



Crater Gold Mining Limited ABN 75 067 519 779

Financial Report

For the half year ended

31 December 2022

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Directors' Report

Your Directors present their report, together with the financial statements, on the consolidated entity consisting of Crater Gold Mining Limited and the entities it controlled at the end of, or during the half year ended 31 December 2022.

Directors

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

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

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

Principal Activities

The principal activities of Crater Gold Mining Limited (the Company) and its subsidiaries (together the consolidated entity) are the exploration, evaluation and exploitation of potential world class gold and other base metal projects. Its current focus is the Crater Mountain exploration program in Papua New Guinea (PNG), the evaluation of the vein style polymetallic (zinc-tin-copper-silver dominant) mineralisation discovered at Croydon in north Queensland.

Review of operations

The consolidated entity incurred a loss for the half year of \$2,092,693 (2021: \$1,405,130).

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

Annual General Meeting

All resolutions at the Company's 2022 Annual General Meeting on 29 November 2022 were passed.

Events After Reporting Date

Refer to Note 12 to the financial statements for events after reporting date.

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

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the half year.

OPERATIONS REPORT

Croydon Projects, North Queensland

The Company announced on 8 December 2022 that the initial RC drilling program, targeting anomalies identified by the airborne electromagnetic (EM) survey, was completed (refer to ASX announcement released 8 December 2022 titled "Initial Drilling Program Completed at Croydon, North Queensland", ASX announcement released 5 October 2022 titled "Preliminary HEM results identify high priority targets at the Croydon Project, Nth Qld" and ASX announcement released 10 October 2022 titled "Initial test drilling programme at Croydon, North Queensland to commence early November 2022").

A large number of high priority, strong linear, anomalies were identified in the HEM survey at Croydon. Additionally, more localised discrete, moderate to weak, anomalies were also identified. While most are expected to be due to strongly graphite mineralisation, some may be associated with sulphitic gold bearing quartz reefs or gold bearing quartz reefs closely associated with graphite.

Targets that were tested in the drilling campaign included anomalies S1-South, S4-North and S7 (Figure 1). Eight (8) holes targeting a potential shallow gold bearing alluvial area were drilled in the S1-South area (Figure 2). Two (2) holes targeting graphite were also drilled in the S1-South area. Three (3) holes were drilled in the S4-North area and three (3) holes were drilled on the S7 area. A total of five (5) holes were drilled to test areas of old shaft developments in areas of possible undercover extensions of the Golden Gate Gold Prospect. Although abundant graphite bearing mullock was noted at these shafts, it is expected that they were only developed for gold mineralisation.

Samples were dispatched for assay. Analytical results are expected to be announced in late March.

The Company plans to undertake further RC drilling in combination with diamond core drilling in March/April 2023 after the end of the wet season.

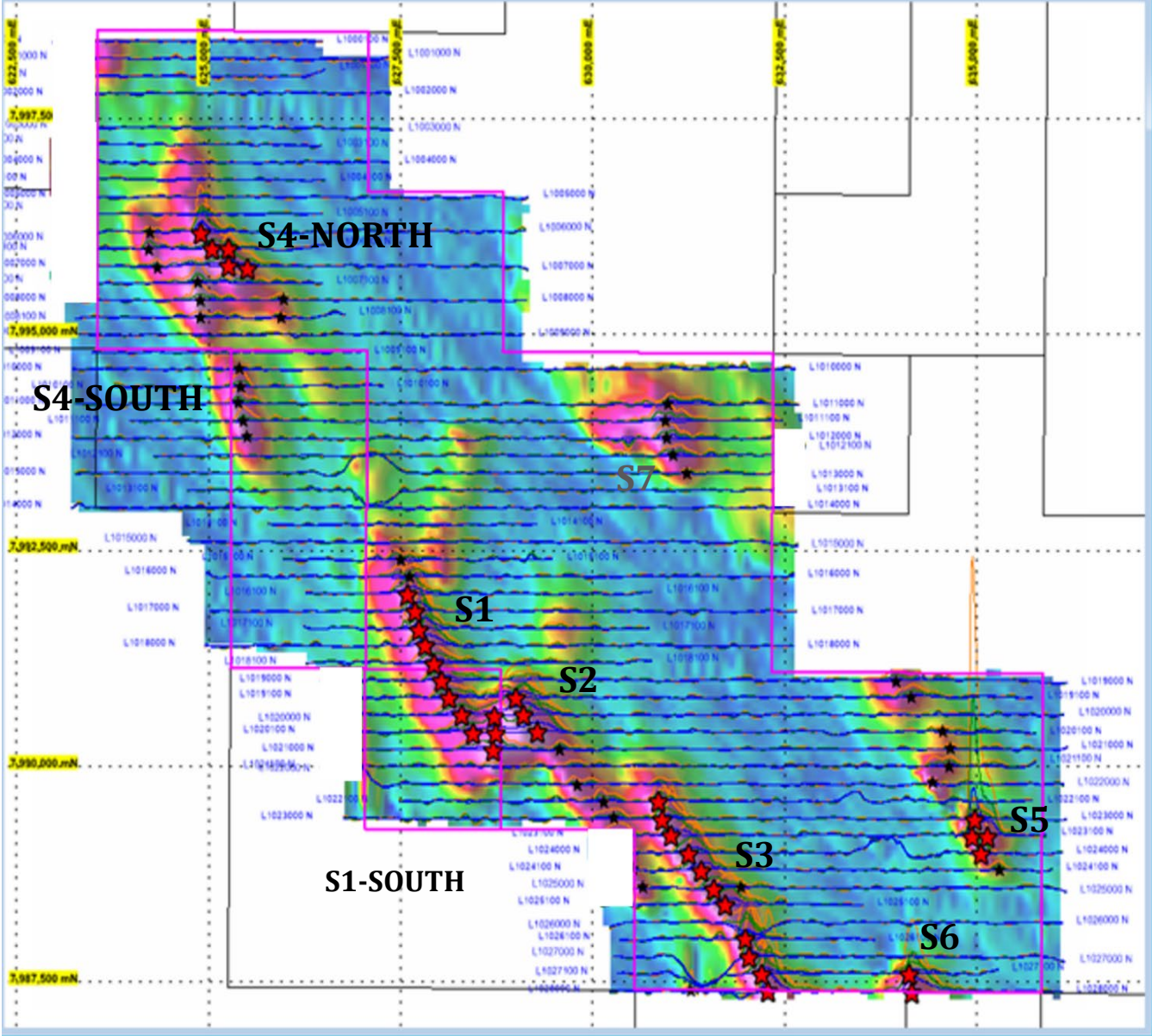


Figure 1: Location of EM Anomalies S1, S2, S3, S4-North, S4-South, S5, S6 and S7



Figure 2: RC drill rig at Anomaly S1 south

On 5 October 2022, the Company announced preliminary results from the recently completed XCITE Helicopter Electromagnetic and Magnetic Survey (HEM) flown over its gold-graphite tenements, EPMs 8795 and 18616 (refer ASX announcement released 5 October 2022 titled "*Preliminary HEM results identify high priority targets at the Croydon Project, Nth QLD*"). Preliminary plots presented in here in Figures 3, 4 and 5 are as follows (see Figure 6 for locations within the tenements):

Figure 3: Early channel – CH10BZ

Figure 4: Mid channel – CH15BZ

Figure 5: Late channel – CH20BZ

There are numerous strong anomalies defined, together with additional moderate to weak strength anomalies. The red stars on the figures indicate the strongest /higher priority anomalies, with the black stars indicating the additional moderate to weak anomalies.

A strong cluster of high priority anomalies are defined in the Golden Gate Graphite Project area. Graphite is particularly conductive and commonly well defined in HEM surveys. Many of the anomalies are represented as extensive linear type conductive units with a well-defined easterly dip. There is also possible evidence for the presence of more localised thicker fold-type/pipe-like conductors.

