



ANNUAL REPORT

For the year ended 30 June 2013

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

(Formerly known as Gold Anomaly Limited)

CORPORATE DIRECTORY

Directors

S W S Chan (Chairman)
G B Starr (Managing Director)
T M Fermanis (Non-executive Director)
R P Macnab (Non-executive Director)
R D Parker (Non-executive Director)
DT Y Sun (Non-executive Director)
J D Collins-Taylor (Alternate Non-executive Director)

Company Secretary

J A Lemon

Registered office

Level 4,
15 – 17 Young Street,
Sydney NSW 2000
AUSTRALIA

Telephone + 61 2 9241 4224
Facsimile + 61 2 9252 2335
email: info@cratergold.com.au

ABN

75 067 519 779

Website address

www.cratergold.com.au

Share registry

Link Market Services Limited
Level 19
324 Queen Street
Brisbane QLD 4000
AUSTRALIA

Postal Address
Level 4
15 – 17 Young Street
Sydney NSW 2000
AUSTRALIA

Telephone: + 61 2 9241 4224
Facsimile: + 61 2 9252 2335

Auditors

BDO East Coast Partnership

ASX Listing

Crater Gold Mining Limited shares are quoted on the Australian Securities Exchange as "CGN".

SHAREHOLDER CALENDAR

- Annual Report: September 2013
- Annual General Meeting: November 2013
- Half Yearly Report: March 2014
- Quarterly Activities Report: last week of October, January, April and July



CONTENTS

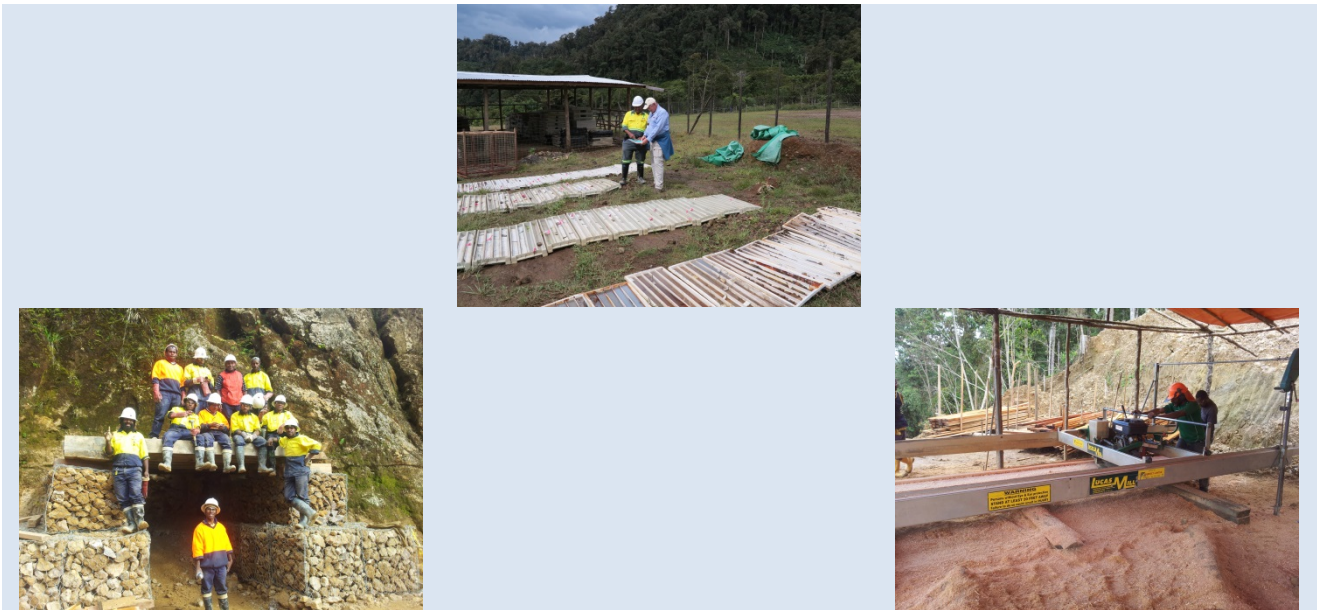
• Review of Operations	2
• Directors' Report	12
• Corporate Governance Statement	22
• Auditor's Independence Declaration	24
• Financial Report	25
• Directors' Declaration	64
• Independent Auditor's Report	65
• ASX Additional Information	67

ANNUAL REPORT

For the year ended 30 June 2013

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

(Formerly known as Gold Anomaly Limited)



Photographs on the front and inside covers are of:

Front cover: High Grade Zone ("HGZ")

Inside front cover (L to R): Adit driven into HGZ, HGZ adit portal entrance, helicopter landing pad at Base Camp

This page (L to R): Adit portal construction team, core trays for drill samples, portable saw mill used for supply of timber on site

The twelve months ending 30 June 2013 were progressive and yet challenging for Crater Gold Mining Limited (“CGN” or the “Company”, formerly Gold Anomaly Limited) and its subsidiary companies (“the Group”). Good progress was made at the flagship Crater Mountain Project (“the Project”) in Papua New Guinea (“PNG”). This was countered by continued depressed investment conditions worldwide for junior resources companies in combination with weaker gold and other commodities prices.

During the year FreeFire Technology Ltd (“FreeFire”) became the Company’s major shareholder via a placement and underwriting of two key rights issues. Due to its commitment FreeFire’s Director and Controller Mr Sam Chan was invited to become Chairman of the Company. In addition to Mr Chan joining the board, Mr Desmond Sun and Mr Russell Parker were also appointed to the board. FreeFire’s investment in the Company greatly strengthens the Company’s financial position and strategic corporate management skills.

James Collins-Taylor and Sinton Spence resigned as Directors of the Company. Mr Collins-Taylor was appointed an Alternate Director to Mr Fermanis and remains as Chairman of both the Audit Committee and the Remuneration & Nomination Committee. Mr Spence remains as a Director of the Company’s PNG subsidiary, Anomaly Limited. The Company’s Board of Directors pays tribute to James Collins-Taylor and Sinton Spence for the very significant contributions they have made to the Company as Directors.

As outlined in more detail below the company’s focus changed from resource expansion to gold production. As a result Mining engineer Mr Richard Johnson was appointed as Crater Mountain Project Manager and PNG General Manager. Mr Johnson was chosen for his hands-on familiarity with PNG mining. His wide experience includes technical responsibility in both mining and processing. Mr Johnson will oversee the operations at the High Grade Zone (“HGZ”) at Crater Mountain. Driving the exploration adit at the HGZ will be under the control of experienced mining project manager Mr Paul Henley, who was a mining foreman for two years in the late 1990s during the initial underground development and start-up at Tolukuma. He has worked as a mine foreman and mine manager in a number of countries.

Subsequent to the end of the financial year, the Company changed its name to Crater Gold Mining Limited. The Directors believe that this new name is appropriate as it better reflects the Company’s focus on its flagship Crater Mountain Project in PNG and particularly as the Company moves towards gold production from the HGZ at Crater Mountain.

Crater Mountain, PNG

Key Points

- Strategy to test gold mining potential at the HGZ
- HGZ exploration adit regulatory approval received
- Regional Airborne Geophysical Survey interpretation has been completed and is being assessed
- Appointment of Richard Johnson as PNG General Manager
- Petrology confirms porphyry copper-gold potential at depth
- Positive metallurgical results from Mixing Zone
- Acquisition of 100% of the Project

Background

The Group’s flagship Crater Mountain gold project is located in the Eastern Highlands of PNG near the eastern end of the New Guinea Orogen geological province, which lies along the northern edge of the Australian continental plate and occupies the mountainous backbone of the island of New Guinea. The New Guinea Orogen hosts a number of world-class copper-gold deposits including the world’s largest copper-gold mine at Grasberg in Indonesia’s Papua Province, and Ok Tedi, Frieda River, Yandera and Wafi-Golpu in PNG, as well as the Porgera and Hidden Valley gold deposits in PNG. All of these deposits share a common geological mode of formation in large mineralised hydrothermal systems underlying variably eroded volcanic complexes from mid-Miocene to Recent in age.

The Crater Mountain tenement block comprises andesitic volcanic rocks of the ancestral Pliocene Crater Mountain stratovolcano which grew to an immense size before undergoing caldron collapse on a ring fracture system 20 kilometres in diameter, perhaps 4 million years ago. This event was followed by a long period of volcanic dormancy and deep erosion which continued until about 1 million years ago when renewed andesitic - dacitic volcanic activity formed a string of smaller parasite cones principally within and east of the northeast quadrant of the collapse structure. The volcanic rocks were intruded through and deposited on a rugged basement of Chim Formation Mesozoic marine shales, with intermittent reactivation of north-easterly-, northerly and north-westerly trending deep crustal fractures in the basement controlling the geometry of the sub-volcanic magmatic and hydrothermal activity and mineralisation.

Exploration by the Company at Crater Mountain is focused principally at the northern end of the large Nevera Prospect, one of four prospects identified within the Company's licences since exploration commenced in the region in the 1970s (see prospects on simplified geology map below in Figure 1).

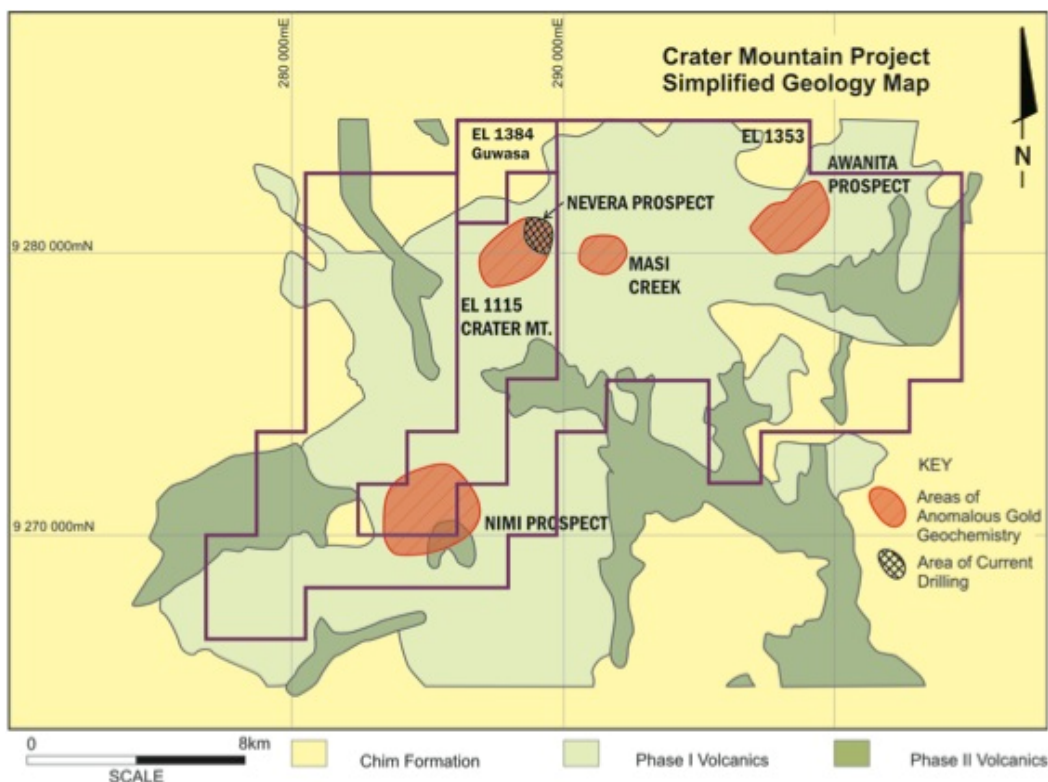


Figure 1 - Prospect map - Crater Mountain

The results of mechanical benching and diamond drilling conducted by the Company around the end of a prominent ridge at the northern end of the Nevera Prospect indicate that the Prospect lies within a typical large and complex New Guinea Orogen mineralised hydrothermal system, with excellent potential to host a number of deposits within its bounds. Mineralisation is associated with sub-volcanic magmatic activity related to the locally-prominent Nevera Igneous Complex, and four different types of mineralisation have been identified:

- The relatively shallow “Main Zone” or “Mixing Zone” lying 150m to 300m below the northern end of the Prospect ridge, which comprises low-sulphidation epithermal carbonate-base metal sulphide-gold mixing zone mineralisation in excess of 600m long by 250m wide by 150m thick (with similarities to the Hidden Valley deposit in the nearby Morobe Goldfield)
- Note: A JORC compliant inferred resource of 24Mt at 1.0 g/t Au using a 0.5 g/t Au cut-off for 790,000 ounces has been defined in the Main Zone; this includes 9.4Mt at 1.46 g/t using a 1.0 g/t Au cut-off for 440,000 ozs (this inferred resource is open laterally and perhaps to depth, following down a possible steep plunge to the northeast)
- The “High Grade Zone” (“HGZ”) high grade high-sulphidation epithermal quartz-pyrite-gold mineralisation, extending from surface to several hundred metres depth (possibly in excess of 500m); local artisanal miners produced an estimated 15,000 ounces from a small area of shallow workings (maximum 50m depth) in the base of a steep mineralised spur from 2005 to 2012
- A large porphyry copper-gold system identified by drilling at +800m depth below the northern end of the ridge (“Golpu” type from Wafi-Golpu in the Morobe Goldfield)
- A possible lead-zinc related quartz-carbonate-base metal sulphide-gold stockwork vein and breccia feeder zone (for the Mixing Zone mineralisation) at the margin of the deep intrusion (+600m) which is causing intense baking and fracturing of the sub-volcanic basement shales underlying the Mixing Zone (Porgera “Waruwari” type).

During the period of high investment demand for large gold deposits (2009 – 2011), the Company's strategy was to focus on the potential of the “Mixing Zone” in the northern part of the Nevera prospect.

Under the successful 2010/2011 drilling program the following were identified at Nevera:

- a high sulphidation, high grade epithermal quartz-pyrite-gold target (High Grade Zone);
- a large low sulphidation, lower grade carbonate-base metal sulphide-gold "mixing zone" deposit over an area in excess of 600m by 400m by 150m thick within which an initial (open) resource of 790,000 ozs gold has been inferred
- a potential quartz-galena-sphalerite-gold target at depth below the mixing zone, related to a deep, hot intrusion which is interpreted as the ultimate source of the area's mineralisation; and
- a confirmed porphyry copper-gold system peripheral to the deep, hot intrusion.

The potential for Nevera is significantly greater than the Company's current financial resources allow it to crystallise. What has become evident from the post drilling analysis by management, various independent experts and other groups who have considered involvement, is that our earlier estimates understate both the prospect and regional area's potential.

It is this large project potential size which is both the challenge and opportunity for the Company. The challenge is that ongoing exploration at the Mixing Zone is cash draining. The opportunity is that we believe we are onto a very large deposit.

The Company's current strategy is to develop the Project's High Grade Zone ("HGZ") as an area where small scale mining of gold could be undertaken. The Company has announced its intention to develop an exploration adit and commence small scale production at the HGZ with the view of ultimately full scale production at the HGZ. The cash flow generated from the small scale production at the HGZ is planned to finance ongoing Mixing Zone drilling and exploration at the Nevera Project.

The Board has also determined that the strategy going forward is to evaluate joint venture partnerships to enable sharing of expenditure and exploration risk. Critical to engaging a joint venture partner is providing data sourced from a detailed helicopter-borne high resolution airborne magnetics and radiometrics survey. This will help define on-going drill targets on the Nevera Prospect and greatly assist in progressing the other prospects within the Company's tenements, as well as test the regional prospectivity between the known licenses, where widespread volcanic ash cover hampers conventional prospecting on the ground. This survey is now complete with the results are currently being analysed. The information is expected to also enable confidence in the potential size to make the Project more attractive to companies with larger balance sheets.

