

21 October 2014

Australian Securities Exchange

Annual General Meeting

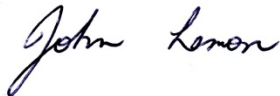
The Company's annual general meeting will be held on 25 November 2014.

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

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

Yours Faithfully

CRATER GOLD MINING LIMITED



John Lemon
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Date of Meeting: Tuesday, 25 November 2014

Time of Meeting: 10.00 am (New South Wales Time)

Place of Meeting: The Training Room
Offices of Hall Chadwick
Level 40
Citigroup Centre
2 Park Street
Sydney, NSW
Australia

This Notice of Annual 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 ANNUAL GENERAL MEETING

The 2014 Annual General Meeting of Crater Gold Mining Limited ("the Company") will be held in The Training Room, Offices of Hall Chadwick, Level 40, Citigroup Centre, 2 Park Street, Sydney, New South Wales, Australia on Tuesday, 25 November 2014 at 10.00 am (New South Wales time).

The Company's 2014 Annual Report can be accessed via the Company's website at <http://www.cratergold.com.au/IRM/content/annualreport/2014/ar2014.pdf>.

AGENDA

1. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, Directors' Report and Independent Audit Report for the Company and its controlled entities for the financial year ended 30 June 2014.

2. QUESTIONS AND COMMENTS

Shareholders will be given a reasonable opportunity to:

- (i) ask questions about or comment on the management of the Company; and
- (ii) ask the Auditor's representative questions relevant to the Auditor's audit of the Financial Report.

The Auditor's representative will also be given a reasonable opportunity to answer any written questions submitted to the Auditor prior to the Meeting in accordance with the *Corporations Act 2001* (Cth).

3. RESOLUTION 1 - ELECTION OF DIRECTOR – L LEE

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

"That Lawrence Kin Keung Lee, who was appointed a director of the Company by the Directors on 5 June 2014 pursuant to clause 58.1 of the Company's constitution, is elected as a director of the Company with effect from the end of the Meeting."

4. RESOLUTION 2 - RE-ELECTION OF DIRECTOR – T FERMANIS

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

"That Thomas Mark Fermanis, who retires in accordance with the Company's constitution and being eligible offers himself for re-election, is re-elected a director of the Company."

5. RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

To consider and, if thought appropriate, pass the following resolution as a **special resolution**:

"That the Company has the additional capacity to issue equity securities up to 10% of the issued capital of the Company under ASX Listing Rule 7.1A calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Notice of Meeting."

6. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR L LEE

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 Lawrence Kin Keung Lee 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 in the Notice of Meeting."

7. RESOLUTION 5 – ISSUE OF OPTIONS TO FORMER DIRECTOR J COLLINS-TAYLOR

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 James Desmond Collins-Taylor 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 in the Notice of Meeting.”

8. RESOLUTION 6 – REMUNERATION REPORT ADOPTION

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

“That the Remuneration Report for the year ended 30 June 2014 be adopted.”

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



John Lemon
Company Secretary

20 October 2014

CRATER GOLD MINING LIMITED
ABN 75 067 519 779

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum forms part of the notice convening the Company's Annual General Meeting to be held on Tuesday, 25 November 2014. This Explanatory Memorandum is to assist Shareholders in understanding the background to and implications of the resolutions proposed, and procedural matters concerning the Meeting. Terms used in this Explanatory Memorandum are defined in Section 12.

1. AGENDA ITEM 1 – CONSIDERATION OF REPORTS

- 1.1 The Financial Report, the Directors' Report and the Independent Audit Report for the year ended 30 June 2014 will be presented for consideration.
- 1.2 The abovementioned reports were released by the Company to ASX on 18 September 2014. They can be accessed via the Company's website at <http://www.cratergold.com.au/IRM/content/annualreport/2014/ar2014.pdf>. Shareholders are not required to vote on the reports, however Shareholders will be given a reasonable opportunity to ask questions concerning the reports.

