Crater Gold Mining Limited   ABN 75 067 519 779

Financial Report

For the half year ended

31 December 2019

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OPERATIONS REPORT

CRATER MOUNTAIN GOLD PROJECT, PNG

HGZ Gold Mine

During the half year the Company produced approximately 110oz of gold from mining operations at the High Grade Zone ("HGZ") at Crater Mountain.

Mining continued on three levels, 1960RL, 1950RL and 1930RL. Most of the 1960RL was developed and stoped out with only a few remaining pillars left for ground support, which will be mined at a later date. The 1950RL progressed towards the north where it was expected to intersect the JL1, JL2 & NV1 veins however significant development mining was required to access the ore structures which resulted in reduced production. A second access was also commenced on this level to open up new stoping blocks. Development on the 1930RL concentrated on lateral linear stoping base panels, which provided for selective mining of high grade tonnage vertically to the 1950RL. A tight exploration drive to the north extreme to test the mineralisation and continuity progressed beyond the current geological model and the Company is now putting plans together for a renewed drilling programme to further enhance the resource knowledge.

A major focus for the half year was the ML 510 mining license renewal application for the HGZ mine and the associated Mineral Resource Authority ("MRA") Warden's hearings. The Company carried out community awareness meetings in Guasa and Maimafu. Successful Warden's hearings were held in both communities during December and these were followed by a site inspection by the Mines Technical Assessor of the MRA of Papua New Guinea ("PNG"). The Company received strong support from the local landowner community during the hearings and is now waiting on the decision of the government of PNG regarding the mining license renewal application.

In addition, two exploration licences, ELA 2643 and ELA 2644, were reapplied for during the period. Warden's from the MRA conducted hearings with the local communities of the license areas in January of 2020 pursuant to the application for the ELA's. The Company is also waiting on the decision of the PNG government in relation to those applications.

Work was carried out to re-establish the access road between the Guasa airstrip and the mining site, which will significantly reduce logistics costs with the reduction in reliance on helicopters to long line supplies into the man camp at the HGZ. This development when completed will re-open access via off road vehicles to the Guasa township and airfield, which will then be used as a forward supplies base.

POLYMETALLIC PROJECT, NTH QLD DRILLING PROGRAM

DRILLHOLES TESTED HIGH PRIORITY SGH TARGETS

During the half year the Company announced that two drill holes were completed for a total of 487.20m. Hole DDH A2-010 (246.8m) was drilled to test a high priority polymetallic anomaly and Hole DDH A2-011 (240.4m) was drilled to test a high priority silver-copper anomaly. An intended third hole was not drilled due to the risk of the drill rig being "rained-in" by the approaching wet season.

Visual observations suggest that both holes intersected similar laminated shale/sandstone lithologies and widespread hydrothermal/mesothermal features similar to those encountered in the 2006/2007 drilling program.

These observations await confirmation from petrological work and assays. Core samples have been submitted for assay.

FIRST DRILL HOLE

The first drill hole (DDH A2-010) tested a halo peak identified within polymetallic SGH soil anomalies located in the northern zone of a large polymetallic anomaly (Figure 1). The hole was located north of the previously drilled central zone. The hole was drilled on an azimuth of MGA Grid 040^0 (034^0 magnetic) at an inclination of 70^0 and was planned to intersect vertically below the peak of the anomaly.

This was one of several polymetallic targets in the northern zone area which all displayed higher anomalism than the central zone discovery area which was previously drilled (*refer to the Gold Aura ASX: GOA: ASX announcement 10th January 2007 - "Significant Discovery, Croydon, Nth Qld"*) where widespread stockwork zinc-silver-copper-tin veining was intersected (refer to Table 1 for significant mineralized intercepts encountered during the 2006/2007 Polymetallic Project drilling programme).

