ANNUAL REPORT

For the year ended 30 June 2017

Crater Gold Mining Limited (ASX: CGN) ABN 75 067 519 779

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Dear Shareholders,

Development of the Crater Mountain tenements has been our main focus since 2012. Our driving force was the late Peter Macnab, a geologist with an iconic reputation in Papua New Guinea, credited with more than 180m oz of discoveries, including Lihir. Mr Macnab demonstrated success with the discovery of an epithermal gold zone (known as the Mixing Zone) at Nevera, and a number of drill-holes indicative of porphyry mineralisation. In a declining gold price environment from 2013, which made raising capital difficult, the Company began to focus on quick start mining through early development of a gold mine at the High Grade Zone ("HGZ") to generate cash internally, with exploration activities temporarily suspended.

Mr Macnab sadly passed away in 2015. In his absence, performance in the HGZ only brought partial success as Level 1960 was found to have been significantly mined out by previous artisanal miners. Steps to open the Level 1930 adit started in late 2016, but the Company had by then encountered problems exacerbated by the accrual of substantial debt. Throughout these difficult years, I have continuously supported the Company financially through loans from my company Freefire Technology Limited ("Freefire"). By early 2017, these loans, aggregated with the outstanding convertible notes and net trade payables, made it clear that the Company required a thorough transformation.

With this in mind, we embarked on a partially underwritten rights issue earlier this year, and it is with regret that this issue eventually failed because of inadequate subscription of the rights. We are now preparing for the launch of a new rights issue that will be fully underwritten by my company Freefire, the proposed details of which were announced on September 1, 2017.

Practical actions, which have been taken in tandem with the new rights issue, will result in the refinancing of the Company to substantially free it from debt and provide adequate working capital going forward. A new strategy has been adopted which will not only include an increased focus on management of production at the HGZ, but the resumption of orderly and affordable exploration on a progressive basis.

To ensure that the new strategy is met, we have already put in place a team of new management professionals including Mining Consultant, Rob Usher with over 25 years' experience in gold production including years in PNG at the Porgera mine, Chief Financial Officer, Matthew O'Kane with over 20 years' experience including MNCs as well as in public mining companies and Chief Operating Officer, Curtis Church with over 25 years of mining and exploration operating experience in various mines around the world. These gentlemen have been on the job since July and quality preparatory work has already been completed. We will also shortly be adding an experienced Geologist to the technical advisory committee to the Board to complement the engineering skills of Rob Usher.

The Board and I will continue to seek ways to improve the professional leadership of the Company. We are currently experiencing a paradigm change in the outlook in the Company and I certainly feel excited by the prospects of the revived energy that now exists in the Company.

Samuel Chan Wing-Sun
Chairman

29 September 2017

Company Focus – High Grade Zone project at Crater Mountain, Papua New Guinea

The year ending 30 June 2017 was a challenging one for Crater Gold Mining Limited ("CGN" or the "Company") and its subsidiary companies ("the Group").

The Company started the year focusing on mining the High Grade Zone ("HGZ") at its flagship Crater Mountain project at the 1960 Level and stoping up towards surface at 1990 Level. However during this process considerable artisanal workings were discovered and the resulting gold production did not meet target.

As a consequence, the Company announced the development of a second Adit at the 1930 level, 30m below the existing 1960 level. It is the Company's belief that the area between 1930 level and 1960 level has not been mined by artisanal miners due to increased depth from surface, unlike the area between 1960 level and surface which was accessible by artisanal mining from surface. The Company is therefore confident that the addition of the Second adit will result in higher gold production.

As at the end of the year the second adit at the 1930 level had been developed for approximately 27 metres and is estimated to require an additional 100 metres of development to reach the zone of mineralisation with the appropriate target grades for production ore.

The highlight of the year saw the Company announce the completion of a maiden resource estimate in accordance with JORC guidelines for its HGZ project, part of the Crater Mountain Gold Project in Papua New Guinea (PNG).

The near term objective is to establish the Company as a profitable gold producer. We anticipate that the HGZ mine will generate sufficient cash flow to fund further expansion of the HGZ mine and importantly, to fund the resumption of exploration activities at Crater Mountain. If sufficient cash flow from the HGZ mine is generated it can potentially eliminate the need for further external capital to fund exploration activities in the future.

While the immediate focus remains on generating positive cash flows from the HGZ mine, our goal is also to increase the current JORC compliant resource of 24Mt at 1.0 g/t Au for 790,000 ounces at the nearby Mixing Zone project at Crater Mountain through further exploration work (refer ASX Release of 24 November 2011: "Crater Mt – Initial Resource Estimate"). 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 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information contained in that ASX release. All material assumptions and technical parameters underpinning the resource estimate continue to apply and have not materially changed).

Crater Mountain is located 50 km southwest of Goroka in the Eastern Highlands Province of PNG. Formerly a tier-1 BHP asset, there has been in excess of 14,500 metres of diamond drilling to date, the majority focussed on the Nevera prospect, which hosts the HGZ mine and the Mixing Zone project.

High Grade Zone gold mine, (HGZ) Crater Mountain, Papua New Guinea (100%)

- **Due diligence review of HGZ Mine led by Mr Robert Usher, mining engineer and former Executive General Manager of PanAust Asia**
- **Project review included high-level review of geological data by experienced career geologist, Mr Dorian L. (Dusty) Nicol**
- **Maiden HGZ JORC gold resource**

Project Review

The Company undertook a project review during the year. Although the Board remains confident that the Crater Mountain project has good potential to deliver acceptable financial returns to the Company, delays in the HGZ mine meeting production and profit targets, and the resulting lack of progress on exploration work, prompted a project review.

As part of the Review, a team visited the HGZ mine in May 2017 to conduct a due diligence review. The team was led by Mr Robert Usher. Mr Usher is a mining engineer with more than 25 years' experience. He was Executive General Manager of PanAust Asia from 2006 to 2014 and has significant gold production experience including in PNG with Placer Dome at its Porgera operation from 1993 to 1999. The work being supervised by Mr Usher at this time includes the completion of metallurgical test-work and detailed mine planning. If results are successful, it is anticipated the Company would be able to provide more definition around the deliverables and targets for the development of sustainable, cash flow positive commercial gold production. This cash would then be utilised to further advance exploration work at the Crater Mountain Project.

In August 2017 Mr Dorian L. (Dusty) Nicol undertook a high-level review of Nevera Prospect exploration data, including a visit to site to spend time with our local PNG geologist, and to view the project first hand. Mr Nicol is a career geologist with over 40-years' experience in discovery and resource development. He has worked extensively in Papua New Guinea for Esso Minerals and Rennison Gold Fields, including on Crater Mountain and Kainantu gold projects.

HGZ Gold Mine

Development activities at the HGZ mine were put on hold initially pending an internal review due to the inability of the mine to generate the cash flows expected by the Board. The result of that review was the decision to initiate an external third party review, and also to increase the human resources available to manage in country activities in PNG.

As at the end of the year the second adit at the 1930 level had been developed for approximately 27 metres and is estimated to require an additional 100 metres of development to reach the zone of mineralisation with the appropriate target grades for production ore.

The Company started the year focusing on mining the HGZ at the 1960 Level and stoping up towards surface at 1990 Level. However during this process considerable artisanal workings were discovered and the resulting gold production did not meet target

As a consequence, the Company announced the initiation of development of a second adit at the 1930 level, 30m below the existing 1960 level. The area between 1930 level and 1960 level has likely not been mined by artisanal miners due to the increased depth from surface, unlike the area between 1960 level and surface, which was accessible from surface by artisanal mining methods. The Company is confident that the addition of the second adit will result in higher gold production. The adit will access the depth continuity of the central block of the high-grade zone as demonstrated by the previous drilling program undertaken by the Company.

The HGZ is high-grade high-sulphidation epithermal quartz-pyrite-gold mineralisation, extending from surface to possibly several hundred metres depth (possibly in excess of 500m); local artisanal miners produced an estimated 15,000 ounces from a small area of shallow workings (maximum 50m depth as encountered by the Company) in the base of a mineralised spur from 2005 to 2011.

HGZ JORC resource

- **Maiden high grade JORC gold resource**
- **Potential to increase gold resource substantially**
- **3 major gold veins identified contain most the gold**

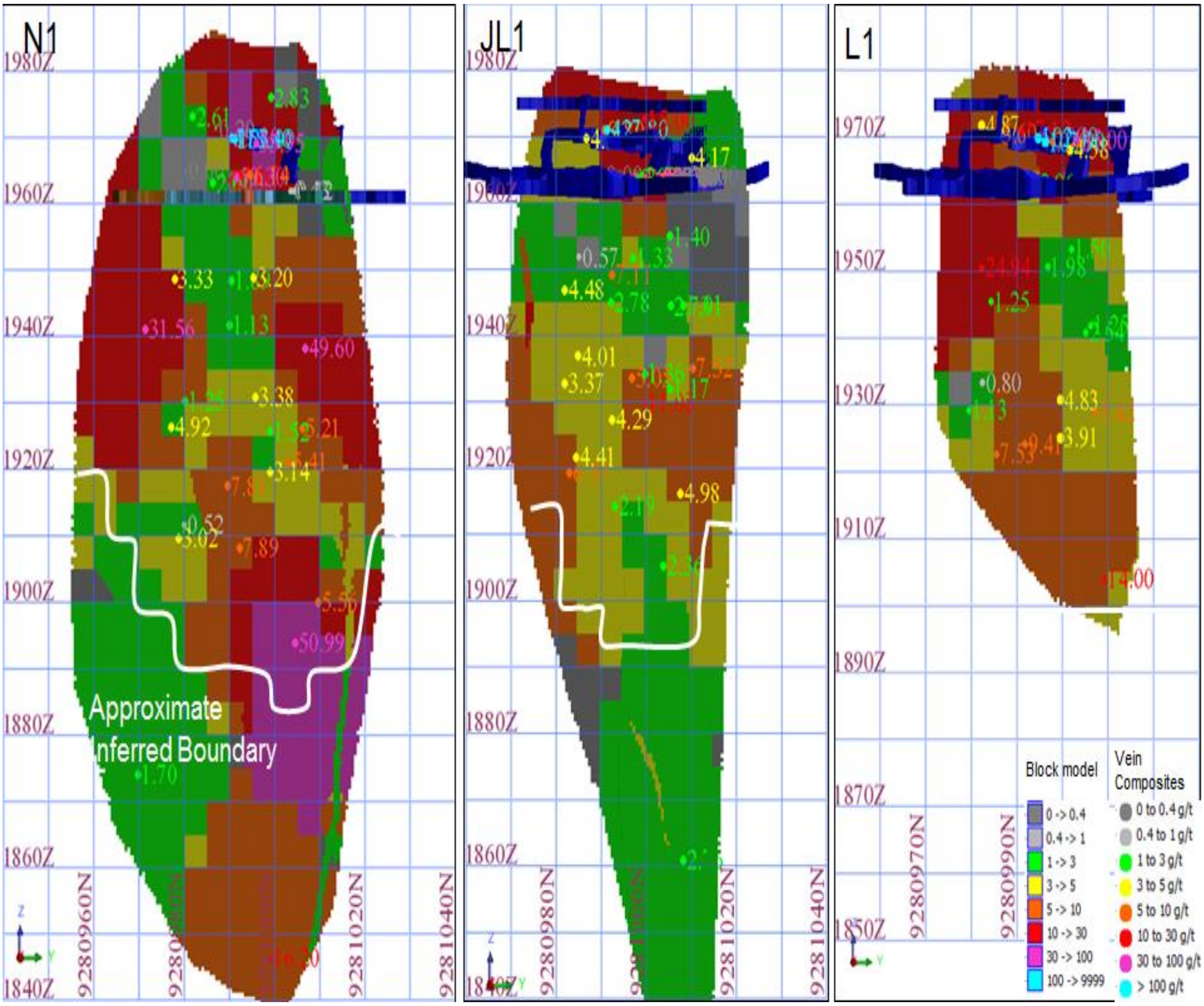
During the year the Company announced a maiden inferred resource estimate reported in accordance with JORC guidelines for its HGZ gold mining project of 44,500 tonnes at 11.9 g/t for 17,100 ounces of gold (cut- off grade of 5 g/t Au).

The initial Inferred Resource at HGZ comprises:

Resource Category	Tonnes	Grade (Au g/t)	Gold Oz
Inferred - cut-off of 5g/t au	44,500	11.9	17,100
Within this resource at a higher cut–off of			
> 7.5g/t Au	23,500	17.2	13,000

As part of the resource definition, mapping of the HGZ showed three distinct major high-grade gold veins (Figure 1). The three veins are closely linked and are estimated to carry 11,800 ounces of gold. This will allow more efficient, targeted gold production.

