



ANNUAL REPORT

For the year ended 30 June 2016

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

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Dear Shareholders,

In my statement last year, I had advised you that in concert with the change of priority from exploration to development and production, much effort must be exerted to harness strong relations with the landowners and the authorities to establish mutual trust between the parties. I can now report that these efforts have brought relationships to a much firmer footing in our integration within the community in Papua New Guinea to ensure that our operations are run smoothly with local support.

It is important for me to point out that as a prelude to gold production, it is necessary to develop at the HGZ the gold bearing structures along with development sampling, and such in-depth activities took place early in the year. We were particularly pleased with the sampling results which revealed bonanza grade gold along certain veins. However, as the mining operations progressed along the 1960 level adit, it gradually became apparent that a portion of the high grade gold had already been extracted by the previous artisanal miners, thus resulting in somewhat disappointing production and sales results. Regardless, the rock tonnage mined and stockpiled continues to be processed to extract as much gold concentrate as possible to be refined for sale.

A management decision was recently taken to commence development of a second adit at the 1930 level hitherto untouched by artisanal miners, and the Company is confident that when this comes into full swing in the forthcoming months, high grade gold production will accelerate significantly. In February this year, the Company has also made a discovery at the South Artisanal Workings which identified a potential for additional mineralization in close proximity to the HGZ mine and that could potentially lead to a longer life operation at the HGZ.

The Board of Directors and I recognize the valuable support we receive from our shareholders and we thank all of you for your patience in giving us the necessary time to bring the HGZ to the realization of its full potential. The board and the management are fully committed to this end, and every effort within our means and capabilities will be made to bring this about.

The Board wishes to take this opportunity to express our sincere appreciation to the management and all our staff for their hard work and dedication which I am sure will yield rewards for all.

Samuel Chan Wing-Sun
Chairman

30 September 2016

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

The year ending 30 June 2016 was one of major advancement for Crater Gold Mining Limited (“CGN” or the “Company”) and its subsidiary companies (“the Group”). The Company commenced gold mining production with its updated gold mining plant at the HGZ mine at Crater mountain in Papua New Guinea.

The year saw the completion, shipping and commissioning of an upgraded gold mining plant. Further development of the HGZ gold bearing structures along with continuing development sampling within the HGZ mine was the other focus for the Company during the year.

The company made a discovery at the South Artisanal Workings (SAW) Zone (refer ASX Announcement 1 February 2016) which also represents the potential for additional mineralisation in close proximity to the HGZ mine and that could potentially lead to a longer mine life operation at the HGZ.

The objective of the Company is ongoing cash flow to establish the Company as a profitable gold producer. The HGZ project is expected to be a high margin operation because of our average low cost of production. We anticipate that the HGZ mine will generate strong cashflows, which will fund further expansion at the HGZ mine and enable further exploration activities at the Company's other assets in PNG and Queensland, Australia.

While the current focus remains on the HGZ mine, there remains potential 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 (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.

HGZ mine (100%)

Key Points

- Gold mining production commenced
- Gold mining plant upgrade
- Gold Bearing Structure Development
- Bonanza sampling results
- High Grade Central Zone identified at HGZ Mine
- High grade gold sampling results 430m south of HGZ project

Activities

High Grade Zone Mine Crater Mountain, Papua New Guinea

Gold mining production

During the year the Company announced that it commenced gold production at the HGZ mining project. As at 30 June 2016 the Company had received \$384,800 in gold sales from its custom-made gold processing plant at the HGZ gold mining project. The gold sales are from a combination of processed material from stockpiled material derived from initial development work, and from stoping material at the HGZ project. Gold production is continuing on an ongoing basis.

With improved understanding of the geology and controls to mineralisation production is expected to ramp up rapidly over the next few months as new material is sourced from the higher grade material of the central high grade gold block of the HGZ mine (see ASX release 10 February 2016 for details of the block).

The mining priority at the HGZ is the intersection of N-S trending structures. Mineralisation is confined to numerous narrow highly oxidised veins trending approximately north-south with several cross cutting east west structures. Development and drilling has shown that the junction of these structures is favourable for the occurrence of bonanza grades of coarse free gold up to 847 g/t Au (27.2 oz/t Au) (refer ASX release of 19 November 2013 : "Bonanza gold grades intersected at High Grade Zone". The Company is not aware of any new information or data that materially affects the information contained in that ASX release).

The HGZ is an area of recent artisanal gold mining in which an estimated 15,000 ounces of gold was produced by local miners largely from shallow underground workings and simple gravity processing between 2005 and early 2013.

Gold mining plant upgrade

The upgraded mining plant including two new hammer mills, high speed centrifugal concentrators, gravity shaking tables and a new compressor were ordered, shipped and commissioned during the year.

The incorporation of the upgraded mining plant plus increased underground development will result in higher mining production.

The new centrifugal concentrators and shaking table will provide better recovery efficiencies when compared to the previous testing plant.

Gold Bearing Structure Development

The Company is prioritising locating the extensions of the high grade shoots and their connecting structures in order to stope upwards on them and efficiently extract between the 1960RL level and the surface. The nature of mineralisation localised by intersecting fracture sets is such that additional high grade shoots and splays not located by the local miners can be expected to be identified in the course of ongoing development.

The predominant trend is approximately N-S. There are also a number of steeply dipping cross cutting mineralised structures with an approximate EW orientation. Underground observations have also been made of relatively shallow dipping structures noted to be link structures between the NS and EW sets. All of these sets of structures have returned high gold values. The intersection of the steeply dipping NS and EW structures together with the occurrence of shallow dipping link structures is considered to play an important role in the control to mineralisation resulting in bonanza gold grades.

Drive development and limited trial stoping was carried out with a combination of jack picking where ground conditions were suitable and drill and blast where the rock was more competent. This allows narrow self-supporting excavations to be made. Excellent ground conditions were encountered for this type of mining with little need for supplementary support.

Development at the HGZ gold mine project during 2015 covered an approximate extent of 60m NS and 30m EW identifying those structures considered to be controlling the gold mineralisation and confirming the results of diamond drilling carried out in 2014.

A second adit level at approximately 1930RL is being planned to commence in due course to open up an additional 30m vertical extent of known shoots. No artisanal mining took place between 1930 level and 1960 level resulting in all the mineralised shoots being intact.

A refreshed geological interpretation has resulted in an improved understanding of the controls to mineralisation enabling mining to be better focussed.

This fresh geological interpretation with resultant improved understanding of the controls to mineralisation will enable mining to be focussed within the zone described above. This will allow delineation of the extent of the shoots so they may be mined up and down dip. Mining rates during exploration development were restricted by low compressor capacity.

High Grade Central Zone identified

Reinterpretation of geological mapping and alteration shows a central core of massive crystalline silica with strong presence of structurally controlled manganese oxide associated with hematite and limonite. The brittle nature of this zone has been conducive to formation of tension cracks allowing the introduction of mineralising fluids.

More visible gold has been observed with a higher frequency of elevated gold grades in this central zone than elsewhere in the system.

This is validated by bonanza grades reported in development in November 2013 and also Drill hole Nev 59 which passes through the middle of this zone, which returned 9.0m at 30.8 g/t Au from 28.5m, including 5.0m at 33.1 g/t Au and 2.5m at 44.3 g/t Au. (refer ASX release of 19 November 2013: "Bonanza gold grades intersected at High Grade Zone" and ASX release of 4 May 2015 "High Grade Zone Mining development and Drilling Update").

The highest grades encountered in the Link development are interpreted to coincide with the intersection of several flat dipping, around 60 deg, cross cutting EW structures which terminate on the JL and NVI structures either side.

Drilling confirms that this zone continues to depth and can be accessed from future lower level development. This new interpretation will allow for a focussed mining plan to be undertaken.