2. AGENDA ITEM 2 – QUESTIONS AND COMMENTS

- 2.1 The chairman of the meeting ("the Chairman") will give Shareholders a reasonable opportunity to ask questions about or make comments on the management of the Company.
- 2.2 A representative of the Company's auditor will attend the Meeting. The Chairman will give Shareholders a reasonable opportunity to ask the Auditor's representative questions relevant to:
 - (i) the conduct of the audit; and
 - (ii) the preparation and content of the Auditor's report; and
 - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the Auditor in relation to the conduct of the audit.
- 2.3 The Chairman will also give the Auditor's representative a reasonable opportunity to answer written questions submitted to the Auditor in accordance with the *Corporations Act 2001* (Cth). A list of written questions, if any, submitted by Shareholders will be made available at the start of the meeting, and any written answer tabled by the Auditor's representative at the meeting will be made available to Shareholders as soon as practicable after the meeting.
- 2.4 Pursuant to section 250PA *Corporations Act 2001* (Cth) a Shareholder entitled to vote at the Meeting may submit a written question to the Company's auditor if the question is relevant to:
 - (a) the content of the Auditor's report to be considered at the Annual General Meeting; or
 - (b) the conduct of the audit of the annual financial report to be considered at the Annual General Meeting.

A shareholder must give the question to the Company (who will pass it on to the Auditor) **no later than 5.00 pm (AEDST) on Tuesday, 18 November 2014**. If you wish to submit a question to the Company's auditor please deliver it, marked "Attention: The Company Secretary, Crater Gold Mining Limited", to the Company either personally or by post, facsimile or email to the address, facsimile number or email address designated in Section 9.8 of this Explanatory Memorandum. Alternatively, if you are submitting a proxy form (see Section 9.8 of this Explanatory Memorandum) you may send it together with the proxy form, provided it is received **by 5.00 pm (AEDST) on Tuesday, 18 November 2014**.

3. AGENDA ITEM 3 (RESOLUTION 1) – ELECTION OF DIRECTOR – L LEE

- 3.1 Lawrence Lee was appointed by the Company's directors as a non-executive director of the Company on 5 June 2014 pursuant to clause 58.1 of the Company's constitution which allows

the Company's directors to appoint a person to fill a casual vacancy or as an addition to the existing Directors. Under the Company's constitution Mr Lee will hold office as a director until the end of the Annual General Meeting on 25 November 2014 and may be re-elected as a Director at that meeting.

- 3.2 Mr Lee received a Bachelor of Commerce degree and a Master of Commerce degree from the University of New South Wales, Australia. He also holds a Master of Applied Finance degree from Macquarie University, Australia. Mr Lee has over 25 years of experience in finance, corporate finance, management, auditing and accounting. He worked in an international accounting firm for several years and has worked as group financial controller, chief financial officer and director of listed companies on the Hong Kong Stock Exchange for over 10 years. Mr Lee is a member of the Hong Kong Institute of Certified Public Accountants and a certified practicing accountant of CPA Australia. He is the chair of the Company's Audit Committee.
- 3.3 The Company's directors (with Mr Lee abstaining) recommend that Shareholders vote in favour of Resolution 1.

4. AGENDA ITEM 4 (RESOLUTION 2) – RE-ELECTION OF DIRECTOR – T FERMANIS

- 4.1 In accordance with the Company's constitution Tom Fermanis retires by rotation at the end of the Annual General Meeting on 25 November 2014 and, being eligible, offers himself for re-election as a director of the Company.
- 4.2 Mr Fermanis is a non-executive director of the Company and has been a Director since 16 October 2009. He formerly worked in the stockbroking industry for 22 years, including 19 years as an investment advisor. He is widely experienced in the equities market with particular emphasis on the resources sector and currently provides investor relations consulting services to the Company in addition to his role as a non-executive Director. Mr Fermanis is a member of the Company's Audit Committee and Remuneration and Nomination Committee.
- 4.3 The Company's directors (with Mr Fermanis abstaining) recommend that Shareholders vote in favour of Resolution 2.