Figure 1 - - N-S Composite Sections: The 3 identified high-grade veins N1, JL1 and L1



This maiden resource at the HGZ marked a significant milestone for the Company, confirming the potential for profitable gold mining from the HGZ mine. The report also provided us with more detail of the high-grade veins enabling us to target more selective mining of the 3 main high-grade veins going forward. Whilst the initial JORC resource may seem modest, the gold is accessible and all infrastructure is in place, allowing the Company to readily mine the 3 veins as well as other cross cutting structures.

The maiden resource estimate only considered the HGZ as identified to date. Development of the 1930 Level will pass through approximately 100m of previously unexplored ground adjacent to the high-grade zone. This area is considered prospective for finding additional gold bearing structures and it is the Company's plan to conduct further underground drilling from the 1930 level adit as a result.

The potential to increase the resource is considered substantial given that drilling to date has mostly been confined to a maximum depth of 75m from surface (Figure 2). However there is also evidence from drilling that gold is encountered at least to a depth of 128m from surface (NEV022)

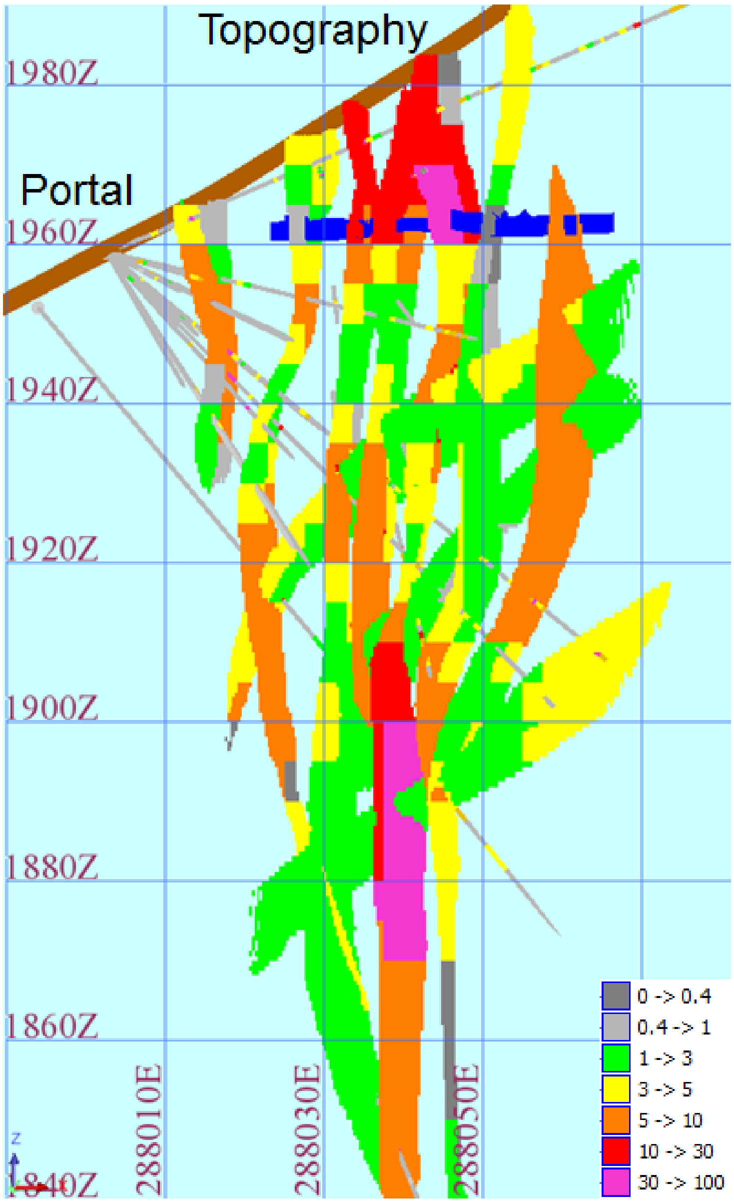


Figure 2 - Mineralised Zones at Crater Mountain Deposit. (9281000 mN)

Future strategy

The Company's strategy is to become a profitable gold producer at the HGZ mine, whilst at the same time restarting further exploration drilling work in both the HGZ and the Mixing Zone. Gold production at the HGZ mine is anticipated to generate a positive cash flow for the Company, enabling it to potentially reduce or eliminate the need for further external funding in the future, and to enable it to further develop the flagship Crater Mountain project and its other prospects in PNG and Queensland, Australia.

Corporate

The Company undertook a Corporate Review with the objective to restructure the Company's debt profile and best position the Company to advance its existing projects. Activities included engaging with third parties for a detailed review of the Company's projects, strategy and options to attract new funding to eliminate material debt.

Importantly, as announced to ASX on 16 February 2017 and 24 March 2017, Mr Sam Chan has committed to support the Company. The Company has received consistent support from Mr Sam Chan via Freefire Technology Ltd ("Freefire") and this support is ongoing as evidenced by Freefire's letter of support to the Company to September 2018.

Rights Issue

On 27 July 2016 the Company announced an underwritten 1:8 rights issue at $0.07 per share to raise $2.12 million. The rights issue was underwritten by Freefire Technology Ltd, a company associated with Chairman Mr Sam Chan. The rights issue was undersubscribed in the amount of $822,971. The shortfall was taken up by the underwriter, Freefire Technology Limited.

Appointment of Mr Richard Johnson as Director

The Company announced the appointment of Mr Richard Johnson as a Director of the Company. Mr Johnson acted as the Company's PNG General Manager and also continued in that role until end of October 2016.

Loan Facility

The Company advised that it secured a loan facility of up to $800,000 from the Industrial and Commercial Bank of China (Asia) Limited (ICBC, or the Bank). The ICBC loan facility is repayable on call and is guaranteed by interests associated with the Chairman, Mr Sam Chan.

Valuation of PNG assets

In order to address the underlying reason for the Disclaimer of Conclusion on the Company's 31 December 2016 Financial Statements, an independent valuation of the Company's projects in PNG was commissioned. The valuation process was completed and announced on 15 June 2017. The conclusion was that the preferred market value of the PNG assets was estimated at $8,000,000, which resulted in an impairment of non-current assets by $15,049,107.

Valuation of Australian assets

The Company's Croydon project was independently valued in March 2017. The conclusion of this valuation for the Croydon projects was $1,075,000. Given the Company's written down value as at year end was $987,819 it was determined that no valuation adjustment was required.

Annual General Meeting

All resolutions at the Company's 2016 Annual General Meeting on 30 November 2016 were passed.

Subsequent to end of year

Rights Issue

On the 24 July 2017, the Company announced; (i) an eleven (11) for two (2) Entitlement Offer of up to 1,496,652,416 fully paid ordinary shares ("New Shares") at an issue price of $0.01 per New Share to raise up to $14,966,524 before costs; (ii) the proposed sale of 100% of its Croydon Project for $1.2 million in cash; and (iii) a series of associated initiatives to refocus the Company and accelerate the development of its flagship Crater Mountain Project in Papua New Guinea. The Entitlement Offer had a minimum raise of $13.0 million so together with the proceeds from the Croydon sale the minimum proceeds would have been $14.2 million.

Subject to certain terms and conditions including Shareholders other than Freefire taking up entitlements to $2.1 million, Patersons Securities Limited intended to partially underwrite the Entitlement Offer, which when combined with Freefire's underwriting commitment would have resulted in a minimum amount of $13.0M raised by the Entitlement Offer.

On the 30 August 2017 the Company announced that there had been insufficient take-up of rights by existing shareholders to trigger the underwriting obligations and, as a result, the Rights Issue had been terminated. All application funds received were refunded to applying shareholders.

Short Term Bridging Facility

On 9 August 2017 the Company executed a Short Term Bridging Facility with Freefire for $3,504,915. The purpose of the bridging facility was to provide the Company funds to repay the Convertible Notes with interest upon maturity.

Convertible Notes

The Company's Convertible Notes (CGNG) due on the 22nd of August 2017 were fully repaid upon expiry. The convertible notes were removed from official ASX quotation at the close of trading on the 19 September 2017.

Fully underwritten Rights Issue

On 1 September 2017 Crater Gold Mining Ltd announced details of the Company's proposed fresh rights issue. The Company is in the process of preparing the fresh rights issue offer document. It is currently proposed that the Fresh Rights Issue will be made on a 9:2 basis, at a price of $0.01 per share to raise approximately $12,245,000. The Fresh Rights Issue will be fully and directly underwritten by Freefire Technologies Ltd (Freefire), a company associated with Chairman, Mr Sam Chan. It was also announced that an interim loan of $2 million would be advanced to the Company by Freefire in order to enable the repayment of outstanding creditors prior to the closing of the fresh rights issue. To date the Company has received $0.8 million under this facility.

The Company and Freefire have agreed to abandon the sale of the Croydon Project to Freefire. Accordingly, that project will remain within the Company and the prospectus for the Fresh Rights Issue will address the allocation of funds to advance that project.

Alex Molyneux

On 5 September 2017 the Company announced that Mr Alex Molyneux, previously the proposed Chairman of the Company under the previous rights issue terms, would have no ongoing role with the Company. The Company confirmed that it anticipated the other operational management previously announced would have ongoing involvement with the Company.

Technical work resumes on HGZ mine development

On the 14 August 2017 the Company announced it had resumed technical work on the development of HGZ Gold Mine at Crater Mountain. Technical consultants have been retained to work to confirm final mine plans.

Mining Associates Limited ("MA") has been retained to assist CGN confirm various mine planning parameters and develop a revised mine plan. In particular, the Company will work with MA to identify stoping blocks with gold grades in excess of 10g/t, both above the 1960 level and between the 1930 and 1960 levels. MA will also assist with confirmation of the Company's recommended mining method and design of horizontal and vertical development between 1930 and 1960 levels, to most efficiently extract the targeted gold-bearing ore.

Minmet Services Pty Ltd ("Minmet") has also been retained to assist with metallurgy for restart of HGZ gold Mine processing operations. Minmet's scope of work includes metallurgical test work and analysis to confirm operating plans but also direct participation in the re-start of operations and identification of opportunities for optimisation of the plant. An early batch plant run with representative ore will be undertaken shortly to collect plant data to ensure laboratory test work is aligned with actual plant operating conditions. The detailed mine planning and plant optimisation work will be undertaken in parallel with the resumption of development of the 1930 level adit at the HGZ Gold Mine.

Schedule of Tenements

Set out below is the schedule of tenements that the Company and its subsidiaries hold as at 30 June 2017.

Schedule of Crater Gold Mining Limited tenements:

Particulars	Project Name	Registered Holder	% Owned	Status	Expiry	Area (Km^2)
EPM 8795	Croydon	CGN	100	Granted	6/09/2018	19.2
EPM 13775	Wallabadah	CGN	100	Renewal lodged	5/3/2017	32
EPM 16002	Foote Creek	CGN	100	Granted	30/01/2018	28.8
EPM 18616	Black Mountain	CGN	100	Granted	18/06/2018	96
EL 1115	Crater Mountain	Anomaly Ltd [1]	100	Renewal lodged	25/09/2016	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	21/05/2017	78
ML 510	HGZ	Anomaly Ltd [1]	100	Granted	4/11/2019	

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

On 3 July 2017 the Company received notification that the renewal application for license EL1972 had be denied by the Minister of Mining of Papua New Guinea effective 29 June 2017. After receiving this decision the Company decided to surrender licence EL2180. The surrender of EL2180 was effected by the Government of Papua New Guinea on 15 August 2017. These licenses were both located on Fergusson Island.

On 25 September 2017 the Company was notified by the Queensland Government Department of Natural Resources and Mines that EPM13775 had been renewed until 6 March 2020.

The information contained in this report relating to exploration results and mineral resource estimate at Crater Mountain PNG is based on and fairly represents information and supporting documentation prepared by Mr Richard Johnson, PNG General Manager of Crater Gold Mining Limited. Mr Johnson is a Fellow of The Australasian Institute of Mining and Metallurgy and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Johnson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

COMPETENT PERSONS STATEMENT

Presentation of technical data and Competent Persons review

Resource estimates contained in this report were previously announced in the Company's ASX news releases of:

- 21 December 2011 Initial Resource Estimate (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.
- 14 November 2016 titled 'Maiden JORC Gold Resource at HGZ Project, Crater Mountain, PNG'.