MINERALISATION AT THE NORTHERN END OF NEVERA PROSPECT

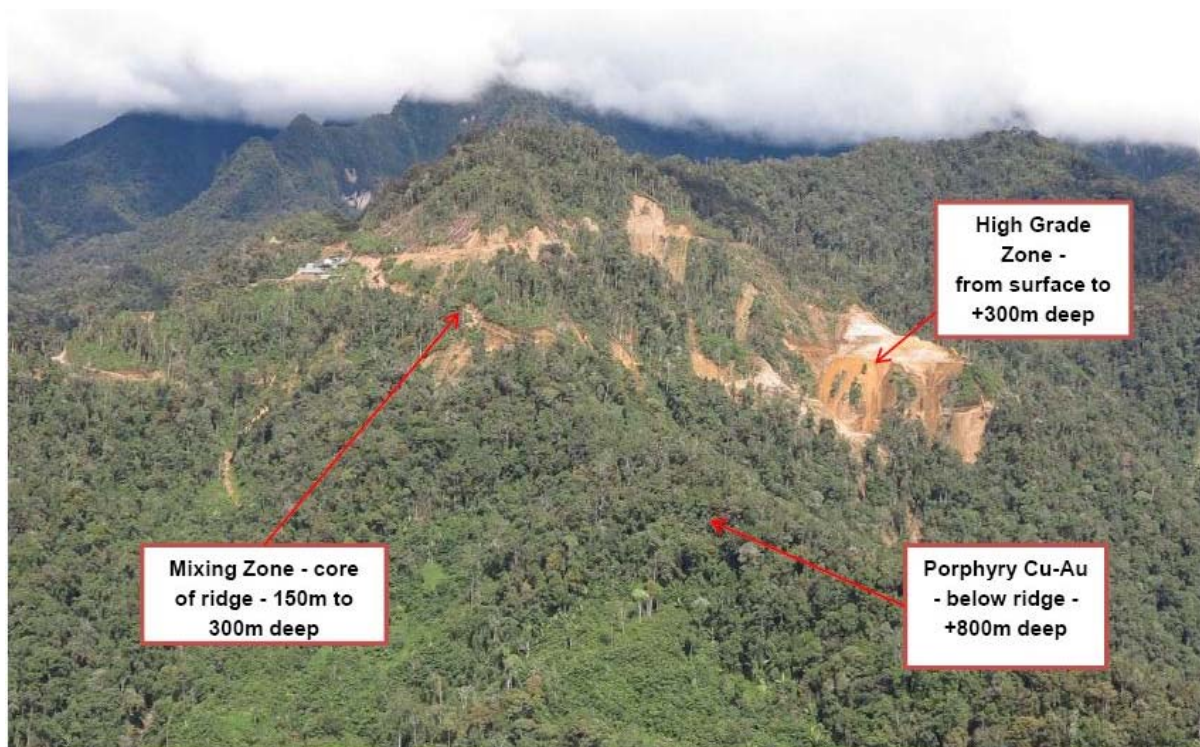


Figure 2 - Northern End of Nevera prospect

Activities

Strategy to test gold mining potential at the High Grade Zone (HGZ)

The Company commenced testwork aimed at the early development of the High Grade Zone (“HGZ”) with a view to starting a small scale operation in 2014.

Local artisanal miners have historically mined the HGZ at high grades; 15,000 ozs of gold are estimated to have been won from shallow underground workings in a steep spur between 2005 and 2012. The zone is made up of a series of narrow intersecting sub-vertical fractures and associated bonanza grade ore shoots up to 1 metre wide related to a high sulphidation epithermal gold mineralising event sourced in the deep intrusions underlying the northern end of the Nevera Prospect.

It is anticipated that simple gravity methods will be sufficient to recover a significant proportion of the gold from the HGZ (based on observations of the recovery methods practiced by the local miners). Bulk samples up to several cubic metres in size will be taken from differing mineralised material for trial processing on site. This processing is to include washing and screening and recovery of a gravity concentrate which can be directly smelted. Hand sorting and crushing of high grade oversize will be undertaken and it is possible that all of the ore in selected high grade structures may be crushed and processed as above.

There has been little drilling undertaken on the HGZ to date as the focus had been on the Mixing Zone and deep porphyry-related Pb-Zn-Au and Cu-Au potential.

The Company is progressing testwork in the HGZ with bulldozer/excavator benching of the spur and underground exploration, initially focussing upon confirming the geological expectations of the area and bulk testing processing methods.

The Company is focussed on establishing an operation to mine the HGZ in early 2014, thereby generating cash flow. The Crater Mountain project has both the potential for near term, low cost production as well as large scale, bulk tonnage, long term development.

The drop in gold price from around USD1,750 at the beginning of 2013 to its current level of around USD1,350 will impact how much cash is ultimately generated from this operation but will not change the decision to go ahead unless there is a further sustained drop in the gold price.

While the Company’s focus is on gold production, it is anticipated that this will initially only be on a small scale and as a result fluctuations in the gold price will have minimal effect on operations. However fluctuations in the gold price do have an effect on the general investment environment.

High Grade Zone Exploration Adit – Regulatory Approval Received

A Variation of Approved Programme for EL 1115 at Crater Mountain was granted to the Company’s PNG operating subsidiary Anomaly Limited (“Anomaly”) to permit the driving of an exploration adit and cross-cuts at the High Grade Zone in the Nevera Prospect, with associated underground drilling, sampling and metallurgical testing.

The variation in the work programme is targeted at defining a gold resource beneath the surface gougings and shallow underground workings conducted by the local village miners from 2005 to 2012.

Geological mapping of remnant surface exposures and several drill intersections have identified the mineralisation as steeply-dipping high sulphidation high-grade quartz-pyrite-gold veining and related steeply plunging ore shoots, with a strong potential for the high gold values worked near surface to extend to depth. Detailed geological mapping of the adit, cross-cuts and drill core will allow the Company to develop a more comprehensive understanding of the mineralisation than is possible from mapping and drilling at the surface, and intensive sampling including limited bulk test work will assist in establishing accurate gold grades and provide test material for optimising recovery and developing a mine flow sheet.

Regional Airborne Geophysical Survey interpretation has been completed and is being assessed

A detailed helicopter-borne magnetics and radiometrics survey over the major part of the Company’s Crater Mountain tenements was completed, after numerous delays caused principally by bad weather. The survey was designed to cover the majority of the Company’s Crater Mountain tenements, excluding only the very high, steep east-west ridgeline of the Crater Mountain main range (resulting in a large northern block and smaller southern block). North-south lines were flown 100 metres apart with east-west tie lines 1 km apart and the helicopter maintained a nominal terrain separation of 50 metre above tree-tops. Rain, low cloud base and terrain difficulties resulted in the long duration of the survey, with more stand-by days than productive flying days.

The contracting company, Thompson Aviation Limited of Australia, spent the following month “levelling” the raw data for terrain clearance before handing them on to the Company’s geophysical consultant GeoExplore Pty Ltd of Perth for analysis using a variety of diverse software programs which are in the process of being interpreted and amalgamated into a finished product, with

preliminary results starting to come in at the end of the Quarter. Results will be overlaid by the Company on Digital Terrain Models and assessed in detail over the next several months; they are expected to provide new structural and lithological insights as well as highlight individual magnetics and radiometrics-related targets. The detail will be examined in GIS by overlaying geo-referenced drainage and terrain layers as well as the Company's geological data.

Appointment of Richard Johnson as PNG General Manager

The Company recruited mining engineer Mr Richard Johnson as Crater Mountain Project Manager and PNG General Manager. Mr Johnson was chosen for his hands-on familiarity with PNG mining. In particular he was Divisional Director of DRDGold responsible for Tolukuma Gold Mine in PNG's Central Province from 2002 to 2005 and CEO of Allied Gold Limited at Simberi in 2008. His earlier experience in PNG includes conducting the due diligence for the acquisition of Woodlark from Highlands Gold by Auridiam and subsequent design and management of a 6-month drill programme in 1995 - 96. His wide experience includes administrative and technical responsibility in both mining and processing in many other countries including most recently 3 years managing exploration in the Kolar Gold Field of India.

Driving the exploration adit at the HGZ will be under the control of experienced mining project manager Mr Paul Henley who was a mining foreman for two years in the late 1990s during the initial underground development and start-up at Tolukuma. Mr Henley was subsequently involved in the massive drainage tunnel at Ok Tedi. He has worked as a mine foreman and mine manager in a number of countries and holds a current Victorian Mine Manager's Ticket.

Petrology confirms porphyry copper-gold

The Company received a final report on the petrology and mineralogy of drill core from hole NEV033 at the Nevera Prospect. The report by Mr Anthony Coote of Applied Petrologic Services & Research in New Zealand ("APSAR") included a detailed discussion of his findings which confirm and highlight the drill hole's proximity to a nearby major porphyry copper-gold system. This confirmed that the Nevera prospect has at least three distinct geological zones of potential; the Mixing Zone, the High Grade Zone and now the Porphyry copper-gold zone

Based on the identification in drill core of minerals that are characteristic of the broad propylitic halos that surround porphyry copper deposits in a number of widely spaced drill holes, an area at least 800m long by 400m wide lying at depth under the northern end of the prospect ridge is interpreted as being proximal to a porphyry Cu - Au system.

NEV033 was sited and oriented to test this interpretation, its location based particularly on the presence of strong coarse phyllic alteration in the lower part of drill hole NEV020 which is located higher up the slope from the NEV033 collar, to test for potential porphyry copper-gold mineralisation at depth; a cap of strong phyllic alteration is commonly found to overlie deeply buried porphyry deposits

Positive metallurgical results from Mixing Zone

The Company received encouraging results from initial metallurgical testwork on gold mineralisation sourced from its Nevera prospect at Crater mountain

A preliminary metallurgical assessment of the "Mixing Zone" gold mineralisation in the Nevera Prospect, involving gravity recovery, cyanide leaching and flotation testwork, was conducted for the Company by SGS Lakefield Orestest Pty Ltd of Perth, WA, on a 160kg composite sample of drill core. Samples making up the composite were of split core from a number of intersections between 230m and 320m in NEV019 and 310m and 340m in NEV025, with an average gold grade of 1.27 g/t Au.

Preliminary results indicate that most gold within the Mixing Zone at the Nevera Prospect could be recovered by fine grinding and cyanide agitation leaching

Testwork carried out on the composite sample included:

- laboratory-sized Knelson Concentrator gravity separation,
- bottle roll cyanidation, and
- batch rougher flotation

Using a grind of 75 microns, simple gravity separation recovered more than 50% of the contained gold, whilst bottle roll agitation cyanide leaching recovered between 76 and 83%, and flotation a little more than 95%. Reprocessing of the Knelson gravity concentrate using a hand pan showed that final concentrate grades of greater than 100 g/t Au should be readily achievable for this concentrate.

Cyanidation Testing:

Metallurgical testing showed that the gold leached quickly from the mineralised material at four different grind sizes; from a “coarse” 180 micron grind to a “standard” 75 micron grind, where the final gold recovery was 76 %. On average, most of the gold was dissolved into solution in a relatively quick 8 hours.

Grinding characteristics of the ore were found to be good.

The cyanidation results indicate:

- Leach kinetics were rapid with leaching essentially complete after 8 hours.
- Agreement between assayed and calculated head assays was good in most cases.
- Cyanide consumptions were moderately low (0.79 kg/t to 0.92 kg/t).
- Gold extraction ranged from 75.0 % (P80 = 180 µm), to 78.9 % (P80 = 75 µm).

Tailings from the cyanidation testing were examined by electron microscope and roughly two-thirds of the remaining gold was found to be encased in sulphide and one-third in silicate, preventing exposure to the cyanide solution at the 75 micron grind: possible solutions to increase the gold recovery to over 90% is ultra-fine grinding (perhaps after initial rougher floatation concentration as above to reduce the bulk for ultra-fine grinding)

The test results are pleasing as they indicate crushing and grinding characteristics are good, and that at a 75 micron grind more than 75% of the Mixing Zone gold can be expected to be extracted by agitation leach in 8 hours, with moderate lime and cyanide usage. A possible method to increase this to more than 90% gold recovery is ultra-fine grinding. It is noteworthy that simple floatation of the 75 micron grind produced a concentrate with more than 95% of the gold from the sample, and floatation followed by ultra-fine grinding of the resulting concentrate before cyanidation may be the simplest way to increase final cyanide gold recovery. The Company is confident that further metallurgical testing will provide a flowsheet capable of recovering more than 90% of the gold in the Mixing Zone.

Acquisition of 100% of the Project

Following various approvals by the PNG Government, the Company moved to outright ownership of 90% of the Crater Mountain Project. In addition, in line with a purchase and sale agreement with the previous owners of the 10% balance of the Project, following completion of preliminary administrative matters application has been made to the PNG Minister for Mines for the Minister’s consent to the transfer of the remaining 10% interest to the Company.

Fergusson Island Gold Project, PNG (100%)

Key Points

- EL 1972 (Gameta) granted
- EL 2180 (Wapolu) granted

EL 1972 (Gameta)

The Company’s re-application for the area containing the Gameta gold deposit on Fergusson Island, following the expiry in 2010 of the original Exploration License, EL 1070, was successful, with a new exploration license, EL 1972, being granted to the Company.

EL 2180 (Wapolu)

The Company’s application for the area containing the Wapolu gold deposit on Fergusson Island was successful, with a new exploration license EL 2180 being granted subsequent to the end of the reporting year. The Wapolu exploration license, EL 2180, was lodged following expiry of the original tenement EL 1025, in early 2012

The Gameta and Wapolu gold deposits, located in close proximity to each other on the north coast of Fergusson Island in PNG, comprise the Company’s Fergusson Island Project, upon which over \$15M has been spent since 1996. The Company previously announced its first resource estimate reported in accordance with the JORC Code for the Gameta deposit, an Inferred Resource of 5.1 million tonnes at 1.8 g/t for 295,000 ounces of gold at a cut-off grade of 1.0 g/t gold.

Future strategy

The Company's strategy at Fergusson Island is to review latest technology in refractory gold processing techniques to evaluate if the overall capital cost of the project can be reduced. One process being considered is the Albion process. This process relies on floatation followed by ultrafine grinding to expose fine refractory gold. Much of the ore at Gameta and Wapolu is of a refractory nature (fine gold locked entirely within fine-grained sulphide or silicate grains and so not accessible to cyaniding). The Company plans to generate fresh ore for further floatation testing followed by Albion Process testing.

Early desktop analysis of the Albion process are encouraging. In addition, the potential to generate geothermal power from the Lamalele thermal field on southeast Fergusson Island is being assessed by the PNG government, presenting a possibility of reduced power costs for development projects on the Island. This would impact favourably on any feasibility to develop the Wapolu and Gameta deposits as power costs are the most significant operating cost in mining and processing operations.

Joint venture and strategic partnership opportunities are also being evaluated.

Croydon Project, Queensland, Australia (100%)

Key Points

- Agreement to acquire Golden Gate Project EPM 18616

Background

The Croydon project in north Queensland is located within an interpreted under cover extension of the world class Mt Isa / Cloncurry mineral province that hosts the Mt Isa, Century, Earnest Henry and Cannington mines. The project comprises 10 Exploration Permits Mining (EPM) that cover aeromagnetic and gravity anomalies delineated during Government aerial surveys.

The Croydon Polymetallic project emerged from analysis of aerial geophysical data that detected magnetic and gravity anomalies in Proterozoic rock strata underling a relatively thin cover (100-130 metres) of Mesozoic sediments. CGN experts examined the anomalies and selected nine aeromagnetic (A1, A2, A5, A13, A15, A18, A25, A27 and A33) and three gravity (G1, G2 and G3) anomalies for follow-up exploration.

Significant vein style polymetallic (zinc, silver and tin) mineralisation has been identified in previous drilling undertaken by the Company. The mineralisation lies under approximately 100m of cover, some 35km north of Croydon.

Several areas within the Croydon tenements also have identified graphite potential.

Activities

Agreement to acquire Golden Gate Project EPM 18616

The Company announced in July 2012 that it had entered into an agreement with Global Resources Corporation Limited ("Global") to acquire from Global an Exploration Permit for Minerals in the Croydon District in North Queensland. At the time the relevant Exploration Permit was under application by Global. Subsequent to the end of the financial year the exploration Permit was granted to Global by the Queensland Department of Natural Resources and Mines. The appropriate steps are now being taken for the Exploration Permit to be transferred to the Company, less a 6% interest to be reserved to Global.

EPM18616 covers an area of 97.2 square kilometres of the historical Croydon Goldfield, which has recorded production of 844,000 ounces of gold and 900,000 ounces of silver in two periods of mining between 1885-1935 and 1987-90. The largest producer, the Golden Gate Lode (480,000 ounces of gold) is located within EPM18616 and EPM9438, tenements now owned 100% by the Company.

