



Crater Gold Mining Limited ABN 75 067 519 779

Financial Report

For the half year ended

31 December 2018

Contents	Page
Review of Operations	3
Directors' Report	15
Auditor's Independence Declaration	17
Statement of Profit or Loss and Other Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Notes to the Interim Financial Statements	22
Directors' Declaration	26
Independent Auditor's Review Report	27
Corporate Directory	29

Review of Operations

OPERATIONS REPORT

EXPLORATION STRATEGY

During the half year period ended 31 December 2018, the Company announced its intention to increase focus on exploration with new drilling programs planned for 2019 at the Company's flagship Mixing Zone Project (**MZ Project**) at Crater Mountain in Papua New Guinea ("**PNG**") (Figure 1). This program will initially consist of eight (8) holes and will focus on extending the higher grade gold mineralised zones within the MZ Project area

Additionally, two (2) deep drill holes will be drilled at the High Grade Zone Project (HGZ Project) to target depth extensions the HGZ Project Mine Development.

An initial three (3) hole drilling program will also be undertaken at the Company's A2 Polymetallic Project in North Qld.

The Company remains committed to this drilling program, however the Company notes that this is subject to the Company having the required funding to do so, and that it may need to raise funds in order to do so.

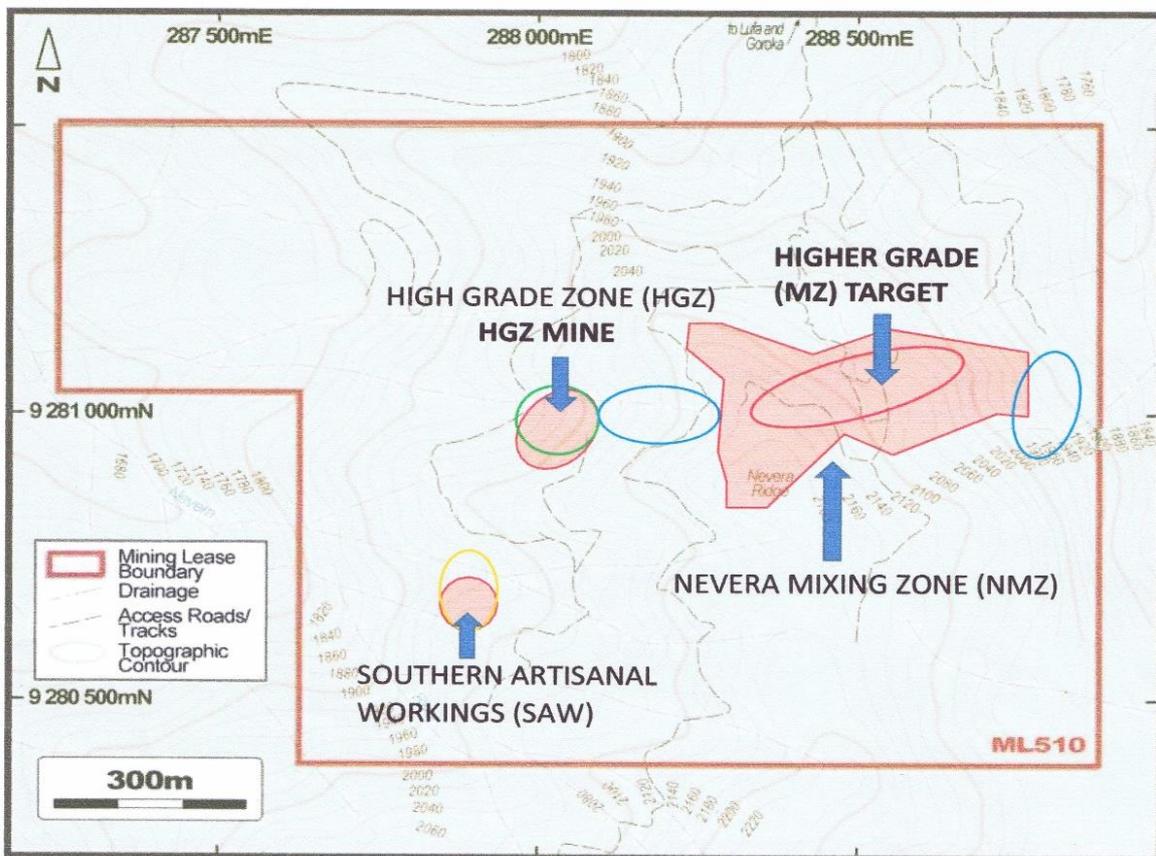


FIGURE 1: Location of the Crater Mountain tenements, prospect areas and drill targets.

CRATER MOUNTAIN GOLD PROJECT, PNG

HGZ Gold Mine: Mining

The half year ended 31 December 2018 was one of continued progress working towards gold mining and increasing processing plant performance at the High Grade Zone (HGZ). This commenced with some small scale gold mining from the 1960 level to provide ore for test running of the processing plant. As a result of this, components of the plant that required upgrading were identified and orders were placed for new machinery to improve the processing efficiency, particularly with respect to ore throughput and gold recovery.

During the period, the Company completed the 1930 RL adit development, which commences at 1930 RL and ramps up to 1935 RL where it reaches the mineralised veins. Steeply dipping extensions of the

Review of Operations

JL, JL01 and JL02 N-S orientated veins were encountered. Extensions of veins NV01, NV02, N03 and LNK01 have also been identified and encouragingly their defining structures were noted to be progressively widening with depth from 1960 RL to 1930 RL. Numerous mineralised cross-cutting east west structures were also identified.

The geology observed in 1930 RL reflects similarities to the 1960m level development and firmed up confidence in being able to mine out the structures identified at 1930 RL and develop them upwards to 1960 RL. Detailed geological mapping established that the N-S structures are developed within a strongly to moderately brecciated unit that hosts gold mineralized vuggy quartz veins associated with distinctive clay-manganese-hematite-jarosite-kaolinite-illite alteration.

The alteration noted provides a vital aid in vectoring into mineralised zones. This will greatly assist in tracing the extent of the mineralised zones further to the east, west and north.



FIGURE 2: 1930 RL adit development

As previously announced (refer ASX release of 14 November 2016: Maiden JORC Gold Resource at HGZ Project), historical drilling indicates that gold mineralisation extends down to at least 1890 RL and an inferred gold resource of 44,500 tonnes at 11.9 g/t Au for 17,100 ounces of gold (cut-off of 5 g/t Au) was estimated by Mining Associates for that zone. It is encouraging to note that many of the mineralised N-S and E-W structures encountered in the adit developments are not contained within this initial resource estimate.

Gold output is anticipated to increase into 2019. To achieve this, another sub-level at 1950 RL is planned, together with new levels below 1930 RL. This will allow production from a number of main vein locations at any one time and also provide access to additional zones of narrow cross cutting veins.