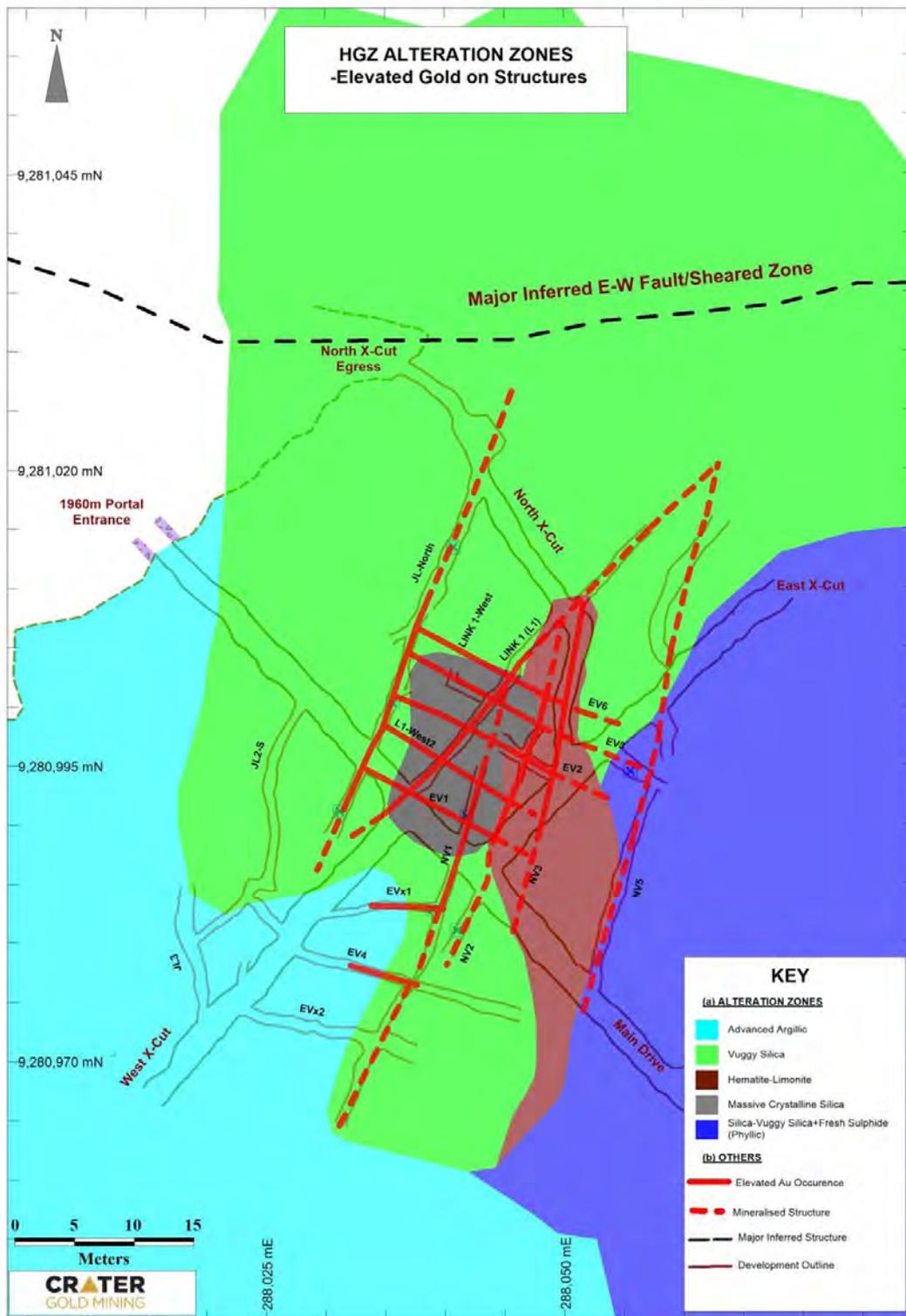


Figure 1 - Geological Interpretation of Structural Controls and Alteration

High Grade Gold Discovery 430m south of HGZ gold project

The Company announced the discovery of further high grade sampling results within ML 510, 430m south of the HGZ gold project at Crater Mountain. The new mineralized zone has been named the South Artisan Workings (SAW) Zone and is shown in Figure 2.

The Company undertook a sampling program at the SAW Zone after three horizontal drives had been excavated there by local artisanal miners into the side of a spur approximately 430 metres south of the Company's current High Grade Zone project.

The Company's sampling results included a sidewall channel sample assaying 46.6 g/t Au over 1.0m situated 2m from the entrance and a vein sample of 18.0 g/t Au over 0.2m situated 3m from the entrance of the same working. The workings follow an east-west trending structure at different elevations between 1920 and 1945 mamsl. This compares to the current HGZ operation at 1960 mamsl.

The similarities with the Company's current HGZ project suggest this discovery could be an extension of the current HGZ project or another independent high grade gold deposit.

Independent consultant Andrew Vigar of Mining Associates reported in October 2013 following a site visit to the HGZ project that "it is likely that similar independent high grade gold deposits may be repeated at several places as splays off key structures over a potential area of at least 1400m by 700m and that "the broader Crater Project area is at least 20km across and is a major system".

The discovery of the SAW Zone is consistent with Vigar's report and augers well for the delineation of additional mineralisation within practical transport distance from the existing HGZ operation.

We are excited by this discovery as it has the possibility to be significant for the Company and its HGZ project. A programme to more comprehensively test the SAW Zone is being designed and will be implemented as soon as practical.

The follow up programme will involve systematic mapping, trenching and sampling to delineate the possible extent of the mineralised structures.

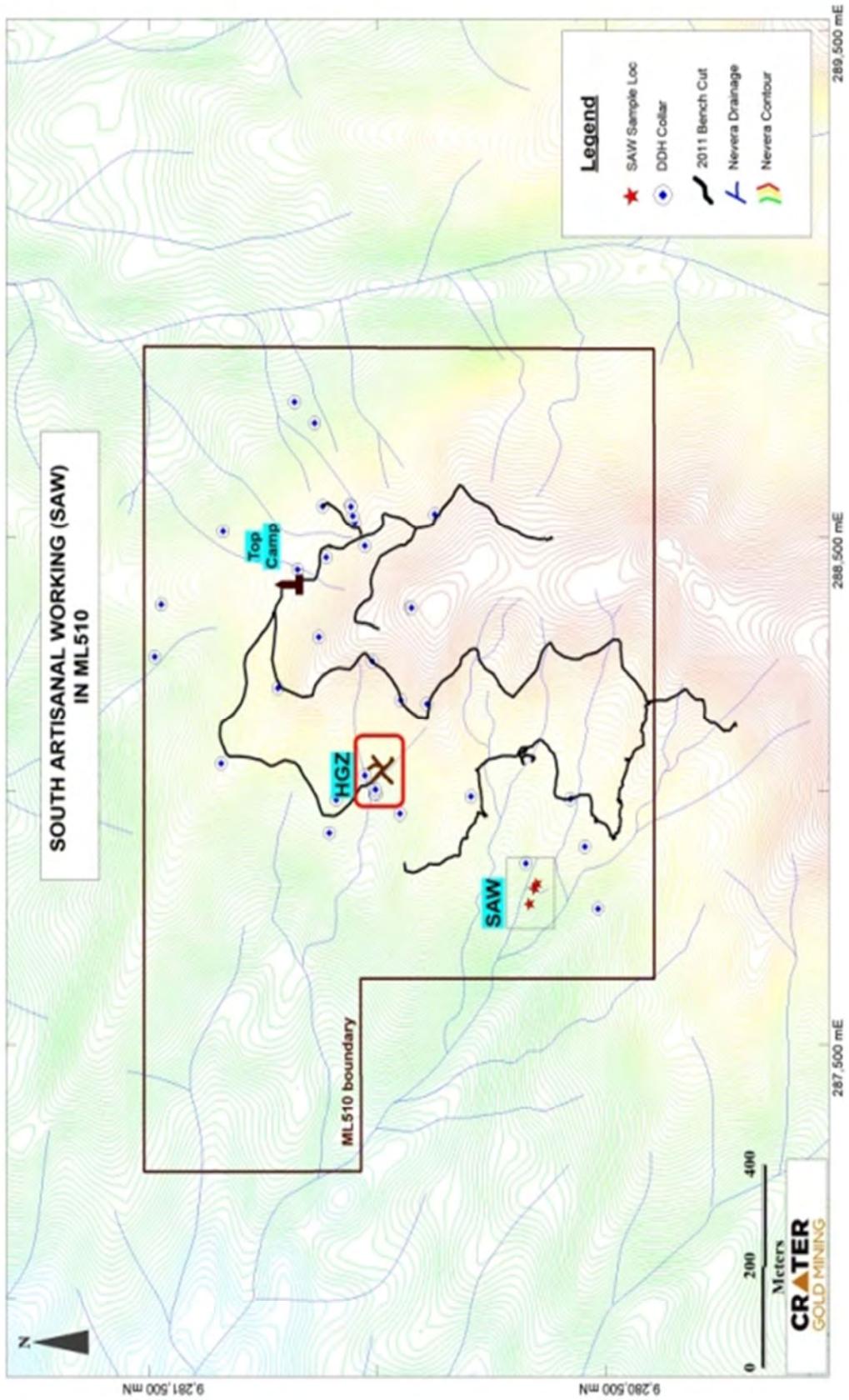


Figure 2 - Location of Artisanal workings

Future strategy

The Company's strategy at Crater Mountain is to become a profitable gold producer at the HGZ mine. Increased gold production is expected to generate a positive cash flow for the Company enabling it to become self-sustaining and to enable it to further develop the HGZ project and its other prospects in PNG and Queensland, Australia.