Such resource estimates are subject to the relevant assumptions, qualifications and procedures described in the relevant ASX news releases.

To date, the Company has only announced estimates of Inferred Mineral Resources. Nothing in this report or prior announcements by the Company constitutes presentation of Mineral Reserves. As such, economic analysis cannot be applied based on the date contained.

The information contained in this report relating to exploration results and mineral resource estimates is based on and fairly represents information and supporting documentation prepared by Mr Dorian L. (Dusty) Nicol or prepared by appropriately qualified external technical experts and reviewed by him. Mr Nicol has been assisting the Company as a technical consultant relating to his areas of expertise. Mr Nicol is a Fellow of The Australasian Institute of Mining and Metallurgy and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Nicol consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Company has an 'exploration target' of 'multi-million ounces' for the epithermal gold resources at the Nevera Prospect at Crater Mountain Project. A targeting exercise was carried out by Mining Associates ("MA") for the Nevera prospect using a simple 10x10x10m block model informed by 5 m bench channel samples (not including rock chips) and a Nearest Neighbour ("NN") estimation technique with a limited search range. The NN method was chosen so that no averaging of the grades occurred although there is a risk that estimates can be over selective. As the initial target is highly selective narrow underground mining, this is an acceptable approach. An initial examination of the composited data shows two natural breaks in Au grade distribution. One at about 0.4 g/t Au and a second at about 10 g/t Au. MA suggests that these represent low grade and high mineralisation events respectively. The block model was informed using a 100m spherical search so that no assumption was made of the direction and trend of mineralisation. Informing samples consisted of 2,766 5 m downhole composites and 1,479 5 m bench samples. No domain selection was used, but no blocks above the topography were estimated. Volume covered is about 700 m long, 700 m wide and 100 m to 350 m deep (variable with topography). This is certainly suitable for both selective mining and a bulk open pit. A bulk density of 2.5 t/m3 was used for reporting, the grade tonnage plot using cut-off grades from 1 to 20 g/t Au was reported. The target for Nevera prospect bulk open pit mining using a cut-off grade 1 g/t Au is 24 Mt @ 2.7 g/t Au for 2Moz of contained Au. The target for the HGZ only for selective underground mining using a cut-off grade 10g/t is 60-100koz @ 13-30 g/t. The exploration targets are conceptual in nature as there has been insufficient exploration to define them as Mineral Resources. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code 2012. The exploration targets are not being reported as part of any Mineral Resource.

No new information or data

This report contains references to exploration results and Mineral Resource estimates, all of which have been cross-referenced to previous announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant announcements and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Crater Gold Mining Limited (referred to hereafter as "the Company") and its controlled entities for the year ended 30 June 2017.

Directors

The following persons were Directors of Crater Gold Mining Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

S W S Chan (Non-executive Chairman)
R D Parker (Managing Director)
T M Fermanis (Non-executive Deputy Chairman)
R Johnson (Technical Director, appointed 19 July 2016)
L K K Lee (Finance Director)
D T Y Sun (Non-executive Director)

Activities

The principal activities of the Group consist of the exploration, evaluation and exploitation of potential world class gold and other base metal projects. Further details of the Group's activities are included in the Review of Operations on pages 3-10 of this report.

Review of Operations and Results

The Group incurred a loss of $25,284,741 for the year ended 30 June 2017 (2016: loss of $10,886,589). Further details of the Group's operations are included on pages 3-10 of this report.

Dividends

No dividends of the Company or any entity of the Group have been paid, declared or recommended since the end of the preceding year. The Directors do not recommend the payment of any dividend for the year ended 30 June 2017.

Significant Changes in the State of Affairs

The Company continued to develop its gold mining production at the HGZ mine. In addition further work was conducted on exploration activities across the Company's tenements.

During the year the Company made two significant adjustments to the carrying values of assets. The first adjustment, as previously disclosed in the half-year accounts, was the decision to fully impair the Mining Assets for the amount of $6,953,390. This decision was taken as 1960 level has not produced the quantities of gold originally expected and the Board felt it prudent to fully impair expenditure incurred to date in the development of the 1960 level adit. Secondly, in order to address the underlying reason for the Disclaimer of Conclusion on the Company's 31 December 2016 Financial Statements, an independent valuation of the Company's projects in PNG was commissioned. The valuation process was completed and announced on 15 June 2017. The conclusion was that the preferred market value of the PNG assets was estimated at $8,000,000, which resulted in an impairment of non-current assets by $15,049,107. The Company's Corydon project was independently valued in March 2017. The conclusion of this valuation for the Croydon projects was $1.075 million. Given the Company's written down value as at year end was $987,819 it was determined that no valuation adjustment was required

The Directors are not aware of any other significant change in the state of affairs of the Company that occurred during the financial year other than as reported elsewhere in the Annual Report.

Events Subsequent to Reporting Date

On 3 July 2017 the Company received notification that the renewal application for license EL1972 had been denied by the Minister of Mining of Papua New Guinea. After receiving this decision the Company decided to surrender licence EL2180. The surrender of EL2180 was effected by the Government of Papua New Guinea on 15 August 2017. These licenses were both located on Fergusson Island.

On 24 July 2017 the Company announced a capital raising and plans for restructuring of the Company. The capital raising was an 11 for 2 renounceable pro-rata entitlement offer at an issue price of $0.01 to raise at least $13.0 million. It was also proposed to sell the Croydon project for $1.2 million. The recapitalisation would also involve the appointment of new members of the board and new management. A prospectus was released on 26 July 2017 and followed up with a supplementary prospectus on 9 August 2017.

On 9 August 2017 the Company executed a Short Term Bridging Facility with Freefire for $3,504,915. The purpose of the bridging facility was to provide the Company funds to repay the Convertible Notes with interest upon maturity. On 22 August 2017 the Convertible Notes expired. All Convertible Notes and accrued interest were paid out by early September 2017.

On 1 September 2017 the Company advised that the capital raising had been terminated. It was also announced that a fresh rights issue on a 9 for 2 basis was to be launched forthwith. The Company expects to make a further announcement on the fresh rights issue in October. At the same time as cancelling the original rights issue it was confirmed that the sale of the Croydon project would also be abandoned. It was also announced that an interim loan of $2 million would be advanced to the Company by Freefire in order to enable the repayment of outstanding creditors prior to the closing of the fresh rights issue. To date the Company has received $0.8 million under this facility.

On 5 September 2017 the Company announced that Mr Alex Molyneux, previously the proposed Chairman of the Company, would have no ongoing role with the business. The Company confirmed it anticipated the other operational management previously announced the 24 July 2017 ASX announcement would have ongoing involvement with the Company.

On 25 September 2017 the Company was notified by the Queensland Government Department of Natural Resources and Mines that EPM13775 had been renewed until 6 March 2020.

Likely Developments

Likely developments in the Group's operations in future financial years and the expected results of those operations are referred to on pages 3-10.

Future financial performance and outcomes depend on a number of variables such as the Group's ability to continue to attract funding and/or one or more joint venture partners, or alternatively to be bought out by a suitor.

Material business risks that could adversely affect the Company's financial performance include availability of funding and/or inability to attract one or more joint venture partners; political risk in the Company's overseas country of operation.

Information on Directors and Secretary

The Directors and Secretary of the Company in office at the date of this report, unless otherwise stated, and their qualifications, experience and special responsibilities are as follows:

S W S Chan BA (Non-Executive Chairman), age 68

Mr Chan has been a Director of the Company since 29 January 2013 and was appointed as Non-Executive Chairman on 11 March 2013.

Mr Chan is a director and the controller of Freefire Technology Limited ("Freefire"), the major shareholder in the Company.

Mr Chan received a Bachelor's degree from the University of Manchester, UK in 1970 and qualified as a chartered accountant in 1973. He was the company secretary of Yangtzekiang Garment Limited from 1974 to 1988 and has been a director of Yangtzekiang Garment Limited since 1977. Mr Chan was appointed the Managing Director of YGM Trading Limited from 1987 to 2006 and the Chief Executive Officer of YGM Trading Limited from 2006 to 2010. He has been the Vice Chairman of the board of YGM Trading Limited since 2010. Mr Chan is also on the board of Yangtzekiang Garment Limited.

Mr Chan was formerly a Director of Hang Ten Group Holdings Limited (listed in Hong Kong) from January 2003 to March 2012.

As at the date of this report, Mr Chan has an interest of 160,085,929 ordinary shares and 100,241 Convertible Notes in the Company through his control of Freefire Technology Limited and 2,800,000 options over ordinary shares in the Company.

R D Parker B Eng (Managing Director), age 46

Mr Parker has been a Director of the Company since 12 March 2013 and was appointed Managing Director on 1 April 2015.

Mr Parker lives in Hong Kong. He is a qualified Marine Engineer and Marine Industries Manager having graduated from Southampton Institute of Higher Education, Marine Division, in Warsash, United Kingdom. Mr Parker is a professional Company Director.

As at the date of this report, Mr Parker has an interest in 96,036 ordinary shares and 2,800,000 options over ordinary shares in the Company.

T M Fermanis F Fin, MSAA (Executive Deputy Chairman), age 53

Mr Fermanis has been a Director of the Company since 2 November 2009 and was appointed Deputy Chairman on 1 April 2015.

Mr Fermanis has extensive experience in stockbroking and has been an advisor since 1985 with extensive experience in the resource sector. He has been involved in gold exploration in PNG for a number of years.

Mr Fermanis is a member of the Remuneration and Nomination Committee.

As at the date of this report, Mr Fermanis has an interest in 602,311 ordinary shares, 40 Convertible Notes and 2,800,000 options over ordinary shares in the Company.

R L Johnson BSc Eng Mining, FAusIMM (Technical Director), age 65

Mr Johnson was appointed as Technical Director on 19 July 2016.

Mr Johnson, who acts as the Company's PNG General Manager, is a mining engineer with extensive experience managing projects in many regions, including PNG. Between 2002 and 2005, Richard was responsible for turning around DRD Gold's high grade underground Tolukuma Gold Mine in PNG's Central Province into a highly profitable operation. He has also held senior executive and Director positions in several other resources companies in the region, including Allied Gold and DRDGold.

As at the date of this report, Mr Johnson has an interest in 781,250 ordinary shares and 2,800,000 options over ordinary shares in the Company

L K K Lee MCom, MAppFin, CPA (Finance Director), age 56

Mr Lee has been a Director of the Company since 6 June 2014 and was appointed Finance Director on 1 April 2015.

Mr Lee received a Bachelor of Commerce degree and a Master of Commerce degree from the University of New South Wales, Australia. He also holds a Master of Applied Finance degree from the Macquarie University, Australia. He has over 25 years of experience in finance, corporate finance, management, auditing and accounting. He worked in an international accounting firm for several years and has worked as group financial controller, chief financial officer and director of listed companies on the Hong Kong Stock Exchange for over 10 years.

Mr Lee is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Mr Lee is a member of the Audit Committee.

As at the date of this report, Mr Lee has an interest in 2,800,000 options over ordinary shares in the Company.

D T Y Sun (Non-executive Director), age 69

Mr Sun has been a Director of the Company since 29 January 2013.

Mr Sun obtained a Bachelor of Economics from the University of Tasmania and held management positions with the Ford Motor Company in Melbourne and in Brisbane, as well as with Citibank NA and Lloyds Bank Plc in Hong Kong. He has been an executive director of several listed companies in Hong Kong and has been engaged in advisory services on strategic planning and corporate development, mainly in corporate finance, since 1991.

Mr Sun is Chairman of the Audit Committee and of the Remuneration and Nomination Committee.

As at the date of this report, Mr Sun has an interest in 2,800,000 options over ordinary shares in the Company.

Heath Roberts Dip Law (SAB), Grad. Dip Legal Practice (UTS) (Company Secretary)

Mr Heath Roberts was appointed Company Secretary on 14 August 2015. Mr Roberts is a commercial solicitor with eighteen years ASX listed company experience, to Executive Director level. He has acted as Company Secretary and/or Director for numerous ASX listed and private companies.

Directors' Meetings

The Company held 1 Board meeting during the year. In addition to formal Board meetings during the year a number of issues were dealt with by means of circular resolutions of the Board. The number of formal meetings attended by each Director was:

Name	Board		Audit Committee		Remuneration and Nomination Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
S W S Chan	1	-	-	-	-	-
T M Fermanis	1	1	-	-	-	-
L K K Lee	1	1	-	-	-	-
R D Parker	1	1	-	-	-	-
R L Johnson	1	1	-	-	-	-
D T Y Sun	1	1	-	-	-	-

The Eligible to Attend column represents the number of meetings held during the time the Director held office or was a member of the Committee during the year.