HGZ Mine: Subsequent Events

Gold Production

Subsequent to the end of the period, the Company announced it produced approximately 66 oz. of gold. Production was from a composite of low and high grade gold ore, with production running at minimal levels utilising only the newly purchased hammer mill and concentrator whilst the process plant was being refurbished. The Company expects gold production rates to increase once the full plant is operational and a night shift can be introduced.

Surface Sampling

The Company has tested for extensions of gold mineralisation at the HGZ Project and completed a sampling program above the HGZ Mine area.

Review of Operations

The current HGZ Mine is based on selective mining of narrow high grade veins, commencing downwards from the 1960m RL level. Above this level, the surface contains scree composed of weathered bedrock, waste rock material derived from artisanal workings and boulders and rubble derived from benching work. In addition, tephra covers most of the area, either in part or fully.

Check panning of the scree material revealed the presence of visible, fine to very fine, gold grains with occasional small gold nuggets. This is interpreted to have resulted from surface supergene weathering of gold mineralisation. It was therefore decided that the extent and grade of the gold in the surface scree should be investigated as it could potentially offer increased gold production for the HGZ mine.

Eleven (11) short horizontal trenches for a total of 173.5m and excavated at 5m intervals upslope from 1960m RL were planned to investigate this possibility. However, due to the presence within the scree of surface boulders, rubble and tephra, combined with the steep topography, much of the potential area could not be accessed for trench sampling. This resulted in the excavation of only 5 trenches for a total length of 44.0m (Figures 3 and 4). Initially 99, 0.5m interval, channel samples were collected but were later composited into 24 samples of mainly 2.0m intervals.

Subsequent to the end of the period, the Company announced on 15 February 2019, the results of the scree sampling undertaken.

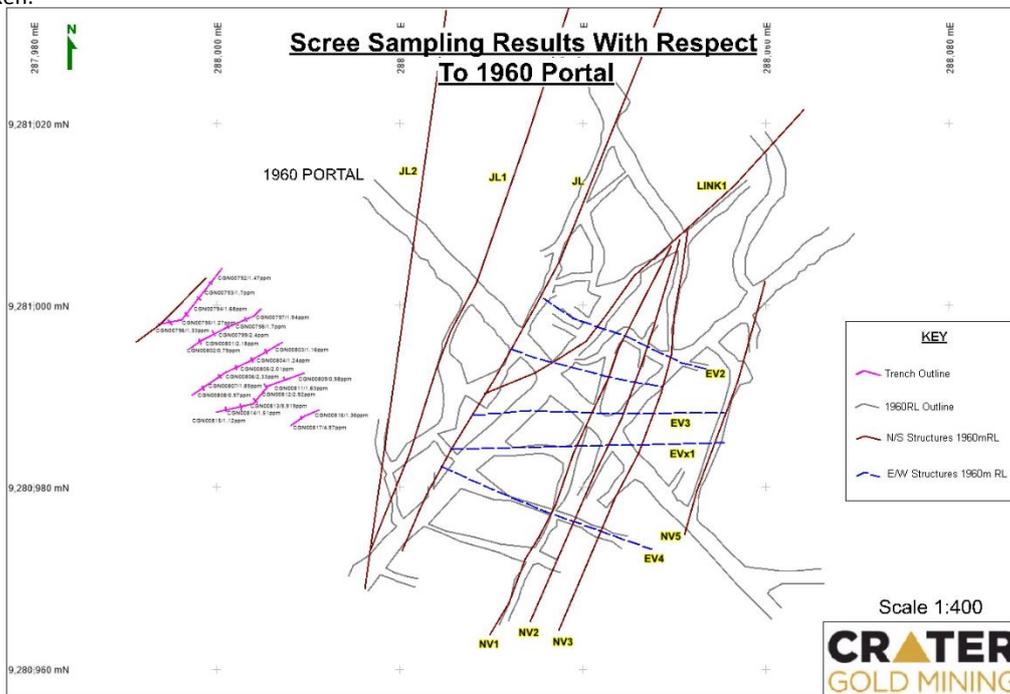


FIGURE 3: Scree Sample Trench Locations Above the 1960m RL Development Level

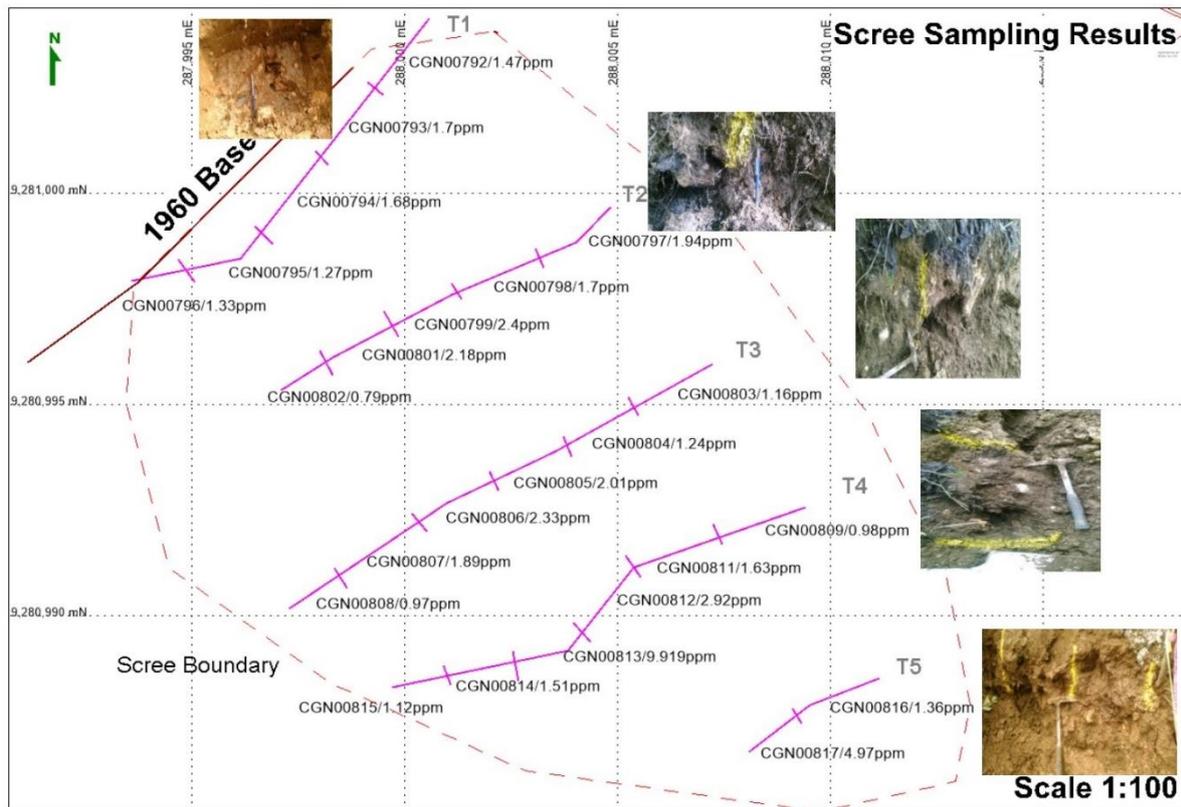


FIGURE 4: Scree Sample Trenches, Sample Numbers and Gold Assay Results (ppm)

