxation Consequences**

The options will be exercisable immediately such that under Australian tax law any discount to the market value of the options provided to recipients will be assessable to the recipient in the income year of grant. However, to the extent that the options have a nil monetary value, whether under general valuation principles or the special valuation methodology available under Australian tax law, there will be no discount provided to recipients and no amount to be included in their assessable income in this regard. The granting of the options or any Shares upon exercise of the options does not have any tax impact to the Company.

(vii) **Market Price of the Company's Shares on the ASX**

The highest, lowest and last trading prices of the Company's shares on ASX during the last 12 months are set out below:

	Date	Price(\$)
Highest	27,28 August 2012	0.004
Lowest	18 March 2013	0.0007
Last	26 August 2013	0.001

3.9 The Company's directors (excepting each individual Director in the case of the Resolution proposing the issue of options to him) recommend that Shareholders vote in favour of Resolutions 3 - 8.

4. VOTING RIGHTS

The Board has determined that all of the shares of the Company will be taken, for the purposes of determining the right of shareholders to attend and vote at the Meeting, to be held by the persons who are registered in the Company's register of shareholders at 7.00pm (AEST) on Tuesday, 24 September 2013 as the owners of those shares. Therefore transfers registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Meeting.

5. PROXIES

5.1 A Shareholder entitled to attend and vote at the Meeting may appoint:

- (i) one proxy if the Shareholder is only entitled to one vote at the meeting; or
- (ii) one or two proxies if the Shareholder is entitled to more than one vote at the meeting, to attend and vote at the meeting for the Shareholder.

5.2 A Shareholder may appoint an individual person or a body corporate as the Shareholder's proxy.

5.3 A body corporate appointed as a shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been provided to the Company.

5.4 If a Shareholder appoints two proxies and does not specify the number or proportion of votes each proxy may exercise, each proxy may exercise half the votes.

5.5 A proxy need not be a shareholder of the Company.

5.6 Section 250BB(i) Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and **if it does**:

- (i) the proxy need not vote on a show of hands but if the proxy does so the proxy must vote that way (i.e. as directed); and
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution the proxy must not vote on a show of hands; and
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on the proxy must vote on a poll and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair the proxy need not vote on the poll but if the proxy does so the proxy must vote that way (i.e. as directed).

5.7 Section 250BC Corporations Act provides that if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- (ii) the appointed proxy is not the chair of the meeting; and
- (iii) at the meeting, if a poll is duly demanded on the question that the resolution be passed; and
- (iv) either of the following apply:
 - (a) if a record of attendance is made for the meeting – the proxy is not recorded as attending;
 - (b) the proxy does not vote on the resolution;

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed the proxy for the purposes of voting on the resolution at that meeting.

5.8 A Proxy Form is enclosed. If you wish to appoint a proxy or proxies you must complete the Proxy Form and deliver it to the Company, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy), **by no later than 10.00 am (NSW time) on 24 September 2013**:

- (i) **by post:**
Crater Gold Mining Limited
Level 4, 15-17 Young St,
Sydney, NSW 2000; or
- (ii) **by delivery:**
Crater Gold Mining Limited
Level 4, 15-17 Young St,
Sydney, NSW 2000; or

- (iii) **by facsimile:**
(02) 9252 2335 (from within Australia)
(+612) 9252 2335 (from outside Australia)

6. CORPORATE REPRESENTATIVE

A Shareholder which is a body corporate may appoint an individual as the Shareholder's representative to attend and vote at the Meeting. The representative must bring the formal notice of appointment to the meeting, unless it has previously been provided to the Company.

7. OTHER INFORMATION

Queries in relation to the lodgement of proxies or other matters concerning the Meeting may be directed to the Company Secretary (Telephone: (07) 3832 1329).

8. INTERPRETATION

In this notice of meeting the following expressions have the following meanings:

"ASIC" means the Australian Securities & Investments Commission.

"ASX" means ASX Limited ABN 98 008 624 691.

"ASX Listing Rules" means the Official Listing Rules of ASX.

"Board" means the Company's board of directors.