The area of land covered by the relevant Exploration Permit is contiguous to land covered by the Company's Exploration Permits nos. 8795 & 9438, north of the town of Croydon.

Graphite at Golden Gate

In July 2004, the Company, when named Gold Aura Ltd, undertook preliminary assessment of a large graphite deposit located at the Golden Gate mine. The graphite deposit was systematically drilled as part of a regional gold exploration program in the late 1980's by Central Coast Exploration (CCE). Three vertical reverse circulation holes were drilled by the Company between 2005 and 2007, that confirmed the graphite mineralisation as reported by earlier exploration was present at Golden Gate.

Since the Golden Gate graphite deposit is reasonably well defined by past drilling the exploration program to be conducted by the Company will involve collection of fresh drill core samples for metallurgical testwork. Should a commercial graphite deposit be

proven at Golden Gate, the area is well served by infrastructure with the port of Karumba on the Gulf of Carpentaria that services the Century Pb-Zn mine being within 150 kilometres from the town of Croydon.

Future strategy

An exploration program will be conducted by the Company that will involve collection of fresh drill core samples to be submitted for metallurgical testwork.

The Company's strategy at the Croydon A2 project is to seek a joint partnership. Previous drilling results at the project were promising with further drilling being justified.

Drilling results at the A2 hole A2-001 returned a 5m massive sulphide intercept averaging 8% Zn, 180g/t Ag, 0.58% Sn and 0.57% Cu. Similar high value massive sulphide filled fracture zones are present in six of the other holes drilled and all nine holes drilled contained thick intercepts of strong Zn-Ag anomalism indicating the presence of a large mineralizing system. They appear to form linear patterns with an east-west strike and apparent vertical dip that suggests continuity of the zones is possible. Present hole spacing of 200m is too wide for certainty, but if continuous, the massive sulphide zones will represent a sizable polymetallic-tin deposit.

Investment in Kenai Resources

On 5 July 2013 the shareholders of Kenai Resources Ltd (TSXV:KAI "Kenai") voted to accept an agreement whereby Serabi Gold plc. (AIM:SRB and TSX:SBI "Serabi") Serabi would acquire all the issued and outstanding common shares of Kenai at 0.85 Serabi shares in exchange for each Kenai share held. As a result the Company was issued with 17.1m Serabi shares for its original holding of 20.1m Kenai shares.

As at the date of this report the Company has sold some 12m Serabi shares on the TSX and AIM markets.

Corporate

- Board Changes
- Rights Issues
- Name change to Crater Gold Mining Limited

Appointment of Directors

Messrs Sam Chan, Desmond Sun and Russell Parker were appointed as directors of the Company in March 2013.

Mr Chan is a director and the controller of FreeFire Technology Limited.

Resignation of Directors

James Collins-Taylor and Sinton Spence resigned as directors of the Company in March 2013. Mr Collins-Taylor has been appointed as alternate director for Director Thomas Fermanis. Mr Collins-Taylor also continues to serve as chair of the Company's Audit Committee and Remuneration & Nomination Committee.

Rights Issues

In October 2012 the Company undertook an underwritten non-renounceable pro rata rights issue of two (2) shares for every three (3) shares held at A\$0.0025 (0.25 cents) per share to raise up to \$3,745,558 before costs.

Application funds totalling \$3,273,831 were received. The issue was undersubscribed by \$471,727.22. The rights issue shortfall was taken up by the underwriter.

Funds raised were used for reducing debt and for working capital in particular to progress the Crater Mountain Project.

In March 2013, the Company undertook an underwritten renounceable pro rata rights issue of eighteen (18) shares for every ten (10) shares held at A\$0.001 (0.1 cent) per share to raise up to approximately \$6,985,000 before costs.

Application funds totalling 3,041,618.97 were received. The issue was undersubscribed by \$3,943,385.83. The rights issue shortfall was taken up by the underwriter.

Funds raised have been used to repay a \$1.5 million loan to the Company from shareholder FreeFire Technology Ltd ("FreeFire"), to fund exploration and underground drilling at the Company's Crater Mountain Project in PNG in preparation for the development of an adit for underground exploration and production commencement related testwork at the Project's High Grade Zone, and for working capital generally.

Name Change to Crater Gold Mining Limited

At the Company's general meeting held on the 9th of July 2013 shareholders approved the change of the Company's name from "Gold Anomaly Limited" to "Crater Gold Mining Limited".

Schedule of Tenements

Set out below is the schedule of tenements that the Company and its subsidiaries hold as at 30 September 2013:

Project	Tenements particulars	% ownership
Croydon (North Queensland)	EPM 8795	100%
	EPM 9438	100%
	EPM 10302	100%
	EPM 13775	100%
	EPM 15989	100%
	EPM 16002	100%
	EPM 16003	100%
	EPM 16004	100%
	EPM 16046	100%
	EPM 16047	100%
	EPM 16062	100%
	EPM 16662	100%
	EPM 18616	100%
	Mount Isa (North Queensland)	EPM 16579
Fergusson Island (Papua New Guinea)	EL 1972	100%
	EL 2180	100%
Crater Mountain (Papua New Guinea)	EL 1115	100%
	EL 1353	100%
	EL 1384	100%

The information contained on pages 2 to 10 of this report relating to exploration results and mineral resources at Crater Mountain, PNG is based on information compiled by Mr P Macnab, Non-Executive Director of Crater Gold Mining Limited. Mr Macnab is a Fellow of The Australian Institute of Geoscientists and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Macnab consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information contained on pages 2 to 10 of this report that relates to exploration results at Croydon, Queensland is based on information compiled by Mr J V McCarthy, MAusIMM, Consulting Geologist. Mr McCarthy is a Member 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McCarthy consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

“The twelve months ending 30 June 2013 were progressive and yet challenging for the Company. Good progress was made at the flagship Crater Mountain Project in Papua New Guinea. This was countered by continued depressed conditions worldwide for junior resources companies in combination with weaker gold and other commodities prices.”

“FreeFire Technology Ltd (“FreeFire”) became the Company’s major shareholder... FreeFire’s investment in the Company greatly strengthens the Company’s financial position and strategic corporate management skills”

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 2013.

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:

S W S Chan (Non-executive Director, appointed 29 January 2013. Appointed Non-Executive Chairman 11 March 2013)	T M Fermanis (Non-executive Director)
G B Starr (Resigned as Executive Chairman on 11 March 2013 and was appointed Managing Director on the same day)	R P Macnab (Non-executive Director)
J D Collins-Taylor (Alternate Director to T M Fermanis, appointed 11 March 2013)	R D Parker (Non-executive Director, appointed 12 March 2013)
	D T Y Sun (Non-executive Director, appointed 29 January 2013)

Mr J D Collins-Taylor was a Non-executive Director at 1 July 2012. He resigned on 9 March 2013 and was appointed as Alternate Director to Mr T M Fermanis on 11 March 2013.

Mr J S Spence was a Non-executive Director at 1 July 2012. He resigned on 9 March 2013.

The Company's Board of Directors pays tribute to James Collins-Taylor and Sinton Spence for the very significant contributions they have made to the Company as directors of the Company. Mr Collins-Taylor was a director of the Company since 2005 and Mr Spence was a founding director of Anomaly Limited which merged with the Company in 2009.

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 2 – 7 of this report.

Review of Operations and Results

The Group incurred a loss of \$3,060,824 for the year ended 30 June 2013 (2012: loss of \$10,795,231). Further details of the Group's operations are included on pages 2 – 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 2013.

Significant Changes in the State of Affairs

The Directors are not aware of any 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 Balance Date

As mentioned elsewhere in this report, the Company held an Extraordinary General Meeting on 9 July 2013 at which it was decided to change the name of the Company from Gold Anomaly Limited to Crater Gold Mining Limited.

On 5 July 2013 the shareholders of Kenai Resources Ltd (TSXV:KAI "Kenai") voted to accept an agreement whereby Serabi Gold plc. (AIM:SRB and TSX:SBI "Serabi") Serabi would acquire all the issued and outstanding common shares of Kenai at 0.85 Serabi shares in exchange for each Kenai share held. As a result the Company was issued with 17.1m Serabi shares for its original holding of 20.1m Kenai shares.

As at the date of this report the Company has sold some 12m Serabi shares on the TSX and AIM markets. Refer notes 12 and 14.

At an Extraordinary General Meeting held on 26 September 2013 a resolution to consolidate every one hundred shares into one share in the Company was approved.

Subsequent to the end of the year, FreeFire Technology Limited ("FreeFire"), a major shareholder in the Company, has agreed to advance a loan of up to \$1m to the Company to meet any ongoing funding requirements which may arise prior to the completion of contemplated future fund raising exercises. The loan will be on standard commercial terms and conditions. The Board considers that the terms under which this loan will be made are reasonable and no more favourable than the alternative arrangements available or reasonably expected to be available.

The loan will be repaid out of the proceeds of future fund raising activities.

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 2– 11.

Future financial performance and outcomes depend on a number of things such as the Group's ability to continue 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 and their qualifications, experience and special responsibilities are as follows:

S W S Chan (*Non-Executive Chairman*)



Mr Chan was appointed a Director of the Company on 29 January 2013 and Non-Executive Chairman 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 has an interest of 6,453,186,877 ordinary shares in the Company through his control of FreeFire Technology Limited.

G B Starr BBus, CPA (*Managing Director*)



Mr Starr was appointed as a Chairman and Director on 19 February 2008 and Executive Chairman on 26 March 2010. On 11 March 2013 Mr Starr resigned as Executive Chairman and was appointed Managing Director.

Mr Starr has over 24 years experience in corporate financial management, with the last 21 years focused on the resources and mining sector, including his most recent appointment as Chief Executive Officer and President of Golden China Resources Corporation, and previously as Chief Executive Officer of Michelago Limited and Chief Executive Officer of Emperor Mines Limited. Mr Starr is a member of the Australian Society of Certified Practicing Accountants. Mr Starr is President of Kenai Resources Ltd, a company listed on the Toronto Stock Exchange.

Mr Starr has an interest of 30,100,000 ordinary shares in the Company.

T M Fermanis F Fin, MSAA (*Non-executive Director*)



Mr Fermanis has been a Director of the Company since 2 November 2009. 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 Audit Committee and of the Remuneration and Nomination Committee.

Mr Fermanis has an interest in 57,114,008 ordinary shares in the Company.



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

Mr Macnab has been a Director of the Company since 2 November 2009. Mr Macnab has 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 has had extensive worldwide experience in mineral exploration as well as financing and developing mineral resource exploitation. Mr Macnab has maintained his close links with PNG and continues to live on Buka Island, Autonomous Region of Bougainville, PNG.

Mr Macnab has an interest in 8 ordinary shares in the Company.



R D Parker (Non-executive Director)

Mr Parker was appointed a Director of the Company on 12 March 2013.

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.



D T Y Sun (Non-executive Director)

Mr Sun was appointed a Director of the Company on 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.



J D Collins-Taylor BA Bus, ACA (Alternate Director to Mr Fermanis)

Mr Collins-Taylor has been a Director since 20 October 2005. He is a Chartered Accountant and was formerly with Deloitte Touche Tohmatsu for 12 years. Mr Collins-Taylor has worked in the private equity and venture capital fields in Asia since 1992. He has extensive finance experience, and has been involved in a number of major transactions involving companies listed on the London and Hong Kong Stock Exchanges.

Mr Collins-Taylor is Chairman of the Audit Committee and of the Remuneration and Nomination Committee.

Mr Collins-Taylor has an interest of 13,486,404 ordinary shares in the Company.

J A Lemon BA LLB (Hons), Grad Dip App Fin (Finsia), Grad Dip App Corp Gov, ACSA (Company Secretary)

Mr Lemon has been Company Secretary since 13 February 2006. Mr Lemon is a qualified solicitor and has held a number of positions as Company Secretary and/or Legal Counsel with various companies, including roles with MIM Holdings Limited, General Electric Company and Bank of Queensland Limited. Mr Lemon is currently company secretary of several ASX-listed and other companies and a director of one ASX-listed company and of other companies. He was also formerly a director of ASX-listed UCL Resources Limited.

Mr Lemon has an interest of 4,570,000 ordinary shares in the Company.

Directors' Interests in Shares and Options

The Directors' interests in shares and options of the Company are set out in section (d) of the Remuneration Report and in note 26 in the financial report.

Directors' Report

Directors' Meetings

The Company held 15 Board meetings, 2 Audit Committee meetings and 3 Remuneration and Nomination Committee meetings during the year. The number of meetings attended by each Director was:

Name	Board		Audit Committee		Remuneration and Nomination Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
S W S Chan ¹	6	6	-	-	-	-
G B Starr	15	15	-	-	-	-
J D Collins-Taylor ²	11	11	3	3	2	2
T M Fermanis ³	15	15	1	1	1	1
R P Macnab	15	13	-	-	-	-
R D Parker ⁵	4	4	-	-	-	-
J S Spence ⁴	10	6	2	2	1	1
D T Y Sun ⁶	6	6	-	-	-	-

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.

1 Mr Chan was appointed a Director on 29 January 2013.

2 Mr Collins-Taylor is Chairman of the Audit Committee and of the Remuneration and Nomination Committee. He resigned as a Director of the Company on 9 March 2013 and was appointed an Alternate Director to Mr Fermanis on 11 March 2013.

3 Mr Fermanis is a member of the Audit Committee from 11 March 2013 and of the Remuneration and Nomination Committee for the full year.

4 Mr Spence was a member of the Audit Committee until his resignation as a Director of the Company on 9 March 2013.

5 Mr Parker was appointed a Director on 11 March 2013.

6 Mr Sun was appointed a Director on 29 January 2013.

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).

Shares under Option

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

Expiry date	Issue price of shares (\$)	Number of shares under option	Type
29 September 2013	\$0.0259	810,811	Unlisted
19 October 2013	\$0.0277	505,051	Unlisted
31 October 2013	\$0.0288	728,155	Unlisted
01 November 2013	\$0.0284	738,916	Unlisted
22 November 2013	\$0.0321	655,022	Unlisted
30 November 2013	\$0.0428	490,196	Unlisted
20 December 2013	\$0.0462	757,576	Unlisted
20 January 2014	\$0.0444	788,644	Unlisted
23 February 2014	\$0.0375	932,836	Unlisted
30 March 2014	\$0.0393	889,680	Unlisted
03 May 2014	\$0.0398	880,282	Unlisted
02 June 2014	\$0.0507	690,608	Unlisted
04 July 2014	\$0.0417	503,356	Unlisted
04 August 2014	\$0.0468	449,102	Unlisted
05 September 2014	\$0.0423	496,689	Unlisted
05 October 2014	\$0.0337	622,407	Unlisted
08 May 2015	\$0.0181	13,000,000	Unlisted

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

51,846 shares of the Company were issued during the year ended 30 June 2013 as a result of the exercise of options over unissued shares in the Company. They are as follows:

Date of issue	No of ordinary shares issued	Amount paid per share (\$)	Amount unpaid per share
06 October 2011	40,000	\$0.0300	-
29 June 2012	11,846	\$0.0300	-

No further shares have been issued on the exercise of options since that date.

Indemnification and Insurance of Directors

During the year, the Company paid premiums of \$15,915 (2012: \$15,996) 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 law.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

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

Remuneration Report (Audited)

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

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

The Company has a Remuneration and Nomination Committee. The Board has adopted a Remuneration and Nomination Policy which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and Non-executive Directors. The 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 is 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.

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 2013:

- 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 13 and 14 and the following executive officers who have authority and responsibility for the planning, directing and controlling the activities of the Group.