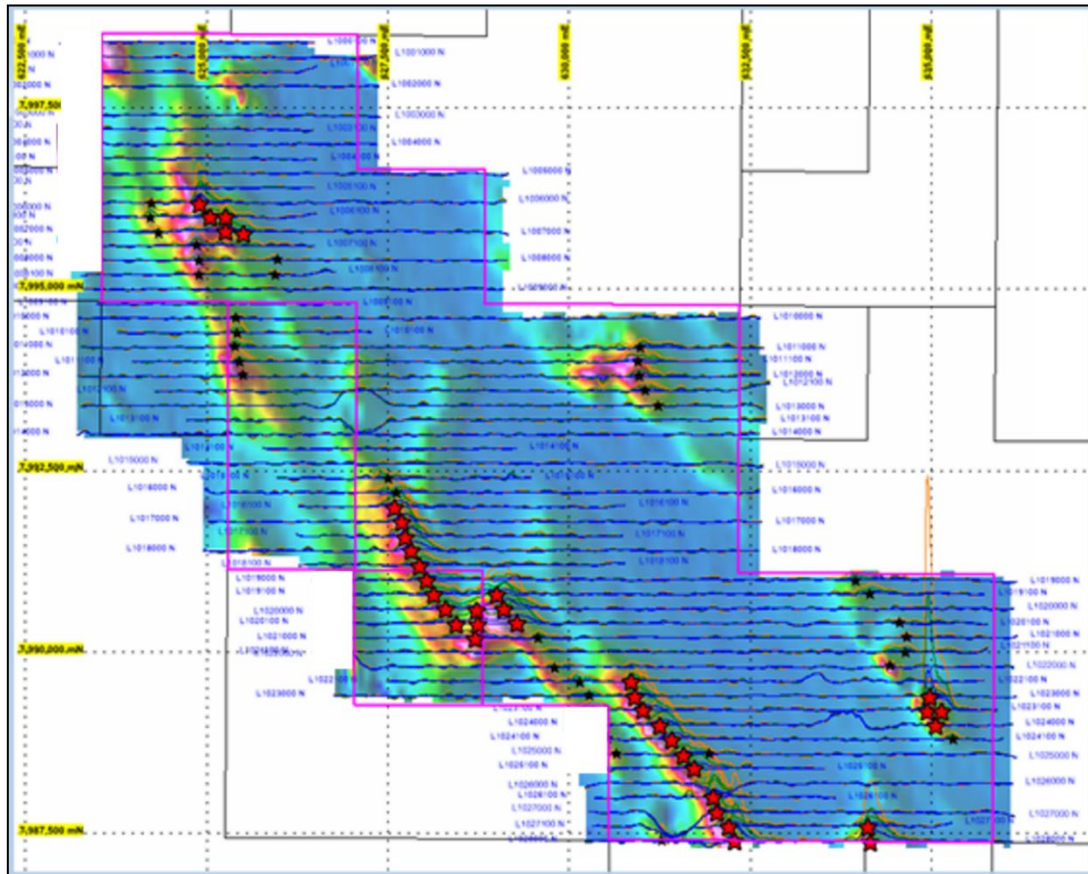


Figure 3: XCITE Preliminary Imagery – Early Channels CH10BZ with Stacked Profiling and Anomalism

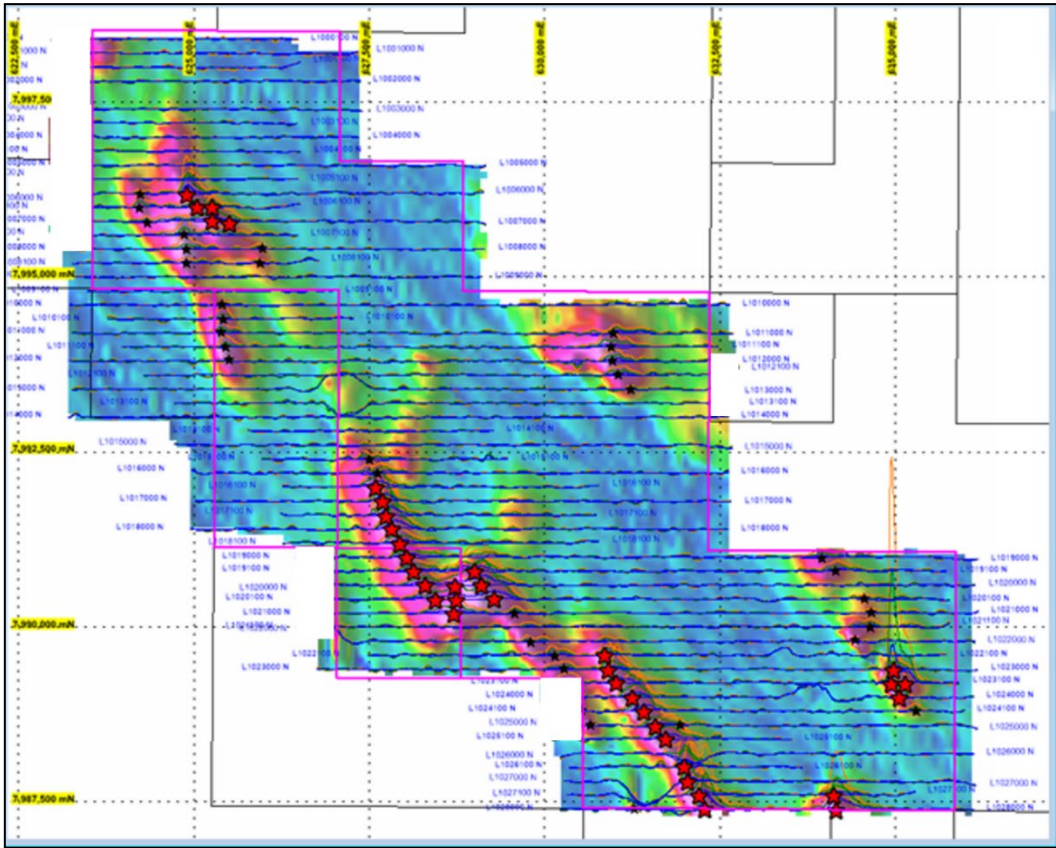


Figure 4: XCITE Preliminary Imagery – Mid Channels CH15BZ with Stacked Profiling and Anomalism