"Closely Related Party" of a member of the Key Management Personnel of the Group has the meaning ascribed to it in the Corporations Act. (The expression includes, for example, certain of Key Management Personnel's family members, dependants and companies they control).

"Company" means Crater Gold Mining Limited ABN 75 067 519 779.

"Corporations Act" means *Corporations Act 2001* (Cth).

"Directors" means the Directors of the Company.

"Explanatory Memorandum" means the explanatory memorandum contained in this Notice of Meeting.

"Group" means the Crater Gold Mining Limited group of companies comprising the consolidated entity referred to in the Company's 2012/13 Half Year Report.

"Key Management Personnel" means those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

"Meeting" means the General Meeting of Shareholders convened for 26 September 2013 and any adjournment of that meeting.

"Section" means a section of this Explanatory Memorandum.

"Share" means a fully paid ordinary share in the capital of the Company and "Shares" has a corresponding meaning.

"Shareholder" means a shareholder of the Company.

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CRATER GOLD MINING LIMITED
ABN 75 067 519 779

NOTICE OF GENERAL MEETING
(Date of Meeting: 26 September 2013)

ANNEXURE A

CRATER GOLD MINING LIMITED

MARK CHRISTENSEN

PO BOX 276

Albion 4010

Crater Gold Mining Limited

Option Valuation

Valuation of Crater Gold Mining Limited options
August 2013

1 Brief

I, Mark Christensen, have been requested to value call options in Crater Gold Mining Limited (ASX: CGN). I was asked on 21 August 2013 to provide a valuation. The company has recently changed its business name and is proposing a share consolidation. The valuation has been performed on a post-consolidation basis.

The following discussion details the valuation process and the estimated variables used in the valuation. The process resulted in the following valuation:

Gold Anomaly Limited 21 August 2013					
Recipients	No of Options	Exercise Price	Expiry Date	Option Value	Fair Value
Greg Starr	800,000	0.0025	30/06/2017	\$0.00048	\$384.11
Peter Macnab	800,000	0.0025	30/06/2017	\$0.00048	\$384.11
Sam Chan	500,000	0.0025	30/06/2017	\$0.00048	\$240.07
Tom Fermanis	500,000	0.0025	30/06/2017	\$0.00048	\$240.07
Desmond Sun	500,000	0.0025	30/06/2017	\$0.00048	\$240.07
Russ Parker	500,000	0.0025	30/06/2017	\$0.00048	\$240.07

2 Option Valuation

The variables that need to be estimated in valuing share options are:

- the current market price at the time of the valuation,

- the strike price or exercise price to be paid in the future (at maturity) for the European type options or for American type options,
- the time to the maturity of the options,
- the risk free rate of return,
- the dividend yield or expected dividends, and
- the volatility of the underlying security.

The estimated variables can be used in either a binominal or Black Scholes model. The Black Scholes model was used in this case to value the European type options. This approach is also appropriate for valuing non dividend paying American type options.

3 Valuation Estimates

The required inputs were calculated for Crater Gold Mining Limited.

3.1 Expected Volatility

The expected volatility is normally estimated using historic daily rates of return over a one month, two months and out to six month period, and then annualised. The appropriate period is generally the longest period that is still representative of current volatility.

The volatility varies, in part, due to the thin trading of shares and in particular with Crater Gold Mining and Gold Anomaly Limited, the low share price of \$.001 pre consolidation. For example a day of non-trading means that the share price is stable at \$.001 and then a small movement in price to say \$.002 is effectively a fifty per cent price change. Now the change in price is 0% for one day and then 100% for the next day. This annualised will result in a massive volatility. The weakness in this means that while share price hovers around \$.001 and \$.002, a massive annualised volatility assumes that there was a wide range in price which is clearly not the case.

To overcome the thin trading and small share price problems, volatility was estimated using the average and median for the firms listed in the Precious Metals sector. The estimated share price volatility for the industry was 100.12% and the median volatility was 92.2%. The difference in volatilities indicates skewness in the data. When skewness is present, the median is the preferred indicator.

The range in price over the previous twelve months was from \$.001 to \$.0069. Using a volatility of 92.2% would mean that the share price would have remained within this range.

