Crater Gold Mining Limited   ABN 75 067 519 779

Financial Report

For the half-year ended

31 December 2013

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Corporate Directory

Directors:	S W S Chan (Non-executive Chairman) G B Starr (Managing Director) T M Fermanis (Non-executive Director) R P Macnab (Non-executive Director) D T Y Sun (Non-executive Director) R D Parker (Non-executive Director) J D Collins-Taylor (Alternate to T.M. Fermanis)
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Share Registry:	Link Market Services Limited Level 15, 324 Queen Street Brisbane QLD 4000 Australia Telephone: 1300 554 474 Facsimile: +61 7 3228 4999
Auditors:	BDO East Coast Partnership Level 11 1 Margaret Street Sydney NSW 2000 Australia Telephone: +61 2 9251 4100
ASX Listing:	Crater Gold Mining Limited shares are quoted on the Australian Securities Exchange under the code “CGN”.
Website address:	www.cratergold.com.au

Dear Shareholders

During the six months to 31 December 2013 Crater Gold Mining Limited ("CGN" or the "Company") has made significant progress at the Company's flagship Crater Mountain Project ("the Project") in Papua New Guinea ("PNG"). While subject to the timing of government approvals, the Company is confident that the High Grade Zone ("HGZ") project at Crater Mountain will be producing high grade gold in 2014.

Crater Mountain, PNG

Key Points

- **HGZ Adit development commenced- Bonanza Gold Grades up to 847g/t (27.2 oz/t) Au intersected at HGZ**
- **HGZ - Independent Consultant Review by Mining Associates highlights HGZ potential**
- **Aeromagnetics and drill hole petrology studies highlight the possible source of Nevera porphyry Cu-Au mineralisation**

Subsequent to end of period

- **Mining Lease Application ("MLA") submitted for HGZ**
- **HGZ Drilling program commenced**

HGZ adit development

After preparatory earthworks to secure the adit portal area, and the mobilisation of mining equipment onto site by helicopter, development of the HGZ adit commenced in mid-August 2013.

Sampling is both channel sampling of walls and face as well as character sampling of veins and enveloping wallrock to assess average grades and thicknesses. Bulk sampling is testing identified well-mineralised structures.

Underground exploration development is being carried out by using simple rock drill, blasting and hand mucking methods, using wheelbarrows which are pushed out of the adit and tipped onto a dump for possible future recovery and processing. Ground conditions underground have been good requiring only occasional support with bolts and mesh.

Bonanza Gold Grades intersected at HGZ
(refer ASX Release 19 November 2013 Bonanza gold grades intersected at High Grade Zone)

- Underground development intersected bonanza grade gold mineralisation up to 847g/t (27.2 oz/t) Au over 0.2m of mineralised vein
- High grade gold in numerous narrow structures within broad north - south trending 10 – 15m wide zone
- Abundant coarse visible free gold
- More than 5 strong gold-bearing structures

A broad 10 - 15 metre wide zone of intense brecciation and alteration trending north - south has been identified as the main host for the high grade gold mineralisation in underground exploration development at the HGZ project. Mineralisation in this zone comprises numerous narrow (up to 30cm wide) auriferous structures of intense clay, limonite, hematite and relict pyrite with quartz and frequent coarse visible free gold. Refer to Figure 2.

Within this zone there are at least 5 discrete well developed gold-bearing structures containing increased clay with hematite alteration and some manganese traced over 5 – 10 metres strike in the development to date. Bonanza gold grades up to 847g/t (27.2 oz/t) Au have been recorded from channel samples taken within the period where these structures cut through the walls of the adit and cross-cut development. Figure 2 shows the location of the significant structures intersected to date with their respective assay results and widths

Figure 1 - HGZ Portal November 2013

The predominant trend for the 10 – 15m wide high grade zone is approximately N-S.. Within this envelope there are in addition a number of steeply dipping cross-cutting mineralised structures with an approximate E - W orientation. Underground observations have also been made of relatively shallow dipping structures noted to be link structures between the N - S and E - W sets. All of these sets of structures have returned high gold values. The intersection of the steeply dipping N - S and E - W structures together with the occurrence of shallow dipping link structures is considered to play an important role in the control of mineralisation resulting in bonanza gold grades.