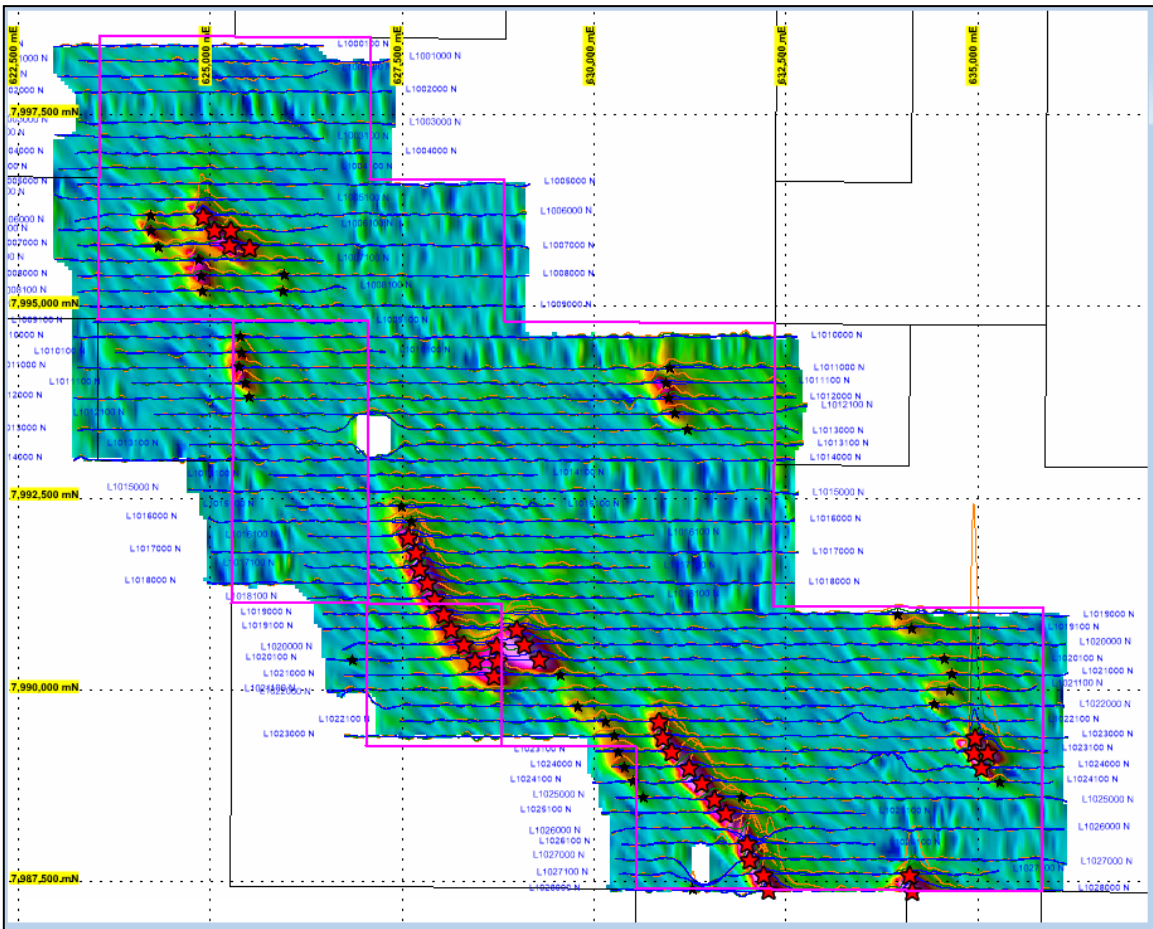


Figure 5: XCITE Preliminary Imagery – Late Channels CH20BZ with Stacked Profiling and Anomalism

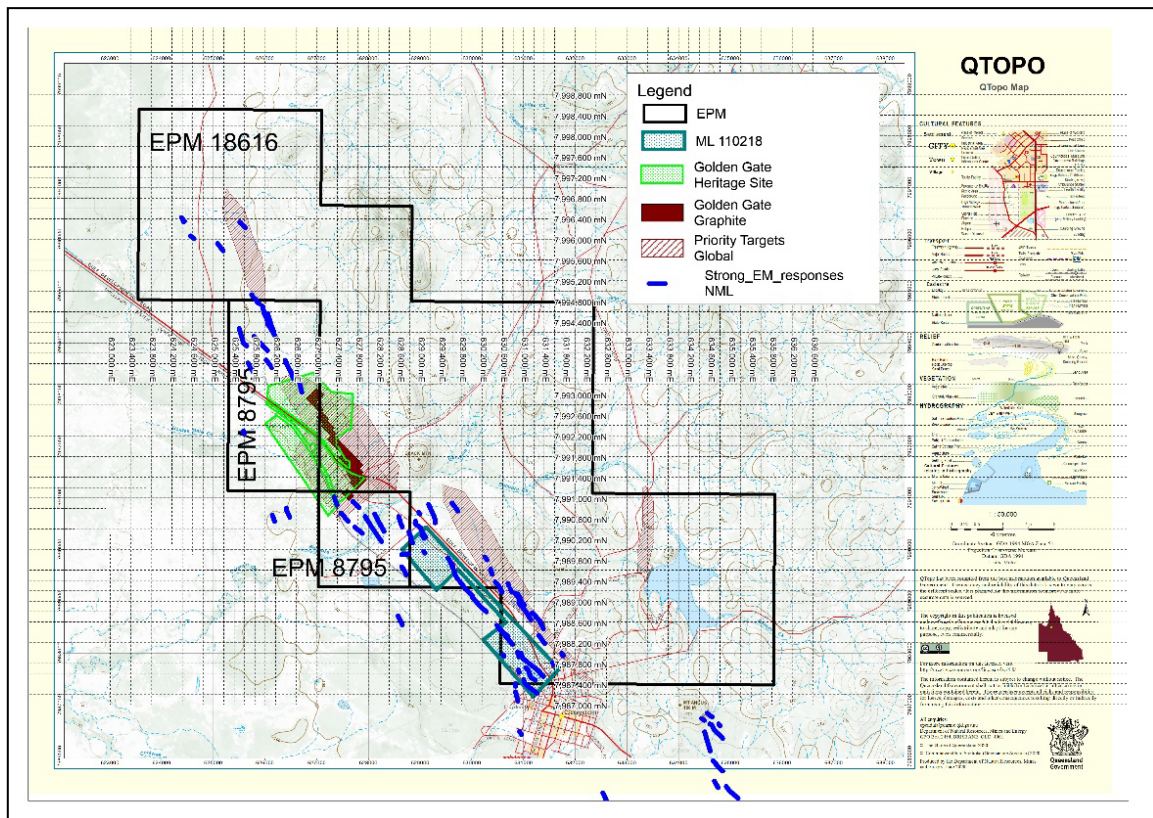


Figure 6: Area covered by Figures 3, 4 and 5

On 8 November 2022, the Company announced results from the completed Electromagnetic and Magnetic Survey (EM) flown over its polymetallic tenement EPM16002 (refer ASX Announcement released 8 November 2022 titled “*Priority HEM Targets Identified in EPM 16002 – North Queensland*”).

EM Anomaly 5.4, located within Anomaly A5 prospect in EPM 16002, is considered to be a priority target as it is coincident with the A5 aeromagnetic anomaly and SGH soil sampling Cu-Ag-Au anomalism.

In addition, several other EM targets have been identified, including weaker strength anomalies at A5 (EM targets 5.2 and 5.5) and A3 (EM target 3.1) aeromagnetic anomaly areas. The blue crosses on Figures 10 and 13 indicate the strongest targets, with the green crosses indicating additional moderate to weak EM anomalies.

Metallurgical Test Work Confirmed Flake Graphite at Golden Gate Graphite Project, Croydon Queensland

On 3 March 2023, the Company announced the results of ongoing metallurgical test work on graphite mineralisation from the Golden Gate Graphite Project (refer ASX Announcement released titled “*Metallurgical Test Work confirms Graphite Flake, Golden Gate Graphite Project, Croydon QLD.*”). As previously announced to the ASX (refer ASX Announcement titled “*Graphite Metallurgical Test Work, Golden Gate Graphite Project, Croydon QLD*” released on 20 June 2022), encouraging flotation test work results were obtained for a 7-stage cleaner concentrate from a 850 micron composite sample.

There was very little coarse material present and insufficient of the finer grained fractions remaining to enable microscopic examination of the graphite product. The lack of coarse grains was surprising as previous petrological examination had indicated the presence of graphite flakes from fine sizes, up to, and exceeding 500 microns. It was therefore decided to run the test work again using composite samples of 100% passing 1.0mm and 1.4mm. Graphite recoveries to the rougher concentrates of 77.4% and 78.7% respectively were achieved, but the graphite grades of the final concentrate products were low at 25.8% and 25.7%. Both sample rougher concentrates were then sized and found to have a good spread of grain sizes from + 500 microns to minus 25 microns. However, microscopic examination of these fractions revealed a surprising result, with the graphitic material appearing as sub-rounded clusters or nodules, rather than an expected size range of traditional flake material. This examination also showed that the coarser grain

sizes were composed of graphite nodules, gangue minerals and un-separated graphite/gangue grains. The individual coarse graphite grains identified in the thin section petrology were not present in this test. To investigate this matter further, it was decided to select a 1.0mm composite sample for more detailed metallurgical testing. This involved preparing a 7-stage cleaner concentrate rather than a 4-stage rougher concentrate that was previously used. This new test work involved less vigorous progressive regrinds for the cleaner concentrate stages. A high-grade final concentrate of 96.4% graphite was achieved, but the graphite recovery to the final concentrate was only 60.2%. Sizing of the cleaner concentrate product indicated that most of the graphite was ultra-fine grained with 95.4% being less than 53 microns and 73.4% being less than 25 microns. It was then decided to attempt to optimise the 1.0mm composite sample flotation test work by using only a 3 minute bead mill polish time for all of the cleaner concentrate stages. This optimisation attempt resulted in a final concentrate grade of 95.3% graphite, with the graphite recovery to the final concentrate much higher at 78.9%. This result indicates that optimisation is heading in the right direction. The Company is confident that further optimisation will achieve higher graphite recovery and final product purity. Sizing of the graphite concentrate also indicated that most of the graphite was ultra-fine grained with 90.5% being less than 53 microns and 66.6% being less than 25 microns. The minus 25 micron (Figure 2), minus 38 to +24 micron (Figure 3) and the minus 53 to + 38 micron (Figure 4) graphite concentrates from the optimised 1.0mm composite sample were then examined at high magnification via a Scanning Electron Microscope (SEM). This revealed that the graphite in all three ultra-fine grain sizes was present as platy flake. This has raised optimism that the graphite, being mostly ultra-fine grained and present as platy flake, may potentially be amenable to production of high value products and in particular battery anode material. Future metallurgical test work will concentrate on investigating these possibilities at a specialised metallurgical test lab.