Gold assay results (FA50) for the 24 channel samples were encouraging with values ranging from 0.79 g/t Au up to 9.19 g/t Au, indicating that gold is widely spread throughout the scree. Gold grades for the trenches are as follows (Figure 4):

- Trench 1 (1960m RL): 9.5m @ 1.50 g/t Au
- Trench 2 (1965m RL): 9.0m @ 1.91 g/t Au
- Trench 3 (1970m RL): 11.0m @ 1.66 g/t Au
- Trench 4 (1975m RL): 11.0m @ 3.05 g/t Au
- Trench 5 (1980m RL): 3.5m @ 2.91 g/t Au

17 of the 24 samples were collected from tephra dominant cover material, indicating that the gold mineralised zone can be detected through the tephra cover. Procedures for the recovery of the contained gold are now under investigation.

Upcoming HGZ Drilling Program

As announced, the Company will continue with its focus on exploration at Crater Mountain, with drilling programs to be undertaken at its major projects. This will include two deeper holes to be drilled under the current HGZ Mine development to investigate the continuity of gold mineralization at depth.

Mixing Zone Project

As part of an increased focus on exploration, a new drilling program will be commenced at the Company's Mixing Zone Project (**MZ Project**). The drilling program will initially consist of eight (8) holes and will focus on extending the higher grade gold mineralised zones at the MZ Project and to test areas lateral to the Mixing Zone.

Review of Operations

Drilling along strike of the MZ Project is justified from historical drilling which intersected gold mineralisation in isolated drill holes outside the resource area (off section). Areas of higher grade gold are marked on Figure 5. The marked zones appear continuous and plunge to the NE outside of the resource area. More drilling is required to test this.

Initial drilling will focus on testing the continuity of the higher grade Au intersections (>1.0 g/t) in the top 350m of the MZ Project

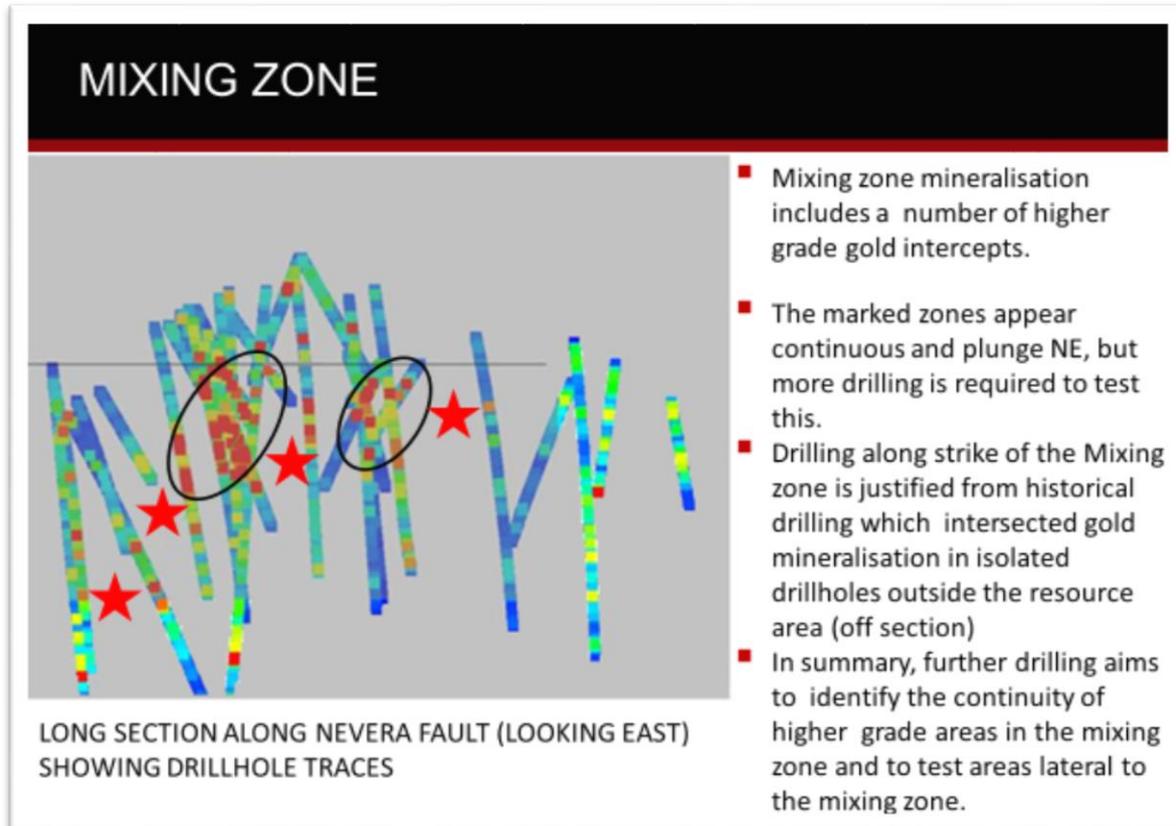


FIGURE 5: Long Section along the Nevera Fault (looking east) showing drill hole traces

The Resource was established with approximately 14,500 cumulative linear metres of drilling that mainly took place in 2010-2013. The main resource is contained within the MZ Project and has a JORC compliant Inferred Resource of 24Mt @ 1.0 g/t Au at a cut-off grade of 0.5 g/t Au¹ for 790,000ozs. Within this is a higher grade inferred resource zone of 9.4 Mt at 1.46 g/t Au at a cut-off grade of 1.0 g/t Au for 440,000ozs.

These drill hole locations have been highlighted on Figure 6, The locations of the Walkover and Nevera Faults have also been plotted on Figure 6 to demonstrate their spatial relationship with the MZ Project. This shows that the inferred resource effectively lies along the northern side of the Nevera Fault while the higher grade gold zone straddles the Walkover Fault north of its intersection with the Nevera Fault.