Corporate

Passing of Mr Peter Macnab

The Board of the Company advised that Director Peter Macnab passed away in December last year.

Peter had a luminary career in the resource sector, with a particular focus on Papua New Guinea. Previously the PNG Government Geologist, he participated in or was solely responsible for a long list of discoveries including the Frieda River copper/gold deposits; Misima's open pit gold mine; Wafi copper/gold deposits; the Simberi gold deposits; and most significantly discovering the world-class Ladolam gold mine on Lihir Island.

More recently, Peter's efforts were centred at Crater Mountain for the Company where he was instrumental in developing the Company's Crater Mountain Mixing Zone and the HGZ gold mining project.

Peter was an invaluable member of the Board since 2008.

The Board passes its condolences to Peter's wife, Maureen and to all of Peter's family.

Change of Company Secretary

Mr John Lemon resigned as Company Secretary of Crater Gold Mining Limited in order to pursue other business interests. The Board extended its thanks to Mr Lemon for his contribution to the Company and wished him the best for his future endeavours.

Mr Heath Roberts was appointed Company Secretary. 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.

Share Placements

The Company successfully completed a two stage capital raising of \$3.4 million in November 2015. The capital raising was made up of two tranches with the first tranche of \$1.3 million issued to a selection of international institutional investors. The second tranche of \$2.1 million was issued to Freefire Technology Limited (Freefire), after requisite shareholder approval was obtained.

The company also completed a placement of \$1.06m in December 2015 to clients of Gobarralong Capital.

On 4 March 2016 the Company announced that it had undertaken a capital raising to complete the installation of new plant and equipment at the HGZ mine site.

The Company also raised \$1.3million through the placement of 16,250,000 shares at 8 cents per share to a combination of clients of Gobarralong Capital and to a selection of international institutional investors.

AGM Shareholder Meeting

At the Company's annual general meeting held on the 26th of November 2015, all the resolutions put to shareholders were passed. The Board extends its support to shareholders for their ongoing support.

Subsequent to end of year

Stoping commenced within central high grade block at HGZ Gold mining project

Subsequent to the end of the year the Company announced that stoping commenced within the central high grade gold block at HGZ gold mining project.

The Company is expecting that the mining rate and the recovered gold grade will increase with stoping now underway.

Second adit to increase gold production at HGZ Project

On 25 August 2016 the Company announced that plans are in place to commence the Second Adit at the 1930 level, 30m below the existing 1960 level adit at the HGZ Project at Crater Mountain. The area between 1930 level and 1960 level has not been exploited at all by artisanal miners, unlike the area between 1960 level and surface where artisanal workings are frequently encountered and thus the addition of the Second Adit will result in higher gold production as both the 1930 and 1960 levels will be producing in tandem. The adit will access the depth continuity of the central block of the high grade zone, this will provide more working faces in addition to those being mined above the 1960 level and will result in greater flexibility and higher production.

Mixing Zone exploration

On 31 August 2016 the Company announced that it is planning to resume exploration within the "Mixing Zone" at Crater Mountain, PNG, with a view to carrying out diamond drilling in a broad 300m zone between the HGZ and the Mixing Zone for which there is no historical data. Generally difficult and extreme topography meant that it was not possible to place suitable drill platforms on surface during the previous drilling campaign ending in 2012.

Development at the HGZ gold mining project since 2013 at the 1960m Level now provides the infrastructure and underground access to be able to construct underground drill platforms.

This will require an extension of the existing underground HGZ drive for approximately 250m east placing it in the middle of the "Mixing Zone" and passing through the zone with no data.

Immediate benefits of this development will arise from mapping and sampling fresh rock exposures and hence fresh interpretation of controls to mineralisation. It will also provide an accurate cross section of the hitherto unmapped or drilled zone. Interpretation will allow formative decisions to be made regarding future drilling and the potential to identify the higher grade gold mineralisation within the MZ project that could be exploited concurrently with HGZ.

Richard Johnson appointed as Director

The Company announced the appointment of Mr Richard Johnson as a Director of the Company.

Mr Johnson, who acts as the Company's PNG General Manager and will continue in that role, is a mining engineer with extensive experience managing projects in many regions, including PNG. Between 2002 and 2005, Richard was responsible for turning around DRDGold'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.

Richard has been an integral part of the Crater team for several years now; it is a pleasure to welcome him to the Board. His extensive experience in-country will be of great value as Crater moves into the next stage of its operations.

Underwritten Rights Issue to raise \$2.12 million

On 24 July 2016 the Company announced that it would undertake a non-renounceable pro-rata rights issue of one share for every eight shares held at \$0.07 (7 cents) per share. Total funds raised before costs were \$2,076,423. Funds raised will be applied towards general administration costs, repayment of debt to Freefire Technology Limited and its working capital requirements.

Schedule of Tenements

Set out below is the schedule of tenements that the Company and its subsidiaries hold as at 30 June 2016:

Schedule of Crater Gold Mining Limited tenements:

Particulars	Project Name	Registered Holder	% Owned	Status	Expiry	Area (Km ²)
EPM 8795	Croydon	CGN	100	Granted	6/09/2016	19.2
EPM 9438	Mount Angus	CGN	100	Granted	14/07/2016	19.2
EPM 13775	Wallabadah	CGN	100	Granted	5/03/2017	32
EPM 16002	Foot Creek	CGN	100	Granted Renewal lodged	30/01/2013	28.8
EPM 18616	Black Mountain	CGN	100	Granted	18/06/2018	96
EL 1115	Crater Mountain	Anomaly Ltd ¹	100	Granted	25/09/16	41
EL 2203	Ubaigubi	Anomaly Ltd ¹	100	Granted	10/09/17	88
EL 2249	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	11/11/15	10
EL 2318	South Crater	Anomaly Ltd ¹	100	Granted	10/09/17	20
EL 2334	Crater Mountain	Anomaly Ltd ¹	100	Granted	21/05/17	68
EL 2335	Crater Mountain	Anomaly Ltd ¹	100	Granted	22/05/17	78
EL 1972	Gameta	Anomaly Ltd ¹	100	Granted	19/12/16	37
EL 2180	Wapolu	CGN	100	Granted	27/06/17	67

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

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.

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 2016.

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

Mr Peter Macnab passed away on 3 December 2015. Mr Macnab has been an invaluable member of the Board since 2008. The Board passes its condolences to Peter's wife, Maureen and all his family and friends.

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 Operation on pages 3-11 of this report.

Review of Operations and Results

The Group incurred a loss of \$10,886,589 for the year ended 30 June 2016 (2015: loss of \$2,517,249). Further details of the Group's operations are included on pages 3-11 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 2016.

Significant Changes in the State of Affairs

The Company continued to develop its gold mining production at the HGZ mine.

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 12 July 2016 a total of 9,000,000 unquoted options over ordinary shares in the Company were issued which are exercisable at \$0.125 (12.5 cents) and expire on 12 July 2020. Directors received 5,000,000 of the options issued.