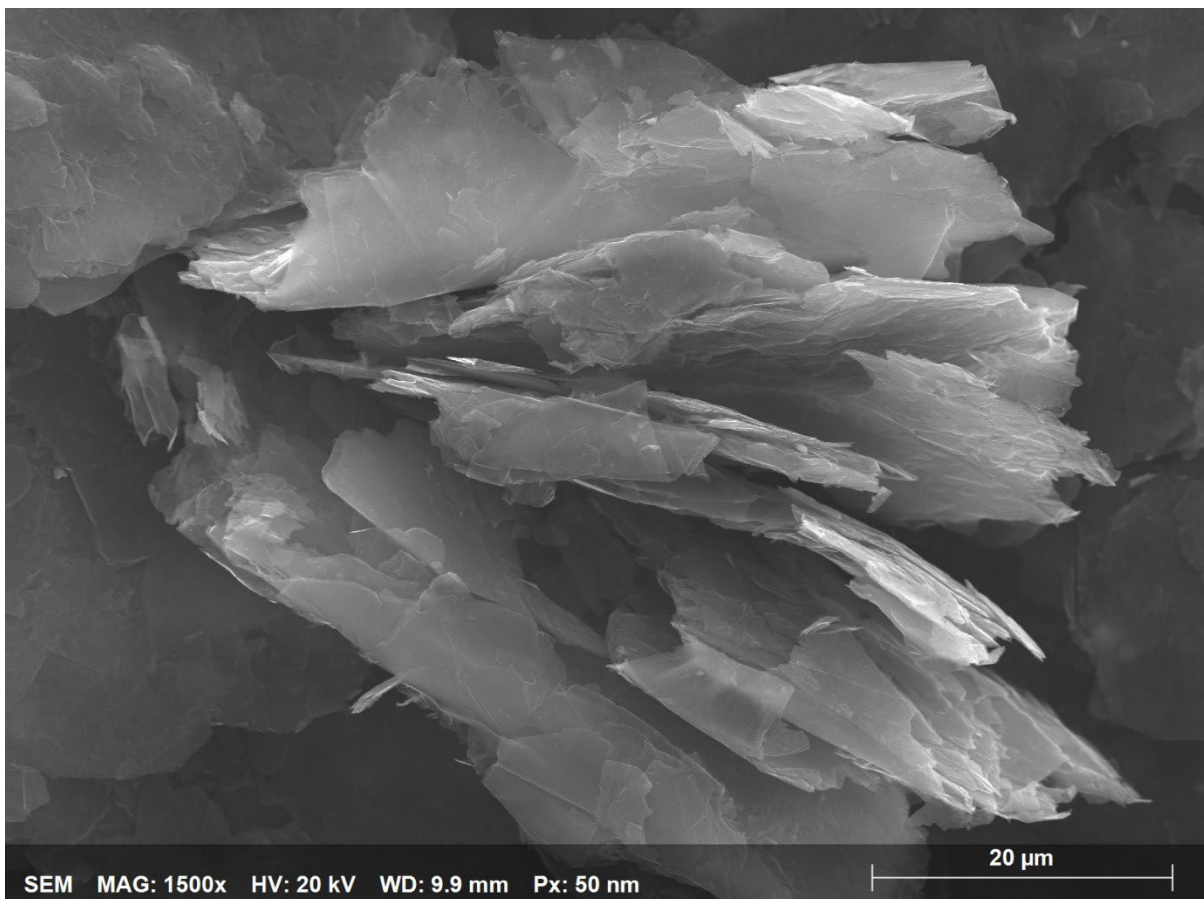


Figure 7: Platy graphite flake in minus 53 to + 38 micron cleaner concentrate

Priority EM Target identified in EPM 26749, Croydon Queensland

The Company announced on 17 January 2023 that a large, priority EM anomaly (W_4) was identified in the western corner of EPM 26749 (refer ASX Announcement released on 17 January 2023 titled "Priority EM Target Identified in EPM 26749 – North Queensland"). Three other discrete lower priority anomalies were also identified, one of these (W_3) being located in the centre of EPM 26749, with the other two located in the Anomaly 1 area of EPM 13775.

Modelling of Anomaly W_4 indicates that the data best fits the presence of one or two shallow dipping plates, which can be tested by a 120m vertical hole with expected plate intersections at depths of 71m and 93m. This test hole will be included in the upcoming drilling program due to start in the 2nd quarter of this year.

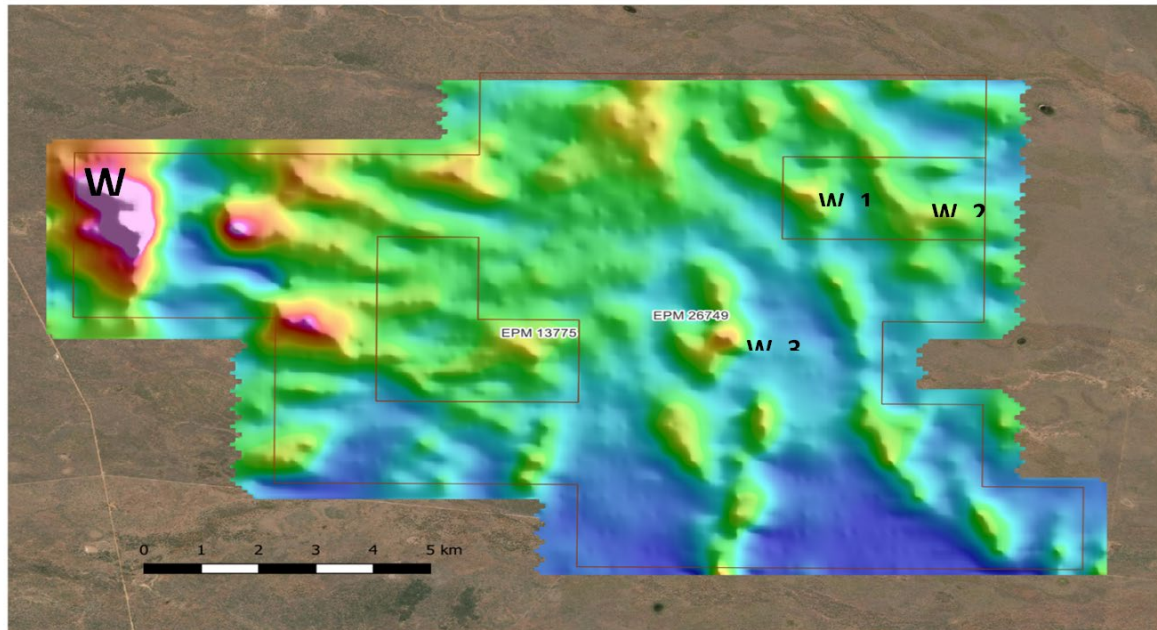


Figure 8: Image showing the large (W_4) EM conductor in the NW corner of EPM 26749 and discrete low priority anomalies W_1, W_2 and W_3. The WNW to N trending pattern of weak linear EM anomalies related to cover, possibly reflect faults or geological-trends in the bedrock.

Aeromagnetic Anomaly A5

Anomaly A5 was previously identified by a Queensland Government Aeromagnetic survey. The anomaly is a, discrete, almost circular aeromagnetic low, approximately 30 nT in amplitude, 800m in diameter and located in the central western side of the EPM block (Figures 9 and 10). It occurs immediately SW of a larger aeromagnetic anomaly complex (hosting EM Anomaly 5.1) that is elongated NW-SE, is about 20km in length and about 10km in width. EM Anomaly 5.4 was also investigated by Spatiotemporal Geochemical Hydrocarbon (SGH) soil sampling. This indicated co-incident polymetallic-silver-copper anomalism which was partly overlapped by gold anomalism all of which directly overlies the central part of the main (western) A5 aeromagnetic low (Figure 11) which is a reversed magnetic high feature (refer to ASX Announcement released 12 June 2018 titled "Gold and Silver-Copper-Polymetallic Anomalies Identified from SGH Soil Sampling at the A5 Anomaly Prospect, North Qld"). This has provided encouragement not only from the co-incident anomalism but also from past drilling by the Company at Anomaly A2 (EPM 13775) which intersected polymetallic mineralisation that is also associated with a magnetic low (a reversed previous magnetic high).