¹Refer to ASX announcement 24 November 2011 titled "Gold Anomaly Announces Maiden 790KO Gold Resource at Crater Mountain, PNG (This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Review of Operations

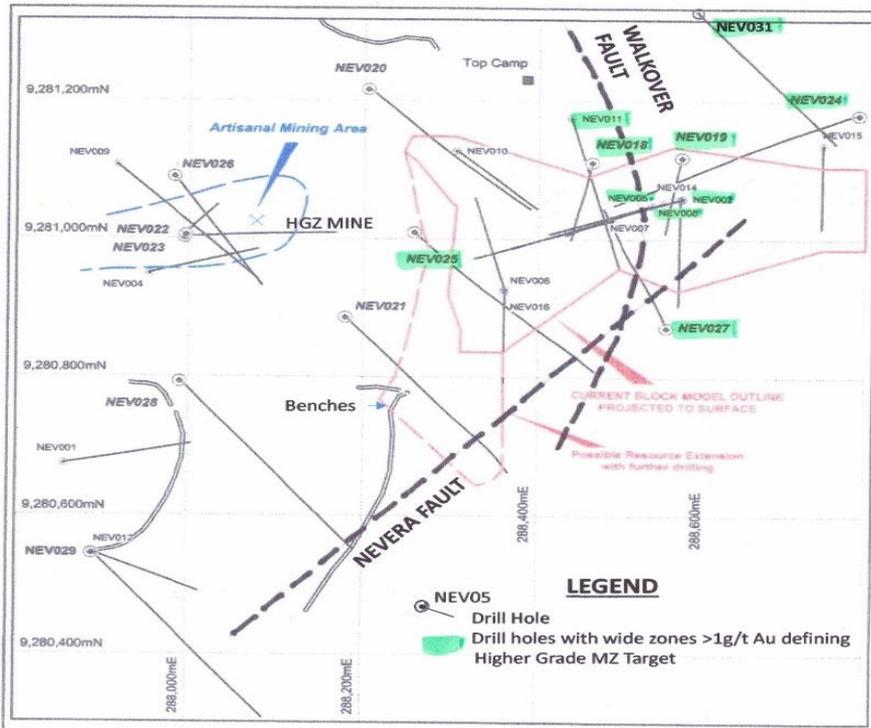


FIGURE 6: Plan view location of the Nevera and Walkover Faults, the HZG Mine and the higher grade target zone (>1.0 g/t Au) within the Mixing Zone

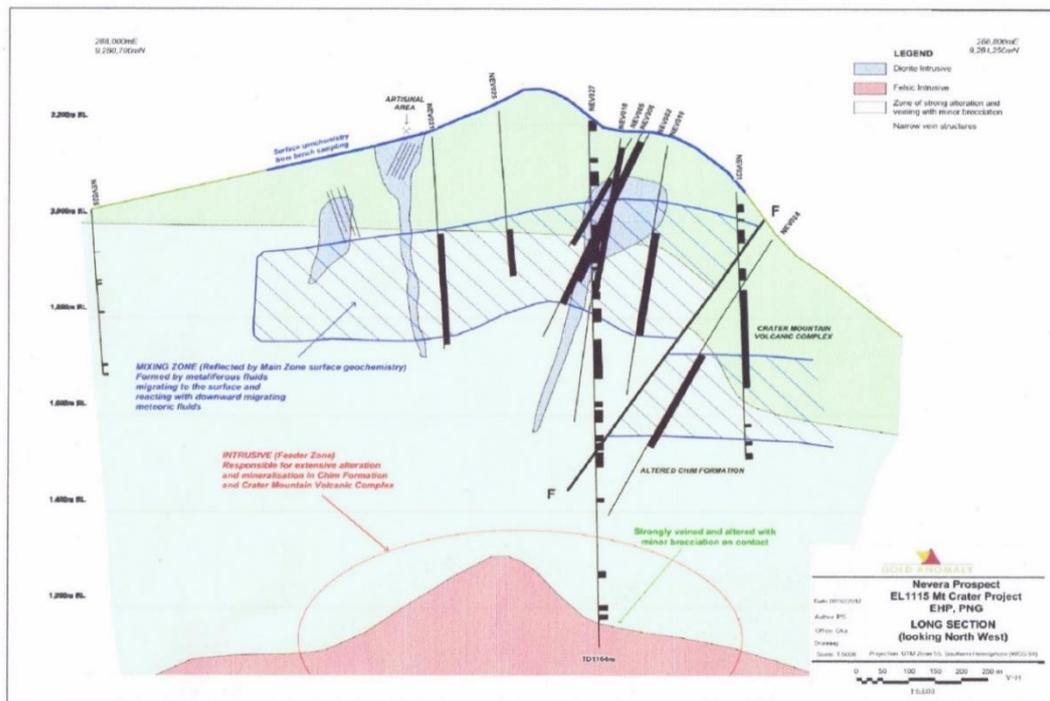


FIGURE 7: Long Section looking NW showing main Au Mineralised intercepts (black) and MZ Higher Grade Target

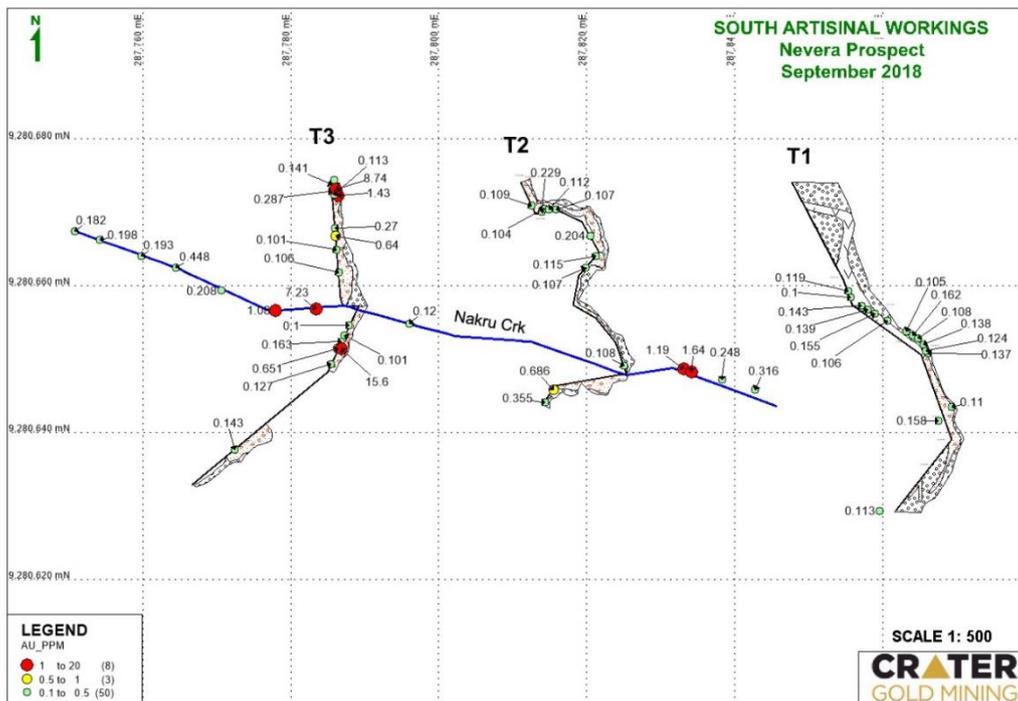


FIGURE 9: Gold Assay Results SAW workings area – Trench samples T1, T2, T3

POLYMETALLIC PROJECT, QUEENSLAND, AUSTRALIA

Polymetallic Project drilling program

During the period the Company determined it would undertake a program of three (3) diamond core drill holes to test high priority SGH soil anomalies at the Polymetallic Project area, which will commence when ground access is possible after the wet season early in 2019.