The location of these structures correlates very well with previous artisanal mining in shallow surface workings some 30m directly above the current exploration adit development. There is also good correlation with previous diamond drilling which intersected 2m at 98g/t Au approximately 70m below the development. Results to date provide confirmation of reports of significant quantities of gold being extracted by local artisanal miners from shallow surface workings

The focus of the exploration development is to intersect these narrow mineralised structures and to individually evaluate them with channel sampling with a view to future underground mining. The veins of relevant interest are those recording significant grades and which can be extracted using small scale, highly selective, narrow vein mining techniques. Channel samples of individual structures are taken perpendicular to the structure, representing true width, along the sidewalls of the drive and cross cut development. Owing to the narrow nature of the structures, channel samples taken across the entire structure, but subject to a minimum sample width of 0.20m, represent the true width and grade of the structure

Drive development is continuing to determine continuity and strike extent of overall gold mineralisation along the N - S structures identified.

Integrating the adit results to date with the conclusions drawn from the artisanal surface workings and the limited surface drilling targeting the HGZ indicates potential for high grade gold to a depth of at least 100m.

Alteration associated with the HGZ mineralisation shows it to be high sulphidation epithermal in nature, related to a separate late-stage phase of mineralisation from the widespread events responsible for the low sulphidation Mixing Zone and the early porphyry copper-gold mineralisation. There is strong potential for the high gold values found near surface to extend to depth in the primary zone, albeit without the oxidation and redistribution of gold evident in the deep weathering zone.

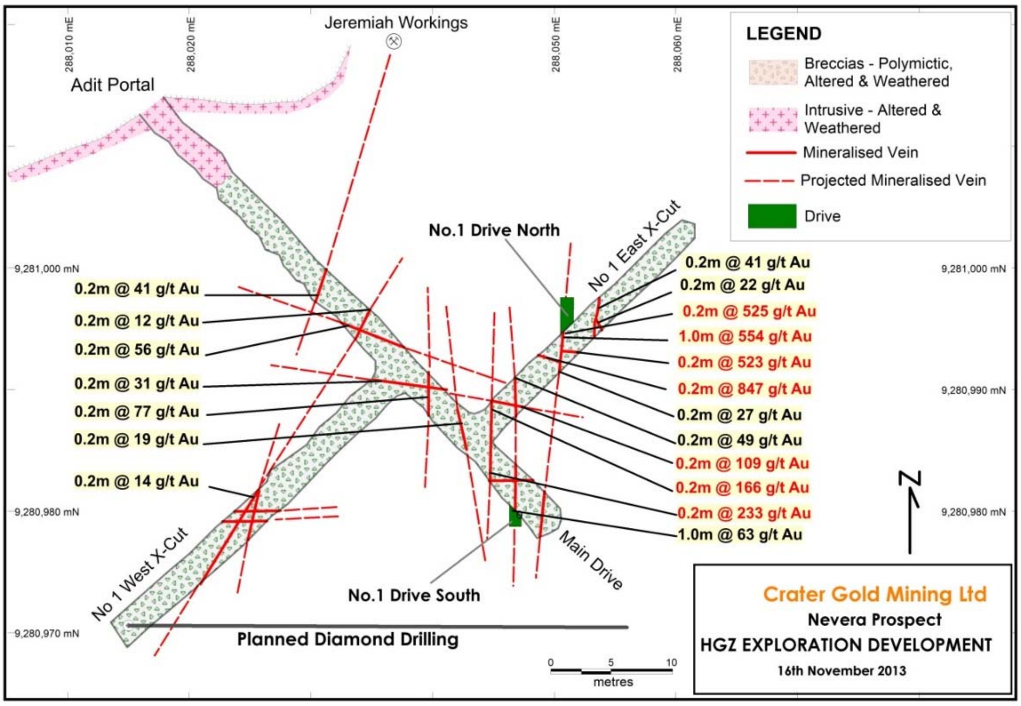

Figure 2- HGZ Exploration Development showing mineralised structures and channel sampling results