Environmental Regulation and Performance

The Group is subject to environmental regulation in relation to its former mining activities in North Queensland by the Environmental Protection Agency of Queensland. The Company complies with the Mineral Resources Act (1989) and Environmental Protection Act (1994). It is also subject to the Environmental Act (2000) (Papua New Guinea) on its activities in PNG.

Shares under Option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Issue price of shares ($)	Number of shares under option	Type	Fair value ($)
23 December 2014	30 September 2017	$0.25	4,600,000	Unlisted	$0.01
23 December 2014	30 September 2017	$0.25	2,100,000	Unlisted	$0.01
23 December 2014	30 September 2017	$0.25	800,000	Unlisted	$0.01
28 July 2015	27 July 2019	$0.25	7,800,000	Unlisted	$0.02
9 September 2015	27 July 2019	$0.25	5,800,000	Unlisted	$0.02
12 July 2016	12 July 2020	$0.125	9,000,000	Unlisted	$0.01

Option holders do not have any rights under the options to participate in any share issue of the Company.

Shares Issued on the Exercise of Options

No shares have been issued on the exercise of options during the course of the year (2016: Nil) or subsequent to year end.

Indemnification and Insurance of Directors

During the year, the Company paid premiums of $20,127 (2016: $19,220) to insure the Directors and Officers of the Company in relation to all liabilities and expenses arising as a result of the performance of their duties in their respective capacities to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-Audit Services

The Company may decide to engage the auditor of the Company, BDO East Coast Partnership, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

No amounts were paid or are payable to BDO East Coast Partnership for non-audit services provided during the year.

Remuneration Report (Audited)

The information provided under headings (a) - (d) is provided in accordance with section 300A of the Corporations Act 2001. These disclosures have been audited.

a) Principles used to determine the nature and amount of remuneration

The Company has a Remuneration and Nomination Committee. The Board has adopted a Remuneration and Nomination Policy which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and Non-executive Directors. The performance of the Company is taken into consideration when the remuneration policies of the Company are assessed by the Committee. The Corporate Governance Statement provides further information on the role of this Committee.

Executive Remuneration

The remuneration policy ensures that contracts for services are reviewed on a regular basis and properly reflect the duties and responsibilities of the individuals concerned. The executive remuneration structure is based on a number of factors including relevant market conditions, knowledge and experience with the industry, organisational experience, performance of the Company and that the remuneration is competitive in retaining and attracting motivated people. There are no guaranteed pay increases included in the senior executives' contracts.

Non-executive Directors

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2017	2016	2015	2014	2013
	$'000	$'000	$'000	$'000	$'000
Sales revenue	225	385	53	Nil	Nil
EBITDA	(17,417)	(10,061)	(1,865)	(2,249)	(3,053)
EBIT	(24,561)	(10,259)	(1,871)	(2,236)	(3,061)
Loss after income tax	(25,285)	(10,887)	(2,517)	(2,236)	(3,061)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	2016	2015	2014	2013
Share price at financial year end ($)	$0.01	$0.07	$0.09	$0.08	$0.001
Total dividends per share (cents per share)	Nil	Nil	Nil	Nil	Nil
Basic earnings per share (cents per share)	(9.503)	(5.143)	(1.792)	(1.806)	(7.099)

Directors' Fees

The current base remuneration was last reviewed with effect from 26 March 2009.

Non-executive Director's fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $200,000 per annum and was approved by shareholders at the Annual General Meeting on 23 November 2010.

The following fees have applied for the year ended 30 June 2017:

- Non-executive Director's base fee - $35,000 per annum.
- Work undertaken by the Non-executive Directors, in addition to that provided in their role as Non-executive Directors is charged at $1,200 per day or pro-rata for part thereof.
- Audit Committee and the Remuneration and Nomination Committee – no additional fees payable.

Except for retirement benefits provided by the superannuation guarantee legislation, there are no retirement benefits for the Non-executive Directors.

b) Details of remuneration

Directors and the key management personnel (as defined in section 300A Corporations Act 2001) of the Company and the Group are set out in the following tables. The key management personnel of the Company and the Group includes the Directors as per page 16 and the following executive officers who have authority and responsibility for the planning, directing and controlling the activities of the Group.

Director / key management person	Short-term	Short-term	Post-employment	Share-based payments		Total
	Base Fees/salary	Other [5]	Superannuation	Options	% of total	
2017						
Non-executive Directors						
S W S Chan	35,000	-	-	12,832	26.8%	47,832
D T Y Sun	35,000	-	-	12,832	26.8%	47,832
Subtotal	**70,000**	**-**	**-**	**25,664**		**95,664**
Executive Directors						
R D Parker, Managing Director	-	200,000	-	12,832	6.0%	212,832
R L Johnson, Technical Director	-	163,332	-	12,832	7.3%	176,164
L K K Lee, Finance Director	35,000	120,000	-	12,832	9.7%	132,832
T M Fermanis, Executive Deputy Chair/Investor Relations	35,000	144,000	-	12,832	6.7%	191,832
Other key management personnel		-	-			
G R Boyce [1]	117,054	-	-	9,624	7.6%	126,678
H L Roberts [2]	89,100	-	-	6,416	6.7%	95,516
Total	**346,154**	**627,332**	**-**	**93,032**		**1,031,518**
2016						
Non-executive Directors						
S W S Chan	35,000	-	-	9,883	22.0%	44,883
R P Macnab [3]	17,500	-	-	9,883	36.1%	27,383
D T Y Sun	35,000	-	-	9,883	22.0%	44,883
Subtotal	**87,500**	**-**	-	**29,649**		**117,149**
Executive Directors						
R D Parker, Managing Director	200,000	-	-	9,883	4.7%	209,883
L K K Lee, Finance Director	120,000	-	-	9,883	7.6%	129,883
T M Fermanis, Executive Deputy Chair/Investor Relations[6]	35,000	144,000	-	9,883	5.2%	188,883
Other key management personnel						
G R Boyce	162,377	-	-	6,574	3.9%	168,951
R L Johnson	250,000	-	-	10,683	4.1%	260,683
J A Lemon [4]	9,240	-	-	-	-	9,240
H L Roberts [2]	62,755	-	-	-	-	62,755
Total	**926,872**	**144,000**	**-**	**76,555**		**1,147,427**

1. Mr Boyce resigned on 31 July 2017.
2. Mr Roberts acts in a part time capacity. Mr Roberts was appointed Company Secretary on 14 August 2015.
3. Mr Macnab passed away in December 2015.
4. Mr Lemon acts in a part-time capacity. Mr Lemon resigned as Company Secretary on 14 August 2015.
5. Other relates to services provided by Directors. Refer to Note 24 for details.
6. Mr Fermanis was classed as a non-executive director in 2016, this is a change to the prior year table, as in substance Mr Fermanis was an executive director.

No other Directors, officers or executives of the Company received any share-based payments, other than those shown in the remuneration table above.

All remuneration is on fixed rates. Refer section (c) of this remuneration report. There were no performance based payments made during the year.

A summary of Director and key management personnel remuneration follows.

Remuneration component		2017	2016
		$	$
Short term		938,486	1,070,872
Post-employment benefits		-	-
Share-based payments		93,032	76,555
Total		**1,031,518**	**1,147,427**

c) Service agreements

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director. Remuneration and other terms of employment for the Executive Directors and other key management personnel are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below. There are no current service agreements that contain incentive clauses and as such future remuneration is not necessarily dependent on the performance results of the Company:

Key management personnel	Commencement date	Term of agreement	Base salary and fees	Superannuation	Period of notice
S W S Chan Chairman	29 January 2013	No fixed term	$35,000 pa	-	4 weeks
T M Fermanis Deputy Chairman	2 November 2009	No fixed term	$179,000 pa	-	4 weeks
D T Y Sun Non-Executive Director	29 January 2013	No fixed term	$35,000 pa	-	4 weeks
R D Parker Managing Director	1 April 2015	No fixed term	$200,000 pa	-	4 weeks
L.K K Lee Finance Director	1 April 2015	No fixed term	$120,000 pa	-	4 weeks
G Boyce [2] Chief Financial Officer	1 November 2011	No fixed term	$975 pd	-	4 weeks
R Johnson General Manager – PNG	1 January 2013	No fixed term	$120,000 pa	-	4 weeks
H L Roberts [1] Company Secretary	14 August 2015	No fixed term	$1,200 pd	-	4 weeks

1. Mr H L Roberts was appointed as Company Secretary on the 14 August 2015.
2. Mr G Boyce resigned on 31 July 2017.

d) Equity based compensation

Options granted as part of remuneration for the year ended 30 June 2017

The Employee Share Option Plan ("Plan") is designed to provide long term incentives for executives to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

Share-based compensation for the year ended 30 June 2017

No shares were issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2017 (2016: nil).

Options and rights over equity instruments

The number of options over ordinary shares in the Company held during the financial year by each Director and key management personnel of the Group, including their personally related parties are set out below:

Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
2017					
Directors					
S W S Chan	1,800,000	1,000,000	-	-	**2,800,000**
T M Fermanis	1,800,000	1,000,000	-	-	**2,800,000**
R Johnson	1,800,000	1,000,000	-	-	**2,800,000**
L K K Lee	1,800,000	1,000,000	-	-	**2,800,000**
R D Parker	1,800,000	1,000,000	-	-	**2,800,000**
D T Y Sun	1,800,000	1,000,000	-	-	**2,800,000**
Key management personnel					
G R Boyce	1,100,000	750,000	-	-	**1,850,000**
H L Roberts	-	500,000	-	-	**500,000**

Options granted carry no dividend or voting rights.

Share holdings

The number of shares in the Company held during the financial year by each Director and key management personnel of the Group, including their personally related parties are set out below:

Name	Balance at the start of the year	Granted during the year as compensation	Additions	Disposals / Other changes [2]	Balance at the end of the year
2017					
Directors					
S W S Chan	131,848,176	-	28,237,753	-	160,085,929
T M Fermanis	602,471	-	-	-	602,471
R Johnson	781,250	-	-	-	781,250
L K K Lee	-	-	-	-	-
R D Parker	239,604	-	17,799	-	257,403
D T Y Sun	-	-	-	-	-
Key management personnel					
G R Boyce [3]	108,823	-	-	(108,823)	-
H L Roberts	-	-	-	-	-
2016					
Directors					
S W S Chan	106,737,341	-	25,110,835	-	131,848,176
T M Fermanis	602,471	-	-	-	602,471
L K K Lee	-	-	-	-	-
R P Macnab	-	-	-	-	-
R D Parker	221,754	-	17,850	-	239,604
D T Y Sun	-	-	-	-	-
Key management personnel					
G R Boyce [3]	108,823	-	-	-	108,823
R Johnson	781,250	-	-	-	781,250
J A Lemon [1]	45,700	-	-	(45,700)	-
H L Roberts	-	-	-	-	-
J V McCarthy	-	-	-	-	-

1. Mr Lemon resigned during the course of the 2016 financial year and therefore ceased to be a KMP.
2. When a shareholder ceases to be a Director or Key Management, their existing shareholding is adjusted in the column "Other changes during the year".
3. Mr Boyce resigned on 31 July 2017.

Other transactions with key management personnel and their related parties

Mr S W S Chan is a director and the controller of Freefire Technology Limited ("Freefire"), the major shareholder in the Company. During the year the Company paid Freefire $119,852 in loan interest and fees (2016: $80,106) and $250,603 in interest on convertible notes (2016: $251,289). During the course of the year Freefire made a number of short term loans to the Company at an annual interest rate of 8% (see Note 3d for further information on the loan).

As of 30 June 2017:

Mr R D Parker's close family members hold a total of 77 Convertible Notes of the Company on which they earned $193 in interest (2016: $193).

Mr T Fermanis owns 40 Convertible Notes of the Company on which he earned $100 in interest (2016: $100).

Mr G R Boyce owns 200 Convertible Notes of the Company on which he earned $500 in interest (2016: $501).

This concludes the Remuneration Report, which has been audited.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

Corporate Governance

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Crater Gold Mining Limited and its Controlled Entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations – 3rd edition ('the ASX Principles') are applicable for financial years commencing on or after 1 July 2015, consequently for the Group's 30 June 2017 year end. As a result, the Group has chosen to publish its Corporate Governance Statement on its website rather than in this Annual Report.