- **Drill Hole 1**

This hole is planned to test the northern sector of the large high priority NW silver-copper SGH soil anomaly (Figure 10). The hole is to be drilled on an azimuth of MGA Grid 040⁰ (034⁰ magnetic) at an inclination of 70⁰ for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

- **Drill Hole 2**

This hole is planned to test the southern sector of the large high priority NW silver-copper SGH soil anomaly (Figure 10). The hole is to be drilled on an azimuth of MGA Grid 040⁰ (034⁰ magnetic) at an inclination of 70⁰ for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

Review of Operations

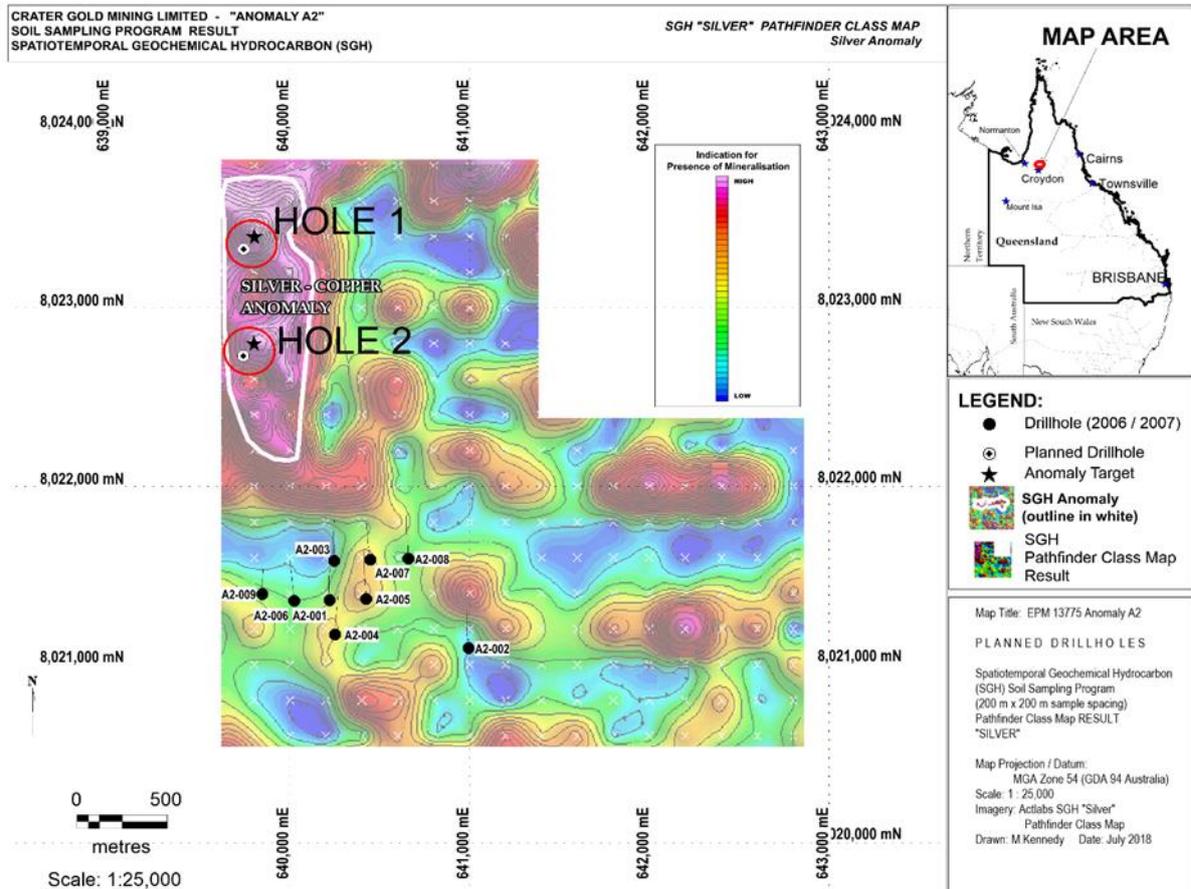


FIGURE 10: Location of A2 Polymetallic Project Drill Holes 1 and 2

- **Drill Hole 3**

This hole is planned to test a halo peak within the high priority polymetallic SGH soil anomaly in the northern zone of the large polymetallic anomaly (Figure 11). The hole is to be drilled on an azimuth of MGA Grid 040° (034° magnetic) at an inclination of 70° for a down hole length of 400m with the hole intersecting vertically below the peak of the anomaly.

This is one of several polymetallic targets in the northern zone area which, together with polymetallic targets in the southern zone, all display higher anomalism than the central zone area previously drilled and where widespread stockwork zinc-silver-tin veining was intersected.