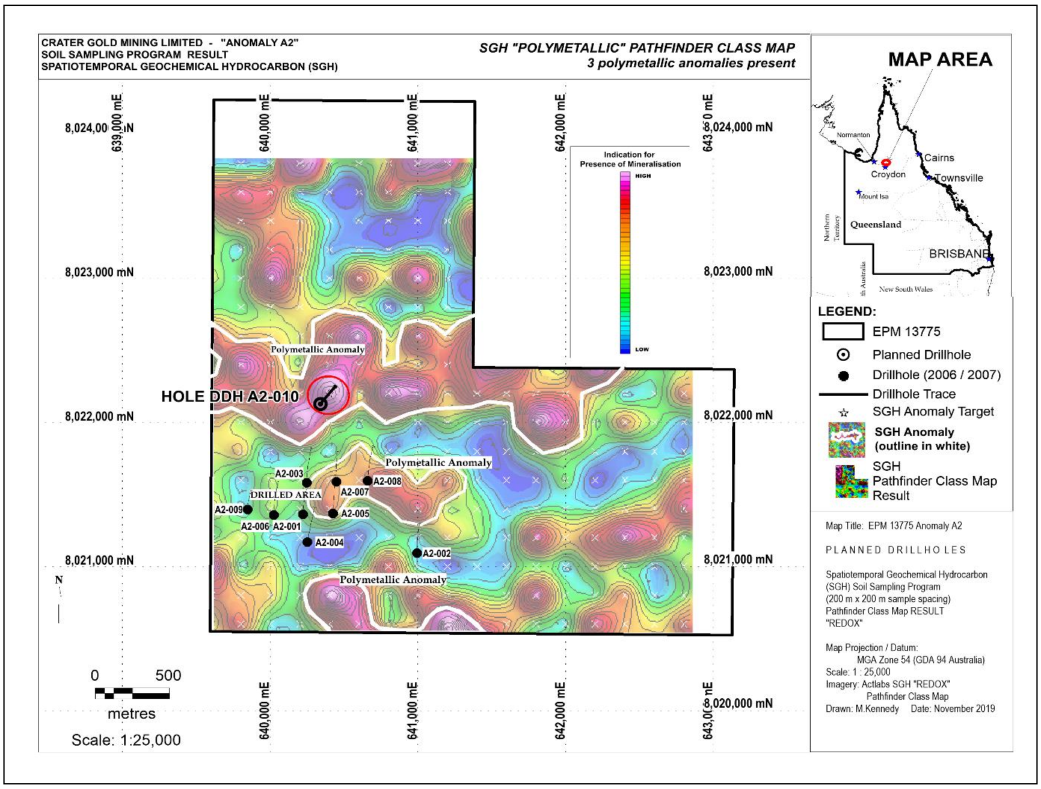
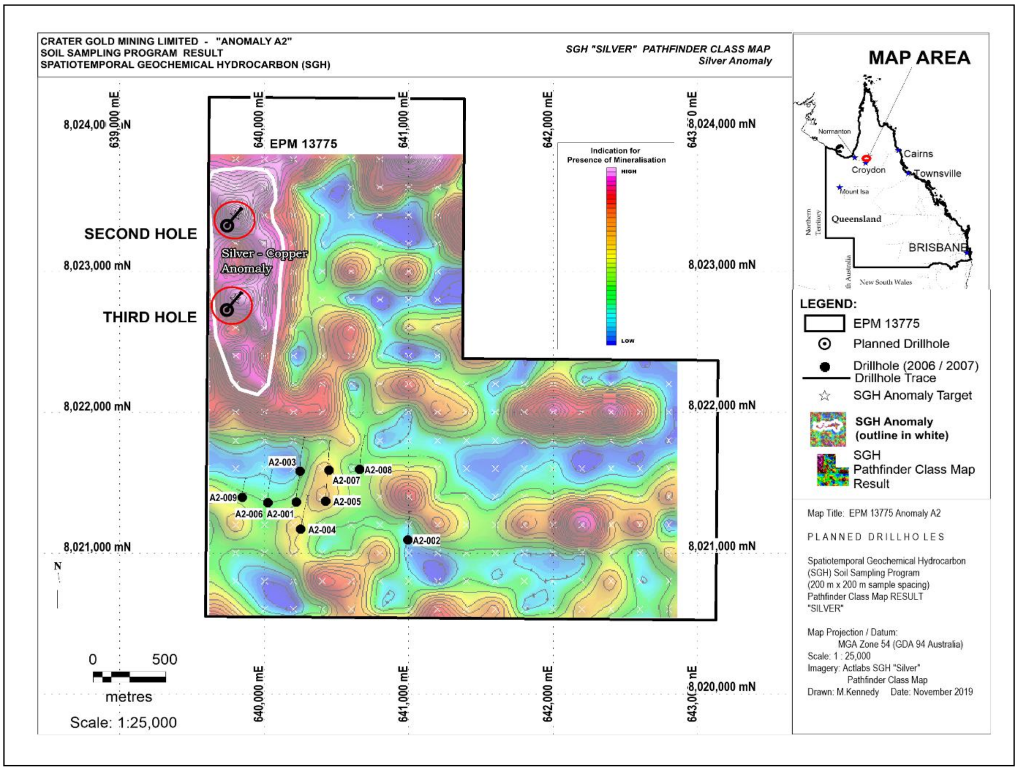