Crater Gold Mining Limited is listed on the Australia Securities Exchange (ASX). Accordingly, unless otherwise stated in this document, the Board's governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2014 amendments) as well as current standards of best practice for the entire financial year ended June 30 2017. The corporate governance statement is current as at June 30 2017 and has been approved by the Board.

The Corporate Governance Statement and governance policies and practices can be found in the corporate governance section of the Company's website at http://www.cratergold.com.au.

The Group's Corporate Governance Statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Signed for and on behalf of the Board in accordance with a resolution of the Directors.

On behalf of the Directors

R D Parker
Managing Director

T M Fermanis
Deputy Chairman

Sydney
29 September 2017

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Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF CRATER GOLD MINING LIMITED

As lead auditor of Crater Gold Mining Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect Crater Gold Mining Limited and the entities it controlled during the period.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 29 September 2017

	Notes	June 2017 $	June 2016 $
Continuing Operations			
Revenue	5	225,288	384,800
Cost of sales		(823,178)	-
Gross profit / (loss) from gold production		(597,890)	384,800
Profit / (loss) on disposal of fixed assets	5	7,273	(7,988)
Interest income	5	826	4,175
Gross profit / (loss) from continuing activities		**(589,791)**	**380,987**
Expenses			
Administration expense		(1,674,795)	(1,985,640)
Corporate compliance expense	6	(104,018)	(133,355)
Depreciation expense		(191,139)	-
Exploration and evaluation costs written off	13	-	(2,333,494)
Exploration and evaluation costs impaired	13	(15,049,107)	(6,195,942)
Financing expense		(722,501)	(627,133)
Impairment of Mining Asset	14	(6,953,390)	-
Loss before income tax expenses from continuing operations		**(25,284,741)**	**(10,886,589)**
Income tax expense	7	-	-
Loss for the year after income tax expense		**(25,284,741)**	**(10,886,589)**
Other comprehensive income Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations (net of tax)	21	(616,932)	(3,240,970)
Total comprehensive income for the year		**(25,901,673)**	**(14,127,559)**
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss - cents per share	8	(9.503)	(5.143)
Diluted loss - cents per share	8	(9.503)	(5.143)

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

	Notes	June 2017 $	June 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	10	296,185	95,239
Trade and other receivables	11	137,307	203,666
Total current assets		**433,492**	**298,905**
Non-current assets			
Other financial assets	12	66,967	68,581
Exploration and evaluation	13	8,953,712	22,664,481
Mining assets	14	-	7,105,002
Plant and equipment	15	641,347	916,534
Total non-current assets		**9,662,026**	**30,754,598**
Total Assets		**10,095,518**	**31,053,503**
LIABILITIES			
Current liabilities			
Trade and other payables	16	2,327,509	2,217,595
Related party payables	17	1,145,021	897,070
Interest-bearing liabilities	18	7,109,173	1,306,415
Total current liabilities		**10,581,703**	**4,421,080**
Non-current liabilities			
Interest-bearing liabilities	19	-	3,177,632
Total non-current liabilities		-	**3,177,632**
Total liabilities		**10,581,703**	**7,598,712**
Net Assets / (Liabilities)		**(486,185)**	**23,454,791**
EQUITY			
Contributed equity	20	60,934,332	59,089,123
Convertible note reserve		340,507	340,507
Reserves	21	(226,644)	274,800
Accumulated losses	21	(61,534,380)	(36,249,639)
Total Equity		**(486,185)**	**23,454,791**

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

Consolidated Statement of Changes in Equity

For the Financial Year ended 30 June 2017

	Notes	Contributed equity $	Convertible note reserve $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2016		**59,089,123**	**340,507**	**274,800**	**(36,249,639)**	**23,454,791**
Movement in share based payment reserve	21	-	-	115,488	-	**115,488**
Issue of share capital	20	2,106,423	-	-	-	**2,106,423**
Transaction costs	20	(261,214)	-	-	-	**(261,214)**
Transactions with owners		**1,845,209**	**-**	**115,488**	**-**	**1,960,697**
Comprehensive income for the year					(25,284,741)	**(25,284,741)**
Other comprehensive income						
Exchange differences on translating foreign operations	21	-	-	(616,932)	-	**(616,932)**
Total comprehensive income for the year		**-**	**-**	**(616,932)**	**(25,284,741)**	**(25,901,673)**
Balance at 30 June 2017		**60,934,332**	**340,507**	**(226,644)**	**(61,534,380)**	**(486,185)**
Balance at 1 July 2015		**53,724,173**	**340,507**	**3,407,059**	**(25,363,050)**	**32,108,689**
Movement in share based payment reserve	21	-	-	108,711	-	108,711
Issue of share capital	20	5,616,117	-	-	-	5,616,117
Transaction costs	20	(251,167)	-	-	-	(251,167)
Transactions with owners		**5,364,950**	**-**	**108,711**	**-**	**5,473,661**
Loss for the year		-	-	-	(10,886,589)	(10,886,589)
Other comprehensive income						
Exchange differences on translating foreign operations	21	-	-	(3,240,970)	-	(3,240,970)
Total comprehensive income for the year		**-**	**-**	**(3,240,970)**	**(10,886,589)**	**(14,127,559)**
Balance at 30 June 2016		**59,089,123**	**340,507**	**274,800**	**(36,249,639)**	**23,454,791**

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

	Notes	June 2017 $	June 2016 $
Cash flows from operating activities			
Receipts from customers		225,288	384,800
Payments to suppliers and employees		(2,174,822)	(1,090,172)
Interest received		826	4,175
Interest paid		(108,681)	(426,527)
Net cash used in operating activities	**30**	**(2,057,389)**	**(1,127,724)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(28,333)	(265,641)
Payments for exploration and evaluation		(1,743,041)	(2,738,784)
Payments for mining assets		-	(1,611,302)
Proceeds from/(Payments for) security deposits		1,614	(2,136)
Net cash used in investing activities		**(1,769,760)**	**(4,617,863)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares and options		2,076,423	5,589,867
Share issue costs		(261,214)	(251,167)
Proceeds from borrowings		3,780,000	2,055,542
Repayment of borrowings		(1,618,878)	(2,008,867)
Net cash provided by financing activities		**3,976,331**	**5,385,375**
Net increase / (decrease) in cash held		**149,182**	**(360,212)**
Cash at the beginning of the period	10	95,239	501,025
Effects of foreign exchange movements on cash transactions and balances		51,764	(45,574)
Cash and cash equivalents at the end of the period	**10**	**296,185**	**95,239**

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

1 Summary of Significant Accounting Policies

Crater Gold Mining Limited (the "Company") and its legal subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Details of the principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Crater Gold Mining Limited is a for profit public company, limited by shares and domiciled in Australia.

The financial statements were authorised for issue, in accordance with a resolution of the Directors, on 29 September 2017. The Directors have the power to amend and reissue the financial statements.

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASB), Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. These Financial Statements also comply with International Reporting Standards as issued by the International Accounting Standards Board (IASB).

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through the Statement of Profit or Loss and Other Comprehensive Income and certain classes of plant and equipment.

Critical accounting estimates

The preparation of the financial report in conformity with Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

b. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 29.

c. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company or parent entity as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

A list of consolidated entities is contained in Note 28 to the financial statements.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

d. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. 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.

e. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is The Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Consolidated Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Consolidated Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate.

f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Sale of gold

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, trade discounts and net of royalties.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

g. Income Tax

The income tax expense or revenue for the year comprises current income tax expense or income and deferred tax expense or income.

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the income statements when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Crater Gold Mining Limited and its wholly-owned Australian subsidiary have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

h. Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight line basis over the term of the lease.

i. Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. Incidental costs directly attributable to the acquisition are taken to Profit or Loss under AASB 3.

Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

j. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

k. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

l. Investments and other financial assets

Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are included in receivables in the Consolidated Statement of Financial Position. They are subsequently measured at amortised cost using the effective interest rate method.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in income statements.

Subsequent measurement

Available for sale financial assets and financial assets at fair value through income statements are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through income statements category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through income statements is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Impairment

The Group assesses at each Reporting Date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

m. Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

n. Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest or when activities in the areas of interest have not yet reached a stage which permit reasonable assessment of the existence of economically recoverable reserves.

The ultimate recoupment of capitalised costs is dependent on the successful development and commercial exploitation, or sale, of the respective areas of interest. Accumulated costs in relation to an abandoned area are written off in full against profit/loss in the year in which the decision to abandon the area is made.

Where costs are capitalised on exploration, evaluation and development, they are amortised over the life of the area of interest to which they relate once production has commenced. Amortisation charges are determined on a production output basis, unless a time basis is more appropriate under specific circumstances.

Exploration, evaluation and development assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability, and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

o. Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

p. Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Asset	Depreciation rates
Plant and Equipment	4% – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount where there are indicators of impairment.

The Company uses the unit-of-production basis when depreciating mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production.

Amortisation of mine development costs is provided using the unit-of-production method.

q. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Due to their short term nature they are not discounted.

r. Borrowings

Borrowings are initially recognised at fair value net of transaction costs and subsequently at amortised cost, using the effective interest method.

Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

s. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of GST, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

t. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

u. Rounding of amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the financial report have not been rounded off in accordance with that Class Order to the nearest thousand dollars, but to the nearest dollar.

v. Goods and services tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as an operating cash flow.

Commitments and contingencies are disclosed gross of the amount of GST recoverable from, or payable to, the tax authorities.

w. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

x. Rehabilitation costs

The Company records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of afflicted areas.

When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets.

y. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- *AASB 9 Financial Instruments and its consequential amendments*

  This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity. Although the directors anticipate that the adoption of AASB 9 will impact the consolidated entity's financial statements the impact of its adoption has been assessed to be immaterial.

- *AASB 15 Revenue from Contracts with Customers*

  This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity. The directors anticipate that the adoption of AASB 9 will have no impact the consolidated entity's financial statements.

- *AASB 16: Leases*

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard are as follows:

  - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-of-use assets in line with AASB 116 : Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
  - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
  - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
  - inclusion of additional disclosure requirements.

  The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. Although the directors anticipate that the adoption of AASB 16 will impact the consolidated entity's financial statements the impact of its adoption has been assessed to be immaterial.

2 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are set out below.

Exploration and evaluation expenditure

Exploration and evaluation expenditure is reviewed regularly to ensure that the capitalised expenditure is only carried forward to the extent that it is expected to be recouped through the successful development of the area of interest or when activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. This policy is outlined in Note 1.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying gold price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

3 Financial Risk Management

The Group's major area of risk is managing liquidity and cash balances and embarking on fundraising activities in anticipation of further projects. The activities expose the Group to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, and other risks, ageing analysis for credit risk.

Risk management is carried out under policies set by the Managing Director and approved by the Board of Directors.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

a. Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the Papua New Guinea Kina. As the Group is still in the development, exploration and evaluation stages, it has not needed to use forward contracts to manage foreign exchange risk. The Board will continue to monitor the Group's foreign currency exposures.

The Group's exposure to interest-rate risk is summarised in the following table. Fixed interest rate items mature within 12 months.

Price risk

The Group is exposed to both commodity price risk and revenue risk. The commodity prices impact the Group's capacity to raise additional funds and impact its sales of gold now that the Company is in production. Management actively monitors commodity prices and does not believe that the current level in AUD terms warrants specific action.

b. Credit risk

The credit risk on financial assets of the Group which have been recognised in the consolidated Statement of Financial Position is generally the carrying value amount, net of any provisions for doubtful debts. Management scrutinizes outstanding debtors on a regular basis and no items are considered past due or impaired.

c. Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the ability of the Group to raise funds on capital markets. The Managing Director and the Board continue to monitor the Group's financial position to ensure that it has available funds to meet its ongoing commitments (refer to Note 4).