Review of Operations

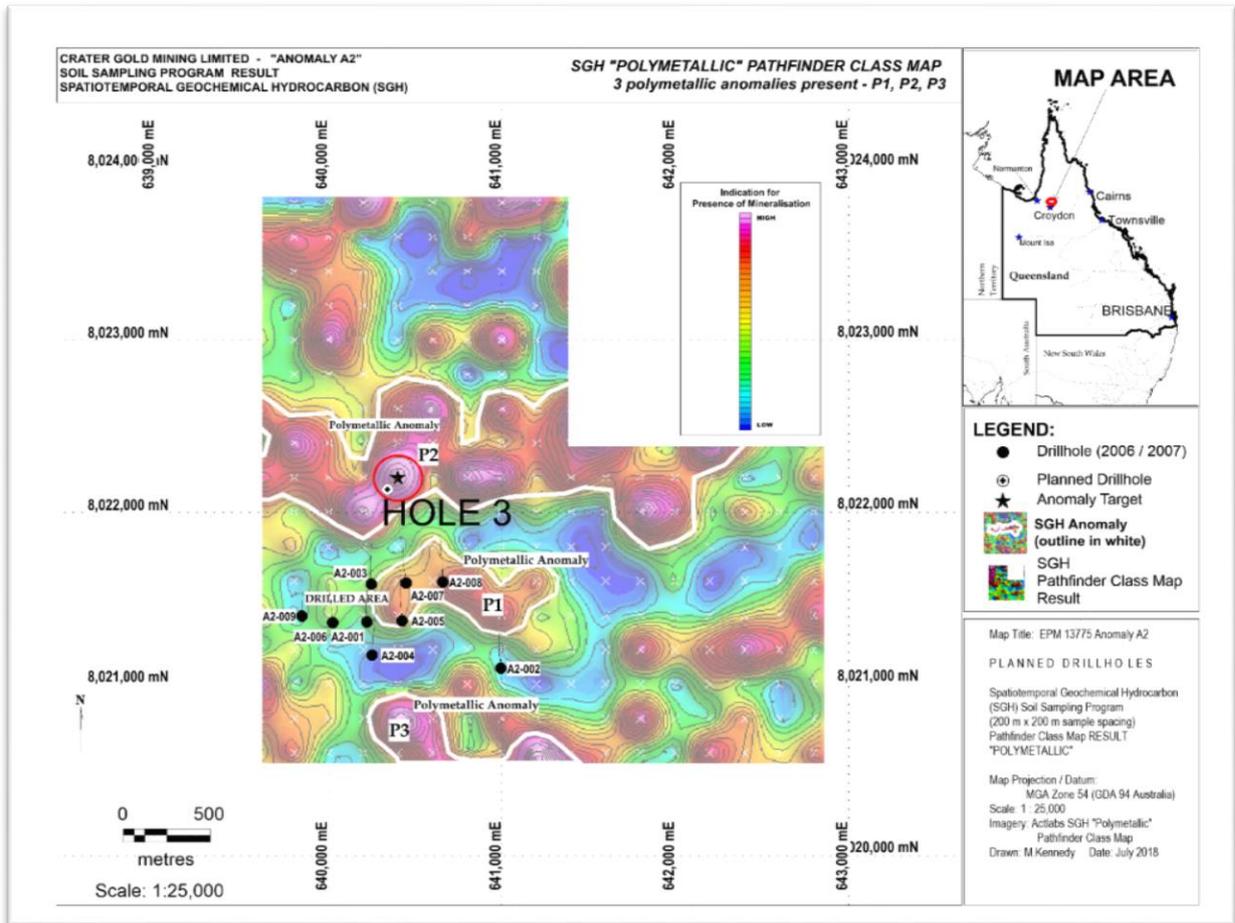


FIGURE 11: Location of A2 Polymetallic Project Drill Hole 3

COMPETENT PERSONS STATEMENT

The information contained in this report relating to exploration activities at the Crater Mountain Gold Project is based on and fairly represents information and supporting documentation prepared by appropriately qualified company personnel and reviewed by Ken Chapple, who is an Associate Member of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Chapple has sufficient experience relevant to the style of mineralisation and type of deposit involved to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Chapple is an independent principal geological consultant with KCICD Pty Ltd and consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information contained in this report that relates to Exploration Results at the Golden Gate Graphite and the A2 Polymetallic Projects near Croydon, Queensland, is based on information compiled by Ken Chapple, or prepared by appropriately qualified external technical experts and reviewed by him. Mr Chapple is an Associate Member of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Chapple has been assisting the Company as a technical consultant relating to his areas of expertise. Mr Chapple has sufficient experience relevant to the style of mineralisation and type of deposit involved to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Chapple is an independent principal geological consultant with KCICD Pty Ltd and consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

Forward Looking Statements

This Announcement may contain forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risk factors associated with the Company's business, many of which are beyond the control of the Company. It is believed that the expectations reflected in these statements are reasonable at the time made but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially from those expressed or implied in such statements. You should therefore not place undue reliance on forward-looking statements.

Review of Operations

Schedule of Crater Gold Mining Limited tenements:

Particulars	Project Name	Registered Holder	% Owned	Status	Expiry	Area (Km ²)
EPM 8795	Croydon	CGN	100	Granted	6/09/2020	9.6
EPM 13775	Wallabadah	CGN	100	Granted	5/03/2020	16
EPM 16002	Foote Creek	CGN	100	Granted	30/01/2021	28.8
EPM 18616	Black Mountain	CGN	100	Granted	18/06/2020	57.6
EL 1115	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	25/09/2018	41
EL 2203	Ubaigubi	Anomaly Ltd ¹	100	Renewal lodged	10/09/2017	88
EL 2249	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	10/11/2017	10
EL 2318	South Crater	Anomaly Ltd ¹	100	Renewal lodged	10/09/2017	20
EL 2334	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	21/05/2017	68
EL 2335	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	22/05/2017	78
ML 510	Crater Mountain	Anomaly Ltd 1	100	Granted	4/11/2019	1.58

¹ Anomaly Limited is CGN's 100% owned PNG subsidiary.

Directors' Report

Your Directors present their report, together with the financial statements, on the consolidated entity consisting of Crater Gold Mining Limited and the entities it controlled at the end of, or during the half year ended 31 December 2018.

Directors

The names of the Directors of Crater Gold Mining Limited in office during the half year and at the date of this report are:

S W S Chan (Non-Executive Chairman)
R D Parker (Managing Director)
T M Fermanis (Deputy Chairman)

L K K Lee (Non-Executive Director)
D T Y Sun (Non-Executive Director)

Principal Activities

The principal activities of Crater Gold Mining Limited (the Company) and its subsidiaries (together the Group) are the exploration, evaluation and exploitation of potential world class gold and other base metal projects. Its current focus is the Crater Mountain exploration program in Papua New Guinea (PNG), the evaluation of the vein style polymetallic (zinc-tin-copper-silver dominant) mineralisation discovered at Croydon in north Queensland. Further details of the Group's activities are included in the Review of Operation on pages 3-14 of this report.

Review of operations

The Group incurred a loss for the half year of \$3,592,899 (2017: \$2,587,817).

A detailed Review of Operations is set out on pages 3 to 14 preceding the Directors' Report.

Corporate

Rights Issue and General Meeting

On 12th December 2018, the Company announced an 11:2 renounceable rights issue (Rights issue) to raise approximately \$23.056 million with funds raised to result in a material major reduction of debt and to fund the increased focus of the Company on exploration.

The Rights Issue was subject to shareholders approving the potential increase in shareholding the Chairman, Mr Sam Chan, and an entity he controls, Freefire Technology Limited. The General meeting was held subsequent to the end of the period where all resolutions were passed, and the Rights Issue therefore being launched on 22nd January 2019. The Rights issue closed 26th February 2019 which resulted in 913,031,092 fully paid shares being issued and the Company receiving proceeds of \$13,695,467 with \$13,262,867 being applied to the reduction of loans owing to Freefire Technology Ltd.

Loan Facilities

During the period, the Company arranged several financial facilities with the Company's major shareholder, Freefire Technology Ltd to assist in operations and working capital as follows:

- \$1,500,000 in August 2018 at an interest rate of 8% and at the same time, terminated any further drawings on the existing \$4m loan agreement that had been drawn to \$3.4m
- \$750,000 in October 2018 at an interest rate of 8%
- \$1,000,000 in December 2018 at an interest rate of 8% with the first \$250,000 available at the Company's option and the remaining \$750,00 at the option of the lender

Change of Address:

The Company changed its Registered Office address and Principal Place of Business address to:

Level 2
22 Mount Street
PERTH WA 6000

Its postal address was changed to:

P.O. Box 7054
CLOISTERS SQUARE PERTH WA 6850

Annual General Meeting

All resolutions at the Company's 2018 Annual General Meeting on 29 November 2018 were passed.

Events After Reporting Date

Refer to Note 9 in the notes to the financial statements for events after reporting date.