- 0.2m @ 847 g/t (27.2 oz/t) Au in No1 East Cross Cut left hand wall (Link structure)
- 1.0m @ 554 g/t (17.8 oz/t) Au in No1 East Cross Cut left hand wall (NS structure)
- 0.2m @ 525 g/t (16.9 oz/t) Au in No 1 East Cross Cut left hand wall (NS structure)
- 0.2m @ 523 g/t (16.9 oz/t) Au in No 1 East Cross Cut right hand wall (Link structure)
- 0.2m @ 233 g/t (7.5 oz/t) Au in Main Drive right hand wall (NS structure)
- 0.2m @ 166 g/t (5.3 oz/t) Au in No 1 East Cross Cut left hand wall (NS structure)
- 0.2m @ 109 g/t (3.5 oz/t) Au in No 1 East Cross Cut face (EW structure)
- 1.0m @ 63 g/t (2.0 oz/t) Au in Main Drive right hand wall (NS structure)
- 0.2m @ 77 g/t (2.5 oz/t) Au in Main Drive face (NS structure), and
- 0.2m @ 56 g/t (1.8 oz/t) Au in Main Drive right hand wall (EW structure)

HGZ – Independent Consultant Review

During the half a report by independent geological consultants, Mining Associates (“MA”), was received by the Company. The MA report suggests a target for the High Grade Zone prospect based on selective underground mining of:

HGZ Target - 50,000 to 250,000 tonnes at 13 to 30 g/t Au for 60,000 to 100,000 ounces of contained Au

(ASX Release 17 October 2013: *High Grade Zone – Independent Consultant Target Review, Crater Mountain, PNG*)

MA cautions that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource. (The Company is not aware of any new information or data that materially affects the information included in the abovementioned ASX announcement. The form and context in which MA’s findings are presented have not been materially modified. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported).

- MA confirmed the Company's expectations that the HGZ has the potential to be a rich source of gold which could be developed at low cost and in a short period of time
- MA also stated that it is likely that similar t high grade gold deposits may be repeated at several places in splays off key structures over a potential area of at least 1400m by 700m.

The HGZ Target is defined by a 100m radius circle centred on the area of artisanal workings. The initial target is within 150m of the surface. The area lies well outside the current resource estimates for the Nevera Mixing Zone Prospect (Richmond, 2011). See Figure 3 below.