On 24 July 2016 the Company announced that it would undertake a non-renounceable pro-rata rights issue of one share for every eight shares held at \$0.07 (7 cents) per share. Total funds raised before costs were \$2,076,423. Funds raised will be applied towards general administration costs, repayment of debt to Freefire Technology Limited and its working capital requirements.

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. The ICBC loan facility is repayable on call and is guaranteed by interests associated with the Chairman, Mr Sam Chan.

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 3-11.

Future financial performance and outcomes depend on a number of things 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 unavailability 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 (Non-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 DRDGold'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.

R P Macnab BSc (Geology) (Non-executive Director), deceased



Mr Macnab was a Director of the Company from 2 November 2009 until his death in December 2015. Mr Macnab had had a lifetime geological association with PNG including roles as the country's Government Geologist, and an independent geological contractor and consultant. He discovered, or participated in the discovery of a long list of PNG minerals resources the most significant of which is the world-class Ladolam gold mine on Lihir Island. Mr Macnab had had extensive worldwide experience in mineral exploration as well as financing and developing mineral resource exploitation. Mr Macnab maintained his close links with PNG and lived on Buka Island, Autonomous Region of Bougainville, PNG.

As at the date of this report, Mr Macnab had an interest in 2,100,000 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 3 Board meetings, 2 Audit Committee meetings and 1 Remuneration and Nomination Committee meetings during the year. In addition to formal Board meetings during the year ten 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	3	3	-	-	-	-
T M Fermanis	3	3	-	-	1	1
L K K Lee	3	3	2	2	-	-
R P Macnab	2	-	-	-	-	-
R D Parker	3	3	-	-	-	-
D T Y Sun	3	3	2	2	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	5,400,000	Unlisted	\$0.01
23 December 2014	30 September 2017	\$0.25	2,100,000	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 (2015: Nil) or subsequent to the year end.

Indemnification and Insurance of Directors

During the year, the Company paid premiums of \$20,127 (2015: \$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, 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 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 2016 are summarised below:

	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales revenue	385	53	Nil	Nil	Nil
EBITDA	(10,061)	(1,865)	(2,249)	(3,053)	(3,079)
EBIT	(10,259)	(1,871)	(2,236)	(3,061)	(3,087)
Loss after income tax	(10,887)	(2,517)	(2,236)	(3,061)	(3,087)

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

	2016	2015	2014	2013	2012
Share price at financial year end (\$)	\$0.07	\$0.09	\$0.08	\$0.001	\$0.007
Total dividends per share (cents per share)	Nil	Nil	Nil	Nil	Nil
Basic earnings per share (cents per share)	(5.143)	(1.792)	(1.806)	(7.099)	(0.212)

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 2016:

- 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 14 and 15 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	Other ⁸	Post-employment	Share-based payments		Total
	Base Fees/salary		Superannuation	Options	% of total	
2016						
Non-executive Directors						
S W S Chan	35,000	-	-	9,883	22.0%	44,883
T M Fermanis	35,000	144,000	-	9,883	5.2%	188,883
R P Macnab ¹	17,500	-	-	9,883	36.1%	27,383
D T Y Sun	35,000	-	-	9,883	22.0%	44,883
Subtotal	122,500	144,000	-	39,532		306,032
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
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 ²	9,240	-	-	-	-	9,240
H L Roberts ³	62,755	-	-	-	-	62,755
J McCarthy	-	-	-	-	-	-
Total	926,872	144,000	-	76,555		1,147,427

2015						
Non-executive Directors						
S W S Chan	35,000	-	-	-	-	35,000
T M Fermanis	35,000	144,000	-	-	-	179,000
R P Macnab	35,000	-	-	-	-	35,000
D T Y Sun	35,000	-	-	-	-	35,000
J D Collins-Taylor ⁴	7,479	-	-	5,520	42.5%	12,999
Subtotal	147,479	144,000	-	5,520		296,999
Executive Directors						
R D Parker, Managing Director ⁵	76,250	18,000	-	-	-	94,250
L K K Lee, Finance Director ⁶	56,250	-	-	5,519	8.9%	61,769
G B Starr, Managing Director ⁷	424,333	-	40,312	-	-	464,645
Other key management personnel						
G R Boyce	183,243	-	-	-	-	183,243
R L Johnson	249,996	-	-	-	-	249,996
J A Lemon	72,724	-	-	-	-	72,724
J McCarthy	7,885	-	-	-	-	7,885
Total	1,218,160	162,000	40,312	11,039		1,431,511

1. Mr Macnab passed away in December 2015.
2. Mr Lemon acts in a part-time capacity. Mr Lemon resigned as Company Secretary on 14 August 2015.
3. Mr Roberts acts in a part time capacity. Mr Roberts was appointed Company Secretary on 14 August 2015.
4. Mr J D Collins-Taylor resigned as a Director on 9 March 2013 and was appointed as an Alternate Director to Mr Fermanis on 11 March 2013. He resigned as an Alternate Director to Mr Fermanis on 16 September 2014.

5. Mr R D Parker was appointed a Director on 11 March 2013 and was appointed as Managing Director on 1 April 2015.
6. Mr Lee was appointed a Director on 6 June 2014 and was appointed as Finance Director on 1 April 2015.
7. Mr Starr resigned as Managing Director on 31 March 2015.
8. Other relates to services provided by Directors. Refer to Note 25 for details.

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	2016	2015
	\$	\$
Short term	1,070,872	1,380,160
Post-employment benefits	-	40,312
Share-based payments	76,555	11,039
Total	1,147,427	1,431,511

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
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 Chief Financial Officer	1 November 2011	No fixed term	\$950 pd	-	4 weeks
R Johnson General Manager – PNG	1 January 2013	No fixed term	\$250,000 pa	-	4 weeks
H L Roberts ¹ Company Secretary	14 August 2015	No fixed term	\$1,200 pd	-	4 weeks
J McCarthy Project Manager - Croydon	23 September 2011	No fixed term	\$1,000 pd	-	4 weeks

1. Mr H L Roberts was appointed as Company Secretary on the 14 August 2015.

d) Equity based compensation

Options granted as part of remuneration for the year ended 30 June 2016

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 2016

No shares were issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2016 (2015: 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
2016					
Directors					
S W S Chan	500,000	1,300,000	-	-	1,800,000
T M Fermanis	500,000	1,300,000	-	-	1,800,000
L K K Lee	500,000	1,300,000	-	-	1,800,000
R P Macnab ¹	800,000	1,300,000	-	(2,100,000)	-
R D Parker	500,000	1,300,000	-	-	1,800,000
D T Y Sun	500,000	1,300,000	-	-	1,800,000
Key management personnel					
G R Boyce	300,000	800,000	-	-	1,100,000
R Johnson	500,000	1,300,000	-	-	1,800,000
H L Roberts	-	-	-	-	-
J A Lemon ²	300,000	-	-	(300,000)	-
J V McCarthy	-	-	-	-	-

1. Mr Macnab passed away in December 2015.
2. Mr Lemon resigned during the course of the year and therefore ceased to be a KMP.

Options granted carry no dividend or voting rights.

All the options above have an exercise price of \$0.25 and expire on 30 September 2017. They were granted at varying dates between 22 October 2013 and 27 July 2015 and vested immediately.

Grant date	Expiry date	Issue price of shares (\$)	Number of shares under option	Type	Fair value(\$)
22 October 2013	30 September 2017	\$0.25	3,600,000	Unlisted	\$0.05
22 October 2013	30 September 2017	\$0.25	2,600,000	Unlisted	\$0.05
23 December 2014	30 September 2017	\$0.25	5,400,000	Unlisted	\$0.01
23 December 2014	30 September 2017	\$0.25	2,100,000	Unlisted	\$0.01
27 July 2015	27 July 2019	\$0.25	9,900,000	Unlisted	\$0.01

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
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	108,823	-	-	-	108,823
R Johnson	781,250	-	-	-	781,250
J A Lemon ¹	45,700	-	-	(45,700)	-
H L Roberts	-	-	-	-	-
J V McCarthy	-	-	-	-	-
2015					
Directors					
S W S Chan	83,004,984	-	23,732,357	-	106,737,341
G B Starr ²	301,000	-	-	(301,000)	-
T M Fermanis	587,811	-	14,660	-	602,471
L K K Lee	-	-	-	-	-
R P Macnab	-	-	-	-	-
R D Parker	85,365	-	136,389	-	221,754
D T Y Sun	-	-	-	-	-
J D Collins-Taylor ²	172,364	-	-	(172,364)	-
Key management personnel					
G R Boyce	58,823	-	50,000	-	108,823
R Johnson	-	-	781,250	-	781,250
J A Lemon	45,700	-	-	-	45,700
J V McCarthy	-	-	-	-	-

1. Mr Lemon resigned during the course of the current financial year and therefore ceased to be a KMP.
2. Messrs Starr and Collins-Taylor resigned during the course of the year and therefore ceased to be KMP.
3. When a shareholder ceases to be a Director or Key Management, their existing shareholding is adjusted in the column "Other changes during the year".