5. AGENDA ITEM 5 (RESOLUTION 3) - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

- 5.1 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 securities of the company on issue at the commencement of the 12 month period.
- 5.2 ASX Listing Rule 7.1A allows "eligible entities", in addition to the 15% issue capacity under Listing Rule 7.1, to issue equity securities up to a further 10% of the number of the company's issued ordinary securities through placements over a 12 month period following the company's annual general meeting provided shareholder approval by way of a special resolution is received at that annual general meeting.
- 5.3 An "eligible entity" for the purposes of ASX Listing Rule 7.1A is an entity that, at the date the requisite special resolution is passed:
- (i) is not included in the S&P/ASX 300 Index; and
 - (ii) has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) equal to less than \$300 million dollars.
- The Company is an eligible entity.
- 5.4 The Company is seeking Shareholder approval to have the additional capacity to issue equity securities under Listing Rule 7.1A. The additional capacity (i.e. additional number of equity securities that the Company may issue or agree to issue during the period of the approval) is calculated in accordance with the following formula:

$$(A \times D) - E$$

- A = The number of fully paid ordinary securities on issue 12 months before the date of issue or agreement,
- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2,
 - plus the number of partly paid ordinary securities that became fully paid in the 12 months,
 - plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or 7.4,
 - less the number of fully paid ordinary securities cancelled in the last 12 months.
- D = 10%
- E = The number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are *not* issued with the approval of holders of ordinary securities under Listing Rule 7.1 or 7.4.

Any equity securities issued under Listing Rule 7.1A.2 must be in an existing quoted class of the Company’s equity securities. (As at the date of this Notice the Company has on issue two quoted classes of equity securities, namely (i) fully paid ordinary shares, and (ii) redeemable convertible notes maturing 18 August 2017).

5.5 As required by ASX Listing Rule 7.3A the following information is provided:

- (i) The minimum price at which the equity securities may be issued for the purposes of Listing Rule 7.1A.3 is 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:
- (a) the date on which the price at which the securities are to be issued is agreed; or
 - (b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.
- (Note: If equity securities are issued for non-cash consideration the Company will provide to the market in accordance with the ASX Listing Rules a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3)
- (ii) If equity securities are issued by the Company under Listing Rule 7.1A there is a risk of economic and voting dilution of existing ordinary security holders, including the risk that:
- (a) the market price for equity securities in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
 - (b) the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

The following table describes the potential dilution of existing ordinary security holders on the basis of three different issue prices and values for the variable “A” in the formula in Listing Rule 7.1A.2 (set out in Section 5.4 (above)), including an example that assumes that “A” is double the number of ordinary securities on issue at the time of the approval under Listing Rule 7.1A and that the price of equity securities has fallen by at least 50%:

Variable “A” in Listing Rule 7.1A.2	Dilution		
	Issue Price of \$0.065 (50% of the current market price of the Company’s	Issue Price of \$0.13 (the current market price of the Company’s shares)	Issue Price of \$0.26 (100% increase in the current market price of the Company’s shares)

		shares)		
136,435, 320 (current Variable A)	10% Voting Dilution	13,643,532 Shares	13,643,532 Shares	13,643,532 Shares
	Funds raised	\$886,829	\$1,773,659	\$3,547,318
204,652,980 (50% increase in current Variable A)	10% Voting Dilution	20,465,298 Shares	20,465,298 Shares	20,465,298 Shares
	Funds raised	\$1,330,244	\$2,660,488	\$5,320,977
272,870,640 (100% increase in current Variable A)	10% Voting Dilution	27,287,064 Shares	27,287,064 Shares	27,287,064 Shares
	Funds raised	\$1,773,659	\$3,547,318	\$7,094,636

The table has been prepared based on the following assumptions:

1. The Company issues (as Shares) the maximum number of equity securities available under the 10% placement capacity.
2. No options or convertible notes are exercised or converted into fully paid ordinary shares before the date of the issue of securities under ASX Listing Rule 7.1A. The Company has 5,957,500 unquoted options and 138,190 quoted convertible notes on issue at the date of this Notice of Meeting.
3. The table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
4. The issue price of \$0.13 is the closing price of the Company's shares on ASX on 17 October 2014.