Directors' Report

Director / key management person	Short-term		Post-employment	Share-based payments		Total
	Base Fees/salary	Other ¹⁴	Superannuation	Options ¹⁷	% of total	
2013						
Non-executive Directors						
S W S Chan ¹	14,778	-	-			14,778
J D Collins-Taylor ²	35,000	18,600	-	5,900	9.9%	59,500
T M Fermanis	32,110	147,083	11,807	5,900	3.0%	196,900
R P Macnab	35,000	85,496	-			120,496
R D Parker ³	10,694	-	-			10,694
J S Spence ⁴	24,111	44,846	-	5,900	7.9%	74,857
D T Y Sun ⁵	14,778	-	-			14,778
Subtotal	166,471	295,025	11,807	17,700		492,003
Executive Directors						
G B Starr, Managing Director	300,000	-	27,000	15,734	4.6%	342,734
Other key management personnel						
G R Boyce ⁶	182,497	-	-	-		182,497
R Johnson ⁷	104,165	-	-	-		104,165
J A Lemon ⁸	86,666	-	-	-		86,666
J McCarthy ⁹	45,318	-	-	-		45,318
T Shelley ¹⁰	49,500	-	-	-		49,500
Total	934,617	295,025	38,807	33,434		1,302,883
2012						
Non-executive Directors						
J D Collins-Taylor	35,000	-	-	19,708	36.0%	54,708
T M Fermanis	35,000	81,400	-	19,708	14.5%	136,108
R P Macnab	35,000	80,858	-	-		115,858
J S Spence	35,000	22,490	-	19,708	25.5%	77,198
Subtotal	140,000	184,748	-	59,124		383,872
Executive Directors						
G B Starr, Executive Chairman	300,000	-	22,500	52,556	14.0%	375,056
K G Chapple ¹¹	121,152	4,726	15,746	42,120	22.9%	183,744
Other key management personnel						
J A Lemon ⁸	108,653	-	-	33,366	23.5%	142,019
G Dionisio ¹²	42,692	-	3,842	-		46,534
G R Boyce ⁶	187,425	-	-	-		187,425
J McCarthy ⁹	108,648	-	-	-		108,648
T Shelley ¹⁰	41,800	-	-	-		41,800
P M B Smith ¹³	182,954	-	16,466	73,347	26.9%	272,767
J Batista ¹⁵	90,468	-	18,094	-		108,562
R Buckland ¹⁵	75,000	-	-	-		75,000
Total	1,398,792	189,474	76,648	260,513		1,925,427

1. Mr S W W Chan was appointed a Director on 29 January 2013.
2. 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.
3. Mr R D Parker was appointed a Director on 11 March 2013.
4. Mr J S Spence resigned as a Director on 9 March 2013.
5. Mr D T Y Sun was appointed a Director on 29 January 2013.
6. Mr G R Boyce was appointed as Senior Financial Consultant on 10 May 2011 and as Chief Financial Officer on 1 November 2011.
7. Mr R Johnson was appointed Country Manager – PNG on 1 January 2013.
8. Mr Lemon acts in a part-time capacity.
9. Mr J McCarthy was appointed as Project Manager - Croydon on 23 September 2011.
10. Mr T Shelley was appointed Country Manager Papua New Guinea on 25 May 2012 and resigned on 30 September 2012.
11. Mr K G Chapple resigned as an Executive Director on 31 August 2011.
12. Mr Dionisio was appointed as Chief Financial Officer on 25 April 2011 and resigned on 31 October 2011.
13. Mr P M B Smith was appointed as Country Manager – Papua New Guinea on 1 February 2011 and resigned on 24 May 2012.
14. Other relates to services provided by Directors and in the case of Mr Chapple, amounts salary sacrificed for the lease of a motor vehicle.
15. Mr Batista was appointed General Manager, Brazil on 29 April 2011.
16. The Brazilian operation was sold to Kenai Resources on 19 December 2011.
17. All outstanding share options for Directors and other key management were cancelled on 5 June 2013.

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	2013	2012
	\$	\$
Short term	1,230,642	1,588,266
Post-employment benefits	38,807	76,648
Share-based payments	33,434	260,513
Total	1,302,883	1,925,427

(c) Service agreements

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for the Executive Directors and other key management personnel are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below:

Key management personnel	Commencement date	Term of agreement	Base salary	Superannuation	Period of notice
G B Starr <i>Managing Director</i>	26 March 2010	No fixed term	\$300,000 pa	9% of base salary	3 months
J A Lemon <i>Company Secretary</i>	13 February 2006	No fixed term	\$165 ph	-	4 weeks
J McCarthy <i>Project Manager - Croydon</i>	23 September 2011	No fixed term	\$1,000 pd	-	4 weeks
G Boyce <i>Chief Financial Officer</i>	1 November 2011	No fixed term	\$925 pd	-	4 weeks
R Johnson <i>Country Manager – PNG</i>	1 January 2013	No fixed term	\$250,000 pa	-	4 weeks

(d) Equity based compensation

Options granted as part of remuneration for the year ended 30 June 2013

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.

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
2013					
Directors					
S W S Chan	-	-	-	-	-
G B Starr	10,000,000	-	-	(10,000,000)	-
J D Collins-Taylor	3,000,000	-	-	(3,000,000)	-
T M Fermanis	1,500,000	-	-	(1,500,000)	-
R P Macnab	-	-	-	-	-
R D Parker	-	-	-	-	-
J S Spence	1,500,000	-	-	(1,500,000)	-
D T Y Sun	-	-	-	-	-
Key management personnel					
G R Boyce	-	-	-	-	-
R Johnson	-	-	-	-	-
J A Lemon	2,500,000	-	-	(2,500,000)	-
J V McCarthy	-	-	-	-	-
T Shelley	-	-	-	-	-
2012					
Directors					
G B Starr	12,500,000	-	-	(2,500,000)	10,000,000
K G Chapple	9,431,808	-	-	-	9,431,808
J D Collins-Taylor	3,618,202	-	-	(618,202)	3,000,000
T M Fermanis	1,500,000	-	-	-	1,500,000
R P Macnab	-	-	-	-	-
J S Spence	1,500,000	-	-	-	1,500,000
Key management personnel					
J A Lemon	2,500,000	-	-	-	2,500,000
G Dionisio	-	-	-	-	-
G R Boyce	-	-	-	-	-
J V McCarthy	-	-	-	-	-
R Buckland	3,000,000	-	-	(3,000,000)	-
J Batista	-	-	-	-	-
P M B Smith	4,000,000	-	-	-	4,000,000
T Shelley	-	-	-	-	-

(d) Equity based compensation (cont.)

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	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
2013					
Directors					
S W S Chan	-	-	-	6,453,186,877	6,453,186,877
G B Starr	10,750,000	-	-	19,350,000	30,100,000
J D Collins-Taylor	3,486,404	-	-	10,000,000	13,486,404
T M Fermanis	56,331,217	-	-	864,000	57,195,217
R P Macnab	8	-	-	-	8
R D Parker	-	-	-	-	-
J S Spence	57,750,008	-	-	18,960,000	76,710,008
D T Y Sun	-	-	-	-	-
Key management personnel					
G R Boyce	-	-	-	-	-
R Johnson	-	-	-	-	-
J A Lemon	570,000	-	-	4,000,000	4,570,000
J V McCarthy	-	-	-	-	-
T Shelley	-	-	-	-	-
2012					
Directors					
G B Starr	10,750,000	-	-	-	10,750,000
K G Chapple	2,863,616	-	-	-	2,863,616
J D Collins-Taylor	3,486,404	-	-	-	3,486,404
T M Fermanis	56,331,217	-	-	-	56,331,217
R P Macnab	8	-	-	-	8
J S Spence	57,000,008	-	-	750,000	57,750,008
Key management personnel					
J A Lemon	570,000	-	-	-	570,000
G Dionisio	200,000	-	-	-	200,000
G R Boyce	-	-	-	-	-
J V McCarthy	-	-	-	-	-
R Buckland	-	-	-	-	-
J Batista	-	-	-	-	-
P M B Smith	250,000	-	-	-	250,000
T Shelley	-	-	-	-	-

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 24.

Corporate Governance

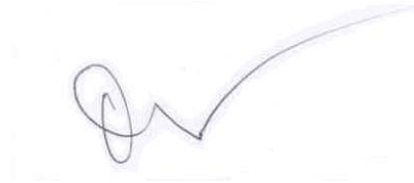
The Board of Directors is responsible for the Corporate Governance of the Group. The Board is committed to achieving the highest standards of corporate behaviour and accountability. The Company's corporate governance statement is contained in the following section of this report.

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



G B Starr
Managing Director

Sydney
30 September 2013



T M Fermanis
Director

“The program confirmed the presence of a major altered and mineralised system underlying the northern end of Nevera, with the potential to define a large bulk tonnage gold deposit”

Corporate Governance Statement

The Listing Rules of the Australian Securities Exchange require that the Company's Annual Report contain a statement disclosing the extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Recommendations ("Recommendations") during the financial year. There are 30 Recommendations, contained within 8 Corporate Governance "Principles", and all are addressed in this Statement.

The Recommendations are guidelines rather than prescriptions, and a company has the flexibility not to adopt a particular Recommendation if the company considers it inappropriate to the company's particular circumstances, provided the company explains why it has not followed the particular Recommendation.

Principle 1 – Lay solid foundations for management and oversight

The Corporate Governance Charter adopted by the Board (which can be found on the Company's website) ("the Corporate Governance Charter") provides that the Board's broad functions are to:

- chart strategy and set financial and other targets for the Company and its controlled entities ("the Group");
- monitor the implementation and execution of strategy and performance against financial and other targets;
- appoint and oversee the performance of executive management; and
- generally to take an effective leadership role in relation to the Group.

The Board evaluates the performance of senior executives on an ongoing basis.

The Company's executive management is charged with managing and directing the day-to-day operations of the Company's business.

Principle 2 – Structure the Board to add value

The current Board of six members comprises five Non-executive Directors and one Executive Director. The names, skills and experience of the Directors in office at the date of this Statement and the period of office of each Director are set out in the Directors' Report. The Directors believe that the composition of the Board is appropriate for its functions and responsibilities.

Based on the guidelines accompanying the Recommendations, for the majority of the reporting period (up to March 2013) the Board comprised two independent directors (Messrs Collins-Taylor and Spence) and three non-independent directors. Of the three non-independent directors, Greg Starr is the Company's Managing Director, employed in an executive capacity, and Peter Macnab and Tom Fermanis are material suppliers of professional consulting services to the Company. Since March 2013 the Board has comprised two independent directors (Messrs Sun and Parker) and four non-independent directors Messrs Starr, Macnab, Fermanis and non-executive chairman Sam Chan. Mr Chan is the sole director and shareholder of a substantial shareholder of the Company, and therefore not considered independent according to the guidelines accompanying the Recommendations.

During the reporting period the Company had a Remuneration & Nomination Committee. Up to March 2013 the Committee consisted of two independent Directors, Messrs Collins-Taylor and Sinton Spence. Mr Collins-Taylor resigned as a director of the Company in March 2013 but remains a member (and Chairman) of the Committee. The Committee's other member since March 2013 is non-independent director Mr Fermanis. The Committee has a charter which appears on the Company's website (www.cratergold.com.au).

The Board evaluates the performance of itself, its committees and individual Directors. The Remuneration and Nomination Committee is also charged with making recommendations to the Board in this regard. During the reporting period the Board undertook a formal evaluation of its performance.

Principle 3 – Promote ethical and responsible decision making

The Company is firmly committed to ethical business practices, a safe workplace and compliance with the law. Fair dealing with the Company's suppliers, advisors, customers, employees and competitors is expected at all levels of the organisation. All Directors, executive management and employees are expected to act with integrity to enhance the performance of the Company.

The Company's Corporate Governance Charter contains a code of conduct which provides a guide to the Company's Directors as to the practices necessary to maintain confidence in the Company's integrity and ethical practices.

The Company is a stated equal opportunity employer, however has not established a policy concerning diversity as such as the Company does not believe it would be appropriate for the Company at this time given the Company's stage of development, the industry in which the Company operates, the Company's size, and the Company's circumstances generally. The Board has not either set measurable objectives for achieving gender diversity in accordance with a diversity policy for the foregoing reasons. During the reporting period there were no women on the Company's board or in a senior executive position. The proportion of women employees in the whole organisation was 33.3% during the first part of the reporting period and subsequently 0%. It should be noted however that during the reporting period the Company had only two or three employees.

Principle 4 – Safeguard integrity in financial reporting

The Board requires that prior to adoption of the annual accounts the Chief Executive Officer and any Chief Financial Officer state in writing to the Board that the consolidated financial statements of the Company and its controlled entities present a true and fair view in all material respects of the Group's financial condition and operational results and are in accordance with applicable accounting standards.

The Audit Committee is a committee of the Board. It is the Audit Committee's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information, as well as non-financial considerations such as the benchmarking of operational key performance indicators.

Up to March 2013 the Audit Committee comprised two independent Directors, Messrs Collins-Taylor and Spence. Mr Collins-Taylor resigned as a director of the Company in March

Corporate Governance Statement

2013 but remains a member (and Chairman) of the Committee. The Committee's other member since March 2013 is non-independent director Mr Fermanis. The Chairman of the Audit Committee was not Chairman of the Board. The Board believes that, given the Company's size and the financial acumen of the two Committee members, two is an adequate number for the Committee at this time.

The Audit Committee has a formal written charter which sets out the Committee's role and responsibilities, composition, structure and membership requirements.

Details of the names and qualifications of the Audit Committee members and meetings attended by them are contained in the Directors' Report. The Audit Committee Charter is published on the Company's website. The Audit Committee Charter charges the Audit Committee with responsibility for recommending to the Board the appointment, evaluation and termination of the external auditor, and reviewing and discussing with the external auditor all significant relationships the auditor has with the Company in order to ensure independence of the auditor.

The Company's current auditor complies with its obligations under the Corporations Act 2001 s324DA and consequently an individual who plays a significant role in the audit of the Company will rotate off the audit after five years and will not participate in the audit again for a further two years.

Principle 5 – Make timely and balanced disclosure

The Company has established policies and procedures designed to ensure compliance with the ASX Listing Rule requirements so that announcements are made in a timely manner, are factual, do not omit material information, are balanced, and are expressed in a clear and objective manner so as to allow investors to assess the information when making investment decisions. The Managing Director and Company Secretary are responsible for interpreting and monitoring the Company's disclosure policy and the Company Secretary is responsible for all communications with the ASX.

The Company's Corporate Governance Charter contains procedures relating to timely and balanced disclosure.

ASX announcements are also published on the Company's website.

Principle 6 – Respect the rights of shareholders

The Company aims to keep shareholders informed of the Company's performance and all major developments on an ongoing basis. The Company regularly communicates to its shareholders in a timely manner through a communications strategy that consists of:

- relevant disclosures made in accordance with ASX Listing Rule disclosure requirements;
- making documents that have been released publicly available on the Company's website; and
- communicating with shareholders electronically through the Company's web-based application.

The Company's website contains a corporate governance section that includes copies of charters adopted by the Company.

The Company routinely requests that the external auditor attend the Company's annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7 – Recognise and manage risk

The Company recognises that it is necessary to undertake activities that involve a level of risk in order to achieve high levels of performance. The Board and Audit Committee are responsible for the oversight of the Group's risk management and control framework.

The size of the Company and the comprehensive nature of its reporting systems have led the Board to conclude that a formal internal audit process would not be cost effective nor reduce risk. The Company has established policies for:

- the oversight of material business risks; and
- the Management of material business risks.

The Board believes that there are adequate controls to ensure that financial reports provide a truthful and factual position for the Company.

The Managing Director and the Chief Financial Officer are required to make an annual written statement to the Board in accordance with section 295A of the Corporations Act that the section 295A declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material aspects in relation to financial risk.

Principle 8 – Remunerate fairly and responsibly

The Company had a Remuneration & Nomination Committee during the reporting period. Up to March 2013 the Committee consisted of two independent Directors, Messrs Collins-Taylor and Sinton Spence. Mr Collins-Taylor resigned as a director of the Company in March 2013 but remains a member (and Chairman) of the Committee. The Committee's other member since March 2013 is non-independent director Mr Fermanis. Details of the names and qualifications of the Committee members and meetings attended by them are contained in the Directors' Report. The Committee has a charter which is published on the Company's website.

It is the objective of Crater Gold Mining Limited to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration policy are:

- retention and motivation of key executives;
- attraction of quality management to the Company; and
- performance incentives which allow executives to share the rewards of the success of the Company.

The Company's non-executive Directors receive Director's fees. Non-executive Directors are not entitled to any retiring allowance payable upon their retirement as a Director of the Company. The details of the Directors' and senior executives' remuneration are set out in the Directors' Report.

Auditor's Independence Declaration



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF CRATER GOLD MINING LIMITED

As lead auditor of Crater Gold Mining Limited for the year ended 30 June 2013, 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 of Crater Gold Mining Limited and the entities it controlled during the period.