FIGURE 1 (above): Location of Polymetallic Project First Drill Hole DDH A2-010

SECOND DRILL HOLE

The second drill hole (DDH A2-011) tested the northern sector of a large high priority NW silver-copper SGH soil anomaly (Figure 2). The hole was drilled on an azimuth of MGA Grid 040^0 (034^0 magnetic) at an inclination of 70^0 with the hole intersecting vertically below the peak of the anomaly. Drilling is planned to recommence in April this year.

FIGURE 2 (below): Location of A2 Polymetallic Project Second Drill Hole DDH A2-011



Hole #	Intercept (m)	Down-Hole Length (m)	Zn %	Ag Ppm	Au ppm	Sn %	Cu %	Pb %
A2-001	129.5 – 133	3.5		91.8		0.15		
	142.8 – 146	3.2	3.59	68.6		0.24		
	151 – 153	2.0	1.34	27.5		0.15		
	175.4 -177.7							
	211 – 222	11.0	6.33	66.9		0.34	0.13	
	409 – 414	5.0	8.00	180.0	0.05	0.58	0.57	
A2-002	449 – 453	4.0	0.12	16.1			0.42	
A2-003	175 – 178	3.0	1.02	45.5				0.50
	318 – 320	2.0	1.20	19.8				
	414 – 416	4.0	0.95	10.2				
A2-004	351 – 353	2.0	3.24	32.7		0.12		
A2-005	154 – 161	7.0	1.47	88.0		0.55	0.19	0.45
	201 – 203	2.0	0.62	98.2		Tr	0.29	0.62
	230 – 232	2.0	9.00	109.0		0.39	0.29	
	291 – 297	6.0	1.84	13.0				
A2-006	283 – 286	3.0	1.77	63.0		0.27		0.60
	305 – 315	10.0	2.30	144.0		0.39	0.29	
	418 – 422	4.0	6.93	69.0		0.57	0.22	
	425 – 437	12.0	4.59	56.5		0.42	0.20	
A2-007	211 – 213	2.0	3.18	37.4		0.18		
	285 – 287	2.0	1.02	40.9		0.36		
	391 – 397	6.0	2.72	285.7		0.45	0.43	0.87
	414 – 422	8.0	0.58	17.9		0.14		
A2-008	359 – 363	4.0	3.09	416.6		0.63	0.42	0.63
A2-009	230 – 233	3.0	1.25	120.0				0.55
	247 – 249	2.0	3.12	300.3				1.50
	261 – 263	2.0	1.85	672.0				2.10
	293 – 295	2.0	2.45	109.0		0.30		0.09
	300 – 313	13.0	1.60	95.0		0.05		0.25
	418 - 423.7	5.7	0.48	36.4		Tr		0.27

***Table 1**- Polymetallic Project - Significant Mineralized Drillhole Intercepts*

GOLDEN GATE GRAPHITE PROJECT, CROYDON, NTH QLD

High graphite recovery and purity obtained from metallurgical test work

- **Floatation test work by Brisbane Met Labs P/L on a nominal 56 micron composite drill core sample has achieved a 96% recovery of graphite into a floatation concentrate**
- **A 2-stage caustic bake on the concentrate successfully removed gangue minerals to achieve a very encouraging total carbon grade of 98.9%**
- **Further test work is to be focused on maximisation of graphite grain size and purity**

The Company announced during the half year the results of preliminary metallurgical test work undertaken by Brisbane Met Labs P/L (BML) on graphite recovery from graphite mineralised drill core from the Golden Gate Graphite Project.