(iii) The date the equity securities may be issued by (assuming Resolution 3 is passed at the Meeting) is the earlier of the following:

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained: and
- (b) the date of the approval by holders of ordinary shares in the Company of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

(The Shareholder approval under Resolution 3 to issue the additional equity securities will cease to be valid in the event that holders of the Company's ordinary shares approve a transaction under Listing Rule 11.1.2 or 11.2).

(iv) The equity securities may be issued by the Company as an alternative to or in addition to cash consideration for one or more of the following purposes (although the Company has no proposal to do so as at the date of this Notice):

- (a) to raise capital to fund any one or more of the following:
 - (i) exploration activities;
 - (ii) development activities
 - (iii) working capital;
 - (iv) acquisition of new resource assets or investments; and
- (b) as non-cash consideration (either wholly or partly) for any one or more of the following:
 - (i) the acquisition of goods and/or services;
 - (ii) the acquisition of new resource assets or investments.

(v) The Company's allocation policy for issues of equity securities pursuant to approval under Resolution 3 will depend on prevailing market conditions and the Company's circumstances at the time of any proposed issue. The identity of the allottees of equity securities will be determined on a case by case basis having regard to any one or more of the following factors:

- (a) the methods of raising funds available to the Company including, but not limited to; rights issue or other issue in which existing security holders can participate;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation of the Company; and
- (d) advice from any one or more of the Company's professional advisers.

Allottees under the additional placement facility (should the Company elect to use the facility) have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not Related Parties or associates of a Related Party of the Company. In addition, if the Company is successful

in acquiring new assets or investments it is possible that allottees under the additional placement facility will be or include vendors of the new assets or investments.

- (vi) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's annual general meeting on 26 November 2013. The total number of equity securities issued by the Company to date in the 12 months preceding the date of the upcoming annual general meeting (25 November 2014) is 27,425,254 which represents 23.70% of the total number of the Company's equity securities on issue at the commencement of that 12 month period. Details of all issues of equity securities by the Company during the 12 months preceding the date of the Meeting are:

Date	No. & Class of Equity Securities Issued ⁽¹⁾	Issuee(s)	Issue Price (\$)	Issue Price Discount to Market price	Cash Consideration (\$) ⁽²⁾	Non-Cash Consideration
23/12/13	23,735,766	Rights issue participants	0.08	2.5%	1,898,861.28	N/A
23/12/13	3,551,298	Rights issue underwriters	0.08	"	284,103.84	N/A
22/08/14	102,591 unsecured 10% convertible notes maturing 21/08/17	Rights issue participants	25.00	N/A	2,564,775	N/A
22/08/14	35,599 unsecured 10% convertible notes maturing 21/08/17	Rights issue underwriters	25.00	N/A	889,975	N/A

(1) Fully paid ordinary shares unless stated otherwise

(2) The cash raised has been spent on (i) exploration at the Company's projects; and (ii) administration costs. All cash raised has been spent except that approximately \$250,000 of the \$3,454,750 raised under the most recent rights issue remains. It will be spent on the same things.

(vii) **Voting Exclusion Statement**

As required by the ASX Listing Rules, the Company will disregard any votes cast on Resolution 3 by:

- a person or entity who may participate in the proposed issue of any additional equity securities and a person or entity who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 3 is passed; and
- an associate (as defined in the ASX Listing Rules) of any such person or entity.

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.

5.6 Under the ASX Listing Rules Resolution 3 is required to be passed as a special resolution which means that it must be approved by at least 75% of the votes cast by members entitled to vote on the resolution.