Arthur Milner
Partner

BDO East Coast Partnership

Sydney, 30 September 2013

BDO East Coast Partnership ABN 63 236 985 726 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) in each State or Territory other than Tasmania.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year ended 30 June 2013

	Notes	June 2013 \$	June 2012 \$
Continuing Operations			
Revenue	5	-	92,276
Interest income	5	25,547	107,292
Total income		25,547	199,568
Less:			
Administration expense	6	(1,581,756)	(1,768,492)
Corporate compliance expense	6	(129,627)	(185,940)
Impairment of exploration and evaluation costs	16	-	(989,173)
Other expense	6	(925,359)	(281,515)
Financing expense		(449,629)	(61,115)
Loss before tax		(3,060,824)	(3,086,667)
Income tax expense	8	-	-
Loss for the year from continuing operations		(3,060,824)	(3,086,667)
Loss for the year from discontinued operations	7	-	(7,708,564)
Loss for the year after income tax expense		(3,060,824)	(10,795,231)
Other comprehensive income			
Exchange differences on translating foreign operations	24	112,739	2,158,629
Total comprehensive income for the year		(2,948,085)	(8,636,602)
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss - cents per share	9	(0.071)	(0.212)
Diluted loss - cents per share	9	(0.071)	(0.212)
Loss per share from discontinued operations attributable to the ordinary equity holders of the Company:			
Basic loss - cents per share	9	-	(0.528)
Diluted loss - cents per share	9	-	(0.528)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss - cents per share	9	-	(0.74)
Diluted loss - cents per share	9	-	(0.74)

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 2013

	Notes	June 2013 \$	June 2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	3,422,826	479,067
Other financial assets	12	1,041,501	-
Trade and other receivables	13	50,951	80,343
Total current assets		4,515,278	559,410
Non-current assets			
Other financial assets	14	33,854	1,148,102
Other assets	15	-	526,609
Exploration and evaluation	16	27,664,200	22,369,698
Plant and equipment	17	326,163	163,565
Total non-current assets		28,024,217	24,207,974
Total Assets		32,539,495	24,767,384
LIABILITIES			
Current liabilities			
Trade and other payables	18	1,075,849	519,323
Related party payables	19	48,270	102,906
Non interest-bearing liabilities	20	-	1,421,463
Provisions	21	38,398	24,597
Total current liabilities		1,162,517	2,068,289
Total liabilities		1,162,517	2,068,289
Net Assets		31,376,978	22,699,095
EQUITY			
Contributed equity	22	48,565,624	37,030,487
Reserves	23	3,420,840	3,217,270
Accumulated losses	23	(20,609,486)	(17,548,662)
Total Equity		31,376,978	22,699,095

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 2013

	Notes	Ordinary equity \$	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2012		37,030,487	-	3,217,270	(17,548,662)	22,699,095
Movement in share based payment reserve	23	-	-	90,831	-	90,831
Issue of share capital	22	12,730,197	-	-	-	12,730,197
Transaction costs	22	(1,195,060)	-	-	-	(1,195,060)
Transactions with owners		11,535,137	-	90,831	-	11,625,968
Profit (loss) for the period		-	-	-	(3,060,824)	(3,060,824)
Other comprehensive income						
Exchange differences on translating foreign operations		-	-	112,739	-	112,739
Total comprehensive income for the period		-	-	112,739	(3,060,824)	(2,948,085)
Balance at 30 June 2013		48,565,624	-	3,420,840	(20,609,486)	31,376,978
Balance at 1 July 2011		26,458,337	-	581,111	(6,753,431)	20,286,017
Movement in share based payment reserve	23	-	-	477,530	-	477,530
Issue of share capital	22	11,187,152	-	-	-	11,187,152
Transaction costs	22	(615,002)	-	-	-	(615,002)
Transactions with owners		10,572,150	-	477,530	-	11,049,680
Profit (loss) for the period		-	-	-	(10,795,231)	(10,795,231)
Other comprehensive income						
Exchange differences on translating foreign operations		-	-	2,158,629	-	-
Total comprehensive income for the period		-	-	2,158,629	(10,795,231)	(8,636,602)
Balance at 30 June 2012		37,030,487	-	3,217,270	(17,548,662)	22,699,095

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 2013

	Notes	June 2013 \$	June 2012 \$
Cash flows from operating activities			
Receipts from customers		-	92,276
Payments to suppliers and employees		(1,394,906)	(825,219)
Interest received		25,547	107,292
Interest paid		(256,458)	(13,366)
Net cash used in operating activities	31	(1,625,817)	(639,017)
Cash flows from investing activities			
Purchases of property plant and equipment		(211,776)	(246,598)
Payments for exploration and evaluation		(5,104,552)	(10,846,130)
Payments for other financial assets		-	(1,638,088)
Refunds of security deposit		2,770	7,103
Net cash used in investing activities		(5,313,558)	(12,723,713)
Cash flows from financing activities			
Proceeds from issue of ordinary shares and options		11,430,563	9,383,255
Share issue costs		(1,195,060)	(615,002)
Proceeds from borrowings		-	2,100,817
Proceeds from issue of convertible note		-	1,600,000
Repayment of convertible notes		(315,000)	-
Net cash provided by financing activities		9,920,503	12,469,070
Net increase/(decrease) in cash held		2,981,128	(893,660)
Cash at the beginning of the period	11	479,067	1,307,899
Effects of foreign exchange movements on cash transactions and balances		(37,369)	64,828
Cash at the end of the period	11	3,422,826	479,067

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

Notes to the 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.

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).

Adoption of IFRS

During the year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. Changes reflected in this financial report include:

- *AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

The consolidated entity has applied Interpretation 19 from 1 July 2010. The interpretation clarified that equity instruments issued to a creditor to extinguish a financial liability qualifies as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss.

- *AASB 2010-5 Amendments to Australian Accounting Standards*

The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations,

including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

- *AASB 124 Related Party Disclosures (December 2009)*

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

- *AASB 1054 Australian Additional Disclosures*

The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

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 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 31.

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 2013 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Notes to the Financial Statements

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

A list of consolidated entities is contained in note 30 to the financial statements.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies 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 Group.

Minority interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Consolidated Income and Statement of Financial Position respectively.

d. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Segment information is provided on the same basis as information used for internal reporting purposes by the chief executive and the Board. In identifying its operating segments, management generally follows the Group's project activities. Each of these activities is managed separately.

e. Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the

presentation currency are translated into the presentation currency as follows:

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

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

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

f. Revenue recognition

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

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

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

Notes to the Financial Statements

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 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

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other long term payables. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

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 and 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.

Notes to the Financial Statements

I. 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 (note 13). They are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available for sale financial assets, comprising principally equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories.

Recognition and de-recognition

Purchases and sales of investments are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through income statements. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities which are classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

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.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment

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

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statements is removed from equity and recognised in the income statement.

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:

Notes to the Financial Statements

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. Plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

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

Depreciation

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

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

Asset	Depreciation rates
Plant and Equipment	4% – 50%

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

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

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

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

p. 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.

q. Borrowings

Borrowings are initially recognised at fair value including transaction costs and subsequently at amortised cost.

r. Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and 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 expect 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of option is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The cost of equity-settled transactions is 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.

Notes to the Financial Statements

s. Contributed equity

Ordinary shares are classified as equity.

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

t. Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

u. Rounding of amounts

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

v. Goods and services tax (GST)

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.

w. Borrowing costs

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

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

x. Rehabilitation costs

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

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

Notes to the Financial Statements

y. New Accounting Standards and Interpretations

The following standards and amendments were available for early adoption but have not been applied by the Group in these financial statements. The Group does not anticipate early adoption of any of the following reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning on or after</u>)
AASB 9 Financial Instruments	<p>Simplifies the classifications of financial assets into two categories:</p> <ul style="list-style-type: none"> • Those carried at amortised cost; and • Those carried at fair value. <p>Simplifies requirements related to embed derivatives that exist in financial assets that are carried at amortised cost, such that there is no longer a requirement to account for the embedded derivative separately.</p> <p>Removes the tainting rules associated with held-to-maturity assets.</p> <p>Investments in equity instruments that are not held for trade can be designated at fair value through other comprehensive income, with only dividends being recognised in profit and loss.</p> <p>Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.</p>	1 January 2013
AASB 10 Consolidation	<p>AASB 10 replaces AASB 127 and 3 key elements of control. According to AASB 10 an investor controls an investee if and only if the investor has all the following:</p> <ol style="list-style-type: none"> (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. <p>Additional guidance is provided in how to evaluate each of the three limbs above. While this is not a wholesale change from the current definition of control within AASB 127 (and for many entities no change in practice will result) some entities may be impacted by the change. The limbs above are more principle based rather than hard and fast rules.</p>	1 January 2013
AASB 11 Joint Arrangements	<p>AASB 11 replaces the AASB 131 Interests in Joint Ventures. The previous standard had 3 types of Joint ventures whereas AASB 11 only has two. These are:</p> <ul style="list-style-type: none"> • Joint Operations; and • Joint Ventures. <p>A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.</p> <p>A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.</p> <p>Joint ventures must now be accounted for using the equity method of accounting. The option to proportionately consolidate a joint venture entity has been removed.</p>	1 January 2013

Notes to the Financial Statements

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning on</u> or after)
AASB 12 Disclosure of Interests in Other Entities	<p>AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards.</p> <p>The AASB requires an entity to disclose information that enables users of financial statements to evaluate:</p> <ul style="list-style-type: none"> (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows. 	1 January 2013
AASB 13 Fair Value Measurement	<p>AASB 13:</p> <ul style="list-style-type: none"> (a) defines fair value; (b) sets out in a single IFRS a framework for measuring fair value; and (c) requires disclosures about fair value measurements. <p>Fair value is defined as:</p> <p>“the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price)”</p>	1 January 2013
AASB 1053 Application of Tiers of Australian Accounting Standards	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <ul style="list-style-type: none"> (a) Tier 1: Australian Accounting Standards; and (b) Tier 2: Australian Accounting Standards – Reduced Disclosure <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>For-profit entities in the private sector that have public accountability (as defined in this Standard) would apply Tier 1 requirements in preparing general purpose financial statements.</p> <p>For-profit private sector entities that do not have public accountability would apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements.</p> <p>Public accountability means accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs. A for-profit private sector entity has public accountability if:</p> <ul style="list-style-type: none"> (a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks. 	1 July 2013

Notes to the Financial Statements

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning on</u> or after)
AASB 2010-2	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013
AASB 2010-7	The Standard makes numerous amendments to Australian Accounting Standards and Interpretations listed above as a result of the amendments to AASB 9.	1 January 2013
AASB 2010-8	<p>The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in AASB 140 Investment Property. Under AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model in AASB 140.</p> <p>To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale.</p> <p>Interpretation 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets addresses similar issues involving non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment. The amendments incorporate Interpretation 121 into AASB 112 after excluding investment property measured at fair value from the scope of the guidance previously contained in Interpretation 121.</p>	1 January 2012
AASB 2010-10	The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9 Financial Instruments as issued in December 2009) as it has been superseded by AASB 2010-7 for annual reporting periods beginning on or after 1 January 2013.	1 January 2013
AASB 2011-2	<p>AASB 1054 contains the Australian-specific disclosures that are in addition to International Financial Reporting Standards. AASB 2011-1 contains the related amendments to other Australian Accounting Standards. For example, some of the disclosure requirements previously in paragraphs Aus15.1-Aus15.3 and other paragraphs of AASB 101 are now included in AASB 1054 instead.</p> <p>This Standard makes amendments to AASB 1054 to introduce reduced disclosure requirements to that Standard for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. These reflect the reduced disclosure requirements originally specified in AASB 2010-2 for AASB 101 disclosures that are now in AASB 1054.</p>	1 July 2013

Notes to the Financial Statements

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning on</u> or after)
AASB 2011-4	<p>This Standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures.</p> <p>These amendments arise from a decision of the AASB to remove the individual key management personnel (KMP) disclosures from AASB 124 on the basis they:</p> <ul style="list-style-type: none"> • are not part of International Financial Reporting Standards (IFRSs), which include requirements to disclose aggregate (rather than individual) amounts of KMP compensation; • are not included in New Zealand accounting standards and, accordingly, their removal is consistent with meeting the 2010 Outcome Proposal of the Australian and New Zealand governments that for-profit entities are able to use a single set of accounting standards and prepare only one set of financial statements; • are considered by the AASB to be more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001; • were originally included in AASB 124 when fewer similar disclosure requirements were included in the Corporations Act and, in many respects, relate to similar disclosure requirements currently in that Act and therefore detract from the clarity of the requirements applying in this area; and • could be considered (during the transition period for this Amending Standard) for inclusion in the Corporations Act or other legislation to the extent they presently go beyond the requirements in legislation and are considered appropriate in light of government policy. 	1 July 2013

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.

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 commodity price risk and will be exposed to revenue risk once gold production starts. The commodity prices impact the Group's capacity to raise additional funds and will impact its sales of gold once production starts.

(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. 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
2013					
Financial assets					
Cash and cash equivalents	11	3,069,897	-	352,929	3,422,826
Trade and other receivables	13	-	-	50,952	50,952
Other financial assets	12	-	-	1,075,354	1,075,354
		<u>3,069,897</u>	<u>-</u>	<u>1,479,235</u>	<u>4,549,132</u>
<i>Weighted average interest rate</i>		2.5%			
Financial liabilities					
Trade and other payables	18	-	-	1,075,849	1,075,849
Related party payables	19	-	-	48,270	48,270
		<u>-</u>	<u>-</u>	<u>1,124,119</u>	<u>1,124,119</u>
<i>Weighted average interest rate</i>		-	-		
Net financial assets/(liabilities)		<u>3,069,897</u>	<u>-</u>	<u>355,1166</u>	<u>3,425,013</u>
2012					
Financial assets					
Cash and cash equivalents	11	365,396	-	113,671	479,067
Trade and other receivables	13	-	-	80,343	80,343
Other financial assets	14	-	-	1,674,711	1,674,711
		<u>365,396</u>	<u>-</u>	<u>1,868,725</u>	<u>2,234,121</u>
<i>Weighted average interest rate</i>		5.9%			
Financial liabilities					
Trade and other payables	18	-	-	519,323	519,323
Related party payables	19	-	-	102,906	102,906
Bergen finance facility ¹	20	-	-	1,421,463	1,421,463
		<u>-</u>	<u>-</u>	<u>2,043,692</u>	<u>2,043,692</u>
<i>Weighted average interest rate</i>		-	-		
Net financial assets/(liabilities)		<u>365,396</u>	<u>-</u>	<u>(174,967)</u>	<u>190,429</u>

All financial liabilities are due and payable within 12 months.

3 Financial Risk Management (cont.)

(d) Cash flow interest rate risk (cont.)

¹ Bergen institutional financing facility

As announced to the market on 9 May 2012, the Company secured funding from Bergen Global Opportunity Fund, LP ("Bergen"), a US-based institutional investor managed by Bergen Asset Management, LLC ("Bergen Asset Management"), under a Convertible Security Agreement ("the Agreement"). Under the Agreement Bergen would invest up to \$7.6 million in the Company with the funding to be used for progressing the Company's project exploration and for working capital generally.

- \$1,600,000 as a first tranche secured by way of a Convertible Security with a face value of \$2,050,000; and
- A second tranche of between \$1,500,000 and \$2,000,000 invested approximately 90 days after the investment of the first tranche secured by way of a Convertible Security with a face value of 122.5% of the investment amount; and
- Two additional tranches of between \$1,000,000 and \$2,000,000 invested at approximately 90 day intervals each after the investment of the second tranche secured by way of Convertible Securities with a face value of 122.5% of the investment amounts.

Subject to ASX Listing Rule 7.1, Bergen might convert some or all of each of the Convertible Securities into ordinary shares in the Company in full or in part at any time prior to the date that was 12 months from the date of issuance of the Convertible Security. To the extent to which the Convertible Securities had not been converted, the face value of the Convertible Securities outstanding as of the date that was fifteen months after the date of execution of the Agreement would be repayable by the Company in cash. Bergen would not convert an amount that was less than \$300,000 at any time (except where the balance of a Convertible Security outstanding was less than \$300,000). The Convertible Securities were interest-free (unless an event of default occurred) and secured, among other things, against 25,000,000 shares of the Company.