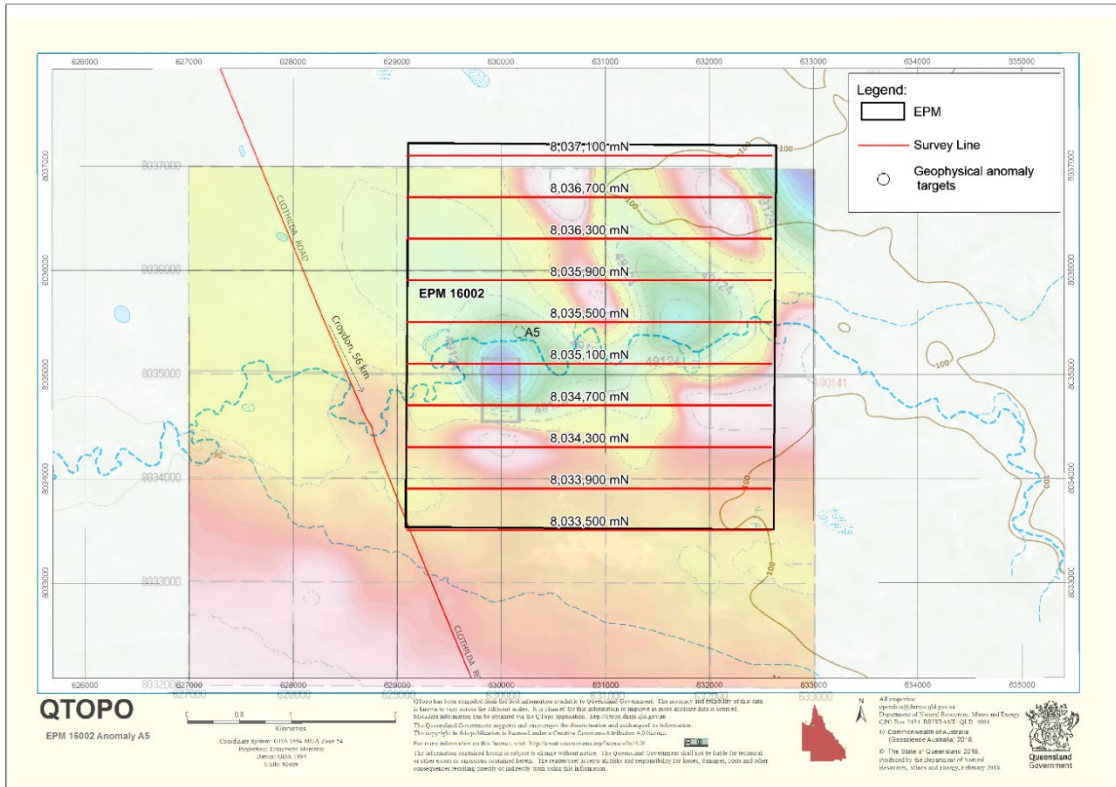


Figure 9: Aeromagnetic Anomaly A5. HEM survey flight lines shown.

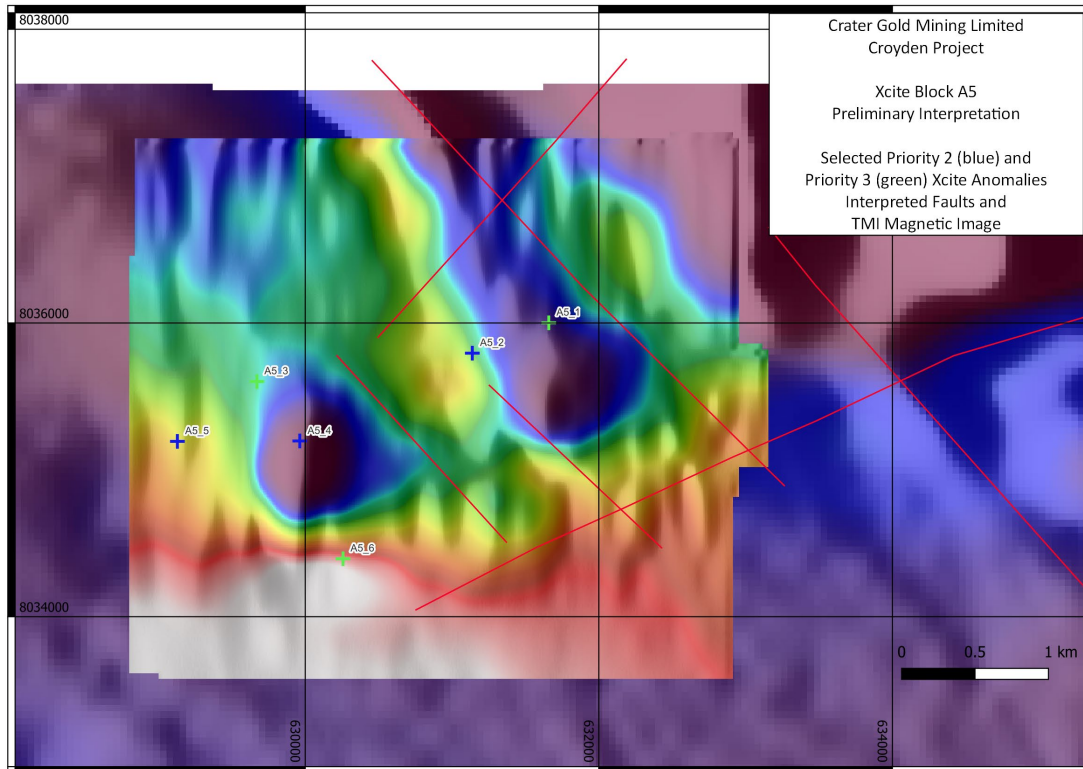


Figure 10: Aeromagnetic Anomaly A5 with EM anomalies A5.1 to A5.6. EM anomaly A5.1 is located within the eastern magnetic low and EM anomaly A5.4 within the western magnetic low

