
WARNING/IMPORTANT

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

11 November 2013

Australian Securities Exchange

Underwritten Non-Renounceable 1 for 4 Rights Issue

Crater Gold Mining Limited (**CGN** or **the Company**) will undertake a non-renounceable pro rata rights issue of one (1) share for every four (4) shares held at A\$0.08 (8 cents) per share to raise up to \$2,182,965 before costs (**Rights Issue**). Funds raised will be used to progress exploration and development of the Crater Mountain, PNG Project's High Grade Zone with the objective of commencing production mid-2014, as well as to cover the costs of the rights issue and for working capital generally.

As detailed further below, and subject to the comments below concerning the intentions of major shareholder FreeFire Technology Ltd, to the extent that there is any shortfall all eligible shareholders may also apply for shares in addition to their pro rata entitlements under the Rights Issue.

CGN has secured either commitments to subscribe under the Rights Issue, or an underwriting commitment, in respect of the full amount to be offered under the Rights Issue as follows:

- The Company's major shareholder, Freefire Technology Ltd (**Freefire**), which presently holds 59.12% of CGN's issued share capital, has agreed to take up its full pro rata entitlement under the Rights Issue. Freefire has advised the Company however that it will not be applying for shares in addition to its pro rata entitlement under the Rights Issue.
- Freefire has also agreed to underwrite half of the Rights Issue shortfall at the issue price of \$0.08 (8 cents) per share.
- Bloom Star Investment Limited (**Bloom Star**) has agreed to underwrite the other half of the Rights Issue shortfall at the issue price of \$0.08 (8 cents) per share.

Freefire's and Bloom Star's respective underwriting commitments are subject to the terms and conditions of separate Underwriting Deeds dated 10 November 2013 entered into by each of them with the Company. The terms of those Underwriting Deeds are typical for such agreements including typical conditions precedent and termination events.

Each of Freefire and Bloom Star is entitled to receive in cash fees under the Underwriting Deeds which total 5% of the amount underwritten by it.

The Company's current strategy in relation to the Crater Mountain Project, as previously stated, is to develop the Project's High Grade Zone (**HGZ**) as an area where small scale mining of gold can be undertaken, to use the cash flow generated to undertake ongoing exploration on the larger

Crater Mountain potential which lies in developing the existing initial inferred JORC resource at the Mixing Zone, drilling the Porphyry copper-gold potential, exploring the regional prospects, and following up on the recent targets as highlighted by the recent airborne geophysical survey.

The potential for the Crater Mountain Project is significantly greater than the Company's current financial resources allow. What has become evident from the post drilling analysis by management, various independent experts and other groups who have considered involvement, is that the Company's earlier estimates understate both the Nevera project and the Crater Mountain regional area's potential.

It is this large project potential size which is both the challenge and opportunity for the Company. The challenge is that ongoing exploration at the Mixing Zone and drilling for the Porphyry potential is cash draining. The opportunity is that the Company's management believes that the Crater Mountain project is a major project with world class potential.

The Company is developing an exploration adit with the view of commencing gold production at the HGZ. The cash flow generated from production at the HGZ is planned to finance ongoing Mixing Zone drilling and other exploration activities at the Nevera Project.

Details of the Company's development of the exploration adit and progress reports have recently been provided to the ASX. Through the Rights Issue the Company is seeking the funding to continue with development of the exploration adit through to production at the HGZ.

Shareholders eligible to participate in the Rights Issue will be those shareholders with a registered address in Australia, New Zealand, Papua New Guinea or Hong Kong as at 7.00 pm AEDST on the record date of 19 November 2013. The Company has determined that it would be unreasonable to extend the offer to participate in the Rights Issue to shareholders in other jurisdictions having regard to the number of holders in those jurisdictions, the number and value of shares those holders would be offered under the Rights Issue, and the costs of complying with the legal requirements and requirements of regulatory authorities in those jurisdictions.

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

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

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

The timetable for the Rights Issue is as follows:

Notice to Shareholders containing information in Appendix 3B	Tuesday 12 November
Shares trade "Ex" the entitlements issue on the ASX	Wednesday 13 November
Record Date to identify Eligible Shareholders and to determine Entitlements under the offer	Tuesday 19 November
1. Despatch of Offer and Entitlement and Acceptance Form ("Opening Date") 2. Advise ASX that despatch completed	Monday 25 November
Closing Date	Monday 16 December
Securities quoted on a deferred settlement basis	Tuesday 17 December
ASX notified of under-subscriptions	Thursday 19 December
Despatch Share Holding Statements	Monday 23 December
Expected commencement of trading of new shares on ASX	Tuesday 24 December

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



Greg Starr
Managing Director

The information contained in this report relating to exploration results and mineral resources at Crater Mountain, PNG is based on information compiled by Mr P Macnab, Non-Executive Director of Crater Gold Mining Limited. Mr Macnab is a Fellow of The Australian Institute of Geoscientists and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Macnab consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.