The conversion price was to be determined by dividing the relevant amount to be converted by 90% of the average of three daily volume weighted average prices ("VWAPs") during a specified period prior to the conversion notice date of the Convertible Security. Alternatively, the conversion price in respect of no more than \$2,500,000 of the Convertible Securities was to be equal to 130% of the average of the VWAPs during the 20 trading days prior to the date of execution of the Agreement.

On 11 October 2012 the Company announced that it had entered into a Deed of Arrangement with Bergen to terminate the Agreement. This involved:

- The repayment of \$315,000 via an immediate cash payment;
- The immediate issue of 50,000,000 shares; and
- An outstanding unsecured convertible security of \$135,000. This was converted on 20 December 2012 by the issue of 135,000,000 shares

Notes to the Financial Statements

(e) Fair value estimation

The fair value of assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. 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 following table analyses within the fair value hierarchy the Group's financial assets and liabilities at fair value

30 June 2013	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments - other	1,041,500	-	-	1,041,500
Total	1,041,500	-	-	1,041,500

(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 2013, the effect on profit and equity of the Consolidated Group as a result of changes in the value of the Australian Dollar to the PKG, with all other variables remaining constant, is as follows:

Movement to AUD	Change in profit \$	Change in equity \$
PKG by + 5%	4,479	110,642
PKG by - 5%	(4,479)	(110,642)

4 Going Concern

The financial statements are prepared on a going concern basis. The Group has cash on hand of \$3,422,826 (2012: \$479,067) and incurred a net loss after tax of \$3,060,824 (2012: \$10,795,231) for the full year. Cash outflows from operating and investing activities were \$6,939,375 (2012: \$13,362,730) and as at 30 June 2013, the Group had net current assets of \$3,352,761 (2012: Net current liabilities \$1,508,879).

The Company's key area of expenditure is the Crater Mountain Project in PNG. It is an exploration project with the focus being on bringing the HGZ into small scale production during the forthcoming year. The Directors are satisfied that plans are in place for the Group to have positive cash flows through to September 2014. In addition, subsequent to the year end, FreeFire Technology Limited, a major shareholder, has agreed to provide the Company a loan facility of up to \$1m on normal commercial terms and conditions to meet any funding requirements prior to the completion of contemplated future funds raisings. This loan will be repaid out of the proceeds of any future fund raising. Should the fund raising not proceed as anticipated the loan will not be called for payment until such time as the company has sufficient funds available. On this basis the Directors are of the opinion that the financial statements can 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 2013 \$	June 2012 \$
5 Revenue from continuing operations		
Royalties	-	92,276
Interest received	25,547	107,292
6 Expenses		
<u>Expenses, excluding finance costs, included in the Statement of Comprehensive Income classified by nature</u>		
Audit fees	81,240	79,280
Accounting	39,891	48,830
Consulting fees	452,553	411,893
<u>Director related expenses</u>		
- Directors' fees	166,361	142,287
- reimbursable expenses	3,365	935
Total director related expenses	172,726	143,222
Depreciation and amortisation expense	8,290	8,039
Employee benefits expense	479,080	640,683
Foreign exchange losses (net)	-	9,735
General administration expenses	170,929	168,009
<u>Insurance</u>		
- Directors & officers indemnity insurance	15,915	25,816
- other	13,659	8,162
Total insurance	29,574	33,978
Kenai transaction costs	-	93,210
Loss on disposals	1,046	188,305
Marketing and promotion expenses	43,731	130,355
Occupancy expenses	50,210	38,288
Settlement of legal case	325,000	-
Share registry / meeting costs	129,627	136,867
Telephone	21,602	27,802
Travel	39,956	77,451
Write down investment	596,587	-
	2,636,742	2,235,947
7 Loss from discontinued operation		
Loss on sale of subsidiary	-	7,708,564
	-	7,708,564

This represents the loss on sale of the Company's wholly-owned subsidiary Gold Aura do Brasil Mineração Ltd ("GOAB") to Kenai Resources Ltd in terms of a Letter of Agreement signed in December 2011. The final disposal was completed on 30 March 2012. GOAB is the owner of the Sao Chico project.

Kenai Resources Ltd was a related entity as a result of Mr Greg Starr being on the Board of both Companies.

Notes to the Financial Statements

Note	June 2013 \$	June 2012 \$
8 Income Tax		
(a) Income tax		
Current tax expense	-	-
(b) Numerical reconciliation of income tax revenue to prima facie tax receivable		
Loss before income tax	(3,060,824)	(10,795,231)
Tax at the Australian tax rate of 30% (2012 – 30%)	(918,247)	(3,238,569)
<u>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</u>		
Impairment of foreign investments	178,976	-
Loss on sale of subsidiary	-	2,489,275
Non-deductible share based payments	79,829	69,488
Other	(25,168)	32,170
	(684,609)	625,879
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	684,609	(625,879)
Income tax expense	-	-
(c) Tax losses		
<u>Unused tax losses for which no deferred tax asset has been recognised</u>		
Opening balance	31,152,574	29,126,305
Tax (profit) / loss for the year	2,826,988	2,026,269
Tax losses previously overstated written back	(8,794,697)	
Closing balance	25,184,866	31,152,574
Potential Tax Benefits @ 30%	7,555,460	9,345,772
(d) Unrecognised temporary differences		
<u>Temporary differences for which deferred tax assets and liabilities have not been recognised:</u>		
Exploration and evaluation	(4,710,845)	(19,279,103)
Property, plant & equipment	-	4,930
Accruals	37,000	29,000
Employee Entitlements	48,843	36,807
Capital Raising Costs	1,730,759	1,053,753
Provision for write off of development	704,949	-
Provision for impairment	3,780,879	-
Unrealised foreign exchange differences	734,141	-
Provision for write down of investment	125,000	125,000
Business related capital costs	20,458	30,814
Subtotal	2,471,184	(17,998,799)
Potential Tax effect at 30%	741,355	(5,399,640)

Notes to the Financial Statements

Note	June 2013 Cents	June 2012 Cents
9 Earnings per Share		
(a) Basic loss per share		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company	(0.071)	(0.212)
(b) Diluted loss per share		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company	(0.071)	(0.212)

The calculation of basic earnings per share at 30 June 2013 was based on the continuing operations loss attributable to ordinary shareholders of \$3,060,824 (2012 loss: \$3,086,667) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2013 of 4,311,810,637 (2012: 1,459,271,059).

(c) Weighted average number of shares used as a denominator	2013 Shares	2012 Shares
Basic loss per share	4,311,810,637	1,459,271,059
Diluted loss per share	4,311,810,637	1,459,271,059

At the year end, the consolidated entity had 38,796,437 options on issue (2012: 73,697,933), representing:

- 38,796,437 unlisted options with weighted average exercise price of 4.0 cents (2012: 73,697,933 at average 3.62 cents)

Notes to the Financial Statements

10 Segment Result

	Croydon \$	Fergusson Island \$	Crater Mountain \$	Corporate \$	Elimination \$	Consolidated \$
Full-year to 30 June 2013						
External segment revenue	-	-	-	25,547	-	25,547
Loss on disposal	-	-	-	(1,046)	-	(1,046)
Asset write downs	-	-	-	(596,587)	-	(596,587)
Other expenses	-	-	(90,325)	(2,398,413)	-	(2,488,738)
Segment profit (loss)	-	-	(90,325)	(2,970,499)	-	(3,060,824)
Segment assets	4,710,845	103,563	21,694,445	39,900,857	(33,870,215)	32,539,495
Segment liabilities	-	-	22,485,138	745,114	(22,067,735)	1,162,517

Full-year to 30 June 2012

External segment revenue	-	-	-	199,568	-	199,568
Loss on disposal	(2,308)	(167,956)	(13,891)	(4,149)	-	(188,305)
Loss on sale subsidiary	-	-	-	(7,708,564)	-	(7,708,564)
Asset write downs	-	(612,111)	(377,062)	-	-	(989,173)
Other expenses	-	(45,898)	(61,119)	(2,001,740)	-	(2,108,757)
Segment profit (loss)	(2,308)	(825,966)	(452,072)	(9,514,885)	-	(10,795,231)
Segment assets	4,262,528	545	16,782,190	32,878,910	(29,149,346)	24,767,384
Segment liabilities	-	3,632,718	13,860,313	1,922,124	(17,346,866)	2,068,289

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

Segment profit (loss)	(3,060,824)
Loss for the period from continuing operations	(3,060,824)

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

Description of segments

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 project located in the PNG Highlands approximately 50kms southwest of Goroka.

Notes to the Financial Statements

Note	June 2013 \$	June 2012 \$
11 Current Assets - Cash and Equivalents		
Cash at bank and on hand	3,422,826	479,067

The effective (weighted average) interest rate on short term bank deposit was 2.5% (2012: 5.9%).

12 Current Assets - Other Financial Assets

Investments - other	1,041,501	-
	1,041,501	-

At 30 June 2013 the investments consisted of shares in Kenai Resources Ltd ("Kenai") received upon the sale of the Company's Brazilian subsidiary to Kenai in December 2012. See note 7.

On 5 July 2013 the shareholders of Kenai voted to accept an agreement whereby Serabi Gold plc. (AIM:SRB and TSX:SBI "Serabi") Serabi would acquire all the issued and outstanding common shares of Kenai at 0.85 Serabi shares in exchange for each Kenai share held. As a result the Company was issued with 17.1m Serabi shares for its original holding of 20.1m Kenai shares.

As at the date of this report the Company has sold some 12m Serabi shares on the TSX and AIM markets.

This investment was disclosed under Non-current assets in 2012

13 Current Assets - Trade and Other Receivables

GST receivable	45,795	54,835
Other	5,156	25,508
	50,951	80,343

14 Non-Current Assets - Other Financial Assets

Investments – other	-	1,111,479
Security deposits	33,854	36,623
	33,854	1,148,102

Investments – other: see Note 12 above

15 Non-Current Assets - Other Assets

Other assets	-	526,609
	-	526,609

Other assets consist of shares in Kenai Resources Ltd to be received upon the satisfaction of certain events following the sale of the Company's Brazilian subsidiary to Kenai in December 2011. These conditions have now been satisfied. See note 12 above.

Notes to the Financial Statements

16 Non-Current Assets - Exploration and Evaluation

At the beginning of the year

Cost	23,358,871	21,644,312
Provision for impairment	(989,173)	(2,673,926)
Net book value	22,369,698	18,970,386

Opening net book value	22,639,698	18,970,386
Expenditure capitalised	5,143,531	12,138,312
Net book value of assets in disposed of subsidiary	-	(9,798,467)
Impairment	-	(989,173)
Effect of movement in exchange rates	150,971	2,048,640
Closing net book value	27,664,200	22,369,698

At the end of the year

Cost	28,653,373	23,358,871
Provision for impairment	(989,173)	(989,173)
Net book value	27,664,200	22,369,698

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.

Notes to the Financial Statements

Note	June 2013 \$	June 2012 \$
17 Non-Current Assets - Plant and Equipment		
<u>Plant and equipment</u>		
Cost	425,044	242,594
Accumulated depreciation	(98,881)	(79,029)
Net book value	326,163	163,565
<u>Equipment under finance lease</u>		
Cost	47,190	47,190
Accumulated depreciation	(47,190)	(47,190)
Net book value	-	-
Total	326,163	163,565

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 2011	2,896,549
Additions	246,598
Disposals of assets in continuing operations	(188,304)
Net book value of assets in disposed of subsidiary	(2,472,967)
Depreciation expense	(8,039)
Depreciation capitalised	(44,495)
Effect of movements in exchange rates	(265,777)
Carrying amount as at 30 June 2012	163,565
Additions	211,776
Disposals	(1,046)
Depreciation expense	(8,290)
Depreciation capitalised	(38,979)
Effect of movements in exchange rates	(863)
Carrying amount as at 30 June 2013	326,163

Note	June 2013 \$	June 2012 \$
18 Current Liabilities - Trade and Other Payables		
Trade payables	281,345	186,424
Accruals	686,588	251,006
Other payables	107,916	81,893
	1,075,849	519,323

Notes to the Financial Statements

Note	June 2013 \$	June 2012 \$
19 Related Party Payables		
G R Boyce (Professional-Edge Pty Ltd)	21,686	49,896
R Buckland	-	5,300
T Fermanis	-	(2,790)
R Johnson	20,833	-
J A Lemon	2,314	2,269
P Macnab (Madehas Enterprises Ltd)	-	12,000
J V McCarthy	3,437	5,500
T Shelley	-	30,731
	48,270	102,906
20 Current Liabilities – Non-interest Bearing liabilities		
Convertible note	-	1,421,463
	-	1,421,463

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

21 Current Liabilities – Provisions

Employee entitlements

Balance as at 1 July	24,497	121,883
Entitlements provided	29,423	31,856
Entitlements taken	(15,622)	(129,142)
Employee entitlements	38,398	24,597

22 Contributed Equity

(a) Share capital

Equity Securities Issued

For the financial year ended 30 June 2013

	No. of ordinary shares	Total \$
As at 1 July 2012	1,657,334,932	37,030,487
Shares issued	9,208,228,084	11,535,137
As at 30 June 2013	10,865,563,016	48,565,624

For the financial year ended 30 June 2012

As at 1 July 2011	1,223,710,913	26,458,337
Shares issued	433,624,019	10,572,150
As at 30 June 2012	1,657,334,932	37,030,487

(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.

(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 27(b).

Notes to the Financial Statements

22 Contributed Equity (cont.)

(d) Movements in share capital

Date	Details	No. of shares	Value \$
For the financial year ended 30 June 2013			
01-Jul-12	Balance 1 July - Ordinary Shares	1,657,334,932	37,030,487
05-Jul-12	Bergen convertible note loan conversion	50,000,000	234,146
25-Jul-12	Bergen convertible note loan conversion	50,000,000	234,146
06-Aug-12	Bergen convertible note loan conversion	60,000,000	234,146
22-Aug-12	Bergen convertible note loan conversion	75,000,000	234,146
26-Sep-12	Bergen convertible note loan conversion	25,000,000	78,049
05-Oct-12	FreeFire Technology Limited	280,000,000	700,000
12-Oct-12	Bergen convertible note termination fee	50,000,000	150,000
19-Nov-12	Rights Issue	1,498,223,288	3,745,558
19-Dec-12	Bergen convertible note loan conversion	135,000,000	135,000
03-May-13	Rights Issue	6,985,004,796	6,985,005
	Less: Transaction costs arising on share issues		(1,195,059)
		10,865,563,016	48,565,624

In October 2012 the Company raised \$700,000 through the issue of shares at 0.25c per share to FreeFire Technology Ltd, a company registered in Hong Kong.

In November 2012 the Company raised \$3,745,558 at 0.25c per share in a 2 for 3 non-renounceable Rights Issue. The Rights Issue was underwritten by FreeFire Technology Ltd.

In April 2013 the Company raised \$6,985,005 at 0.01c per share in an 18 for 10 renounceable Rights Issue. The Rights Issue was underwritten by FreeFire Technology Ltd.