As previously announced (ASX: 7 February 2018 "Thick Intervals of Graphite Mineralisation Intersected at Golden Gate Project, Qld") two diamond drill holes returned the following results;

- **GGDDH 1701: 62.7m (29.3 to 92.0m) @ 6.79% GC* at a cut-off of 3.4% GC***

- **GGDDH 1702: 53.9m (69.1 to 123.0m) @ 6.79% GC* at a cut-off of 3.1% GC***

GC* = graphitic carbon

Petrological examination on samples of the graphite mineralisation from both holes (as announced ASX: 12 April 2018: "Jumbo and Large Flake Graphite Identified at Golden Gate") identified the presence of significant graphite flake sizes of 0.05 to 0.50mm, with an average of around 0.25mm. While this was encouraging, it is noted that the petrological work was undertaken on small core samples mainly selected to investigate specific textural features and minerals present and as such these are not necessarily representative of the overall graphite mineralisation.

In view of this, it was decided to undertake metallurgical test work on the graphite mineralisation to determine if high recovery of graphite into a floatation concentrate could be achieved which could then be economically upgraded to a graphite product of >95% GC*.

For the test work, a composite sample (minus 3.35mm grain size), grading 8.2% total carbon from 29.3 to 45.0m depth in hole GGDDH 1701, was prepared. This represents the top 15.7m of the graphite intersection in that hole, which would perhaps approximate the first two to three benches of an open cut mining operation.

The test work was contracted out to **Brisbane Met Labs P/L (**BML). As total carbon assays in this style of mineralisation closely approximate graphitic carbon assays (essentially within normally expected assay error levels), only total carbon assays have been determined in the test work to minimise laboratory costs that are significantly higher for determining graphitic carbon values. Bench scale graphite concentration floatation test work was undertaken using standard floatation reagents (kerosene and MIBC) on pulverised splits of the composite sample at various grain sizes.

The following table summarises the work conducted, and the results obtained. The ensuing discussion is a summary extracted from BML's report.

FLOAT TEST ID	GRIND SIZE	PURPOSE
Float 1	As received minus 3.35mm	Assess coarse graphite float
Float 2	80% passing 300 microns	Assess a less coarse grind
Float 3	80% passing 106 microns	Assess medium grind size
Float 4	80% passing <20 microns	Assess ultra fine grind size
Float 5	80% passing 56 microns	Assess intermediate size
Float 6	80% passing 56 microns	Provide feed to cleaner test
Float 7	80% passing 56 microns	Provide feed for caustic bake

Encouragement was generated from flotation of a 58 micron sample (Float 6) from which a graphite recovery of 94% was reported into a rougher concentrate. Another nominal 56 micron grain size (P80/56) sample was prepared from the composite sample and subjected to floatation testing. This resulted in recovery of 96% of the graphite to a rougher concentrate at a total carbon grade of 16.9%, with 56% of the sample mass rejected as gangue. When the rougher concentrate was subjected to a two-stage caustic bake, a very encouraging total carbon product grade of 98.9% was achieved. This indicates that the caustic bake has been successful in removing the gangue contaminants (mainly phyllosilicates and other silicates).

Based on the objectives of the Company and the results as outlined in the BML report, recommendations for follow-up test work are as follows;

- Optimisation of the floatation work – trying varying concentrations of the floatation reagents used (kerosene and MIBC) or introducing sodium silicate or some other dispersant to improve the rejection of gangue.
- Optimisation of grind size for achieving maximum graphite flake size.
- Optimisation of the caustic bake purification step

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 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.

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.

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
EPM 26749	Wallabadah	CGN	100	Granted	10/04/2024	115.2
EL 1115	Crater Mountain	Anomaly Ltd [1]	100	Renewal lodged	25/09/2018	41
ELA 2643	Crater Mountain	Anomaly Ltd [1]	100	Application lodged	Oct 2019	68
ELA 2644	Crater Mountain	Anomaly Ltd [1]	100	Application lodged	Oct 2019	78
ML 510	Crater Mountain	Anomaly Ltd [1]	100	Renewal lodged	4/11/2019	1.58

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

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 2019.

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 to 8 of this report.

Review of operations
The Group incurred a loss for the half year of $2,515,356 (2018: $3,592,899).