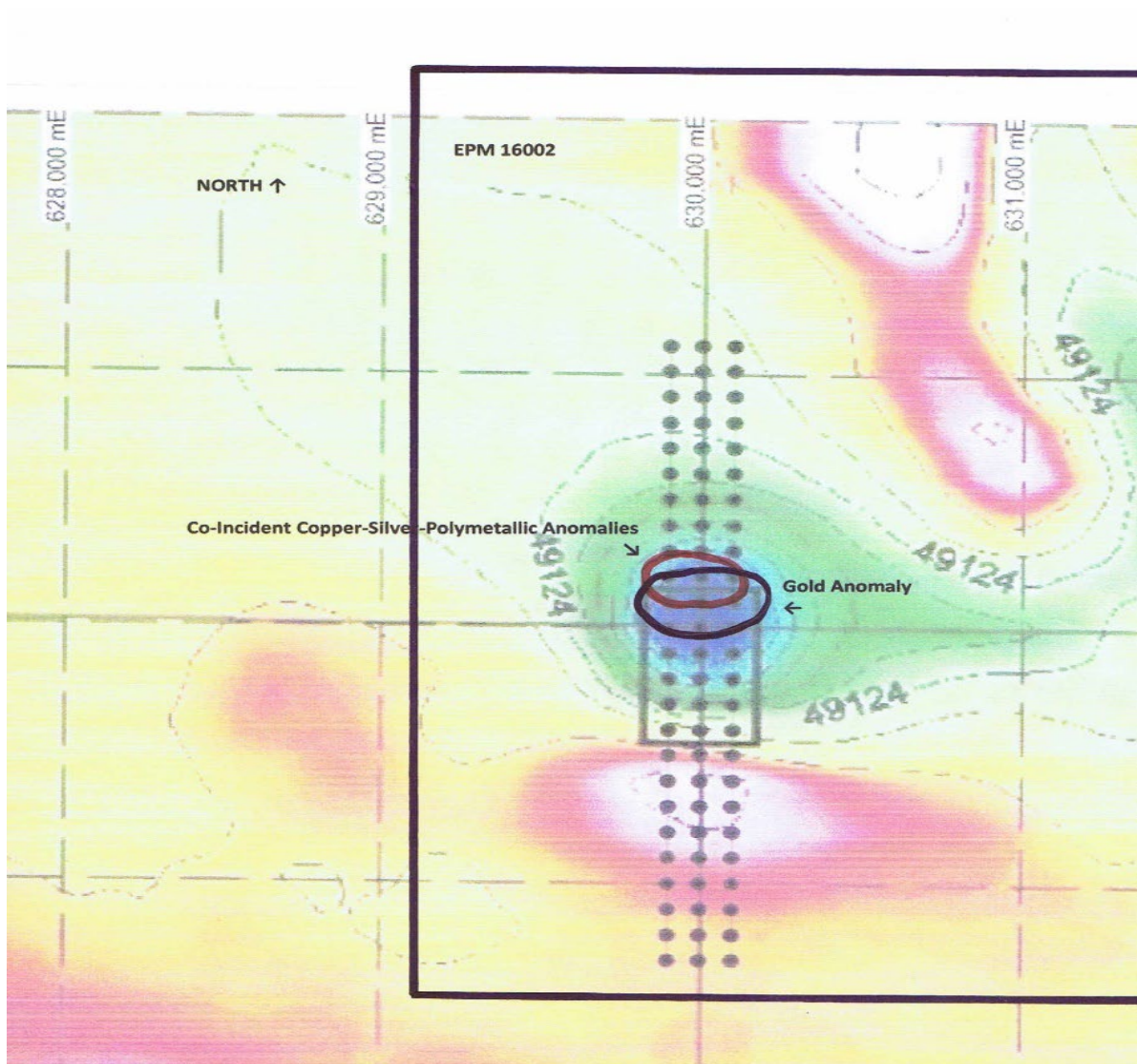


Figure 11: SGH soil Cu-Ag anomalism co-incident with Au anomalism located within the western aeromagnetic low

Aeromagnetic Anomaly A3

Aeromagnetic anomaly A3 is a discrete, almost circular magnetic low, of approximately 20nT amplitude and around 1500m in diameter. It is possibly part of, or at least associated with, relatively subtle, WNW and NW trending positive linear anomalies that are more apparent further to the SE. It appears from the data that the anomaly is caused by a body with reversed remanent magnetisation. The depths below ground surface to the main possible sources range from 170 to 245m.

Figure 12 shows the 4 sub-block tenement area of EPM 16002 that covers Anomaly A3. An EM Anomaly, A3.1, has been identified within A3 which is co-incident with the magnetic low (Figure 13). This co-incident is considered to be of particular interest.

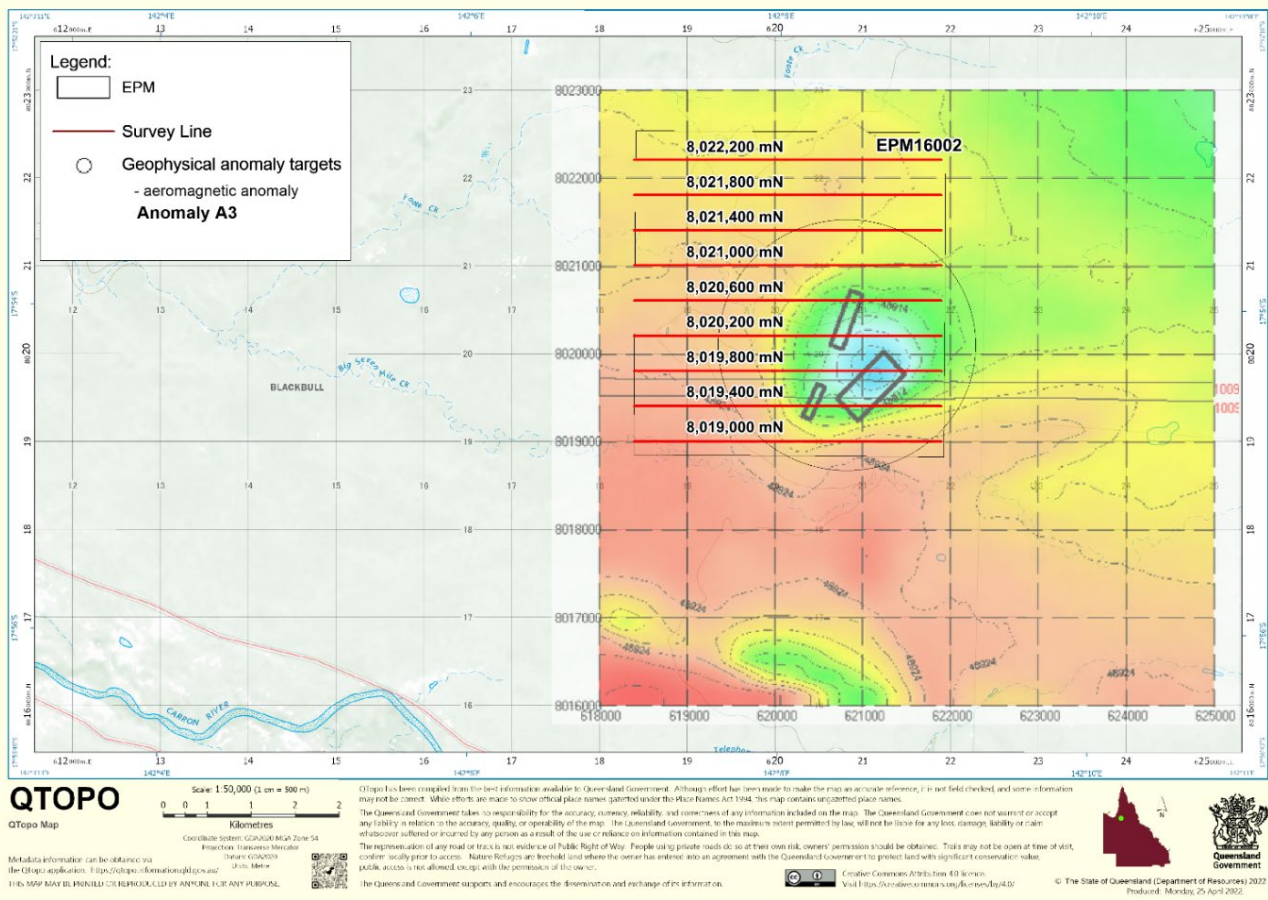


Figure 12: Aeromagnetic Anomaly A3 located within a 4 sub-block segment of EPM 16002 (the rectangular shapes are associated with magnetic data modelling). HEM survey flight lines shown.