For the financial year ended 30 June 2012			
01-Jul-11	Balance 1 July - Ordinary Shares	1,223,710,913	26,458,337
05-Jul-11	Spring Tree loan conversion	5,033,557	150,000
26-Jul-11	Placement of shares at 4.0 cents	150,000,000	6,000,000
29-Jul-11	Issue of shares at 3.9 cents	12,000,000	468,000
04-Aug-11	Spring Tree collateral shares cancelled	(4,491,018)	-
04-Aug-11	Spring Tree loan conversion	4,491,018	150,000
05-Sep-11	Spring Tree collateral shares cancelled	(4,966,887)	-
05-Sep-11	Spring Tree loan conversion	4,966,887	150,000
06-Oct-11	Spring Tree collateral shares cancelled	(542,095)	-
06-Oct-11	Spring Tree loan conversion	542,095	13,064
06-Oct-11	Spring Tree loan conversion	5,681,971	136,936
06-Oct-11	Option exercise at 3.0 cents	40,000	1,200
25-Jan-12	Placement of shares at 2.0 cents	104,734,983	2,094,700
22-Mar-12	Share Purchase Plan at 2.0 cents	64,350,000	1,287,000
16-Apr-12	Issue of shares at 1.5 cents	31,250,000	468,750
01-May-12	Issue of shares at 1.5 cents	2,188,329	33,000
09-May-12	Issue of shares as collateral for Bergen facility	25,000,000	-
08-Jun-12	Bergen convertible note conversion	33,333,333	234,146
29-Jun-12	Option exercise at 3.0 cents	11,846	355
	Less: Transaction costs arising on share issues		(615,001)
		1,657,334,932	37,030,487

Notes to the Financial Statements

22 Contributed Equity (cont.)

(e) Movement in options

Date	Details	Class of options		
		Listed	Unlisted	Total
For the financial year ended 30 June 2013				
01-Jul-12	Opening Balance	-	73,697,933	73,697,933
01-Apr-13	Options expired		(2,000,000)	(2,000,000)
07-Apr-13	Options expired		(11,000,000)	(11,000,000)
27-May-13	Options expired		(2,577,320)	(2,577,320)
05-Jun-13	ESOP cancelled		(18,500,000)	(18,500,000)
24-Jun-13	Options expired		(824,176)	(824,176)
		-	38,796,437	38,796,437

For the financial year ended 30 June 2012				
01-Jul-11	Opening Balance	112,182,905	63,626,379	175,809,284
01-Jul-11	ESOP forfeited		(1,000,000)	(1,000,000)
01-Jul-11	ESOP forfeited		(1,000,000)	(1,000,000)
05-Jul-11	Spring Tree Options (refer note 28)		503,356	503,356
05-Aug-11	Spring Tree Options (refer note 28)		449,102	449,102
06-Sep-11	Spring Tree Options (refer note 28)		496,689	496,689
06-Oct-11	Spring Tree Options (refer note 28)		622,407	622,407
06-Oct-11	Options exercised at 3.0 cents	(40,000)		(40,000)
25-Jan-12	Sophisticated and professional investors (through Patersons)	104,734,983		104,734,983
22-Mar-12	Share Purchase Plan	46,625,000		46,625,000
16-Apr-12	New Guinea Gold	1,000,000		1,000,000
09-May-12	Bergen Options		13,000,000	13,000,000
29-Jun-12	Options exercised at 3.0 cents	(11,846)		(11,846)
30-Jun-12	ESOP forfeited		(1,500,000)	(1,500,000)
30-Jun-12	ESOP forfeited		(1,500,000)	(1,500,000)
30-Jun-12	Options expired	(264,491,042)		(264,491,042)
		-	73,697,933	73,697,933

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 2012 included:

- Options were granted for no consideration;
- Exercise prices of 3.5 cents and 4.5cents;
- Grant dates of 31 March 2011 and 30 May 2011;
- Expiry date of 30 June 2015;
- Vesting periods between 0 years and 3.1 years;
- Share prices at grant date of 3.2 cents and 4.6 cents;
- Expected volatility of the company's shares 95.25%;
- Expected dividend yield of 0%; and
- Risk free rates of 5.33% and 5.45%.

Notes to the Financial Statements

Note	June 2013 \$	June 2012 \$
23 Reserves and Accumulated Losses		
Reserves		
Share based payment reserve	1,441,616	1,350,785
Share cancellation reserve	30,000	30,000
Foreign currency translation reserve	1,949,225	1,836,485
	3,420,841	3,217,270
Movements		
<u>Share-based Payments Reserve</u>		
Balance 1 July 2012	1,350,785	873,255
Fair value of Employee Share Option Plan share options	90,831	345,014
Fair value of Bergen facility repayment	-	91,484
Fair value of options issued in connection with repayment of the 2nd Spring Tree finance facility	-	41,032
Balance 30 June 2013	1,441,616	1,350,785
<u>Share Cancellation Reserve</u>		
Balance 1 July 2012	30,000	30,000
Balance 30 June 2013	30,000	30,000
<u>Foreign currency translation reserve</u>		
Balance 1 July 2012	1,836,485	(322,144)
Currency translation differences	112,739	2,158,629
Balance 30 June 2013	1,949,224	1,836,485
Accumulated Losses		
Movements in accumulated losses were as follows:		
Balance 1 July 2012	(17,548,662)	(6,753,431)
Loss for the year	(3,060,824)	(10,795,231)
Balance 30 June 2013	(20,609,486)	(17,548,662)

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.

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 Comprehensive Income when the net investment is disposed.

Notes to the Financial Statements

Note	June 2013 \$	June 2012 \$
24 Commitments		
Operating leases		
Committed at the reporting date but not recognised as liabilities, payable: Within one year	34,632	24,495
	34,632	24,495
25 Guarantees and Deposits		
Non-Current		
Deposit lodged with the Department of Mines	27,500	27,500
Accommodation and rental bonds	6,355	9,123
Deposit lodged with PNG Department of Mining and Petroleum	-	-
	33,855	36,623

26 Director and Key Management Personnel Disclosures

(a) Directors

The following persons were Directors of the Company during the financial year:

Name	Position	Period
S W S Chan	Chairman	Appointed Director 29 January 2013 and Chairman 11 March 2013
G B Starr	Chairman (<i>Executive</i>)	Resigned 11 March 2013
G B Starr	Managing Director	Appointed 11 March 2013
J D Collins-Taylor	Director (<i>Non-executive</i>)	Resigned 9 March 2013
T M Fermanis	Director (<i>Non-executive</i>)	Full year
R P Macnab	Director (<i>Non-executive</i>)	Full year
R D Parker	Director (<i>Non-executive</i>)	Appointed 12 March 2013
J S Spence	Director (<i>Non-executive</i>)	Resigned 9 March 2013
D T Y Sun	Director (<i>Non-executive</i>)	Appointed 29 January 2013
J D Collins-Taylor	Alternate Director (<i>Non-executive</i>)	Appointed 11 March 2013

(b) Key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Period
2013		
G R Boyce	Chief Financial Officer	Full year
J A Lemon	Company Secretary	Full year
R Johnson	Country Manager – Papua New Guinea	Appointed 1 January 2013
J V McCarthy	Project Manager - Croydon	Full year
T Shelley	Country Manager – Papua New Guinea	Resigned 20 September 2012
2012		
J A Lemon	Company Secretary	Full year
G Dionisio	Chief Financial Officer	Resigned 31 October 2011
G R Boyce	Chief Financial Officer	Appointed 1 November 2011
J V McCarthy	Project Manager - Croydon	Appointed 23 September 2011
R Buckland	Country Manager - Brazil	Brazil operation disposed of 19 December 2011
J Batista	General Manager - Brazil	Brazil operation disposed of 19 December 2011
P M B Smith	Country Manager – Papua New Guinea	Resigned 24 May 2012
T Shelley	Country Manager – Papua New Guinea	Appointed 25 May 2012

Notes to the Financial Statements

26 Director and Key Management Personnel Disclosures (cont.)

(b) Key management personnel (cont.)

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

Remuneration component	2013	2012
	\$	\$
Short term	1,230,642	1,588,266
Post-employment benefits	38,807	76,648
Share-based payments	33,434	260,513
Total	1,302,883	1,925,427

(c) Equity instrument disclosures relating to Directors and key management personnel

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
2013					
Directors					
S W S Chan	-	-	-	-	-
G B Starr	10,000,000	-	-	(10,000,000)	-
J D Collins-Taylor	3,000,000	-	-	(3,000,000)	-
T M Fermanis	1,500,000	-	-	(1,500,000)	-
R P Macnab	-	-	-	-	-
R D Parker	-	-	-	-	-
J S Spence	1,500,000	-	-	(1,500,000)	-
D T Y Sun	-	-	-	-	-
Key management personnel					
G R Boyce	-	-	-	-	-
R Johnson	-	-	-	-	-
J A Lemon	2,500,000	-	-	(2,500,000)	-
J V McCarthy	-	-	-	-	-
T Shelley	-	-	-	-	-
2012					
Directors					
G B Starr	12,500,000	-	-	(2,500,000)	10,000,000
K G Chapple	9,431,808	-	-	-	9,431,808
J D Collins-Taylor	3,618,202	-	-	(618,202)	3,000,000
T M Fermanis	1,500,000	-	-	-	1,500,000
R P Macnab	-	-	-	-	-
J S Spence	1,500,000	-	-	-	1,500,000
Key management personnel					
J A Lemon	2,500,000	-	-	-	2,500,000
G Dionisio	-	-	-	-	-
G R Boyce	-	-	-	-	-
J V McCarthy	-	-	-	-	-
R Buckland	3,000,000	-	-	(3,000,000)	-
J Batista	-	-	-	-	-
P M B Smith	4,000,000	-	-	-	4,000,000
T Shelley	-	-	-	-	-

Notes to the Financial Statements

26 Director and Key Management Personnel Disclosures (cont.)

(c) Equity instrument disclosures relating to Directors and key management personnel (cont.)

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	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
2013					
Directors					
S W S Chan	-	-	-	6,453,186,877	6,453,186,877
G B Starr	10,750,000	-	-	19,350,000	30,100,000
J D Collins-Taylor	3,486,404	-	-	10,000,000	13,486,404
T M Fermanis	56,250,008	-	-	864,000	57,114,008
R P Macnab	8	-	-	-	8
R D Parker	-	-	-	-	
J S Spence	57,750,008	-	-	18,960,000	76,710,008
D T Y Sun	-	-	-	-	
Key management personnel					
G R Boyce	-	-	-	-	-
R Johnson	-	-	-	-	-
J A Lemon	570,000	-	-	4,000,000	4,570,000
J V McCarthy	-	-	-	-	-
T Shelley	-	-	-	-	-
2012					
Directors					
G B Starr	10,750,000	-	-	-	10,750,000
K G Chapple	2,863,616	-	-	-	2,863,616
J D Collins-Taylor	3,486,404	-	-	-	3,486,404
T M Fermanis	56,250,008	-	-	-	56,250,008
R P Macnab	8	-	-	-	8
J S Spence	57,000,008	-	-	750,000	57,750,008
Key management personnel					
J A Lemon	570,000	-	-	-	570,000
G Dionisio	200,000	-	-	-	200,000
G R Boyce	-	-	-	-	-
J V McCarthy	-	-	-	-	-
R Buckland	-	-	-	-	-
J Batista	-	-	-	-	-
P M B Smith	250,000	-	-	-	250,000
T Shelley	-	-	-	-	-

(d) Transactions with Directors and key management personnel

Mr J S Spence is a Director of Sinton Spence Chartered Accountants PNG, a firm that provides accounting services to the Company in PNG. The Board considers that the terms under which these services are provided are reasonable and no more favourable than the alternative arrangements available or reasonably expected to be available.

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 \$220,000 in loan establishment fees, \$36,262 in interest and \$1,023,056 in underwriting fees (2012: Nil). The Board considers that the terms under which these payments were made are reasonable and no more favourable than the alternative arrangements available or reasonably expected to be available.

Notes to the Financial Statements

27 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 2013 \$	June 2012 \$
Expense arising from equity settled share-based payment transactions	72,927	231,628
	72,927	231,628

(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:

	2013		2012	
	No.	WAEP \$	No.	WAEP \$
Outstanding at the beginning of the year	31,250,000	\$0.041	36,250,000	\$0.041
Granted	-	-	-	-
Cancelled	(18,500,000)	\$0.040	(5,000,000)	\$0.040
Forfeited	-	-	(5,000,000)	\$0.040
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at the end of the year	12,750,000	\$0.042	31,250,000	\$0.041
Exercisable at the end of the year	11,416,667	\$0.041	21,416,666	\$0.040

All Employee Share Options outstanding at 30 June 2013 expire on 15 June 2015 (2012: 15 June 2015).

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 95.25% has been the basis for determining expected share price volatility as 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 5.45% 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

27 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 (2012: 16,071,554). Details of these liabilities for 2012 are shown at note 28.

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:

	2013		2012	
	No.	WAEP \$	No.	WAEP \$
Outstanding at the beginning of the year	40,447,933	\$0.0320	27,376,379	\$0.0386
Granted	-	-	16,071,554	\$0.0217
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(14,401,496)	\$0.0411	(3,000,000)	\$0.0300
Outstanding at the end of the year	26,046,437	\$0.0270	40,447,933	\$0.0386
Exercisable at the end of the year	26,046,437	\$0.0270	40,447,933	\$0.0320

The exercise price for options on issue ranges from \$0.0181 to \$0.0507 per option.

28 Equity settled liabilities

(a) Share based payments

2013 Date	Creditor	No. of shares	Value per share	Total \$	Valuation
5 July 2012	Bergen	50,000,000	\$0.0060	300,000	Value of principal
25 July 2012	Bergen	50,000,000	\$0.0060	300,000	Value of principal
6 August 2012	Bergen	60,000,000	\$0.0050	300,000	Value of principal
22 August 2012	Bergen	75,000,000	\$0.0040	300,000	Value of principal
26 September 2012	Bergen	25,000,000	\$0.0040	100,000	Value of principal
12 October 2012	Bergen	50,000,000	\$0.0030	150,000	Value of termination fee
19 December 2012	Bergen	135,000,000	\$0.0010	135,000	Value of principal
		445,000,000	\$0.0036	1,585,000	

Notes to the Financial Statements

28 Equity settled liabilities (cont.)

(a) Share based payments (cont.)

2012 Date	Creditor	No. of shares	Value per share	Total \$	Valuation
5 July 2011	Spring Tree	5,033,557	\$0.018	150,000	Value of principal
4 August 2011	Spring Tree	4,491,108	\$0.018	150,000	Value of principal
4 August 2011	Spring Tree	(4,491,108)	-	-	Collateral cancelled shares
5 September 2011	Spring Tree	4,966,887	\$0.018	150,000	Value of principal
5 September 2011	Spring Tree	(4,966,887)	-	-	Collateral cancelled shares
6 October 2011	Spring Tree	542,095	\$0.018	13,064	Value of principal
6 October 2011	Spring Tree	(542,095)	-	-	Collateral cancelled shares
6 October 2011	Spring Tree	5,681,971	\$0.018	136,936	Value of principal
Shares issued as per above were issued to Spring Tree as repayments of loan.					
29 July 2011	Yamana Gold Inc	12,000,000	\$0.039	468,000	Agreed value
Payment to Yamana Gold Inc was for consideration of purchase price for their 33% share in PNG Fergusson Island gold project					
16 April 2012	New Guinea Gold	31,250,000	\$0.015	468,750	Agreed value
Payment to New Guinea Gold Corp was for consideration of purchase price for their 10% share in the Crater Mountain JV project					
1 May 2012	Alpha Securities Ltd	2,188,329	\$0.015	33,000	Value of services provided
Payment to Alpha Securities Limited for services provided					
9 May 2012	Bergen	25,000,000	-	-	Loan collateral
8 June 2012	Bergen	33,333,333	\$0.009	300,000	Value of principal
		114,487,190	\$0.016	1,869,750	

Notes to the Financial Statements

28 Equity settled liabilities (cont.)

(b) Option based payments

The Company did not issue any options over ordinary shares to extinguish its liabilities (2012: 16,071,554). Details of these issues and other relevant information required to be disclosed under Accounting Standard AASB 2 are shown in the following table:

2013									
Grant Date	Expiry Date	No. of unlisted option	Value per option	Total \$	Exercise price	Life of option	Underlying share price	Expected share price volatility	Risk free interest rate
None	N/a	-	-	-	-	-	-	-	-
2012									
05-Jul-11	04-Jul-14	503,356	\$0.0200	10,090	\$0.0417	3.0	\$0.033	95.25%	5.02%
05-Aug-11	04-Aug-14	449,102	\$0.0208	9,330	\$0.0468	3.0	\$0.035	95.25%	4.49%
06-Sep-11	05-Sep-14	496,689	\$0.0230	11,428	\$0.0423	3.0	\$0.037	95.25%	4.20%
06-Oct-11	05-Oct-14	622,407	\$0.0164	10,185	\$0.0337	3.0	\$0.027	95.25%	4.37%
		2,071,554	\$0.0198	41,033	\$0.0405				
The above options were issued to Spring Tree Special Opportunities Fund LLP for interest payments on the facility. They are unlisted options. They were valued using the Black-Scholes valuation method.									
16-Apr-12	30-Jun-12	1,000,000	\$0.0004	351	\$0.0300	0.2	\$0.015	95.25%	3.86%
		1,000,000	\$0.0004	351	\$0.0300				
The above options were issued to New Guinea Gold Corp as part consideration for their 10% share in the Crater Mountain gold project. They are listed options. They were valued using the Black-Scholes valuation method									
09-May-12	09-May-15	13,000,000	\$0.0070	91,484	\$0.0181	3.0	\$0.012	95.25%	3.28%
		13,000,000	\$0.0070	91,484	\$0.0181				
The above options were issued to Bergen Global Opportunity Fund, LP as part establishment cost on the facility. They are unlisted options. They were valued using the Black-Scholes valuation method									
		16,071,554	\$0.0083	132,868	\$0.0217				

All options granted vest immediately.