A detailed Review of Operations is set out on pages 3 to 8 preceding the Directors' Report.

Corporate

On 1 July 2019, the Company announced it had arranged a New Loan Facility for $250,000, with an interest rate of 8% p.a. with the funding to be provided by way of an unsecured loan facility from Company's major shareholder, Freefire Technology Ltd.

On 17 July 2019, the Company announced it had arranged a New Loan Facility for $2,000,000, with an interest rate of 8% p.a. with the funding to be provided by way of an unsecured loan facility from Company's major shareholder, Freefire Technology Ltd.

On 27 July 2019, 13,600,000 options with an exercise price of $0.25 expired unexercised.

Effective 16 August 2019, the address of Link Market Services, the Company's share registry, changed to Level 12, 250 St Georges Terrace, Perth WA 6000.

Annual General Meeting
All resolutions at the Company's 2019 Annual General Meeting on 28 November 2019 were passed.

Events After Reporting Date
Refer to Note 12 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.

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

T M Fermanis
Deputy Chairman

Perth

13 March 2020

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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 2019, 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

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2020

Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2019

	Notes	Consolidated 31 December 2019 $	Consolidated 31 December 2018 $
Continuing operations			
Revenue	4	223,302	-
Cost of sales		(418,821)	-
Gross profit / (loss) from gold production		(195,519)	-
Interest income	4	23	31
Other income	4	316,810	-
Gross income / (loss) from continuing activities		**121,314**	**31**
Expenses			
Administration expense		(1,220,066)	(1,380,622)
Corporate compliance expense		(62,679)	(59,656)
Depreciation expense		(153,331)	(121,026)
Exploration, evaluation and operation costs		(662,658)	(1,250,316)
Share based payments		(162,061)	(114,390)
Financing expense		(349,945)	(666,920)
Loss on disposal of assets		(25,931)	-
Loss before income tax expenses from continuing operations		**(2,515,356)**	**(3,592,899)**
Income tax expense		-	-
Loss after income tax expense for the half year		**(2,515,356)**	**(3,592,899)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(51,484)	237,995
Total comprehensive income for the half year, net of tax		**(2,566,840)**	**(3,354,904)**
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted loss - cents per share		(0.20)	(1.29)

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 2019

	Notes	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		143,032	130,016
Trade and other receivables		51,873	156,381
Total current assets		**194,905**	**286,397**
Non-current assets			
Other financial assets		65,410	65,122
Exploration and evaluation	5	9,147,544	9,197,097
Plant and equipment		513,638	648,051
Right-of-use assets	6	163,874	-
Total non-current assets		**9,890,466**	**9,910,270**
Total assets		**10,085,371**	**10,196,667**
LIABILITIES			
Current liabilities			
Trade and other payables		1,839,882	1,845,870
Related party payables		1,270,945	1,118,773
Interest bearing liabilities	7	7,829,354	5,849,782
Lease liabilities	8	72,919	-
Total current liabilities		**11,013,100**	**8,814,425**
Non-current liabilities			
Lease liabilities	8	94,808	-
Total non-current liabilities		**94,808**	**-**
Total liabilities		**11,107,908**	**8,814,425**
Net assets/(liabilities)		**(1,022,537)**	**1,382,242**
EQUITY			
Contributed equity	9	75,036,554	75,036,554
Reserves	10	(1,592,675)	(1,594,541)
Accumulated losses		(74,466,416)	(72,059,771)
Total equity		**(1,022,537)**	**1,382,242**

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

Statement of Changes in Equity

As at 31 December 2019

	Notes	Contributed equity $	Reserves $	Accumulated losses $	Total $
Consolidated					
Balance at 1 July 2019		**75,036,554**	**(1,594,541)**	**(72,059,771)**	**1,382,242**
Share based payments	10	-	162,061	-	**162,061**
Expiry of options		-	(108,711)	108,711	**-**
Transactions with owners		**-**	**53,350**	**108,711**	**162,061**
Loss after tax		-	-	(2,515,356)	**(2,515,356)**
Other comprehensive income					
Exchange differences on translating foreign operations	10	-	(51,484)	-	**(51,484)**
Total comprehensive income for the period		**-**	**(51,484)**	**(2,515,356)**	**(2,566,840)**
Balance at 31 December 2019		**75,036,554**	**(1,592,675)**	**(74,466,416)**	**(1,022,537)**
Consolidated					
Balance at 1 July 2018		**61,015,655**	**(2,001,161)**	**(65,117,822)**	**(6,103,328)**
Share based payments		-	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		-	237,995	-	237,995
Total comprehensive income for the half year		**-**	**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)**