3 Financial Risk Management (cont.)

d. Cash flow interest rate risk

Consolidated	Notes	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
2017					
Financial assets					
Cash and cash equivalents	10	182,184	-	114,001	296,185
Trade and other receivables	11	-	-	137,307	137,307
Other financial assets	12	-	-	66,967	66,967
		182,184	-	381,275	500,459
Weighted average interest rate		*0.59%*			
Financial liabilities					
Trade and other payables	16	-	-	2,327,509	2,327,509
Related party payables	17	-	-	1,145,021	1,145,021
Interest bearing liabilities - loans [1]	18	-	7,109,173	-	7,109,173
Interest bearing liabilities – convertible notes [2]	19	-	-	-	-
		-	7,109,173	3,472,530	10,581,703
Weighted average interest rate		*0.00%*	*9.99%*	-	-
Net financial assets/(liabilities)		182,184	(7,109,173)	(3,091,255)	(10,081,244)

2016					
Financial assets					
Cash and cash equivalents	10	80,279	-	14,960	95,239
Trade and other receivables	11	-	-	203,666	203,666
Other financial assets	12	-	-	68,581	68,581
		80,279	-	287,207	367,486
Weighted average interest rate		*2.09%*			
Financial liabilities					
Trade and other payables	16	-	-	2,217,595	2,217,595
Related party payables	17	-	-	897,070	897,070
Interest bearing liabilities - current [1]	18	-	1,306,415	-	1,306,415
Interest bearing liabilities – non-current [2]	19	-	3,177,632	-	3,177,632
		-	4,484,047	3,114,665	7,598,712
Weighted average interest rate			*10.32%*		
Net financial assets/(liabilities)		80,279	(4,484,047)	(2,827,458)	(7,231,226)

The Convertible Notes were repayable on 22 August 2017. All other financial liabilities are due and payable within 12 months.

The Company has assessed the potential interest rate risk on floating interest rate assets and does not consider the risk to be material to the Company.

[1] Freefire Technology Limited

The Company has secured short-term, interest bearing loans totalling $2,893,698 (2016: $1,306,415) 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 High Grade Zone at the Company's Crater Mountain, PNG project and for general working capital.
- Interest on the Principal Sums is payable by the Company to Freefire at the rate of 8% (2016: 8%) per annum.
- The loans are repayable by the Company to Freefire upon written demand by Freefire.

[1] ICBC Loan Facility

On 25 August 2016 the Company announced that it had secured a loan facility of up to A$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, Mr Sam Chan. The interest rate is 2.75% per annum.

[2] Convertible notes

On 22 August 2014 the consolidated entity issued 138,190 10% convertible notes, with a face value of $25 each, for total proceeds of $3,454,750. Interest is paid on a semi-annual basis from 31 December 2014 onwards in arrears at a rate of 10% per annum based on the face value.

Total transactions costs were $283,989 at the date of issue and unamortised transaction costs of $17,529 (2016: $120,389) have been offset against the convertible notes payable liability. The convertible notes are unsecured.

On 22 August 2017 the convertible notes expired. All convertible notes and accrued interest were paid out by early September 2017

3 Financial Risk Management (continued)

e. Fair value estimation

The fair value of assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group measures fair values using the following fair value hierarchy that considers and reflects the significance of the inputs used in making the measurements:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (significant unobservable inputs).

The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

f. Sensitivity analysis

Foreign currency risk sensitivity analysis

The Group is exposed to fluctuations in the value of the Australian Dollar to the PNG Kina (PKG). At 30 June 2017, the effect on profit and equity of the Consolidated Group as a result of changes in the value of the Australian Dollar to the PKG, with all other variables remaining constant, is as follows:

Movement to AUD	Change in profit $	Change in equity $
PKG by + 5%	542,778	727,541
PKG by - 5%	(491,085)	(658,252)

4 Going Concern

These financial statements are prepared on a going concern basis. The Group has incurred a net loss after tax of $25,284,741 (2016: $10,886,589) for the year ended 30 June 2017 with operating cash outflows of $2,283,550 (2016: outflows of $1,127,725). As at 30 June 2017, the Group had net current liabilities of $10,148,211 (2016: $4,122,175) including cash on hand of $296,185 (2016: $95,239).

The Group's key area of expenditure is the Crater Mountain Project in Papua New Guinea. The Group was granted Mining Lease ML 510 in November 2014 for the High Grade Zone project ("HGZ" project) at Crater Mountain. Whilst production to date has not reached target levels, the Group has taken corrective actions, including the engagement of new in country operational leadership in PNG, new technical advisors to the Board, and a new CFO. We are confident that these changes, plus the provision of adequate financial support, will result in more significant production output in the near future generating positive cash flows from mining operations.

Whilst the above conditions indicate a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern, in determining the appropriateness of the accounts being presented on a going concern basis the Directors note the following:

a) On 9 August 2017 the Company executed a Short Term Bridging Facility with Freefire for $3,504,915. The purpose of the bridging facility was to provide the Company funds to repay the Convertible Notes with interest upon maturity. On 22 August 2017 the Convertible Notes expired. All Convertible Notes and accrued interest were paid out by early September 2017.

b) On 1 September 2017 the Company announced a fresh rights issue, which will be fully underwritten by Freefire. It also announced on that day that an interim loan of $2 million would be advanced to the Company by Freefire in order to enable the repayment of outstanding creditors prior to the closing of the fresh rights issue. To date the Company has received $0.8 million under this facility, with the next drawdown of $0.8 million due in early October.

c) In addition, the Group 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. Management have received a letter of support from Freefire stating that they intend to support the Group by way of further loans to cover any cash shortfall in the next 12 months should the need for such funding arise to enable the Group to meet its liabilities as and when they fall due.

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 Company be unable to continue as a going concern and meet its debts as and when they fall due.

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.

Note	Note	June 2017 $	June 2016 $
5 Income from continuing operations			
Revenue from gold sales		**225,288**	**384,800**
Interest received		**826**	**4,175**
Profit / (loss) from sale of property, plant and equipment		**7,273**	**(7,988)**
6 Expenses			
Expenses, excluding finance costs, included in the Statement of Profit or Loss and Other Comprehensive Income classified by nature			
Audit fees		129,277	102,846
Accounting fees		11,558	19,867
Consulting fees		717,943	832,283
Director related expenses			
- Directors' fees		133,664	148,750
- reimbursable expenses		-	-
Total director related expenses		133,664	148,750
Depreciation and amortisation expense		191,139	198,452
Employee benefits expense		34,831	70,733
Employee share option plan costs		115,488	108,711
Exploration costs written off or impaired	13	15,049,107	8,529,436
Mining asset impairment	14	6,953,390	-
General administration expenses		434,935	332,054
Insurance			
- Directors & officers indemnity insurance		21,060	20,127
- other		1,101	-
Total insurance		22,161	20,127
Marketing and promotion expenses		17,905	12,739
Minimum lease payments		21,732	73,081
Share registry / meeting costs		104,018	133,355
Telephone		605	11,020
Travel		34,695	46,989

Note	June 2017 $	June 2016 $
7 Income Tax		
a. Numerical reconciliation of income tax revenue to prima facie tax receivable		
Loss before income tax	(25,284,741)	(10,886,589)
Tax at the Australian tax rate of 27.5% (2016 – 30%)	(6,953,304)	(3,265,977)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible share based payments	31,759	32,613
Deferred tax asset not brought to account	527,636	-
Other	8,394	12,765
	(6,385,515)	(3,220,599)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	6,385,515	3,220,599
Income tax expense	-	-
b. Tax losses		
Unused tax losses for which no deferred tax asset has been recognised		
Opening balance	44,356,102	41,851,272
Reduction in opening deferred taxes resulting from reduction in tax rate	(1,108,902)	-
Taxable (income)/loss for the year	2,317,850	2,504,830
Closing balance	45,565,050	44,356,102
Potential Tax Benefits @ 27.5% (2016: 30%)	**12,530,389**	**13,306,830**

Note	June 2017	June 2016

8 Earnings per Share

a. Basic loss per share

Loss from continuing operations attributable to the ordinary equity holders of the Company (cents per share)	(9.503)	(5.143)

b. Diluted loss per share

Loss from continuing operations attributable to the ordinary equity holders of the Company (cents per share)	(9.503)	(5.143)

The calculation of basic earnings per share at 30 June 2017 was based on the loss from continuing operations attributable to ordinary shareholders of $25,284,741 (2016 loss: $10,886,589) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2017 of 266,080,056 (2016: 211,660,011), calculated as follows:

c. Weighted average number of shares used as a denominator	2017 Shares	2016 Shares
Basic loss per share	266,080,056	211,660,011
Diluted loss per share	266,080,056	211,660,011

At the year end, the consolidated entity had 30,100,000 options on issue (2016: 21,100,000), representing:

- 30,100,000 unlisted options with weighted average exercise price of $0.21 (2016: 21,100,000 at average $0.25)

9 Segment information

	Croydon $	Fergusson Island $	Crater Mountain $	Intersegment eliminations / unallocated $	Consolidated $
Full-year to 30 June 2017					
Gold sales revenue	-	-	225,288	-	**225,288**
Cost of sales	-	-	(823,178)	-	**(823,178)**
Other revenue	-	-	-	826	**826**
Profit on disposal of assets	-	-	-	7,273	**7,273**
Assets written down/impaired	-	-	(22,002,497)	-	**(22,002,497)**
Other expenses	-	-	(549,934)	(2,142,519)	**(2,692,453)**
Segment profit (loss)	-	-	(23,150,321)	(2,134,420)	**(25,284,741)**
Segment assets	987,819	-	8,880,556	227,143	**10,095,518**
Segment liabilities	-	-	42,774,282	(32,192,579)	**10,581,703**
Full-year to 30 June 2016					
Gold sales revenue (net)	-	-	384,800	-	**384,800**
Other revenue	-	-	-	4,175	**4,175**
Loss on disposal of assets	-	-	(3,771)	(4,217)	**(7,988)**
Assets written down/impaired	(4,889,891)	(342,787)	(3,296,758)	-	**(8,529,436)**
Assets impaired	(2,556,397)	(342,787)	(3,296,758)	-	**(6,195,942)**
Other expenses	-	-	(586,932)	(2,151,208)	**(2,738,140)**

Segment profit (loss)	(4,889,891)	(342,787)	(3,502,661)	(2,151,250)	**(10,886,589)**
Segment assets	972,459	-	29,868,269	212,775	**31,053,503**
Segment liabilities	-	-	39,925,724	(32,327,012)	**7,598,712**

Reconciliation of Segment Profit to loss for the period from continuing operations:

Segment profit (loss)	**(25,284,741)**
Loss for the period from continuing operations	**(25,284,741)**

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.

The Chief Operating Decision Makers ("CODM") review EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

Description of segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the consolidated entity.

Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that received the majority of the economic value form the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical condition.

Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings are generally considered to relate to the consolidated entity as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Croydon

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

Fergusson Island

This project consists of an exploration project at Wapolu on Fergusson Island, in Milne Bay province, PNG.

Crater Mountain

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

Geographical information

	Sales to external customers		Geographical non-current assets	
	2017 $	2016 $	2017 $	2016 $
Australia	-	-	1,015,319	999,959
Papua New Guinea	225,288	384,800	8,646,707	29,754,639
	225,288	384,800	9,662,026	30,754,598

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Types of products and services

The principal products and services of this operating segment are the mining and exploration operations in Australia and Papua New Guinea.

Major customers

During 2017 one customer accounted for 100 percent of total revenue (2016: 100%).

Note	June 2017 $	June 2016 $
10 Current Assets - Cash and Equivalents		
Cash at bank and on hand	**296,185**	**95,239**
The effective (weighted average) interest rate on short term bank deposit was 0.41% (2016: 2.1%).		
11 Current Assets - Trade and Other Receivables		
GST receivable	17,458	104,596
Other	119,849	99,070
	137,307	**203,666**
12 Non-Current Assets - Other Financial Assets		
Security deposits	66,967	68,581
	66,967	**68,581**
13 Non-Current Assets - Exploration and Evaluation		
Opening net book value	22,664,481	30,781,160
Expenditure capitalised	1,843,909	2,882,549
Exploration costs written off/impairment	(15,049,107)	(8,529,436)
Effect of movement in exchange rates	(505,571)	(2,469,792)
Closing net book value	**8,953,712**	**22,664,481**

The above impairments/write downs have been recognised as a result of not meeting the requirements of AASB 6, whereby substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned. The following individual assets have been fully impaired in PNG: Crater Mountain EL2334/2335 ($1,566,562), EL2249 ($430,106) and EL2203 ($19,951); Fergusson Island EL1972 ($182,963) and EL2180 ($142,344). In Croydon, asset EPM9438 has been fully impaired ($2,556,397).

The Company commissioned an independent valuation of its PNG projects which was completed on 10 April 2017. The valuation arrived at a preferred valuation of AUD$8 million and the PNG projects were impaired to this value.

The Company's Croydon project was independently valued in March 2017. The conclusion of this valuation for the Croydon projects was $1.075 million. Given the Company's written down value as at year end was $987,819 it was determined that no valuation adjustment was required.

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.