5.7 The Company's directors recommend that Shareholders vote in favour of Resolution 3.

6. AGENDA ITEMS 6 & 7 (RESOLUTIONS 4 & 5) – ISSUE OF OPTIONS TO DIRECTOR L LEE AND FORMER DIRECTOR J COLLINS-TAYLOR

6.1 Resolutions 4 and 5 seek Shareholder approval for the issue of incentive options to Director Lawrence Lee and options as a reward to former Director James Collins-Taylor respectively. The proposed exercise price of the options selected by the Board (\$0.25 (25 cents)) is the same as that for the incentive options currently on issue to the Company's other directors. Mr Lee has been a director of the Company since 5 June 2014. Resolution 4 is subject to Mr Lee

being elected a director of the Company pursuant to the proposed Resolution 1 (see above). If Resolution 1 is not passed Resolution 4 will be withdrawn and not voted on. Mr Collins-Taylor was a director of the Company from October 2005 to March 2013. During that time he also served as chair of the Company's Audit Committee and the Company's Remuneration and Nomination Committee. More recently, from March 2013 to September 2014, Mr Collins-Taylor served as an alternate director of the Company and continued to serve as chair of the Audit Committee and the Remuneration and Nomination Committee. Mr Collins-Taylor was previously issued the same number of options (500,000) under the Company's Employee Share Option Plan ("ESOP") exercisable at the same exercise price (\$0.25) as proposed but those options recently lapsed in accordance with the ESOP Rules upon Mr Collins-Taylor ceasing to be engaged by the Company. The Board is of the view that Mr Collins-Taylor has played a pivotal role over a lengthy period in guiding the Company and providing advice and assistance that has been critical to the Company being in its current position as an emerging gold producer with a potentially world class gold project (Crater Mountain, PNG). The Board's composition has changed considerably in recent times due to the introduction of new investors to the Company (which Mr Collins-Taylor played a significant role in procuring) which resulted in Mr Collins-Taylor ultimately leaving the Board, however the Board believes it is appropriate and equitable in view of Mr Collins-Taylor's service that he continue to have the ability to earn a return from options if the Company ultimately enjoys the sort of success it is aiming for and to which Mr Collins-Taylor will have made a major contribution.

6.2 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. Mr Lee comes within the definition of a related party of the Company because he is a director of the Company. Mr Collins-Taylor comes within the definition of a related party of the Company because he was an alternate director of the Company within the last six months.

6.3 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 Lawrence Lee and James Collins-Taylor.
- (ii) The maximum numbers of options that may be issued to Messrs Lee and Collins-Taylor are as follows:

Lawrence Lee	500,000
James Collins-Taylor	500,000

- (iii) The Company will issue the options as soon as practical after the Meeting but in any event not later than one month after the date of the Meeting.
- (iv) Each of Messrs Lee and Collins-Taylor is a related party of the Company for the reason set out in Section 6.2 (above).
- (v) The options will be issued for no cash consideration. They will be issued as incentive options in the case of Mr Lee and reward options in the case of Mr Collins-Taylor.
- (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 6.6 (below).
- (vii) **Voting Exclusion Statement**
As required by the ASX Listing Rules the Company will disregard any votes cast by each of Messrs Lee and Collins-Taylor and their respective associates (as defined in the ASX Listing Rules) on Resolutions 4 and 5 respectively.

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.

6.4 If approval is given under ASX Listing Rule 10.11 approval is not required under ASX Listing Rule 7.1. (Please see Section 5.1 (above) for details of ASX Listing Rule 7.1).

6.5 As required by the Corporations Act a vote must not be cast on either of Resolutions 4 and 5 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 either of Resolutions 4 and 5 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.