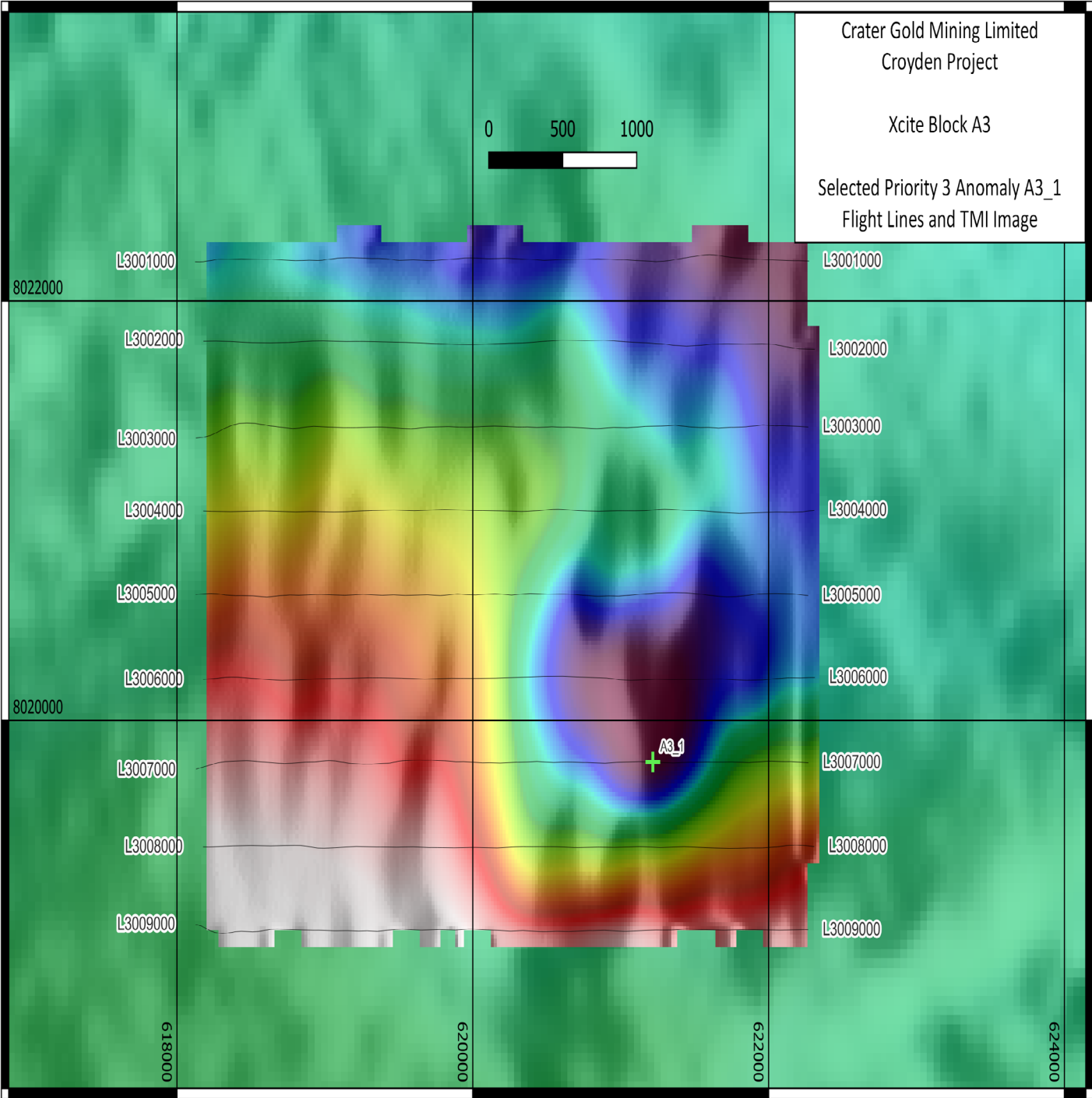


Figure 13: Aeromagnetic Anomaly A3. EM Anomaly A3.1 is co-incident with the aeromagnetic low.

CRATER MOUNTAIN GOLD PROJECT, PAPUA NEW GUINEA

All of the Crater Gold Mountain Project tenements are the subject of renewal applications or extensions, lodged with the Papua New Guinea Minister for Mining some time ago. The Company continues to work with the Papua New Guinea government on the renewal of existing licences and the issue of new licences under application. The project is currently in care and maintenance until such time as the tenement renewals and applications have been formally determined by the Papua New Guinea government.

COMPETENT PERSONS STATEMENT

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

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

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

Forward Looking Statements

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

Directors' Report

Schedule of Crater Gold Mining Limited tenements as at 31 December 2022:

Particulars	Project Name	Registered Holder	% Owned	Status	Expiry	Area (Km ²)
EPM 8795	Croydon	CGN	100	Granted	7/09/2024 ²	9.6
EPM 13775	Wallabadah	CGN	100	Granted	6/03/2026 ²	16
EPM 16002	Foote Creek	CGN	100	Granted	29/01/2024	28.8
EPM 18616	Black Mountain	CGN	100	Granted	17/06/2023	57.6
EPM 26749	Wallabadah Extended	CGN	100	Granted	9/04/2024	115.2
EPM 28600	Black Mt Extended	CGN	100	Application lodged	N/A	9.6
EL 1115	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	25/09/2018	41
ELA 2643	Crater Mountain	Anomaly Ltd ¹	100	Application lodged	Oct 2019	68
ELA 2644	Crater Mountain	Anomaly Ltd ¹	100	Application lodged	Oct 2019	78
ML 510	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	4/11/2019	1.58

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

² Renewals to the expiry date listed were accepted by the Queensland Department of Resources subsequent to 31 December 2022.

There were no tenements acquired or disposed of during the year.

The Company has no Farm-in or Farm-out arrangements.

Auditor's independence declaration

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

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'R D Parker', written in a cursive style.

R D Parker
Managing Director

Perth
16 March 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Crater Gold Mining Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



MATTHEW BEEVERS
Partner

Perth, WA
Dated: 16 March 2023

Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022

	Notes	Consolidated	
		31 December 2022 \$	31 December 2021 \$
Other income		-	-
Expenses			
Administration expense		(483,839)	(408,896)
Corporate compliance expense		(46,506)	(128,929)
Depreciation expense	6	(27,938)	(67,670)
Exploration, evaluation and operation costs		(656,762)	(122,203)
Financing expense		(689,642)	(577,438)
Impairment expense	6	(188,006)	-
Share based payments		-	(99,994)
Loss before income tax		(2,092,693)	(1,405,130)
Income tax expense		-	-
Loss for the half year		(2,092,693)	(1,405,130)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(7,708)	(27,837)
Total comprehensive loss for the half year		(2,100,401)	(1,432,967)
Loss per share			
Basic and diluted loss – cents per share		(0.17)	(0.11)

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

Statement of Financial Position

As at 31 December 2022

	Notes	Consolidated	
		31 December 2022 \$	30 June 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents		284,725	130,560
Trade and other receivables		312,594	277,059
Total current assets		597,319	407,619
Non-current assets			
Other financial assets		65,284	64,831
Exploration and evaluation	5	987,819	987,819
Plant and equipment	6	-	210,596
Total non-current assets		1,053,103	1,263,246
Total assets		1,650,422	1,670,865
LIABILITIES			
Current liabilities			
Trade and other payables		3,118,011	2,675,170
Related party payables		1,845,107	1,758,107
Interest bearing liabilities	7	15,325,454	13,776,771
Lease liabilities		114,803	113,369
Total current liabilities		20,403,375	18,323,417
Total liabilities		20,403,375	18,323,417
Net liabilities		(18,752,953)	(16,652,552)
EQUITY			
Contributed equity	8	75,178,398	75,178,398
Reserves	9	(2,941,467)	(2,933,759)
Accumulated losses		(90,989,884)	(88,897,191)
Total equity		(18,752,953)	(16,652,552)

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

Statement of Changes in Equity

For the half year ended 31 December 2022

	Notes	Consolidated			Total \$
		Contributed equity \$	Reserves \$	Accumulated losses \$	
Balance at 1 July 2022		75,178,398	(2,933,759)	(88,897,191)	(16,652,552)
Share based payments		-	-	-	-
Transactions with owners		-	-	-	-
Loss for the half year		-	-	(2,092,693)	(2,092,693)
Other comprehensive income					
Exchange differences on translating foreign operations	9	-	(7,708)	-	(7,708)
Total comprehensive income for the half year		-	(7,708)	(2,092,693)	(2,100,401)
Balance at 31 December 2022		75,178,398	(2,941,467)	(90,989,884)	(18,752,953)
Balance at 1 July 2021		75,036,554	(2,414,484)	(86,604,537)	(13,982,467)
Share based payments		-	99,994	-	99,994
Transactions with owners		-	99,994	-	99,994
Loss for the half year		-	-	(1,405,130)	(1,405,130)
Other comprehensive income					
Exchange differences on translating foreign operations		-	(27,837)	-	(27,837)
Total comprehensive income for the half year		-	(27,837)	(1,405,130)	(1,432,967)
Balance at 31 December 2021		75,036,554	(2,342,327)	(88,009,667)	(15,315,440)

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

Statement of Cash Flows

For the half year ended 31 December 2022

	Notes	Consolidated	
		31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(448,927)	(513,011)
Payments for exploration and evaluation		(361,379)	(206,862)
Interest paid		-	(6,299)
Net cash used in operating activities		(810,306)	(726,172)
Cash flows from financing activities			
Proceeds from borrowing		965,000	1,600,000
Repayment of borrowings		-	(800,000)
Lease liability repayments		-	6,457
Net cash provided by financing activities		965,000	806,457
Net increase/(decrease) in cash held		154,694	80,285
Cash at the beginning of the half year		130,560	27,097
Effects of foreign exchange movements on cash transactions and balances		(528)	584
Cash at the end of the half year		284,725	107,966

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

Notes to the Interim Financial Statements

1. Basis of preparation

These financial statements for the interim half year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard 134 'Interim Financial Reporting' and the *Corporations Act 2001* as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 'Interim Financial Reporting'.