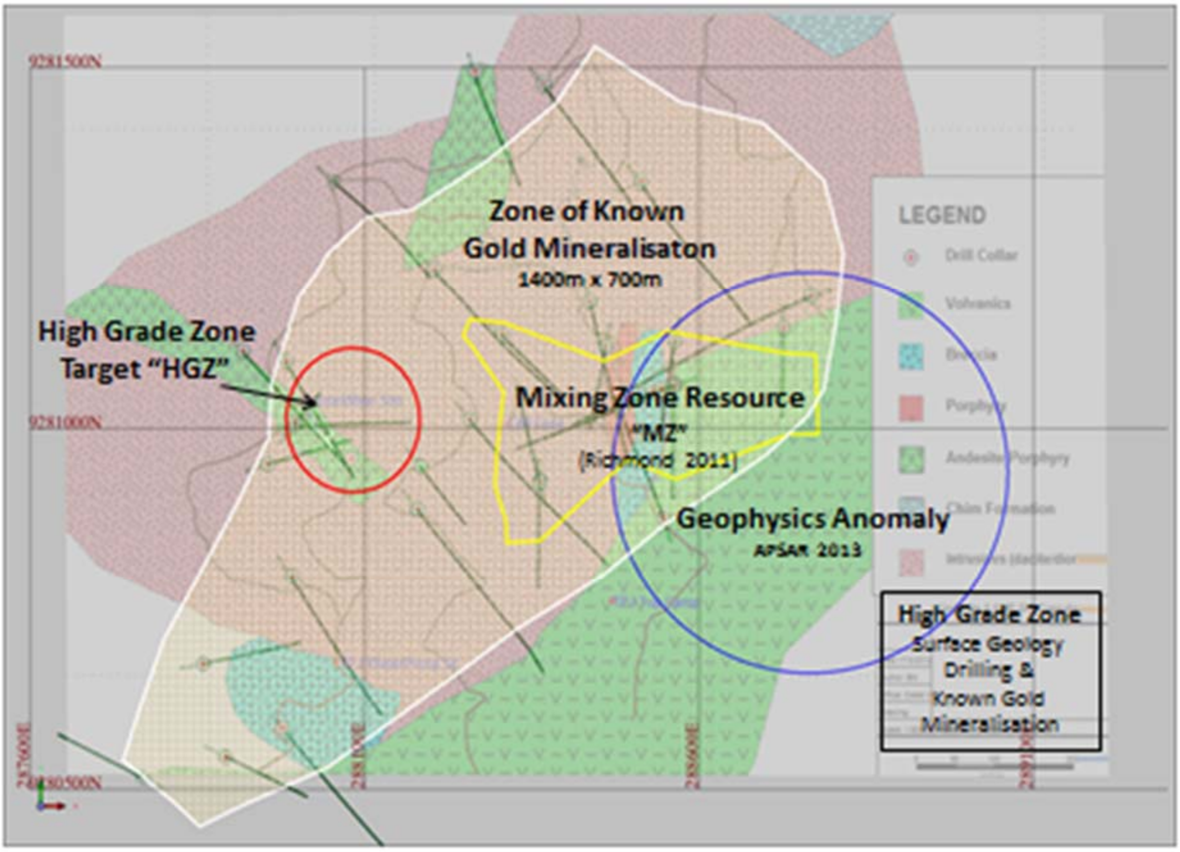

Figure 3 - HGZ Surface Geology

Red circle is HGZ target; yellow outline on right is Richmond 2011 Mixing Zone resource limits; blue circle is geophysical target; dark lines are drill holes; background is 2012 surface geology map; area outlined in white is area of known gold mineralisation

Notes to accompany the HGZ Target estimate by MA are:

1. The initial target is for highly selective narrow underground mining
2. Target Area 100m radius and to 150m below surface centred on Artisanal workings
3. Area is not included in current resource estimates
4. Block model using blocks 5x5x5m
5. Screened for topography
6. 206 x 5m down-hole drill composites from holes 4, 9, 22, 23, and 26 and 87 x 5 m bench samples
7. Averaging of grades and dilution by using 5m composites of diamond core and bench samples

8. Nearest Neighbour grade allocation to blocks using 100m omnidirectional search
9. Appropriate rounding of numbers to reflect targeting
10. A bulk density of 2.5 t/m3 was used for reporting

MA concluded that mineralisation is likely controlled by a number of key structures allowing mineralising fluids to be introduced adjacent to them. The host breccia zones are controlled by a combination of structures running north, north-east and north-west. MA stated "*It is likely that similar independent high grade gold deposits may be repeated at several places as splays off key structures over a potential area of at least 1400m by 700m*."

Mining Associates Report on the Prospectivity of the Crater Mountain Tenements

Mining Associates in their independent report also made the following observations on the Crater mountain tenements**:**

1. Significant gold and copper (at depth) mineralisation occurs within the tenement area
2. There are 2 mineralised zones of potential significance identified to date - The Mixing Zone (MZ) and High Grade Zone (HGZ). In addition widespread deep porphyry Cu-Au mineralisation has been identified in drill core
3. The Nevera Prospect is focused around an intrusive/extrusive complex of irregular shape and uncertain limits (possibly partly gradational) with an area of at least 1400 m by 700 m
4. The Crater Mountain Volcanic Complex is sub-elliptical in shape, approximately 20 km across
5. Recent airborne magnetics and radiometrics have been undertaken and processed over the Crater mountain licenses. Because surface outcrop is limited due to a widespread volcanic ash cover this will be most helpful in on-going target identification. MA notes that commonly more subtle features, or the edges of anomalies, are key targets
6. It is expected that other hydrothermal systems of similar size to Nevera will occur within the Crater Stratovolcano complex: typically the overall mineralisation system can cover tens of square kilometres with surface expression as a number of individual cells, each 2 to 5 km apart, separated by barren zones. Three have been identified by early exploration (Nimi, Awanita and Masi Creek).