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 \$80,106 in loan interest and fees (2015: \$203,706), nil in underwriting fees (2015: \$249,859) and \$251,289 in interest on convertible notes (2015: \$214,900). 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 R D Parker's close family members hold a total of 77 Convertible Notes of the Company on which they earned \$193 in interest (2015: \$165).

Mr T Fermanis owns 40 Convertible Notes of the Company on which he earned \$100 in interest (2015: \$86).

Mr G R Boyce owns 200 Convertible Notes of the Company on which he earned \$501 in interest (2015: \$429).

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 25.

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 2016 year end. As a result, the Group has chosen to publish its Corporate Governance Statement on its website rather than in this Annual Report.

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

Sydney
30 September 2016



T M Fermanis
Deputy Chairman

Auditor's Independence Declaration



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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 2016, 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.

A handwritten signature in black ink that reads 'Gareth Few'. The signature is written in a cursive, flowing style.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 30 September 2016

BDO East Coast Partnership, ABN 83 236 985 724 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year ended 30 June 2016

	Notes	June 2016 \$	June 2015 \$
Continuing Operations			
Revenue	5	384,800	53,251
Interest revenue and other income	5	4,175	3,756
Total income		388,975	57,007
Less:			
Administration expense	6	(1,985,640)	(1,824,731)
Corporate compliance expense	6	(133,355)	(102,790)
Exploration and evaluation costs written off	13	(2,333,494)	-
Exploration and evaluation costs impaired	13	(6,195,942)	-
Financing expense		(627,133)	(646,735)
Loss before income tax expenses from continuing operations		(10,886,589)	(2,517,249)
Income tax expense	7	-	-
Loss for the year after income tax expense		(10,886,589)	(2,517,249)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations	22	(3,240,970)	2,117,703
Total comprehensive loss for the year		(14,127,559)	(399,546)
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss - cents per share	8	(5.143)	(1.792)
Diluted loss - cents per share	8	(5.143)	(1.792)

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

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	June 2016 \$	June 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	10	95,239	501,025
Trade and other receivables	11	203,666	216,307
Total current assets		298,905	717,332
Non-current assets			
Other financial assets	12	68,581	66,445
Exploration and evaluation	13	22,664,481	30,781,160
Mining assets	14	7,105,002	6,159,354
Plant and equipment	15	916,534	1,061,048
Total non-current assets		30,754,598	38,068,007
Total Assets		31,053,503	38,785,339
LIABILITIES			
Current liabilities			
Trade and other payables	16	2,217,595	1,878,248
Related party payables	17	897,070	561,636
Interest-bearing liabilities	18	1,306,415	1,259,740
Total current liabilities		4,421,080	3,699,624
Non-current liabilities			
Interest-bearing liabilities	20	3,177,632	2,977,026
Total non-current liabilities		3,177,632	2,977,026
Total liabilities		7,598,712	6,676,650
Net Assets		23,454,791	32,108,689
EQUITY			
Contributed equity	21	59,089,123	53,724,173
Convertible note reserve		340,507	340,507
Reserves	22	274,800	3,407,059
Accumulated losses	22	(36,249,639)	(25,363,050)
Total Equity		23,454,791	32,108,689

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 2016

	Notes	Contributed equity \$	Convertible note reserve \$	Reserves \$	Accumulated losses \$	Total \$
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	22	-	-	108,711	-	108,711
Issue of share capital	21	5,616,117	-	-	-	5,616,117
Transaction costs	21	(251,167)	-	-	-	(251,167)
Transactions with owners		5,364,950	-	108,711	-	5,473,661
Loss for the period		-	-	-	(10,886,589)	(10,886,589)
Other comprehensive income						
Exchange differences on translating foreign operations	22	-	-	(3,240,970)	-	(3,240,970)
Total comprehensive loss for the period		-	-	(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
Balance at 1 July 2014		50,768,612	-	1,278,317	(22,845,801)	29,201,128
Movement in share based payment reserve	22	-	-	11,039	-	11,039
Issue of share capital	21	3,172,295	-	-	-	3,172,295
Issue of convertible notes		-	340,507	-	-	340,507
Transaction costs	21	(216,734)	-	-	-	(216,734)
Transactions with owners		2,955,561	340,507	11,039	-	3,307,107
Loss for the period		-	-	-	(2,517,249)	(2,517,249)
Other comprehensive income						
Exchange differences on translating foreign operations	22	-	-	2,117,703	-	2,117,703
Total comprehensive loss for the period		-	-	2,117,703	(2,517,249)	(399,546)
Balance at 30 June 2015		53,724,173	340,507	3,407,059	(25,363,050)	32,108,689

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

Consolidated Statement of Cash Flows

For the Financial Year ended 30 June 2016

	Notes	June 2016 \$	June 2015 \$
Cash flows from operating activities			
Receipts from customers		384,800	53,251
Payments to suppliers and employees		(1,090,172)	(311,197)
Interest received		4,175	3,756
Interest paid		(426,527)	(499,962)
Net cash used in operating activities	31	(1,127,724)	(754,152)
Cash flows from investing activities			
Purchases of property plant and equipment		(265,641)	(451,160)
Payments for exploration and evaluation		(2,738,784)	(4,355,120)
Payments for mining assets		(1,611,302)	-
Payments for security deposit		(2,136)	(21,008)
Net cash used in investing activities		(4,617,863)	(4,827,288)
Cash flows from financing activities			
Proceeds from issue of ordinary shares and options		5,589,867	3,069,795
Share issue costs		(251,167)	(216,734)
Proceeds from issue of convertible notes		-	3,454,750
Expenses on issue of convertible notes		-	(283,989)
Proceeds from borrowings		2,055,542	3,109,740
Repayment of borrowings		(2,008,867)	(3,350,000)
Net cash provided by financing activities		5,385,375	5,783,562
Net increase / (decrease) in cash held		(360,212)	202,122
Cash at the beginning of the period	10	501,025	333,986
Effects of foreign exchange movements on cash transactions and balances		(45,574)	(35,083)
Cash at the end of the period	10	95,239	501,025

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

Notes to the Consolidated Financial Statements

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 27 September 2016. 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 Interpretation, 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 (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.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

- *AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

- *AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets* *The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.*

- *AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination. The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

Notes to the Financial Statements

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 30.

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 2016 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 29 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:

Notes to the Financial Statements

- *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 and trade discounts.

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 subsidiaries 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

Notes to the Financial Statements

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.

Notes to the Financial Statements

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. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

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If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

t. 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.

u. 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.

v. 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.

w. 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.

x. 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.

y. 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.

z. 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 2016. 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 2017 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

Notes to the Financial Statements

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 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

- *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. 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 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

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.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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 warrant 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).

Notes to the Financial Statements

3 Financial Risk Management (cont.)

d. Cash flow interest rate risk

Consolidated	Notes	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
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
<i>Weighted average interest rate</i>		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	20	-	3,177,632	-	3,177,632
		-	4,484,047	3,114,665	7,598,712
<i>Weighted average interest rate</i>		10.32%			
Net financial assets/(liabilities)		80,279	(4,484,047)	(2,827,458)	(7,231,226)
2015					
Financial assets					
Cash and cash equivalents	10	467,085	-	33,940	501,025
Trade and other receivables	11	-	-	216,307	216,307
Other financial assets	12	-	-	66,445	66,445
		467,085	-	316,692	783,777
<i>Weighted average interest rate</i>		1.68%			
Financial liabilities					
Trade and other payables	16	-	-	1,878,248	1,878,248
Related party payables	17	-	-	561,636	561,636
Interest bearing liabilities - current ¹	18	-	1,259,740	-	1,259,740
Interest bearing liabilities – non-current ²	20	-	2,977,026	-	2,977,026
		-	4,236,766	2,439,884	6,676,650
<i>Weighted average interest rate</i>		14.24%			
Net financial assets/(liabilities)		467,085	(4,236,766)	(2,123,192)	(5,892,873)

The Convertible Notes are 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 \$1,306,415 (2015: \$1,259,740) 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% (2015: 8%-15%) per annum.
- The loans are repayable by the Company to Freefire upon written demand by Freefire.