14 Non-Current Assets – Mining assets		
Opening net book value	7,105,002	6,159,354
Additions	-	1,611,302
Reclassification of Mining assets	-	-
Depreciation	(19,356)	-
Amortisation expense/impairment expense	(6,953,390)	(44,411)
Effect of movement in exchange rates	(132,256)	(621,243)
Closing net book value	**-**	**7,105,002**

Note	June 2017 $	June 2016 $

As a result of the granting of the mining lease, ML510 for Anomaly's HGZ project at Crater Mountain in the Eastern Highlands Province, the decision was taking to reclassify the relevant exploration and evaluation expenditure as a mining asset in line with accounting standards. During the year, as previously disclosed in the half-year accounts, the decision to fully impair the Mining Assets for the amount of $6,953,390 was made. This decision was taken as 1960 level has not produced the quantities of gold originally expected and the Board felt it prudent to fully impair expenditure incurred to date in the development of the 1960 level adit.

15 Non-Current Assets – Plant and Equipment

Plant and equipment		
Cost	1,680,938	1,772,619
Accumulated depreciation	(1,039,591)	(856,085)
Net book value	**641,347**	**916,534**

A reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and prior financial years are set out below.

	Plant and equipment
Carrying amount as at 1 July 2015	**1,061,048**
Additions	265,641
Disposals	(7,988)
Depreciation expense	(154,041)
Depreciation capitalised	(143,764)
Effect of movements in exchange rates	(104,362)
Carrying amount as at 30 June 2016	**916,534**
Additions	28,333
Disposals	-
Depreciation expense	(171,783)
Depreciation capitalised	(100,867)
Effect of movements in exchange rates	(30,870)
Carrying amount as at 30 June 2017	**641,347**

Note	June 2017 $	June 2016 $
16 Current Liabilities – Trade and Other Payables		
Trade payables	194,589	569,354
Accruals	829,371	746,535
Other payables	1,303,549	901,706
	2,327,509	**2,217,595**
17 Related Party Payables		
G R Boyce	13,613	114,661
S W S Chan	40,235	35,000
T M Fermanis	215,000	143,000
Freefire Technology Ltd	225,524	105,758

Note	June 2017 $	June 2016 $
R Johnson	179,998	187,497
L K K Lee	157,706	98,750
R P Macnab	-	8,750
R D Parker	271,180	156,114
H Roberts	6,765	12,540
D T Y Sun	35,000	35,000
	1,145,021	**897,070**

18 Current Liabilities Interest-bearing liabilities

Convertible notes	3,415,475	-
ICBC loan	800,000	-
Freefire Technology Limited loan	2,893,698	1,306,415
	7,109,173	**1,306,415**

Refer to Note 3(d) for detailed information on financial instruments.

19 Non-current Liabilities Interest-bearing liabilities

Convertible notes	-	3,177,632
	-	**3,177,632**

Refer to Note 3(d) for detailed information on financial instruments.

20 Contributed Equity

a. Share capital

Equity Securities Issued	No. of ordinary shares	Total $
For the financial year ended 30 June 2017		
As at 1 July 2016	242,026,860	59,089,123
Shares issued	30,091,761	1,845,209
As at 30 June 2017	**272,118,621**	**60,934,332**
For the financial year ended 30 June 2016		
As at 1 July 2015	171,825,400	53,724,173
Shares issued	70,201,460	5,364,950
As at 30 June 2016	**242,026,860**	**59,089,123**

b. Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares and the amounts paid on those shares.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll, each share is entitled to one vote.

The Company does not have a limited amount of authorised capital and the fully paid ordinary shares have no par value.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2016 Annual Report.

c. Employee Share Option Plan

Information relating to the Employee Share Option Plan, including details of options issued, exercised, lapsed and outstanding during the financial year is set out in Note 25b.

d. Movements in share capital

Date	Details	No. of shares	Value $
For the financial year ended 30 June 2017			
01-Jul-16	Balance 1 July - Ordinary Shares	242,026,860	59,089,123
22-Jul-16	Chancery Asset Management (non cash)	428,571	30,000
13-Sep-16	Rights Issue	29,663,190	2,076,423
	Less: Transaction costs arising on share issues		(261,214)
		272,118,621	**60,934,332**

During the course of the year to June 2017 the Company raised a total of $2,076,423 through the issue of 29,663,190 shares at $0.07 to various sophisticated investors.

For the financial year ended 30 June 2016			
01-Jul-15	Balance 1 July - Ordinary Shares	171,825,400	53,724,173
28-Sep-15	Placement to sophisticated investors	15,312,500	1,225,000
18-Nov-15	Placement to Freefire (as underwriter of above issue)	25,110,835	2,008,867
03-Dec-15	Placement to sophisticated investors	13,200,000	1,056,000
04-Dec-15	Sinton Spence	328,125	26,250
09-Mar-16	Placement to sophisticated investors	10,000,000	800,000
16-Mar-16	Placement to sophisticated investors	6,250,000	500,000
	Less: Transaction costs arising on share issues		(251,167)
		242,026,860	**59,089,123**

e. Movement in options

		Class of options		
Date	**Details**	**Listed**	**Unlisted**	**Total**
For the financial year ended 30 June 2017				
01-Jul-16	Opening Balance	-	21,100,000	21,100,000
12-Jul-16	ESOP	-	9,000,000	9,000,000
		-	**30,100,000**	**30,100,000**
For the financial year ended 30 June 2016				
01-Jul-15	Opening Balance	-	6,700,000	6,700,000
28-Jul-15	Director options		7,800,000	7,800,000
09-Sep-15	ESOP		5,800,000	5,800,000
28-Jul-15	Ordinary		800,000	800,000
		-	**21,100,000**	**21,100,000**

Each option entitles the holder to purchase one share. The names of all persons who currently hold share options, granted at any time, are entered in the register kept by the Company, pursuant to Section 168 of the Corporations Act 2001, which may be inspected free of charge. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the parent entity or any other body corporate.

The model inputs for options granted during the year ended 30 June 2017 included:

- Options were granted for no consideration;
- Exercise prices of $0.125;
- Grant dates 12 July 2016;
- Expiry dates of 12 July, 2020
- Immediately vesting
- Share price at grant date of $0.071;
- Expected volatility of the company's shares 43.95%;
- Expected dividend yield of 0%; and
- Risk free rates of 1.92%.

Note	June 2017 $	June 2016 $
21 Reserves and Accumulated Losses		
Reserves		
Share based payment reserve	2,008,406	1,892,918
Share cancellation reserve	30,000	30,000
Foreign currency translation reserve	(2,265,050)	(1,648,118)
	(226,644)	**274,800**
Movements		
Share-based Payments Reserve		
Balance 1 July 2016	1,892,918	1,784,207
Fair value of Employee Share Option Plan share options	115,488	108,711
Balance 30 June 2017	**2,008,406**	**1,892,918**
Share Cancellation Reserve		
Balance 1 July 2016	30,000	30,000
Balance 30 June 2017	**30,000**	**30,000**
Foreign currency translation reserve		
Balance 1 July 2016	(1,648,118)	1,592,852
Currency translation differences	(616,932)	(3,240,970)
Balance 30 June 2017	**(2,265,050)**	**(1,648,118)**
Accumulated Losses		
Movements in accumulated losses were as follows:		
Balance 1 July 2016	(36,249,639)	(25,363,050)
Loss for the year	(25,284,741)	(10,886,589)
Balance 30 June 2017	**(61,534,380)**	**(36,249,639)**

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise:

- The fair value of options issued to employees and Directors; and
- The fair value of options issued as consideration for goods or services rendered.

Share cancellation reserve

The cancellation of shares in 2010 was realised within the share cancellation reserve.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the net investment is disposed.

	June	June

Note	2017 $	2016 $
22 Commitments		
Operating leases		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	16,890	17,748
Later than one year but not later than five years	-	16,890
	16,890	**34,638**
23 Guarantees and Deposits		
Non-Current		
Deposits lodged with the Queensland Department of Mines	27,500	27,500
Accommodation and rental bonds	7,575	7,885
Deposits lodged with PNG Department of Mining and Petroleum	31,891	33,196
	66,966	**68,581**

24 Related Party transaction

a. Parent entity

Crater Gold Mining Limited is the parent entity.

b. Key management personnel

Disclosures relating to key management personnel are set out below and the remuneration report in the Directors' Report. The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

Remuneration component		2017	2016
		$	$
Short term		938,486	1,070,872
Post-employment benefits		-	-
Share-based payments		93,032	76,555
Total		**1,031,518**	**1,147,427**

c. Transactions with Related Parties

Mr S W S Chan is a director and the controller of Freefire Technology Limited ("Freefire"), the major shareholder in the Company. During the year the Company paid Freefire $119,852 in loan interest and fees (2016: $80,106) and $250,603 in interest on convertible notes (2016: $251,289). During the course of the year Freefire made a number of short term loans to the Company at an annual interest rate of 8% (see Note 3d for further information on the loan. Mr S W S Chan also provided a 125% security deposit for the ICBC loan of $800,000.

Mr R D Parker's close family members hold a total of 77 Convertible Notes of the Company on which they earned $193 in interest (2016: $193). Mr R D Parker is paid fees for his role as Managing Director totalling $200,000 (2016: $200,000).

Mr R L Johnson is paid fees for his role as Technical Director totalling $163,332 (2016: $250,000).

Mr T Fermanis owns 40 Convertible Notes of the Company on which he earned $100 in interest (2016: $100). Mr T Fermanis is paid fees for his role as Executive Deputy Chairman/Investor Relations totalling $144,000 (2016: $144,000).

Mr L K K Lee is paid fees for his role as Finance Director totalling $120,000 (2016: $120,000).

Mr G R Boyce owns 200 Convertible Notes of the Company on which he earned $500 in interest (2016: $501).

All transactions with related parties are made at arms-length.

d. Receivable from and payable to Related Parties

Details can be found at Note 17.

e. Subsidiaries

For details relating to subsidiaries, refer to Note 28. Transactions and balances between subsidiaries and the parent have been eliminated on consolidation of the Group.

25 Share Option Based Payments

a. Recognised share option based payment expenses

The expense recognised for share options granted for employee services received during the year is shown in the table below:

	June 2017 $	June 2016 $
Expense arising from equity settled share-based payment transactions	115,488	108,711
	115,488	**108,711**

b. Employee Share Option Plan

The establishment of the Crater Gold Mining Employee Share Option Plan (“the Plan”) was approved by shareholders on 22 June 2007. The Plan is designed to provide long term incentives for executives, staff and contractors to deliver long term shareholder returns. Participation in the Plan is at the Board’s discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits. Options granted under the Plan carry no dividend or voting rights.

Summary of options granted under the Employee Share Option Plan

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options issued during the year:

Expiry Date	Exercise price	Balance at start of the year	Granted	Exercised	Forfeited/expired	Balance at end of the year
30/09/2017	$0.25	4,600,000	-	-	-	4,600,000
30/09/2017	$0.25	2,100,000	-	-	-	2,100,000
27/07/2019	$0.25	7,800,000	-	-	-	7,800,000
27/07/2019	$0.25	5,800,000	-	-	-	5,800,000
30/09/2017	$0.25	800,000	-	-	-	800,000
12/07/2020	$0.125	-	9,000,000	-	-	9,000,000
		21,100,000	**9,000,000**	-	-	**30,100,000**

The weighted average exercise price during the financial year was $0.21 (2016: $0.25). The weighted average remaining contractual life of the options outstanding at the end of the financial year was 1.96 years (2016: 2.50 years).

Option pricing model – Employee Share Option Plan

The fair value of the equity-settled share options granted under the Employee Share Option Plan is estimated as at the date of grant using a Black-Scholes option pricing Model taking into account the terms and conditions upon which the options were granted. The model takes into account the historic dividends and share price volatilities and each comparator company to produce a predicted distribution of relative share performance.

Historical volatility of 43.95% was the basis for determining expected share price volatility and it is not expected that this volatility will change significantly over the life of the options. The expected life of the options is taken to be the full period of time from grant date to expiry date as there is no expectation of early exercise of the options. The options are options to subscribe for ordinary shares in the capital of the Company. The options are issued for no consideration. A risk free rate of 1.92% was used in the model. Shares issued on exercise of the option will rank pari passu with all existing shares of the Company from the date of issue.

25 Share Option Based Payments (cont.)

c. Share option based payments made to unrelated party

The Company did not issue any options over ordinary shares to extinguish its liabilities (2016: Nil).