6.6 Option Terms

The following is a summary of the material terms of the options proposed to be issued to Messrs Lee and Collins-Taylor:

- (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) 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 accompanied by payment of the exercise price multiplied by the number of shares in respect of which options are being exercised.
- (vi) In Mr Lee's case the options will expire either (i) thirty (30) days after he ceases to be a director, employee or contractor of the Company for any reason other than retirement, permanent disability, redundancy or death, or he ceases to be beneficially entitled to the majority of the voting shares in his permitted nominee company; or (ii) at 5.00pm on 30 September 2017, whichever is the earlier. In Mr. Collins-Taylor's case the options will expire on 30 September 2017.
- (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)

- 6.7 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 and a person who has been a director of the public company within the last six months. 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).
- 6.8 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 (\$)
Lawrence Lee	500,000	\$5,519.65
James Collins-Taylor	500,000	\$5,519.65

- 6.9 Accordingly the Company's directors consider that the issue of options as remuneration as proposed to each of Messrs Lee and Collins-Taylor would be reasonable given the Company's circumstances and the circumstances of each of Messrs Lee and Collins-Taylor. Accordingly the Directors consider that the issue of options to Messrs Lee and Collins-Taylor 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.

6.10 Other Information

(i) Related Parties' Interests

Each of Messrs Lee and Collins-Taylor has a material personal interest in the outcome of agenda items 6 and 7 (Resolutions 4 and 5) respectively as it is proposed that options be granted to them (or their respective nominees) as set out in those agenda items. Mr Lee does not have an interest in equity securities in the Company. Mr Collins-Taylor has an interest in equity securities (specifically shares) in the Company as detailed in the table below. If all of the options proposed to be granted are exercised and result in the issue of Shares to Messrs Lee and Collins-Taylor the following will be the effect on their holdings in the Company:

Related Party	No. of Company's Shares in which Related Party holds Interest	% of Total Shares on Issue ⁽¹⁾	No. of Shares in which Related Party holds interest if options convert to Shares	% of Total Shares on Issue following issue of Shares upon exercise of options ⁽²⁾
L Lee	---	0.0	500,000	0.36
J Collins-Taylor	172,364	0.12	672,364	0.48
Total	172,364	0.12	1,172,364	0.84

(1) The calculation is based on the assumption that none of the Company's options or convertible notes on issue as at the date of this Notice of Meeting are exercised or converted.

(2) Calculated based on the assumption that all options are issued in accordance with Resolutions 4 and 5 and exercised but no other options on issue are exercised, i.e. the total number of Shares increases from 136,435,320 to 137,607,684.

As at the date of this Notice of Meeting neither of Messrs Lee and Collins-Taylor has an interest in options over shares in the Company.

(ii) **Current Remuneration**

Mr Lee receives non-executive director's fees of \$35,000 per annum. Mr Collins-Taylor no longer receives payment from the Company given that he is no longer engaged by the Company.

Details of remuneration paid by the Company to Messrs Lee and Collins-Taylor in the year ended 30 June 2014 are as follows⁽¹⁾:

	Short-term	Other (\$)	Share-based payments	Total
	Base Fees/Salary (\$)		Options ⁽²⁾ (\$)	(\$)
L Lee	2,301			2,301
J Collins-Taylor	35,000	-	25,611	60,611

(1) Mr Lee was appointed a director of the Company on 5 June 2014. Mr Collins-Taylor was an alternate director of the Company and the Chairman of the Company's Audit Committee and Remuneration and Nomination Committee during the entire financial year.

(2) The figures represent monetary valuations. The options have not been exercised and therefore no proceeds received from their exercise.

(iii) **Dilution**

If Shareholders approve the issue of options as proposed in Resolutions 4 and 5 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 0.72% based on the number of shares on issue as at the date of this Notice (see the capital structure table in Section 6.10(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 Mr Lee's services on appropriate incentive terms and the desirability of adequately rewarding Mr Collins-Taylor for his contributions in helping the Company to be in the position it is currently in.

(iv) **Valuation of the Options**

As mentioned in Section 6.8 (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 notes that Recommendation 8.3 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (3rd edition)* (the current edition) includes the following:

Equity-based remuneration: *it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders. However, non-executive directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity.*

In the present case there are no performance hurdles attached to the options proposed to be issued to Mr Lee.