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. The notes are convertible into ordinary shares of the parent entity, on a quarterly basis at the option of the holder, or repayable on 22 August 2017. The conversion rate is 100 ordinary shares for each note held.

Total transactions costs were \$283,989 at the date of issue and unamortised transaction costs of \$120,389 (2015: \$203,274) have been offset against the convertible notes payable liability. The convertible notes are unsecured.

3 Financial Risk Management (cont.)

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 2016, 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	Change in profit	Change in equity
AUD	\$	\$
PKG by + 5%	183,116	(1,358,622)
PKG by - 5%	(202,392)	1,501,636

4 Going Concern

These financial statements are prepared on a going concern basis. The Group has incurred a net loss after tax of \$10,886,589 (2015: \$2,517,249) for the year ended 30 June 2016 with operating cash outflows of \$1,127,725 (2015: outflows of \$754,152). As at 30 June 2016, the Group had net current liabilities of \$4,122,175 (2015: \$2,982,292) including cash on hand of \$95,239 (2015: \$501,025).

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 is currently still low, the Group anticipates that there will be more significant production output in the near future generating positive cash flows.

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:

- On 24 July 2016 the Company announced that it would undertake a non-renounceable pro-rata rights issue of one share for every eight shares held at \$0.07 (7 cents) per share to raise approximately \$2,121,485 before costs.
- 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.
- 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.

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
5 Income from continuing operations		
Revenue from gold sales	384,800	53,251
Interest received	4,175	3,756
6 Expenses		
Expenses, excluding finance costs, included in the Statement of Profit or Loss and Other Comprehensive Income classified by nature		
Audit fees	102,846	95,214
Accounting	19,867	25,373
Consulting fees	832,283	601,356
Director related expenses		
- Directors' fees	148,750	217,479
- reimbursable expenses	-	12,108
Total director related expenses	148,750	229,587
Depreciation and amortisation expense	198,452	5,954
Employee benefits expense	70,733	509,966
Employee share option plan costs	108,711	11,039
Exploration costs written off or impaired	8,529,436	-
General administration expenses	332,054	86,363
Insurance		
- Directors & officers indemnity insurance	20,127	19,220
- other	-	27,102
Total insurance	20,127	46,322
Loss on disposals of fixed assets	7,988	-
Marketing and promotion expenses	12,739	36,928
Minimum lease payments	73,081	74,252
Share registry / meeting costs	133,355	102,790
Telephone	11,020	25,013
Travel	46,989	77,364

Notes to the Financial Statements

g	June 2016 \$	June 2015 \$
Note		
7 Income Tax		
a. Income tax		
Current tax expense	-	-
b. Numerical reconciliation of income tax revenue to prima facie tax receivable		
Loss before income tax	(10,886,589)	(2,517,249)
Tax at the Australian tax rate of 30% (2015 – 30%)	(3,265,977)	(755,175)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible share based payments	32,613	3,312
Other	12,765	9,008
	(3,220,599)	(742,855)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	3,220,599	742,855
Income tax expense	-	-
c. Tax losses		
Unused tax losses for which no deferred tax asset has been recognised		
Opening balance	41,851,272	38,830,784
Tax (profit) / loss for the year	2,504,830	3,150,043
Tax losses previously overstated written back	-	(129,555)
Closing balance	44,356,102	41,851,272
Potential Tax Benefits @ 30%	13,306,830	12,555,381
d. Unrecognised temporary differences		
Temporary differences for which deferred tax assets and liabilities have not been recognised:		
Exploration and evaluation	(3,528,856)	(4,208,267)
Accruals	38,500	43,500
Capital Raising Costs	690,612	917,684
Provision for write off of development	606,712	660,030
Provision for impairment	3,254,000	3,539,959
Business related capital costs	17,579	17,579
Subtotal	1,078,547	970,485
Potential Tax effect at 30%	323,564	291,146

Notes to the Financial Statements

Note	June 2016	June 2015
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)	(5.143)	(1.792)
b. Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company (cents per share)	(5.143)	(1.792)

The calculation of basic earnings per share at 30 June 2016 was based on the continuing operations loss attributable to ordinary shareholders of \$4,452,266 (2015 loss: \$2,517,249) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2016 of 210,135,837 (2015: 140,508,932).

c. Weighted average number of shares used as a denominator	2016 Shares	2015 Shares
Basic loss per share	211,660,011	140,508,932
Diluted loss per share	211,660,011	140,508,932

At the year end, the consolidated entity had 21,100,000 options on issue (2015: 6,700,000), representing:

- 21,100,000 unlisted options with weighted average exercise price of \$0.25 (2015: 6,700,000 at average \$0.25)

Notes to the Financial Statements

9 Segment information

	Croydon \$	Fergusson Island \$	Crater Mountain \$	Intersegment eliminations / unallocated \$	Consolidated \$
Full-year to 30 June 2016					
Gold sales revenue	-	-	384,800	-	384,800
Other revenue	-	-	-	4,175	4,175
Loss on disposal of assets	-	-	(3,771)	(4,217)	(7,988)
Assets written downs	(2,333,494)	-	-	-	(2,333,494)
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
Full-year to 30 June 2015					
Gold sales revenue	-	-	53,251	-	53,251
Other revenue	-	-	-	3,756	3,756
Other expenses	-	-	(182,806)	(2,391,450)	(2,574,256)
Segment profit (loss)	-	-	(129,555)	(2,387,694)	(2,517,249)
Segment assets	4,208,266	281,316	32,053,098	2,242,659	38,785,339
Segment liabilities	-	-	33,646,615	(26,969,965)	6,676,650

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

Segment profit (loss)	(10,886,589)
Loss for the period from continuing operations	(10,886,589)

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.

Notes to the Financial Statements

9 Segment information (cont.)

Description of segments

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 two gold exploration projects at Wapolu and Gameta 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Australia	-	-	999,959	5,875,242
Papua New Guinea	384,800	53,251	29,754,639	32,192,765
	<u>384,800</u>	<u>53,251</u>	<u>30,754,598</u>	<u>38,068,007</u>

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

Major customers who individually accounted for more than ten percent of total revenue contribute 100 percent of total revenue (2015: 100%).

Note	June 2016	June 2015
	\$	\$
10 Current Assets - Cash and Equivalents		
Cash at bank and on hand	95,239	501,025
The effective (weighted average) interest rate on short term bank deposit was 2.1% (2015: 1.7%).		
11 Current Assets - Trade and Other Receivables		
GST receivable	104,596	108,154
Other	99,070	108,153
	<u>203,666</u>	<u>216,307</u>
12 Non-Current Assets - Other Financial Assets		
Security deposits	68,581	66,445
	<u>68,581</u>	<u>66,445</u>

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
13 Non-Current Assets - Exploration and Evaluation		
At the beginning of the year		
Cost	31,770,333	31,201,205
Provision for impairment	(989,173)	(989,173)
Net book value	30,781,160	30,212,032
Opening net book value		
Expenditure capitalised	2,882,549	4,642,518
Exploration costs reclassified to Mining assets	-	(6,159,354)
Exploration costs written off	(2,333,494)	-
Impairment of asset	(6,195,942)	-
Effect of movement in exchange rates	(2,469,792)	2,085,964
Closing net book value	22,664,481	30,781,160
At the end of the year		
Cost	29,849,596	31,770,333
Provision for impairment	(7,185,115)	(989,173)
Net book value	22,664,481	30,781,160

The above impairments 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 (\$2,812,250), EL2249 (\$484,507) and EL2203 (\$15,613); Fergusson Island EL1972 (\$191,277) and EL2180 (\$135,898). In Croydon, asset EPM9438 has been fully impaired (\$2,556,397).