The high volatility has a major effect upon the value of the options.

3.2 Market Price

The market price at time of valuation being 21 August 2013 was \$.001 pre consolidation.

3.3 Risk Free Rate

A Commonwealth Government bond is the best proxy for a risk free security. The probability of default on AAA rated Australian Government bonds is exceedingly small therefore the yield on Australian Government bonds was used as the risk free rate.

The risk free rate used in the calculation for the options exercisable 30 June 2017 was based on an Australian Government bond maturing 21 July 2017. The relevant rate was 3.06%.

3.4 Dividends

The company has not paid dividends nor is it expected to pay dividends in the near future. The strike price was not adjusted for the payment of dividends.

3.5 Maturity

The maturity date for the options is 30 June 2017.

3.6 Strike Price

The last valuation issue is the strike price. The strike price or exercise price is \$.0025 as a pre consolidation figure (\$.25 post consolidation) resulting in out-of-the-money options.

3.7 Option Valuation

The recommended option value is as follows:

Gold Anomaly Limited 21 August 2013					
Recipients	No of Options	Exercise Price	Expiry Date	Option Value	Fair Value
Greg Starr	800,000	0.0025	30/06/2017	\$0.00048	\$384.11
Peter Macnab	800,000	0.0025	30/06/2017	\$0.00048	\$384.11
Sam Chan	500,000	0.0025	30/06/2017	\$0.00048	\$240.07
Tom Fermanis	500,000	0.0025	30/06/2017	\$0.00048	\$240.07
Desmond Sun	500,000	0.0025	30/06/2017	\$0.00048	\$240.07
Russ Parker	500,000	0.0025	30/06/2017	\$0.00048	\$240.07
James Collins-Taylor	500,000	0.0025	30/06/2017	\$0.00048	\$240.07
Sinton Spence	500,000	0.0025	30/06/2017	\$0.00048	\$240.07

Mark Christensen

BBus, MFM, CPA, Senior Fellow FINSIA, MAICD

CRATER GOLD MINING LIMITED

ABN 75 067 519 779

Level 4, 15-17 Young Street,
Sydney, NSW
Telephone: (02) 9241 4224
Fax: (02) 9252 2335

PROXY FORM

I/We _____

of _____

being a shareholder/(s) of Crater Gold Mining Limited ("the Company") and entitled to _____

shares in the Company hereby appoint _____ of

_____ or failing him/her

_____ of _____

_____ or failing him/her the Chairman as my/our proxy to vote for

me/us and on my/our behalf at the general meeting of the Company to be held at the Boardroom, offices of Herbert Geer Lawyers, Level 12, 77 King Street, Sydney, New South Wales on 26 September 2013 at 10.00 am (New South Wales time) and at any adjournment thereof in respect of _____ of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [] %. (The Company on request will supply an additional proxy form.)

If you wish to indicate how your proxy is to vote, please tick the appropriate boxes over the page.

Subject to the comments below, if no directions are given the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/she has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest. However, if the Proxy you appoint is excluded from voting on a resolution and you do not direct the Proxy how to vote on that resolution, your vote will also be excluded.

The chairman of the meeting (Chairman of Directors, Mr Sam Chan) intends to vote undirected proxies in favour of all proposed resolutions, including Resolution 3 – 8 dealing with the issue of options to directors of the Company.

If the chairman of the meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions 3 - 8 (issue of options to current Directors) please place a mark in the box to the right. By marking this box you acknowledge that the chairman of the meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 3 – 8 and that votes cast by the chairman of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman will not cast your votes on Resolutions 3 - 8 and your votes will not be counted in calculating the required majority if a poll is called on any of Resolutions 3 - 8.

Resolutions 3 - 8 are connected directly or indirectly with the remuneration of a member or members of the Company's Key Management Personnel. By placing a mark in the above box you will also be authorising the chairman of the meeting to vote in accordance with his voting intentions on Resolutions 3 - 8 even though those Resolutions are connected directly or indirectly with the remuneration of a member or members of the Company's Key Management Personnel.

[Continued on reverse side]