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 2019

	Notes	Consolidated 31 December 2019 $	Consolidated 31 December 2018 $
Cash flows from operating activities			
Receipts from customers		223,302	-
Payments to suppliers and employees		(1,783,371)	(1,251,369)
Interest received		23	31
Interest paid		(20,351)	(7,185)
Net cash used in operating activities		**(1,580,397)**	**(1,258,523)**
Cash flows from investing activities			
Purchases of plant and equipment		(9,142)	(87,887)
Payments for exploration and evaluation		(39,777)	(1,617,582)
Net cash used in investing activities		**(48,919)**	**(1,705,469)**
Cash flows from financing activities			
Share issue costs		(42,067)	-
Proceeds from borrowing		1,734,000	2,830,000
Lease liability repayments		(48,771)	-
Net cash provided by financing activities		**1,643,162**	**2,830,000**
Net increase/(decrease) in cash held		**13,846**	**(133,992)**
Cash at the beginning of the half year		130,016	265,155
Effects of foreign exchange movements on cash transactions and balances		(830)	(6,795)
Cash at the end of the half year		**143,032**	**124,368**

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

1. Basis of preparation

These financial statements for the interim half year reporting period ended 31 December 2019 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 2019 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 or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption of AASB 16

AASB 16 was adopted using the modified retrospective approach and as such, the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 **$**
Right-of-use assets (AASB 16)[1]	216,401
Lease liabilities (AASB 16)[1]	(216,401)
Adjustment in opening retained profits as at 1 July 2019	-

[1] These leases were identified in the current period.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2. Going concern

These financial statements are prepared on a going concern basis.

The Group has incurred a net loss after tax of $2,515,356 for the half year ended 31 December 2019 with total cash outflows from operating and investing activities of $1,629,316. As at 31 December 2019, the Group had net current liabilities of $10,818,195 including cash on hand of $143,032 and net liabilities of $1,022,537. The ability of the Group to continue as a going concern is principally dependent on the continued financial support of the major shareholders of the Company.

These conditions 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 announced on 6 March 2020 that it had arranged a new $2,000,000 financing facility with Freefire Technology Limited. $234,000 of the facility has been drawn to date, leaving $1,766,000 undrawn at the date of this report;
b) 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
c) 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.

3. Operating Segments

	Croydon $	Crater Mountain $	Intersegment eliminations / Australia $	Consolidated $
Half year to 31 December 2019				
Revenue	-	223,302	-	**223,302**
Cost of sales	-	(418,821)	-	**(418,821)**
Interest income	-	-	23	**23**
Other income	-	316,809	-	**316,809**
Other expenses	(236,345)	(1,288,536)	(1,111,788)	**(2,636,669)**
Segment profit (loss)	(236,345)	(1,167,246)	(1,111,765)	**(2,515,356)**
As at 31 December 2019				
Segment assets	987,819	8,930,626	166,926	**10,085,371**
Segment liabilities	151,790	51,435,537	(40,479,419)	**11,107,908**
Half year to 31 December 2018				
Interest income	-	-	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 30 June 2019				
Segment assets	987,819	9,115,372	93,476	**10,196,667**
Segment liabilities	-	50,377,357	(41,562,932)	**8,814,425**

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 2019 $	Consolidated 31 December 2018 $
4. Income from continuing operations		
Revenue from gold sales	223,302	-
Interest income	23	31
Other income	316,810	-

Sale of gold is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts. Anomaly Ltd in Papua New Guinea, a fully owned subsidiary of Crater Gold, sold gold to one customer.

Previously recognised penalties equivalent to AUD$316,810 payable on outstanding amounts owing to the Papua New Guinean Internal Revenue Commission (“IRC”) were written off by the IRC as not payable and thus has been recognised as income.