No other matters or circumstances have arisen since the end of the half year which significantly affected or may affect the operation of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Directors' Report

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included within this financial report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



R D Parker
Managing Director

Perth

15 March 2019



T M Fermanis
Deputy Chairman

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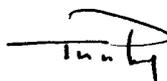
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Crater Gold Mining Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 15 March 2019

Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2018

Notes	Consolidated 31 December 2018 \$	Consolidated 31 December 2017 \$
Continuing operations		
Revenue	-	-
Cost of sales	-	-
Gross profit / (loss) from gold production	-	-
Interest income	31	155
Gross income / (loss) from continuing activities	31	155
Expenses		
Administration expense	(1,380,622)	(1,348,809)
Corporate compliance expense	(59,656)	(160,196)
Depreciation expense	(121,026)	(105,481)
Exploration & evaluation costs	(1,250,316)	(579,883)
Share Based Payments	(114,390)	(15,879)
Financing expense	(666,920)	(377,724)
Loss before income tax expenses from continuing operations	(3,592,899)	(2,587,817)
Income tax expense	-	-
Loss after income tax expense for the half year	(3,592,899)	(2,587,817)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	237,995	(227,468)
Total comprehensive income for the half year, net of tax	(3,354,904)	(2,815,285)
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic and diluted loss - cents per share	(1.29)	(0.95)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2018

	Notes	Consolidated 31 December 2018 \$	Consolidated 30 June 2018 \$
ASSETS			
Current assets			
Cash and cash equivalents		124,368	265,155
Trade and other receivables		133,997	102,341
Total current assets		258,365	367,496
Non-current assets			
Other financial assets		65,074	65,796
Exploration and evaluation	4	9,186,388	9,014,465
Plant and equipment		689,357	687,384
Total non-current assets		9,940,819	9,767,645
Total assets		10,199,184	10,135,141
LIABILITIES			
Current liabilities			
Trade and other payables		1,502,096	1,685,558
Related party payables		872,357	873,587
Interest bearing liabilities	5	17,168,573	13,679,324
Total current liabilities		19,543,026	16,238,469
Total Liabilities		19,543,026	16,238,469
Net Liabilities		(9,343,842)	(6,103,328)
EQUITY			
Contributed equity	6	61,015,655	61,015,655
Reserves		(1,648,776)	(2,001,161)
Accumulated losses		(68,710,721)	(65,117,822)
Total Equity		(9,343,842)	(6,103,328)

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

As at 31 December 2018

	Notes	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Consolidated					
Balance at 1 July 2018		61,015,655	(2,001,161)	(65,117,822)	(6,103,328)
Movement in share based payment reserve	7	-	114,390	-	114,390
Transactions with owners		-	114,390	-	114,390
Loss after tax		-	-	(3,592,899)	(3,592,899)
Other comprehensive income					
Exchange differences on translating foreign operations	7	-	237,995	-	237,995
Total comprehensive income for the period		-	237,995	(3,592,899)	(3,354,904)
Balance at 31 December 2018		61,015,655	(1,648,776)	(68,710,721)	(9,343,842)
Consolidated					
Balance at 1 July 2017		60,934,332	113,863	(61,534,380)	(486,185)
Movement in share based payment reserve		-	15,879	-	15,879
Issue of convertible notes		85,000	-	-	85,000
Transaction costs		(3,677)	-	-	(3,677)
Transactions with owners		81,323	15,879	-	97,202
Loss after tax		-	-	(2,587,817)	(2,587,817)
Other comprehensive income					
Exchange differences on translating foreign operations		-	(227,468)	-	(227,468)
Total comprehensive income for the half year		-	(227,468)	(2,587,817)	(2,815,285)
Transfer of reserves to accumulated losses		-	(2,156,465)	2,156,465	-
Balance at 31 December 2017		61,015,655	(2,254,191)	(61,965,732)	(3,204,268)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the half year ended 31 December 2018

Notes	Consolidated 31 December 2018 \$	Consolidated 31 December 2017 \$
Cash flows from operating activities		
Payments to suppliers and employees	(1,251,369)	(772,120)
Interest received	31	155
Interest paid	(7,185)	(97,972)
Other – Payment to PNG tax authority	-	(667,699)
Net cash used in operating activities	(1,258,523)	(1,537,636)
Cash flows from investing activities		
Purchases of plant and equipment	(87,887)	(14,297)
Payments for exploration and evaluation	(1,617,582)	(1,168,155)
Net cash used in investing activities	(1,705,469)	(1,182,452)
Cash flows from financing activities		
Share issue costs	-	(3,677)
Proceeds from borrowing	2,830,000	3,662,481
Repayment of borrowing	-	(916,593)
Net cash provided by financing activities	2,830,000	2,742,211
Net increase in cash held	(133,992)	22,123
Cash at the beginning of the half year	265,155	296,185
Effects of foreign exchange movements on cash transactions and balances	(6,795)	(20,663)
Cash at the end of the half year	124,368	297,645

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Interim Financial Statements

1. Basis of preparation

These financial statements for the interim half year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard 134 'Interim Financial Reporting' and the Corporations Act 2001 as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 'Interim Financial Reporting'.

These half year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New, Revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The impact on the financial performance and position of the Group from the adoption of the new or amended Accounting Standards and Interpretations was not material.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Going concern

These financial statements are prepared on a going concern basis.

The Group has incurred a net loss after tax of \$3,592,899 for the half year ended 31 December 2018 with total cash outflows from operating and investing activities of \$2,963,992. As at 31 December 2018, the Group had net current liabilities of \$19,284,661 including cash on hand of \$124,368 and net liabilities of \$9,343,842. These matters give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding the above, the Directors have prepared the half year financial statements on a going concern basis based on the following key factors:

- a) The Company completed an entitlements issue on 1 March 2019 resulting in the reduction of the loans payable by \$13,262,867 and cash receipts (before costs) of \$432,600;
- b) The Company announced on 21 December 2018 that it had arranged a new \$1m financing facility with Freefire Technology Limited. As at 31 December 2018 the Company had drawn \$250,000 from the facility. After the reporting date a further \$637,000 of the facility had been drawn, leaving \$113,000 undrawn at the date of this report;
- c) The Group's key area of expenditure is the Crater Mountain Project in Papua New Guinea. The Company announced on 11 February 2019 that the Company had produced 66 ozs of gold with production running at minimal levels using only the newly purchased hammer mill concentrator, whilst the process plant was being refurbished. Once the full plant is operational a night shift will be introduced with production rates expected to increase, therefore providing a revenue stream;
- d) The directors of the Company expect that major shareholders of the Company will continue to support fundraising activities and reasonably believe the Company will continue to receive financial support from Freefire Technology Limited and the remaining debt owed will not be called back for a period of 12 months from the date of this report; and
- e) In addition, the Company has successfully raised funds through share issues and debt funding on a number of occasions and the Directors are confident that this could be achieved should the need arise.