(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	15 July 2014	0.195
Lowest	8 April 2014	0.061
Last	17 October 2014	0.13

6.11 The Company's directors (with Mr Lee abstaining) recommend that Shareholders vote in favour of Resolutions 4 and 5.

7. AGENDA ITEM 8 (RESOLUTION 6) - REMUNERATION REPORT ADOPTION

7.1 The Remuneration Report is contained in the Company's 2014 Annual Report commencing on page 26. The Remuneration Report's contents include:

- (i) an explanation of the Board's policy for remuneration of Key Management Personnel; and
- (ii) details of remuneration paid to Key Management Personnel.

7.2 Under the *Corporations Act 2001* (Cth) a resolution that the Remuneration Report be adopted must be put to a vote of shareholders at the Company's Annual General Meeting.

7.3 The Chairman will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

7.4 The vote on the resolution is advisory only and does not bind the Company or the Company's directors. However the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

7.5 Under the Corporations Act, if at least 25% of the votes cast on Resolution 4 are voted against adoption of the Remuneration Report, and then again at the Company's 2015 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution the Company must convene the general meeting (**spill meeting**) within 90 days of the Company's 2015 annual general meeting. All of the Directors who were in office when the Company's 2015 Directors' Report was approved, other than the Company's Managing Director, will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting those persons whose election or re-election as Directors is approved will be the directors of the Company.

7.6 Voting Exclusion Statement

Section 250R(4) Corporations Act provides that a vote must not be cast (in any capacity) on Resolution 4 by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or a Closely Related Party of such a person. However section 250R(5) Corporations Act provides that a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or a Closely Related Party of such a person may cast a vote on Resolution 4 as a proxy if the

vote is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or a Closely Related Party of such a person and either:

- (i) the voter is appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 4; or
- (ii) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - a. does not specify the way the proxy is to vote on Resolution 4; and
 - b. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

In accordance with section 250R(8) Corporations Act a vote cast in contravention of section 250R(4) Corporations Act will not be counted.

7.7 The Company's directors recommend that Shareholders vote in favour of Resolution 6.

8. 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 7.00 pm (AEDST) on 23 November 2014 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.

9. PROXIES

9.1 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.

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

9.3 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.

9.4 A Shareholder who appoints two proxies may state on the Proxy Form what proportion or number of the Shareholder's votes the proxy may exercise. If a Shareholder appoints two proxies and does not specify the number or proportion of votes each proxy may exercise, each of the proxies may exercise half of the Shareholder's votes.

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

9.6 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).

9.7 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, 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 as the proxy for the purposes of voting on the resolution at that meeting.

9.8 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 9.00 am (New South Wales time) on Monday, 24 November 2014** to:

- (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)
- (iv) **by email:**
info@cratergold.com.au

10. 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.

11. OTHER INFORMATION

Queries in relation to the lodgement of proxies or other matters concerning the Annual General Meeting may be directed to the Company Secretary (Telephone: (07) 3367 1666).

12. INTERPRETATION

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

"ASX" means Australian Securities Exchange.

"Board" means the Directors of the Company from time to time acting as a board.

"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 the *Corporations Act 2001* (Cth).

"Directors" means the Directors of the Company.

"Group" means the Crater Gold Mining Limited group of companies comprising the consolidated entity referred to in the Company's 2014 Annual 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 Annual General Meeting of Shareholders convened for 25 November 2014 and any adjournment thereof.

“Section” means a section of this Explanatory Memorandum.

"Shares" means ordinary fully paid shares in the capital of the Company.

"Shareholder" means a shareholder of the Company.

**CRATER GOLD MINING LIMITED
ABN 75 067 519 779**

**NOTICE OF ANNUAL GENERAL MEETING
(Date of Meeting: 25 November 2014)**

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
October 2014

1 Brief

I, Mark Christensen, have been requested to value call options in Crater Gold Mining Limited (ASX: CGN).

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

Crater Gold Mining Limited Options as at 9/10/2014				
No of Options	Exercise Price	Expiry Date	Option Value	Total
500,000	\$0.250	30/09/2017	\$0.011039	\$5,519.65
500,000	\$0.250	30/09/2017	\$0.011039	\$5,519.65

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 binomial 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 was estimated using historic daily rates of return over a one month, two months and out to six month period then annualised. The annualised daily volatility varied depending upon the estimation period. The volatility varied, in part, due to some evidence of thin trading of shares.