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

At the beginning of the year		
Cost	6,159,354	-
Accumulated amortisation	-	-
Net book value	6,159,354	-
Opening net book value		
Additions	1,611,302	-
Reclassification of Mining assets	-	6,159,354
Amortisation expense	(44,411)	-
Effect of movement in exchange rates	(621,243)	-
Closing net book value	7,105,002	6,159,354
At the end of the year:		
Cost	7,149,413	6,159,354
Accumulated amortisation	(44,411)	-
Net book value	7,105,002	6,159,354

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 taken to reclassify the relevant exploration and evaluation expenditure as a mining asset in line with accounting standards.

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
15 Non-Current Assets – Plant and Equipment		
Plant and equipment		
Cost	1,772,619	1,724,001
Accumulated depreciation	(856,085)	(662,953)
Net book value	916,534	1,061,048

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 2014	836,418
Additions	451,160
Disposals	-
Depreciation expense	(5,954)
Depreciation capitalised	(287,397)
Effect of movements in exchange rates	66,821
Carrying amount as at 30 June 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

Note	June 2016 \$	June 2015 \$
16 Current Liabilities – Trade and Other Payables		
Trade payables	569,354	539,146
Accruals	746,535	843,213
Other payables	901,706	495,889
	2,217,595	1,878,248
17 Related Party Payables		
G R Boyce	114,661	101,745
S W S Chan	35,000	30,625
T M Fermanis	143,000	88,225
Freefire Technology Ltd	105,758	25,652
R Johnson	187,497	87,499
L K K Lee	98,750	51,875
J A Lemon	-	28,740
R P Macnab	8,750	30,625
R D Parker	156,114	86,025
H Roberts	12,540	-
D T Y Sun	35,000	30,625
	897,070	561,636

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
18 Current Liabilities – Interest bearing liabilities		
Freefire Technology Limited loan	1,306,415	1,259,740
	1,306,415	1,259,740
Refer to note 3(d) for detailed information on financial instruments.		
19 Current Liabilities – Provisions		
Employee entitlement		
Balance as at 1 July	-	51,101
Entitlement provided	-	29,423
Entitlement taken	-	(80,524)
Employee entitlement	-	-
The Company expects the full entitlement to be used in the next 12 months		
20 Non-current Liabilities – Interest bearing liabilities		
Convertible notes	3,177,632	2,977,026
	3,177,632	2,977,026

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

21 Contributed Equity

a. Share capital

Equity Securities Issued	No. of ordinary shares	Total \$
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
For the financial year ended 30 June 2015		
As at 1 July 2014	136,435,320	50,768,612
Shares issued	35,390,080	2,955,561
As at 30 June 2015	171,825,400	53,724,173

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.

Notes to the Financial Statements

21 Contributed Equity (cont.)

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2015 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 26b.

d. Movements in share capital

Date	Details	No. of shares	Value \$
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

During the course of the year to June 2016 the Company raised a total of \$5,589,867 through the issue of 69,873,335 shares at \$0.08 (8 cents) to various sophisticated investors.

For the financial year ended 30 June 2015			
01-Jul-14	Balance 1 July - Ordinary Shares	136,435,320	50,768,612
23-Apr-15	Manzilake Pty Limited	781,250	62,500
23-Apr-15	Paul Henley	500,000	40,000
21-May-15	Rights Issue	34,108,830	3,069,795
	Less: Transaction costs arising on share issues		(216,734)
		171,825,400	53,724,173

Notes to the Financial Statements

21 Contributed Equity (cont.)

e. Movement in options

Date	Details	Class of options		
		Listed	Unlisted	Total
For the financial year ended 30 June 2016				
01-Jul-14	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
For the financial year ended 30 June 2015				
01-Jul-14	Opening Balance	-	6,478,211	6,478,211
04-Jul-14	Options expired		(5,032)	(5,032)
04-Aug-14	Options expired		(4,490)	(4,490)
05-Sep-14	Options expired		(4,966)	(4,966)
05-Oct-14	Options expired		(6,223)	(6,223)
16-Sep-14	Options lapsed		(500,000)	(500,000)
23-Dec-14	ESOP		500,000	500,000
23-Dec-14	Director options		500,000	500,000
08-May-15	Options expired		(130,000)	(130,000)
30-Jun-15	Options expired		(42,500)	(42,500)
30-Jun-15	Options expired		(85,000)	(85,000)
		-	6,700,000	6,700,000

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 2016 included:

- Options were granted for no consideration;
- Exercise prices of 25 cents;
- Grant dates 28 July 2015 and 9 September 2015;
- Expiry dates of 30 September 2017 and 27 July 2019;
- Immediately vesting
- Share price at grant date of 8.6 cents;
- Expected volatility of the company's shares 43.95%;
- Expected dividend yield of 0%; and
- Risk free rates of 1.95%.

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
22 Reserves and Accumulated Losses		
Reserves		
Share based payment reserve	1,892,918	1,784,207
Share cancellation reserve	30,000	30,000
Foreign currency translation reserve	(1,648,118)	1,592,852
	274,800	3,407,059
Movements		
Share-based Payments Reserve		
Balance 1 July 2015	1,784,207	1,773,168
Fair value of Employee Share Option Plan share options	108,711	11,039
Balance 30 June 2016	1,892,918	1,784,207
Share Cancellation Reserve		
Balance 1 July 2015	30,000	30,000
Balance 30 June 2016	30,000	30,000
Foreign currency translation reserve		
Balance 1 July 2015	1,592,852	(524,851)
Currency translation differences	(3,240,970)	2,117,703
Balance 30 June 2016	(1,648,118)	1,592,852
Accumulated Losses		
Movements in accumulated losses were as follows:		
Balance 1 July 2015	(25,363,050)	(22,845,801)
Loss for the year	(10,886,589)	(2,517,249)
Balance 30 June 2016	(36,249,639)	(25,363,050)

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.

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
23 Commitments		
Operating leases		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	17,748	46,598
Later than one year but not later than five years	16,890	-
	34,638	46,598
24 Guarantees and Deposits		
Non-Current		
Deposits lodged with the Queensland Department of Mines	27,500	27,500
Accommodation and rental bonds	7,885	7,686
Deposits lodged with PNG Department of Mining and Petroleum	33,196	31,259
	68,581	66,445

25 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	2016 \$	2015 \$
Short term	1,070,872	1,380,160
Post-employment benefits	-	40,312
Share-based payments	76,555	11,039
Total	1,147,427	1,431,511

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 \$80,106 in loan interest and fees (2015: \$203,706), nil in underwriting fees (2015: \$249,859) and \$251,289 in interest on convertible notes (2015: \$214,900). 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 R D Parker's close family members hold a total of 77 Convertible Notes of the Company on which they earned \$193 in interest (2015: \$165).

Mr T Fermanis owns 40 Convertible Notes of the Company on which he earned \$100 in interest (2015: \$86).

Mr G R Boyce owns 200 Convertible Notes of the Company on which he earned \$501 in interest (2015: \$429).

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 29. Transactions and balances between subsidiaries and the parent have been eliminated on consolidation of the Group.

Notes to the Financial Statements

26 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 2016 \$	June 2015 \$
Expense arising from equity settled share-based payment transactions	108,711	11,039
	108,711	11,039

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
		6,700,000	14,400,000	-	-	21,100,000

The weighted average exercise price during the financial year was \$0.25 (2015: \$0.33). The weighted average remaining contractual life of the options outstanding at the end of the financial year was 2.50 years (2015: 2.26 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 1.95% 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.

Notes to the Financial Statements

26 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 (2015: Nil).

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options on issue to unrelated parties in settlement of liabilities:

	2016		2015	
	No.	WAEP \$	No.	WAEP \$
Outstanding at the beginning of the year	-	-	150,711	\$2.12
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(150,711)	\$2.12
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

27 Equity settled liabilities

a. Share based payments

Date	Creditor	No. of shares	Value per share	Total \$	Valuation
2016					
04-Dec-15	Sinton Spence	328,125	\$0.08	26,250	Value of principal
		328,125	\$0.08	26,250	

The payments above were for settlement of services provided to the Company.