	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
5. Non-Current Assets - Exploration and evaluation		
Opening balance	**9,197,097**	9,014,465
Effect of movement in exchange rates	(49,553)	182,632
Closing balance	9,147,544	**9,197,097**

The ultimate recoupment of costs carried forward for exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas.

Some uncertainty exists as to the Group's tenure at Crater Mountain. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources an indication of impairment may exist if the right to explore in the specific area has expired during the period and is not expected to be renewed. The Group has been engaged in discussions with the Papua New Guinea Government and has made a renewal licence submission for EL 1115 and ML 510. To date, the Group has received no formal correspondence or notification from the Government of Papua New Guinea. The balance of exploration and evaluation at 31 December 2019 includes $8,159,725 in relation to these exploration licences held in Papua New Guinea.

	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
6. Right-of-use assets		
Balance recognised on application of AASB 16	216,401	-
Depreciation	(52,721)	-
Effect of movement in exchange rates	194	-
Closing balance	**163,874**	**-**

	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
7. Current Liabilities – Interest bearing liabilities		
Loan - Industrial and Commercial Bank of China (Asia) Limited	800,000	800,000
Loan - Freefire Technology Limited	7,029,354	5,049,782
	7,829,354	**5,849,782**

Loan - Freefire Technology Loan
As at 31 December 2019, the Company had secured a number of short-term, interest bearing loans totalling $7,029,354 (30 June 2019: $5,049,782) from its major shareholder, Freefire Technology Limited ("Freefire").

- The loan funds were to be used by the Group principally for the purpose of developing its projects and for general working capital.
- Interest on the Principal Sum is payable by the Company to Freefire at the rate of 8% per annum
- The loans have various terms from three months to three years.

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. As at 31 December 2019, the interest rate was 2.10% per annum.

	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
8. Lease liabilities		
Balance recognised on application of AASB 16	216,401	-
Repayments of lease liabilities	(48,771)	-
Effect of movement in exchange rates	97	-
Closing balance	**167,727**	**-**
Breakdown of current vs non-current		
Current	72,919	-
Non-current	94,808	-
Total	**167,727**	**-**

9. Contributed Equity

Equity Securities Issued	No. of ordinary shares	Total $
For the half year ended 31 December 2019		
As at 1 July 2019	1,227,495,867	75,036,554
Shares issued	-	-
As at 31 December 2019	**1,227,495,867**	**75,036,554**

10. Reserves

	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
Reserves		
Share based payment reserve	580,528	527,178
Foreign currency translation reserve	(2,173,203)	(2,121,719)
	(1,592,675)	**(1,594,541)**
Movements		
Share based Payments Reserve		
Balance at beginning of period	527,178	344,759
Transfer to accumulated losses (options expired)	(108,711)	-
Share based payments expense for the period	162,061	182,419
Balance at end of period	**580,528**	**527,178**
Foreign currency translation reserve		
Balance at beginning of period	(2,121,719)	(2,345,920)
Currency translation differences	(51,484)	224,201
Balance at end of period	**(2,173,203)**	**(2,121,719)**

11. Contingent liabilities

The Group's tenure at Crater Mountain is subject to a pending licence renewal submission made to the Papua New Guinea Government. There is significant uncertainty as to whether future liabilities will arise in respect to potential closure and rehabilitation costs in an event the licence renewal is denied. At this time the amount of the obligation cannot be measured with sufficient reliability.

The Company does not have any other contingent liabilities.

12. Events after Reporting Date

The Company announced on 6 March 2020 that it had arranged a new $2,000,000 financing facility with Freefire Technology Limited.

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.

13. Dividends

No dividends have been paid or provided for during the half-year (2018: nil).

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 2019 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

13 March 2020

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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 2019, 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 2019 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.

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 2019 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*.

Emphasis of Matter

We draw attention to Note 5, which describes the uncertainty relating to the outcome of the renewal application of the mining and exploration licences in Papua New Guinea. Our conclusion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 2, which indicates that the consolidated entity incurred a net loss of $2,515,356 and had net cash outflows from operating activities and investing activities of $1,580,397 and $48,919 respectively for the half-year ended 31 December 2019. As at that date, the consolidated entity had net current liabilities of $10,818,195 and net liabilities of $1,022,537. 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

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2020

Corporate Directory

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
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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