26 Equity settled liabilities

a. Share based payments

2017					
22-Jul-16	Chancery Asset Management	428,571	$0.07	30,000	Value of principal
		428,571	**$0.07**	**30,000**	
2016					
04-Dec-15	Sinton Spence	328,125	$0.08	26,250	Value of principal
		328,125	**$0.08**	**26,250**	

b. Option based payments

The Company did not issue any options over ordinary shares to extinguish its liabilities (2016: Nil).

Note	June 2017 $	June 2016 $
27 Remuneration of Auditors		
During the year, the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the parent entity, its related practices and unrelated firms.		
BDO East Coast Partnership		
Audit and review of financial reports	114,250	84,500
Non-audit services	-	-
	114,250	**84,500**
BDO Papua New Guinea (Auditors of Anomaly Limited)		
Audit and review of financial reports	15,027	18,346
Non-audit services	-	-
	15,027	**18,346**

28 Subsidiaries

a. Ultimate controlling entity

Crater Gold Mining Limited is the ultimate controlling entity for the Group.

b. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1.

Name of entity	Principal place of business / Country of Incorporation	Class of shares	Percentage ownership	
			2017 %	2016 %
Anomaly Resources Limited	Australia	Ordinary	100	100
Anomaly Limited	Papua New Guinea	Ordinary	100	100

The proportion of ownership interest is equal to the proportion of voting power held.

There are no significant restrictions over the consolidated entity's ability to access or use assets, and settle liabilities.

Note	June 2017 $	June 2016 $
29 Parent Entity information		
Statement of Profit or Loss		
Loss after income tax	(48,581,386)	(8,565,029)
Total Comprehensive Loss	**(48,581,386)**	**(8,565,029)**
Statement of Financial Position		
Total current assets	**182,184**	**80,679**
Total assets	**1,197,503**	**45,317,879**
Total current liabilities	**5,241,753**	**2,979,282**
Total liabilities	**8,657,228**	**6,156,914**
Equity		
Contributed equity	83,222,415	81,377,207
Convertible note equity	340,507	340,507
Reserves	3,215,611	3,100,123
Accumulated losses	(94,238,258)	(45,656,872)
Total Equity	**(7,459,725)**	**39,160,965**

Guarantee

The parent company had no bank guarantees in respect of its subsidiaries as at 30 June 2017 (2016: nil)

Contingent liabilities

The parent company had no contingent liabilities as at 30 June 2017 (2016: nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 (2016: nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note	June 2017 $	June 2016 $
30 Reconciliation of loss for the period from continuing operations to net cash inflow/(outflow) from operating activities		
Loss for the period from continuing operations	**(25,284,741)**	**(10,886,589)**
Adjustments for non-cash income and expense items:		
Depreciation and amortisation/impairment	7,144,529	198,452
Written down value of fixed asset disposals	-	7,988
Non-cash interest transactions	464,003	200,606
Exploration costs written off or impaired	15,049,107	8,529,436
Payables settled by equity payments	145,488	134,961
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	66,359	12,641
(Decrease)/increase in trade creditors and accruals	357,865	674,781
Net cash outflow from operating activities	**(2,057,389)**	**(1,127,724)**

31 Post Reporting Date Events

On 3 July 2017 the Company received notification that the renewal application for license EL1972 had be denied by the Minister of Mining of Papua New Guinea effective 29 June 2017. After receiving this decision the Company decided to surrender licence EL2180. The surrender of EL2180 was effected by the Government of Papua New Guinea on 15 August 2017. These licenses were both located on Fergusson Island.

On 24 July 2017 the Company announced a capital raising and plans for restructuring of the Company. The capital raising proposed was an 11 for 2 renounceable pro-rata entitlement offer at an issue price of $0.01 to raise at least $13.0 million. It was also proposed to sell the Croydon project for $1.2 million. The recapitalisation would also involve the appointment of new members of the board and new management. A prospectus was released on 26 July 2017 and followed up with a supplementary prospectus on 9 August 2017.

On 9 August 2017 the Company executed a Short Term Bridging Facility with Freefire for $3,504,915. The purpose of the bridging facility was to provide the Company funds to repay the Convertible Notes with interest upon maturity. On 22 August 2017 the Convertible Notes expired. All Convertible Notes and accrued interest were paid out by early September 2017.

On 1 September 2017 the Company advised that the capital raising had been terminated. It was also announced that a fresh rights issue on a 9 for 2 basis was be launched forthwith, which will be fully underwritten by Freefire. The Company expects to make a further announcement on the fresh rights issue in October. At the same time as cancelling the original rights issue it was confirmed that the sale of the Croydon project would also be abandoned. It was also announced that an interim loan of $2 million would be advanced to the Company by Freefire in order to enable the repayment of outstanding creditors prior to the closing of the fresh rights issue. To date the Company has received $0.8 million under this facility.

On 5 September 2017 the Company announced that Mr Alex Molyneux, previously the proposed Chairman of the Company, would have no ongoing role with the business. The Company confirmed it anticipated the other operational management previously announced would have ongoing involvement with the Company.

32 Contingent Liabilities

The Group does not have any contingent liabilities (2016: nil). While the Company has provided for potential interest penalties that may be levied on amounts overdue to the Papua New Guinea Internal Revenue Commission, as these penalties are prescribed, it has not done so on amounts overdue for Papua New Guinea NASFUND contributions nor overdue Papua New Guinea Training Levy amounts, as potential penalties are not prescribed and therefore cannot be determined. There is a chance that penalities will also be levied on overdue NASFUND contributions and Training levies.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

This declaration is made in accordance with a resolution of the Directors.

R D Parker
Managing Director
29 September 2017

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Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Crater Gold Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Crater Gold Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
Exploration and evaluation assets of $8,953,712 form a significant proportion of the Group's assets as shown in note 13. The recovery of the carrying value of the exploration and evaluation assets are subject to successful exploration, exploitation or sale in the future and as such is subject to management judgement in accordance with *AASB 6 - Exploration for and Evaluation of Mineral Resources*. Management have relied on the valuations prepared by third party expert valuers to support the carrying value of exploration assets at 30 June 2017. The Group's exploration and evaluation assets are also exposed to market, economic, political and seasonal influences which may affect the value. Exploration and evaluation expenditure is recorded in accordance with the accounting policy detailed in note 1 of the notes to the financial statements.	Our procedures in relation to the carrying value of exploration and evaluation included, amongst others: • Assessing the competence, capabilities, objectivity and independence of the management experts engaged to value the assets, and the methodology they adopted; • Analysing the financial and operating commitments of the licenses to see whether sufficient expenditure has been included in the cash flow forecast to ensure expenditure conditions are met; • Assessing the Group's rights to tenure over the relevant exploration areas by obtaining the license agreements and also considering whether the Group maintains the tenements in good standing; • Assessing the ability of the Group to finance any planned future exploration and evaluation activity; and • Ascertaining whether management has any plans to abandon the held tenements.

Mining Assets

Key audit matter	*How the matter was addressed in our audit*
The mining assets as disclosed in note 14 were dependent on successful mining operations, successive years of underperformance to budget identified that there was a risk of impairment. The impairment of $6,953,390 required judgement and estimates from management making this a key audit matter.	Our procedures in relation to the carrying value of mining assets included, amongst others: • Assessing the competence, capabilities, objectivity and independence of the management experts engaged to value the assets, and the methodology they adopted • Determining whether managements forecast supported the carrying value • Assessing the quantum of impairment booked.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in paragraph b of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Crater Gold Mining Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

Gareth Few
Partner

Sydney, 29 September 2017

The following information is required to be disclosed under ASX Listing Rule 4:10 and is not disclosed elsewhere in this Report. This information is correct as at 20 September 2017.

Substantial Shareholders

The following substantial shareholders are recorded in the Company's register of substantial shareholders.

Name	Number of shares	% holding
Freefire Technology Ltd	160,085,929	58.83%

Voting Rights

Ordinary shares – on a show of hands, are one vote for every registered holder and on a poll, are one vote for each share held by registered holders. Options holders have no voting rights.

Holders of Each Class of Equity Security		
Name	**Code**	**Number of holders**
Fully paid ordinary Shares	CGN	3,278
Unlisted Options (exercisable at $0.25 per option on or before 30 September 2017)	CGNO37	8
Unlisted Options (exercisable at $0.25 per option on or before 30 September 2017) (ESOP)	CGNO38	5
Unlisted Options (exercisable at $0.25 per option on or before 27 July 2019)	CGNO39	6
Unlisted Options (exercisable at $0.25 per option on or before 30 September 2017) (ESOP)	CGNO40	1
Unlisted Options (exercisable at $0.25 per option on or before 27 July 2019)	CGNO41	6
Unlisted Options (exercisable at $0.125 per option on or before 12 July 2020)	CGNO42	10

Top 20 Holders of Ordinary Shares		
Name	**Number of shares**	**% holding**
Freefire Technology Ltd	160,085,929	58.83%
HSBC Custody Nominees (Australia) Limited	7,447,416	2.74%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	4,816,713	1.77%
Mr Graham John Bailey & Mrs Annette Maree Bailey <Bailey Super Fund A/C>	4,375,000	1.61%
Mr Paul Thomas McGreal	3,700,000	1.36%
Mr Norman Colburn Mayne <N C Mayne Family Fund A/C>	3,329,333	1.22%
Graham Bailey Earthmoving Pty Ltd	3,125,000	1.15%
Mr Joe Holloway	2,643,524	0.97%
One Managed Investment Funds Limited <Technical Investing Absolute Return A/C>	2,410,637	0.89%
Bloom Star Investment Limited	1,775,649	0.65%
J P Morgan Nominees Australia Limited	1,661,272	0.61%
Mr Vineet Jindal	1,253,916	0.46%
Mr Barry Rowland Butler & Mrs Julie Butler	1,126,883	0.41%
IAE Study In Australia Pty Ltd <IAE Superannuation Fund A/C>	1,040,000	0.38%
Colvic Pty Ltd	1,000,000	0.37%
Mr Colin Frank West	1,000,000	0.37%
Mr Trilochana Reddy	980,940	0.36%
Mr Anthony Franco Santalucia	885,143	0.33%
Mr Carlo Battisti	800,000	0.29%
Richard Lewis Johnson	781,250	0.29%
Paynes Hardware Services Pty Ltd <Paynes Hardware P/L S/F A/C>	769,865	0.28%
Grand Total	**205,008,470**	**75.34%**

Distribution of Equity Securities							

Class of Security	Security Code	1 to 1,000	1,001 to 5,000	5,001 to 10,000	10,001 to 100,000	100,001 and Over	Total
Fully paid ordinary Shares	CGN	1,384	812	322	588	172	3,278
Unlisted Options	CGNO37	-	-	-	-	8	8
Unlisted Options	CGNO38	-	-	-	-	5	5
Unlisted Options	CGNO39	-	-	-	-	6	6
Unlisted Options	CGNO40	-	-	-	-	1	1
Unlisted Options	CGNO41	-	-	-	-	6	6
Unlisted Options	CGNO42	-	-	-	-	10	10

Number of holders holding less than a marketable parcel of shares

A marketable parcel is defined by the Market Rule Procedures of the ASX as a parcel of securities with a value of not less than $500.

The number of ordinary shareholders holding less than a marketable parcel of shares is 3,010.

On market buy-back

There is no current on market buy-back.

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

Unquoted Securities

Options over unissued shares:

A total number of 30,100,000 options are on issue. 13,300,000 are on issue to 30 holders of ordinary securities. 16,800,000 options are on issue to six directors.

Directors:	S W S Chan (Non-executive Chairman) R D Parker (Managing Director) T M Fermanis (Non-executive Deputy Chairman) R L Johnson (Technical Director) L K K Lee (Finance Director) D T Y Sun (Non-executive Director)
Company Secretary:	H L Roberts
ABN:	75 067 519 779
Registered Office:	C/- BDO Level 11, 1 Margaret Street, Sydney NSW 2000 Australia Telephone: +61 8 9226 4500 Email: info@cratergold.com.au
Postal Address:	PO Box 7775 Cloisters Square PERTH WA 6850 Australia
Share Registry:	Link Market Services Limited Level 15, 324 Queen Street Brisbane QLD 4000 Australia Telephone: 1300 554 474 Facsimile: +61 7 3228 4999
Auditors:	BDO East Coast Partnership Level 11 1 Margaret Street Sydney NSW 2000 Australia Telephone: +61 2 9251 4100
ASX Listing:	Crater Gold Mining Limited shares are quoted on the Australian Securities Exchange under the code “CGN”.
Website address:	www.cratergold.com.au