On this basis the Directors are of the opinion that the financial statements should be prepared on a going concern basis and the Group will be able to pay its debts as and when they fall due and payable.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Notes to the Interim Financial Statements

3. Operating Segments

	Croydon \$	Crater Mountain \$	Intersegment eliminations / Australia \$	Consolidated \$
Half year to 31 December 2018				
Interest revenue	-	-	31	31
Other expenses	(22,220)	(1,244,888)	(2,325,822)	(3,592,930)
Segment profit (loss)	(22,220)	(1,244,888)	(2,325,791)	(3,592,899)
As at 31 December 2018				
Segment assets	987,819	8,980,211	231,154	10,199,184
Segment liabilities	-	48,122,400	(28,579,374)	19,543,026
Half year to 31 December 2017				
Interest revenue	-	-	155	155
Other expenses	(115,836)	(2,377,986)	(94,150)	(2,587,972)
Segment profit (loss)	(115,836)	(2,377,986)	(93,995)	(2,587,817)
As at 30 June 2018				
Segment assets	987,819	8,861,020	286,302	10,135,141
Segment liabilities	-	46,012,109	(29,773,640)	16,238,469

Segment information is presented using a “management approach”, i.e. segment information is provided on the same basis as information used for internal reporting purposes by the Chief Executive and the Board. In identifying its operating segments, management generally follows the Group's project activities. Each of these activities is managed separately.

Description of segments

Crater Mountain

This is an advanced exploration project located in the PNG Highlands approximately 50kms southwest of Goroka.

Croydon

This project consists of two sub-projects in far North West Queensland, the Croydon Gold Project and the Croydon Polymetallic Project.

	Consolidated 31 December 2018 \$	Consolidated 30 June 2018 \$
4. Non-Current Assets - Exploration and evaluation		
Opening balance	9,014,465	8,953,712
Effect of movement in exchange rates	171,923	60,753
Closing balance	9,186,388	9,014,465

Notes to the Interim Financial Statements

	Consolidated 31 December 2018 \$	Consolidated 30 June 2018 \$
5. Current Liabilities – Interest bearing liabilities		
Convertible notes	-	-
Loan - Industrial and Commercial Bank of China (Asia) Limited	800,000	800,000
Loan - Freefire Technology Limited	16,368,573	12,879,324
	17,168,573	13,679,324

Loan - Freefire Technology Loan

The Company has secured a number of short-term, interest bearing loans totalling from its major shareholder, Freefire Technology Limited ("Freefire").

- The loan funds are to be used by the Company principally for the purpose of developing the Company's projects and for general working capital.
- Interest on the Principal Sum of \$11,364,961 is payable by the Company to Freefire at the rate of 8% per annum
- Interest on the Principal Sum of \$3,430,000 is payable by the Company to Freefire at the rate of 12% per annum.
- The loans are repayable by the Company to Freefire upon written demand by Freefire.

As per Note 9, a renounceable entitlement issue was completed on 1 March 2019. Freefire elected to pay for its Entitlement of \$13,253,619 by way of offset against the amount owed.

Loan - Industrial and Commercial Bank of China (Asia) Limited

On 25 August 2017 the Company secured a loan facility of up to \$800,000 from the Industrial and Commercial Bank of China (Asia) Limited ("ICBC"). The ICBC loan facility is repayable on call and is guaranteed by interests associated with the Chairman, Sam Chan. The interest rate is 3.28% per annum.

6. Contributed Equity

Equity Securities Issued	No. of ordinary shares	Total \$
For the half year ended 31 December 2018		
As at 1 July 2018	279,464,775	61,015,655
Shares issued	-	-
As at 31 December 2018	279,464,775	61,015,655

Notes to the Interim Financial Statements

7. Reserves

	Consolidated 31 December 2018 \$	Consolidated 30 June 2018 \$
Reserves		
Share based payment reserve	459,149	344,759
Convertible Notes Reserve	-	-
Share cancellation reserve	-	-
Foreign currency translation reserve	(2,107,925)	(2,345,920)
	(1,648,776)	(2,001,161)
Movements		
Share based Payments Reserve		
Balance at beginning of period	344,759	2,008,406
Transfer to accumulated losses (options expired)	-	(1,785,957)
Share based payments expense for the period	114,390	122,310
Balance at end of period	459,149	344,759
Foreign currency translation reserve		
Balance at beginning of period	(2,345,920)	(2,265,050)
Currency translation differences	237,995	(80,870)
Balance at end of period	(2,107,925)	(2,345,920)

8. Contingent liabilities

The Company does not have any contingent liabilities.

9. Events After Reporting Date

On 15 February 2019, the Company issued 61,238,870 performance rights to Directors and a consultant as per shareholders approval obtained at the Company's GM on 17 January 2019. At this time the Company also issued 58,455,285 performance rights to employees and consultants under the Company's employee equity incentive plan. The terms and conditions for the Performance Rights are detailed in Appendix 3B lodged with ASX on 18 January 2019.

On 1 March 2019, the Company issued 913,031,092 shares at an issue price of \$0.015 under a renounceable entitlement issue. Freefire Technology Limited, a major shareholder, has taken up its entitlement of \$13,207,089 which was paid via set off of the loan amount owed as shown at note 5.

No other matters or circumstances have arisen since the end of the half year which significantly affected or may affect the operation of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

10. Dividends

No dividends have been paid or provided for during the half-year (2017: nil).

Directors' Declaration

The Directors of the Company declare that:

- 1) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a) Giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date; and
 - b) Complying with the Accounting Standard *AASB134 Interim Financial Reporting*, and the Corporations Regulations 2001.
- 2) Having regard to those matters referred to in Note 2, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the Corporations Act 2001.


R D Parker
Managing Director

15 March 2019



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CRATER GOLD MINING LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Crater Gold Mining Limited, which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Crater Gold Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Crater Gold Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Crater Gold Mining Limited is not in accordance with the *Corporations Act 2001* including:

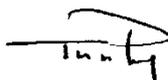
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2, which indicates that the consolidated entity incurred a net loss of \$3,592,899 and had net cash outflows from operating activities and investing activities of \$1,258,523 and \$1,705,469 respectively for the half-year ended 31 December 2018. As at that date, the consolidated entity had net current liabilities of \$19,284,661 and net liabilities of \$9,343,842. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 15 March 2019

Directors:	S W S Chan (Non-Executive Chairman) R D Parker (Managing Director) T M Fermanis (Deputy Chairman) L K K Lee (Non-Executive Director) D T Y Sun (Non-Executive Director)
Company Secretary:	A Betti
ABN:	75 067 519 779
Registered Office:	Level 2 22 Mount Street, Perth WA 2000 Australia Telephone: (08) 6188 8181
Postal Address:	PO Box 7054 Cloisters Square WA 6850 Australia
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Auditors:	RSM Australia Level 32, Exchange Tower 2 The Esplanade Perth WA 6000 Australia Telephone: (08) 9261 9100
ASX Listing:	Crater Gold Mining Limited shares are quoted on the Australian Securities Exchange under the code "CGN".
Website address:	www.cratergold.com.au