To verify if this was a problem the estimated volatility for Carter Gold Mining Limited was compared with Global Comparators. The 30 day estimate for Crater Gold Mining Limited was 116.15% compared to a global industry average of reasonable traded stocks of 41.35% I concluded that thin trading was a problem and used the global average 41.35% to overcome the bias in the estimate.

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

3.2 Market Price

The market price at time of valuation being 9 October 2014 was \$0.12.

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 a generic 3 year yield for Australian Government bonds. The applied rate was 2.561%.

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 was 30 September 2017.

3.6 Strike Price

The last valuation issue is the strike price. The strike price or exercise price is \$.25 resulting in out-of-the-money options.

3.7 Option Valuation

The recommended option value is as follows:

Crater Gold Mining Limited Options as at 9/10/2014				
No of Options	Exercise Price	Expiry Date	Option Value	Total
500,000	\$0.250	30/09/2017	\$0.011039	\$5,519.65
500,000	\$0.250	30/09/2017	\$0.011039	\$5,519.65

Mark Christensen

BBus, MFM, FCPA, 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 annual general meeting of the Company to be held at The Training Room, offices of Hall Chadwick, Level 40, Citigroup Centre, 2 Park Street, Sydney, New South Wales on 25 November 2014 at 10.00 am (New South Wales time) ("the Meeting") 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 below. If no directions are given then, subject to anything to the contrary in the notice of the Meeting, your proxy may vote as your proxy thinks fit or may abstain.

The Chair of the Meeting (Chairman of Directors, Mr Sam Chan) intends to vote undirected proxies in favour of all proposed resolutions, including Resolution 4 ("Remuneration Report - Adoption"). If you appoint the Chair of the Meeting as your proxy or the Chair of the Meeting is by default taken to have been appointed as your proxy (refer to Section 9.7 in the notice of the Meeting) unless you indicate otherwise by ticking the "For", "Against" or "Abstain" box for each of Resolutions 1 – 4 (see over page) you will be authorising the Chair of the Meeting to vote in accordance with the Chair's voting intentions on each Resolution, even if the Resolution (as is the case for Resolution 4 ("Remuneration Report Adoption")) is connected directly or indirectly with the remuneration of a member or members of the Crater Gold Mining Limited group of companies' Key Management Personnel.

(Please note that the above statement as to how the Chair of the Meeting intends to vote undirected proxies expresses the Chair's intention as at the date of the notice of the Meeting. In exceptional circumstances the Chair's intention may change subsequently. If there is a change to how the Chair intends to vote undirected proxies the Company will make an announcement to ASX advising of that fact and explaining the reason for the change).

[Continued on reverse side]

I/we direct my/our proxy to vote as indicated below:

RESOLUTION	FOR	AGAINST	ABSTAIN
1. Election of Director – L Lee (Agenda item 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – T Fermanis (Agenda item 4)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of additional 10% placement capacity (Agenda item 5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of options to L Lee (Agenda item 6)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of options to J Collins-Taylor (Agenda item 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Remuneration Report adoption (Agenda item 8)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed/executed this _____ day of _____ 2014

If a **natural person(s)**:

Signature(s)

Full Name(s)

If a **company**:

EXECUTED by _____)
_____)
in accordance with its _____)
Constitution _____)

Director/Sole Director

Director/Secretary

Name (Printed)

Name (Printed)

If by **power of attorney**:

SIGNED for and on behalf of _____)
_____)
by _____)
_____ under a Power of Attorney dated _____)
and who declares that he/she has not _____)
received any revocation of such Power of Attorney in the _____)
presence of :

Signature of Attorney

Signature of Witness

[N.B. After completing this proxy form, please deliver it to the Company in accordance with Section 9.8 of the Explanatory Memorandum in the notice of the Meeting]