Note	June 2013 \$	June 2012 \$
29 Remuneration of Auditors		
BDO		
Audit and review of financial reports	78,650	67,500
Non-audit services	-	-
	78,650	67,500
Smiths Chartered Accountants (Auditors of Anomaly Limited)		
Audit and review of financial reports	2,590	11,780
Non-audit services	-	-
	2,590	11,780

Notes to the Financial Statements

30 Subsidiaries

(a) Ultimate controlling entity

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

(b) Subsidiaries

Name of entity	Country of Incorporation	Class of shares	Percentage ownership	
			2013 %	2012 %
Anomaly Resources Limited	Australia	Ordinary	100	100
Anomaly Limited	Papua New Guinea	Ordinary	100	100
Gold Aura (PNG) Limited	Papua New Guinea	Ordinary	-	100

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

On 31 July 2012 Anomaly Limited and Gold Aura (PNG) Limited merged to form a single entity. The merged entity is known as Anomaly Limited.

Note	June 2013 \$	June 2012 \$
31 Parent Entity information		
Statement of Comprehensive Income		
Loss after income tax	(2,971,251)	(9,517,193)
Total Comprehensive Income	(2,971,251)	(9,517,193)
Statement of Financial Position		
Total current assets	4,312,127	416,957
Total assets	44,611,702	37,141,438
Total current liabilities	745,115	1,922,124
Total liabilities	745,115	1,922,124
Equity		
Contributed equity	70,853,709	59,318,572
Reserves	2,648,820	2,557,989
Accumulated losses	(29,635,942)	(26,664,691)
Total Equity	43,866,587	35,211,870

Guarantee

The parent company had no bank guarantees in respect of its subsidiaries as at 30 June 2013 (2012: Nil)

Contingent liabilities

The parent company had no contingent liabilities as at 30 June 2013 (2012: Nil).

Notes to the Financial Statements

Note	June 2013 \$	June 2012 \$
32 Reconciliation of loss for the period from continuing operations to net cash inflow/(outflow) from operating activities		
Loss for the period from continuing operations	(3,060,824)	(3,086,667)
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	8,290	8,039
Written down value of fixed asset disposals	1,047	188,304
Non-cash interest transactions	193,171	359,007
Write down investment	596,587	-
Sale of subsidiary	-	651,349
Exploration costs written off	-	989,173
Payables settled by equity payments	90,831	378,014
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	29,390	69,676
(Decrease)/increase in trade creditors and accruals	501,890	(98,626)
(Decrease)/increase in employee entitlements	13,801	(97,286)
Net cash (outflow) from operating activities	(1,625,817)	(639,017)

33 Unincorporated Joint Ventures

The Company previously had an unincorporated Joint Venture agreement with Triple Plate Junction plc ("TPJ") in relation to the Crater Mountain licences. These Joint Ventures were held as Jointly Controlled Operations. In April 2013 the Company, TPJ and Celtic Minerals ("Celtic") contracted for the Company to acquire TP's and Celtic's respective 8% and 2% interests in the Crater Mountain Project. From that date the Company and TPJ have regarded themselves as not operating in a joint venture relationship.

Notes to the Financial Statements

33 Post Balance Date Events

Name Change to Crater Gold Mining Limited

At the Company's general meeting held on the 9th of July 2013 shareholders approved the change of the Company's name from "Gold Anomaly Limited" to "Crater Gold Mining Limited".

Sale of Kenai Resources Ltd shares to Serabi Gold plc

In May 2013 the Boards of Directors of Kenai Resources Ltd (TSXV:KAI "Kenai") and Serabi Gold plc. (AIM:SRB and TSX:SBI "Serabi") announced that they had entered into an agreement, subject to the approval of shareholders of Kenai and other conditions precedent, whereby Serabi would acquire all the issued and outstanding common shares of Kenai ("Kenai Shares") by way of a Plan of Arrangement ("the Arrangement").

Crater Gold Mining Limited owned some 13% (some 14 million shares of 105 million issued Kenai shares) of Kenai Resources, and was entitled to a further 5.1 million Serabi shares if the Arrangement completed.

Highlights of the Arrangement included: Shareholders of Kenai receiving 0.85 of one new ordinary share of Serabi (a "Serabi Share") in exchange for each Kenai Share held (the "Exchange Ratio").

Approval for the Arrangement by special resolution of Kenai's shareholders was passed at a meeting of its shareholders on the 5th July 2013.

Loan from FreeFire Technology Limited

Subsequent to the end of the year, FreeFire Technology Limited ("FreeFire"), a major shareholder in the Company, has agreed to advance a loan of up to \$1m to the Company to meet any ongoing funding requirements which may arise prior to the completion of contemplated future fund raising exercises. The loan will be on standard commercial terms and conditions. The Board considers that the terms under which this loan will be made are reasonable and no more favourable than the alternative arrangements available or reasonably expected to be available.

The loan will be repaid out of the proceeds of future fund raising activities.

Consolidation of Share Capital

At an Extraordinary General Meeting held on 26 September 2013 a resolution to consolidate every one hundred shares into one share in the Company was approved.

Acquisition of 100% of the Crater Mountain Project

Following various approvals by the PNG Government, the Company moved to outright ownership of 90% of the Crater Mountain Project. In addition, in line with a purchase and sale agreement with the previous owners of the 10% balance of the Project (see note 32), following completion of preliminary administrative matters application has been made to the PNG Minister for Mines for the Minister's consent to the transfer of the remaining 10% interest to the Company.

Agreement to acquire Golden Gate Project EPM 18616

The Company announced in July 2012 that it had entered into an agreement with Global Resources Corporation Limited ("Global") to acquire from Global an Exploration Permit for Minerals in the Croydon District in North Queensland. At the time the relevant Exploration Permit was under application by Global. Subsequent to the end of the financial year the exploration Permit was granted to Global by the Queensland Department of Natural Resources and Mines. The appropriate steps are now being taken for the Exploration Permit to be transferred to the Company, less a 6% interest to be reserved by Global.

34 Contingent Liabilities

The Company does not have any contingent liabilities (2012: Nil).

Directors' Declaration

- 1 the financial statements and notes set out on pages 25 to 64 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Company's and Group's financial position as at 30 June 2013 and of their performance, as represented by the results of their operations, changes in equity and cash flows, for the year ended on that date; and
- 2 the Managing Director has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*; and
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
- 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.

The financial statements and notes set out on pages 25 to 64 are in accordance with International Financial Reporting Standards.

The audited remuneration disclosures set out on pages 16 to 20 of the Directors' report comply with International Financial Reporting Standards and Section 300A of the *Corporations Act 2001*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.



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

G B Starr
Managing Director
30 September 2013



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
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 2013, 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.

BDO East Coast Partnership ABN 83 236 985 726 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) in each State or Territory other than Tasmania.



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.

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 2013 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'AM', with a horizontal line extending to the right.

Arthur Milner
Partner

Sydney, 30 September 2013

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 23 September 2013.

Substantial Shareholders

No substantial shareholders are recorded in the Company's register of substantial shareholders.

Name	Number of shares	% holding
Freefire Technology Ltd	6,453,186,877	59.39

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	4,240
Unlisted Options (exercisable at \$0.0259 per option on or before 29 September 2013)	CGNO15	3
Unlisted Options (exercisable at \$0.0277 per option on or before 19 October 2013)	CGNO16	3
Unlisted Options (exercisable at \$0.0288 per option on or before 31 October 2013)	CGNO17	3
Unlisted Options (exercisable at \$0.0284 per option on or before 1 November 2013)	CGNO18	3
Unlisted Options (exercisable at \$0.0321 per option on or before 22 November 2013)	CGNO19	3
Unlisted Options (exercisable at \$0.0428 per option on or before 30 November 2013)	CGNO20	3
Unlisted Options (exercisable at \$0.0462 per option on or before 20 December 2013)	CGNO21	3
Unlisted Options (exercisable at \$0.0444 per option on or before 20 January 2014)	CGNO22	3
Unlisted Options (exercisable at \$0.0375 per option on or before 23 February 2014)	CGNO23	3
Unlisted Options (exercisable at \$0.0393 per option on or before 30 March 2014)	CGNO24	3
Unlisted Options (exercisable at \$0.035 per option on or before 30 June 2015) (ESOP)	CGNO25	2
Unlisted Options (exercisable at \$0.045 per option on or before 30 June 2015) (ESOP)	CGNO26	3
Unlisted Options (exercisable at \$0.0398 per option on or before 3 May 2014)	CGNO27	3
Unlisted Options (exercisable at \$0.0507 per option on or before 2 June 2014)	CGNO28	3
Unlisted Options (exercisable at \$0.0417 per option on or before 4 July 2014)	CGNO32	3
Unlisted Options (exercisable at \$0.0468 per option on or before 4 August 2014)	CGNO33	3
Unlisted Options (exercisable at \$0.0423 per option on or before 5 September 2014)	CGNO34	3
Unlisted Options (exercisable at \$0.0337 per option on or before 5 October 2014)	CGNO35	3
Unlisted Options (exercisable at \$0.0181 per option on or before 8 May 2015)	CGNO36	1
Fully paid ordinary Shares under Escrow	CGNESC6	1

ASX Additional Information

Top 20 Holders of Ordinary Shares

Name	Number of shares	% holding
Freefire Technology Ltd	6,453,186,877	59.39
Mr Joe Holloway	264,352,425	2.43
HSBC Custody Nominees (Australia) Limited	119,865,105	1.10
Mr Ram Shanker Kangatharan	108,000,000	0.99
Mr James Sinton Spence	76,710,008	0.71
JP Morgan Nominees Australia Limited	73,484,861	0.68
M Chung Pty Ltd <M & D Chung S/F A/C>	65,404,000	0.60
Mr Thomas Mark Fermanis	55,770,008	0.51
Mr Vineet Jindal	50,000,000	0.46
Mr Paul Thomas Mcgreal	50,000,000	0.46
G & W Aust Pty Ltd	42,933,346	0.40
ABN Amro Clearing Sydney Nominees Pty Ltd	41,090,856	0.38
Ms Maureen Kiau	37,500,000	0.35
Mr George Koutroumbas	36,515,542	0.34
Jefko Pty Ltd <Werner Family S/F A/C>	32,333,334	0.30
Delpure Pty Limited	30,074,822	0.28
Mr Peter-John Smerekanycz	30,000,000	0.28
Mr Gary Thomas Weeks + Mrs Elizabeth Mary Weeks	29,764,000	0.27
Helen Ma Pty Ltd <Stevema Super Fund A/C>	29,626,861	0.27
Mr Barry Rowland Butler + Mrs Julie Butler	28,466,677	0.26
	7,655,078,722	70.46

Holders of Unlisted Options

Name	Code	Number of unlisted options	% holding
EZH Holdings (DE) Two LLC	CGNO15	304,054	37.50
Vladimir Efros	CGNO15	263,514	32.50
Jeffrey Easton + Pegah Easton	CGNO15	243,243	30.00
EZH Holdings (DE) Two LLC	CGNO16	189,394	37.50
Vladimir Efros	CGNO16	164,141	32.50
Jeffrey Easton + Pegah Easton	CGNO16	151,516	30.00
EZH Holdings (DE) Two LLC	CGNO17	273,058	37.50
Vladimir Efros	CGNO17	236,651	32.50
Jeffrey Easton + Pegah Easton	CGNO17	218,446	30.00
EZH Holdings (DE) Two LLC	CGNO18	277,093	37.50
Vladimir Efros	CGNO18	240,148	32.50
Jeffrey Easton + Pegah Easton	CGNO18	221,675	30.00
EZH Holdings (DE) Two LLC	CGNO19	245,633	37.50
Vladimir Efros	CGNO19	212,882	32.50
Jeffrey Easton + Pegah Easton	CGNO19	196,507	30.00
EZH Holdings (DE) Two LLC	CGNO20	183,824	37.50
Vladimir Efros	CGNO20	159,314	32.50
Jeffrey Easton + Pegah Easton	CGNO20	147,058	30.00
EZH Holdings (DE) Two LLC	CGNO21	284,091	37.50
Vladimir Efros	CGNO21	246,212	32.50
Jeffrey Easton + Pegah Easton	CGNO21	227,273	30.00
EZH Holdings (DE) Two LLC	CGNO22	295,742	37.50
Vladimir Efros	CGNO22	256,309	32.50
Jeffrey Easton + Pegah Easton	CGNO22	236,593	30.00
EZH Holdings (DE) Two LLC	CGNO23	349,813	37.50
Vladimir Efros	CGNO23	303,172	32.50
Jeffrey Easton + Pegah Easton	CGNO23	279,851	30.00
EZH Holdings (DE) Two LLC	CGNO24	333,630	37.50
Vladimir Efros	CGNO24	289,146	32.50
Jeffrey Easton + Pegah Easton	CGNO24	266,904	30.00
EZH Holdings (DE) Two LLC	CGNO27	330,106	37.50
Vladimir Efros	CGNO27	286,092	32.50
Jeffrey Easton + Pegah Easton	CGNO27	264,084	30.00
EZH Holdings (DE) Two LLC	CGNO28	258,978	37.50
Vladimir Efros	CGNO28	224,448	32.50
Jeffrey Easton + Pegah Easton	CGNO28	207,182	30.00
EZH Holdings (DE) Two LLC	CGNO32	188,758	37.50
Vladimir Efros	CGNO32	163,591	32.50
Jeffrey Easton + Pegah Easton	CGNO32	151,007	30.00
EZH Holdings (DE) Two LLC	CGNO33	168,413	37.50
Vladimir Efros	CGNO33	145,958	32.50
Jeffrey Easton + Pegah Easton	CGNO33	134,731	30.00
EZH Holdings (DE) Two LLC	CGNO34	186,258	37.50
Vladimir Efros	CGNO34	161,424	32.50
Jeffrey Easton + Pegah Easton	CGNO34	149,007	30.00
EZH Holdings (DE) Two LLC	CGNO35	233,403	37.50
Vladimir Efros	CGNO35	202,282	32.50
Jeffrey Easton + Pegah Easton	CGNO35	186,722	100.00
Bergen Global Opportunity Fund LP	CGNO36	13,000,000	100.00

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	422	83	146	1,253	2,336	4,240
Unlisted Options	CGNO15	-	-	-	-	3	3
Unlisted Options	CGNO16	-	-	-	-	3	3
Unlisted Options	CGNO17	-	-	-	-	3	3
Unlisted Options	CGNO18	-	-	-	-	3	3
Unlisted Options	CGNO19	-	-	-	-	3	3
Unlisted Options	CGNO20	-	-	-	-	3	3
Unlisted Options	CGNO21	-	-	-	-	3	3
Unlisted Options	CGNO22	-	-	-	-	3	3
Unlisted Options	CGNO23	-	-	-	-	3	3
Unlisted Options	CGNO24	-	-	-	-	3	3
Unlisted Options	CGNO25	-	-	-	-	2	2
Unlisted Options	CGNO26	-	-	-	-	3	3
Unlisted Options	CGNO27	-	-	-	-	3	3
Unlisted Options	CGNO28	-	-	-	-	3	3
Unlisted Options	CGNO32	-	-	-	-	3	3
Unlisted Options	CGNO33	-	-	-	-	3	3
Unlisted Options	CGNO34	-	-	-	-	3	3
Unlisted Options	CGNO35	-	-	-	-	3	3
Unlisted Options	CGNO36	-	-	-	-	1	1
Fully paid ordinary Shares under Escrow	CGNESEC6	-	-	-	-	1	1

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 2,983.

On market buy-back

There is no current on market buy-back

CRATER
GOLD MINING