These half year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New, Revised or amending Accounting Standards and Interpretations adopted

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

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

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group 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 metal 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. Going concern

These financial statements are prepared on a going concern basis.

The consolidated entity incurred a net loss after tax of \$2,092,693 and had cash outflows from operating activities of \$810,306 for the half year ended 31 December 2022. As at that date, the consolidated entity had net current liabilities of \$19,806,056 including cash on hand of \$284,725 and net liabilities of \$18,752,953. The ability of the consolidated entity to continue as a going concern is principally dependent on the continued financial support of the major shareholders of and lenders to the consolidated entity.

These conditions give rise to material uncertainty, which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

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

- The directors of the Company expect that major shareholders of and lenders to the Company will continue to support fundraising activities and reasonably believe the Company will continue to receive financial support from Freefire

Notes to the Interim Financial Statements

Technology Limited (“**Freefire**”); and the remaining debt owed to Freefire will only be called on within the next 12 months for the purposes of using the loans as consideration to participate in a rights issue (or other capital raising), converting the debt to equity or in the event that the Company’s position changes such that sufficient available funds become available;

- On 10 March 2023, the Company announced it was proposing to complete:
 - a fully underwritten 1:1 entitlement offer to raise approximately \$14,868,334 (before costs), with \$9,989,362 of the application monies being paid by way of a conversion of existing debt with the balance in cash; and
 - a placement of \$8,000,000 (before costs).

The fully underwritten 1:1 entitlement offer is conditional on the Company achieving the minimum \$8,000,000 in subscriptions under the placement; and

- The Company has previously successfully raised funds through share issues and debt funding and the Directors are confident that this could be achieved again should the need arise.

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

Should the consolidated entity 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 consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

4. Operating Segments

	Croydon \$	Crater Mountain \$	Intersegment eliminations / Australia \$	Consolidated \$
Half year to 31 December 2022				
Other expenses	(611,080)	(365,748)	(1,115,865)	(2,092,693)
Segment profit/ loss	(611,080)	(365,748)	(1,115,865)	(2,092,693)
As at 31 December 2022				
Segment assets	987,819	242,652	419,951	1,650,422
Segment liabilities	-	53,519,210	(33,115,835)	20,403,375
Half year to 31 December 2021				
Other expenses	(23,747)	(337,393)	(1,043,990)	(1,405,130)
Segment loss	(23,747)	(337,393)	(1,043,990)	(1,405,130)
As at 30 June 2022				
Segment assets	987,819	459,504	223,542	1,670,865
Segment liabilities	-	53,364,604	(35,041,187)	18,323,417

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 Board. In identifying its operating segments, management generally follows the consolidated entity's project activities. Each of these activities is managed separately.

Description of segments

Crater Mountain

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

Croydon

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

Notes to the Interim Financial Statements

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
5. Non-Current Assets - Exploration and evaluation		
Opening balance	987,819	987,819
Exploration costs impaired	-	-
Effect of movement in exchange rates	-	-
Closing balance	987,819	987,819

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

Some uncertainty exists as to the Group's tenure at Crater Mountain. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* an indication of impairment may exist if the right to explore in the specific area has expired during the period and is not expected to be renewed. The Group has been engaged in discussions with the Papua New Guinea Government and has made a renewal licence submission for EL 1115 and ML 510. To date, the Group has received no formal correspondence or notification from the Government of Papua New Guinea. As a result of this uncertainty, the Directors resolved during the year ended 30 June 2021 to fully impair \$7,383,934 expenditure capitalised in relation to the Crater Mountain exploration and evaluation asset until such time that the licences are officially renewed by the Papua New Guinea Government. The balance of exploration and evaluation at 31 December 2022 included \$nil (30 June 2022: \$nil) in relation to these exploration licences held in Papua New Guinea.

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
6. Non-Current Assets – Plant and Equipment		
Opening balance	210,596	268,811
Disposals	-	(4,721)
Depreciation expense	(27,938)	(70,972)
Impairment expense	(188,006)	-
Effect of movement in exchange rates	5,348	17,478
Closing balance	-	210,596

At 31 December 2022, an impairment expense of \$188,006 was recognised against Plant and Equipment located in Papua New Guinea until such time that the Group can sufficiently confirm existence of and accurately value the Plant and Equipment.

Notes to the Interim Financial Statements

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
7. Current Liabilities – Interest bearing liabilities		
Freefire Technology Limited loan	15,325,454	13,776,771
	15,325,454	13,776,771

Freefire Technology Limited

As at 31 December 2022, the Company had secured a number of short-term, interest bearing loans totalling \$15,325,454 (30 June 2022: \$13,776,771) from its major shareholder, Freefire Technology Limited (“Freefire”).

- The loan funds are to be used by the consolidated entity principally for the purpose of ongoing financial support of the Company’s Crater Mountain, PNG project, for ongoing financial support of the Company’s Croydon Projects in Queensland, Australia, and for general working capital.
- Interest on the Principal Sum is payable by the Company to Freefire at the rate of 8% per annum

8. Contributed Equity

	No. of ordinary shares	Total \$
As at 1 July 2022	1,239,027,862	75,178,398
Shares issued	-	-
As at 31 December 2022	1,239,027,862	75,178,398

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
9. Reserves		
Share based payment reserve	-	-
Foreign currency translation reserve	(2,941,467)	(2,933,759)
	(2,941,467)	(2,933,759)
<i>Movements</i>		
<u>Share based payments reserve</u>		
Balance at beginning of period	-	473,220
Transfer to accumulated losses (PRs expired)	-	(413,799)
Transfer to contributed equity (PRs converted)	-	(141,844)
Share based payments expense for the period	-	82,423
Balance at end of period	-	-
<u>Foreign currency translation reserve</u>		
Balance at beginning of period	(2,933,759)	(2,887,704)
Currency translation differences	(7,708)	(46,055)
Balance at end of period	(2,941,467)	(2,933,759)

10. Contingent liabilities

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

The consolidated entity does not have any other contingent liabilities.

Notes to the Interim Financial Statements

11. Commitments

There were no significant changes in commitments held by the consolidated entity since the last annual reporting date.

12. Events after reporting date

On 10 March 2023, the company announced that it was proposing to complete:

- a consolidation of its current issued capital on a ten for one basis; and
- a fully underwritten 1:1 entitlement offer to existing shareholders to issue 123,902,786 fully paid ordinary shares in the Company at an issue price of \$0.12 per Share (on a post-consolidation basis) to raise \$14,868,334; and
- a placement of 66,666,667 Shares at a price of \$0.12 per Share to raise up to \$8,000,000 (on a post-consolidation basis).
- Freefire Technology Limited has agreed to take up 80% of its entitlement under the Entitlement Offer, which will be offset against the Company's obligation to pay \$9,989,362 of the Existing Debt owing to this Company.
- the Company is seeking reinstatement to trading on the ASX.

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

13. Dividends

No dividends have been paid or provided for during the half-year (2021: nil).

Directors' Declaration

The Directors declare that:

- 1) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date; and
 - b) Complying with the Accounting Standard *AASB134 Interim Financial Reporting*, and the Corporations Regulations 2001.
- 2) Having regard to those matters referred to in Note 3, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



R D Parker
Managing Director

Perth
16 March 2023

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Crater Gold Mining Limited, which comprises the statement of financial position as at 31 December 2022, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of Crater Gold Mining Limited in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Material Uncertainty Related to Going Concern

We draw attention to Note 3, which indicates that the consolidated entity incurred a net loss of \$2,092,693 and had net cash outflows from operating activities of \$810,306 for the half-year ended 31 December 2022. As at that date, the consolidated entity had net current liabilities of \$19,806,056 and net liabilities of \$18,752,953 respectively. These events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads 'MATTHEW BEEVERS'.

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 16 March 2023

Directors:	S W S Chan (Non-Executive Chairman) R D Parker (Managing Director) T M Fermanis (Deputy Chairman) L K K Lee (Non-Executive Director) D T Y Sun (Non-Executive Director)
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ASX Listing:	Crater Gold Mining Limited shares are quoted on the Australian Securities Exchange under the code "CGN".
Website address:	www.cratergold.com.au