2015					
23-Apr-15	Manzilake Pty Limited	781,250	\$0.08	62,500	Value of principal
23-Apr-15	Paul Henley	500,000	\$0.08	40,000	Value of principal
		1,281,250	\$0.08	102,500	

b. Option based payments

The Company did not issue any options over ordinary shares to extinguish its liabilities (2015: Nil).

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
28 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	84,500	83,941
Non-audit services	-	-
	84,500	83,941
BDO Papua New Guinea (Auditors of Anomaly Limited)		
Audit and review of financial reports	18,346	10,810
Non-audit services	-	-
	18,346	10,810
Smiths Chartered Accountants (Auditors of Anomaly Limited)		
Audit and review of financial reports	-	463
Non-audit services	-	-
	-	463

29 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	
			2016 %	2015 %
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.

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
30 Parent Entity information		
Statement of Profit or Loss		
Loss after income tax	(8,565,029)	(5,358,731)
Total Comprehensive Loss	(8,565,029)	(5,358,731)
Statement of Financial Position		
Total current assets	80,679	467,529
Total assets	45,317,879	48,070,468
Total current liabilities	2,979,282	2,841,108
Total liabilities	6,156,914	5,818,135
Equity		
Contributed equity	81,377,207	76,012,257
Convertible note equity	340,507	340,507
Reserves	3,100,123	2,991,412
Accumulated losses	(45,656,872)	(37,091,843)
Total Equity	39,160,965	42,252,333

Guarantee

The parent company had no bank guarantees in respect of its subsidiaries as at 30 June 2016 (2015: Nil)

Contingent liabilities

The parent company had no contingent liabilities as at 30 June 2016 (2015: Nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 (2015: 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.

Notes to the Financial Statements

Note	June 2016 \$	June 2015 \$
31 Reconciliation of loss for the period from continuing operations to net cash inflow/(outflow) from operating activities		
Loss for the period from continuing operations	(10,886,589)	(2,517,249)
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	198,452	5,954
Written down value of fixed asset disposals	7,988	-
Non-cash interest transactions	200,606	146,772
Exploration costs written off or impaired	8,529,436	-
Payables settled by equity payments	134,961	113,540
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	12,641	(44,107)
(Decrease)/increase in trade creditors and accruals	674,781	1,592,039
(Decrease)/increase in employee entitlements	-	(51,101)
Net cash outflow from operating activities	(1,127,724)	(754,152)

32 Post Reporting Date Events

On 12 July 2016 a total of 9,000,000 unquoted options over ordinary shares in the Company were issued which are exercisable at \$0.125 (12.5 cents) and expire on 12 July 2020. Directors received 5,000,000 of the options issued.

On 24 July 2016 the Company announced that it would undertake a non-renounceable pro-rata rights issue of one share for every eight shares held at \$0.07 (7 cents) per share. Total funds raised before costs were \$2,076,423. Funds raised will be applied towards general administration costs, repayment of debt to Freefire Technology Limited and its working capital requirements.

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. The ICBC loan facility is repayable on call and is guaranteed by interests associated with the Chairman, Mr Sam Chan.

33 Contingent Liabilities

The Group does not have any contingent liabilities (2015: Nil).

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 2016 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
30 September 2016



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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Crater Gold Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Crater Gold Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

BDO East Coast Partnership (ABN 63 236 995 726) is a member of a national association of independent entities which are all members of BDO (Australia) Ltd (ABN 77 020 110 275), an Australian company (limited by guarantee). BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company (limited by guarantee), and form part of the international BDO network of independent member firms. Liability (limited by a scheme approved under Professional Standards legislation, other than for the actions/omissions of financial services licensees).



Opinion

In our opinion:

- (a) the financial report of Crater Gold Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 4 in the financial report, which indicates that the ability of the Consolidated Entity to continue as a going concern is dependent upon continued successful raising of funding, financial support from Freefire Technology Limited and gold production meeting forecast amounts at the Crater Mountain Project in Papua New Guinea. Failing to meet these assumptions would indicate the existence of a material uncertainty that would cast significant doubt as to the Consolidated Entity's ability to continue as a going concern and therefore, the Consolidated Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

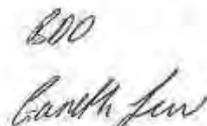
Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Crater Gold Mining Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership


Gareth Few
Partner

Sydney, 30 September 2016

ASX Additional Information

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 14 September 2016.

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	3,461
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 14 July 2020)	CGNO42	10
Convertible Notes	CGNG	248

Top 20 Holders of Ordinary Shares		
Name	Number of shares	% holding
Freefire Technology Ltd	160,085,929	58.83%
HSBC Custody Nominees (Australia) Limited	7,209,371	2.65%
Mr Graham John Bailey & Mrs Annette Maree Bailey <Bailey Super Fund A/C>	4,375,000	1.61%
Mr Norman Colburn Mayne <N C Mayne Family Fund A/C>	4,300,000	1.58%
One Managed Investment Funds Limited <Technical Investing Absolute Return A/C>	4,000,000	1.47%
Graham Bailey Earthmoving Pty Ltd	3,125,000	1.15%
Mr Joe Holloway	2,643,524	0.97%
One Managed Investment Funds Limited <TI Growth A/C>	2,500,000	0.92%
Mr Paul Thomas McGreal	1,800,000	0.66%
Bloom Star Investment Limited	1,775,649	0.65%
Citicorp Nominees Pty Limited	1,521,755	0.56%
M Chung Pty Ltd <M & D Chung S/F A/C>	1,354,040	0.50%
CRK Holdings Pty Ltd	1,337,500	0.49%
Mr Michael Patrick Lawry	1,248,216	0.46%
J P Morgan Nominees Australia Limited	1,175,023	0.43%
Mr Vineet Jindal	1,111,888	0.41%
IAE Study In Australia Pty Ltd <IAE Superannuation Fund A/C>	1,000,000	0.37%
Mr Colin Frank West	1,000,000	0.37%
J G Dunn Superannuation Fund Pty Ltd <J G Dunn Super Fund A/C>	955,000	0.35%
HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C>	942,517	0.35%
Grand Total	203,460,412	74.77%

ASX Additional Information

Top 20 Holders of Convertible Notes		
Name	Number of shares	% holding
Freefire Technology Ltd	100,241	72.54%
Bloom Star Investment Limited	19,575	14.17%
HSBC Custody Nominees (Australia) Limited	6,676	4.83%
Mr Mark Andrew Tkocz & Ms Susan Elizabeth Evans <Tkocz Super Fund A/C>	2,335	1.69%
Silky Super Pty Ltd <Silky Super Fund A/C>	930	0.67%
Mr Geoffrey Shilkin	507	0.37%
N & P Superannuation Pty Limited <Neil Mcmullin Fam S/F A/C>	400	0.29%
J G Dunn Superannuation Fund Pty Ltd <J G Dunn Super Fund A/C>	320	0.23%
Mr Derek Lloyd Nettleton	300	0.22%
Bagmer Pty Ltd <Green Bros Super Fund A/C>	261	0.19%
Mr Kenneth Macnab	260	0.19%
J P Morgan Nominees Australia Limited	256	0.19%
EW & PD Pty Ltd <Richards Super Fund A/C>	240	0.17%
Mr William Max Blacker & Mrs Simangele Maria Blacker <Sakhiwe Super	211	0.15%
Ms Ping Zhou	200	0.14%
Mr Graham Ronald Boyce	200	0.14%
Mrs Joan Lesley Rybalka	200	0.14%
Mr Peter Richard Roth	180	0.13%
Mr Lance Anthony Kohl	140	0.10%
Mr Ronald Russ	120	0.09%
Mrs Christine Anne Hamilton & Mr Keith Hamilton <Hamilton Retirement S/F	120	0.09%
Grand Total	133,672	96.73%

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	1,414	848	356	613	170	3,401
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
Convertible Notes	CGNG	244	1	1	1	1	248

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 2,476.

On market buy-back

There is no current on market buy-back

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 2 9241 4224 Email: info@cratergold.com.au
Postal Address:	PO Box R607 Royal Exchange NSW 1225 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