MA is of the opinion that there are four styles of mineralisation seen within the prospect area in a complex interplay over a long period of build-up and then collapse of a major stratovolcano, the Crater Mountain Volcanic Complex:

1. Steeply dipping structurally controlled intense acid leached zones with high grades of gold only, an example being the HGZ. Gold to silver ratio of 3 to 1 or higher. The origin of these is uncertain - they could be due to a high-sulphidation event or due to generation of acids from breakdown of unstable sulphides near surface (these mechanisms possibly overprint). Broader lower grade zones of more complex shapes associated with carbonate - base metal sulphide veining with moderate grades of gold and silver, like the MZ. Gold to silver ratio of about 1 to 1 with significant levels of base metals (copper, lead and zinc); which both partially overprint the -
2. Main low sulphidation epithermal quartz gold-silver event associated with collapse of the Stratovolcano and formation of the major breccia zones and emplacement of the andesite to dacite porphyry dykes and small intrusions (possible Porgera "Waruwari-style "quartz - Pb-Zn sulphide - gold deep feeder zones); which all overprint the -
3. Primary, older, porphyry copper-gold mineralisation seen at depth and emplaced within the original stratovolcano. It is possible small stocks of this type will occur at higher levels, as seen at Wafi where these are significant ore bodies. A target has been identified to the east of the MZ.

The four types are of course related to the same overall mineralisation system, which is large and complex in detail, and long lived, with the higher grade gold zones being later. The difference between the various epithermal gold styles relates to different settings, and results in the varied intensity and metal ratios.

MA concluded the Crater Mountain hydrothermal mineralised system has the potential for hosting deposits with short term, medium term and long term production

Airborne magnetics and radiometrics surveys analysed and integrated with Nevera Prospect drill hole petrology

- Airborne geophysics combined with drill hole petrology identifies possible location of porphyry copper-gold intrusion inferred from Nevera Prospect drilling at Crater Mountain
- Porphyry copper-gold target interpreted as NE - SW trending intrusion with a possible SW plunge that lies immediately east of and borders the Nevera drilled area
- Aeromagnetic data indicates potential for the copper and gold mineralisation to be preserved closer to surface in the east
- The Mixing Zone inferred gold resource flanks the identified porphyry target on the northwest
- It is expected that the source intrusion for the porphyry mineralisation is also responsible for the Mixing Zone mineralisation
- 7 additional major magnetic targets identified regionally requiring ground follow up, including 1 in southwest Nevera Prospect and 3 in Masi Prospect.

During the half year the Company received very positive results from the integrating of the magnetic and radiometric data derived from the detailed helicopter-borne geophysical survey conducted over its Crater Mountain tenements earlier in the year with his earlier petrological analysis of core from the Nevera Prospect diamond drilling programme by consultant Mr Anthony Coote of APSAR in New Zealand. The results identify the possible location of a porphyry copper-gold intrusion immediately east of the area that was drilled at Nevera in 2011/12 and which delineated a large volume of carbonate-base metal sulphide-gold Mixing Zone mineralisation in which 790,000oz gold has to date been classified in an inferred resource category.

APSAR's Mr Coote concluded that the mostly intrusion-breccia hosted, low-sulphidation epithermal/mesothermal-style base and precious metal mineralisation of the Mixing Zone is flanked in the east by a NE - SW trending and possibly southwest plunging quartz diorite/tonalite porphyry intrusion or intrusive complex, located immediately to the east of the drilled area and identified in the geophysical consultant ExploreGeo's Mr Frankcombe's report as a strong magnetics target of considerable vertical extent. He concluded that this intrusion could be the source of the porphyry Cu-Au mineralisation identified at depth in a number of drill holes

The regional geophysical results reported by Mr Frankcombe outline magnetic intrusions and areas of magnetite destruction or non-magnetic cover, as well as magnetic lineaments, and highlight 8 targets for follow up that are considered likely to be intrusion-related, including the one immediately east of the drilled area in the Nevera Prospect noted above. Other targets include one in the southwest of the Nevera Prospect, as well as 3 in the Masi prospect. They are interpreted as being largely intrusion-related with several possibly skarn-related in origin, and may host associated mineralisation.

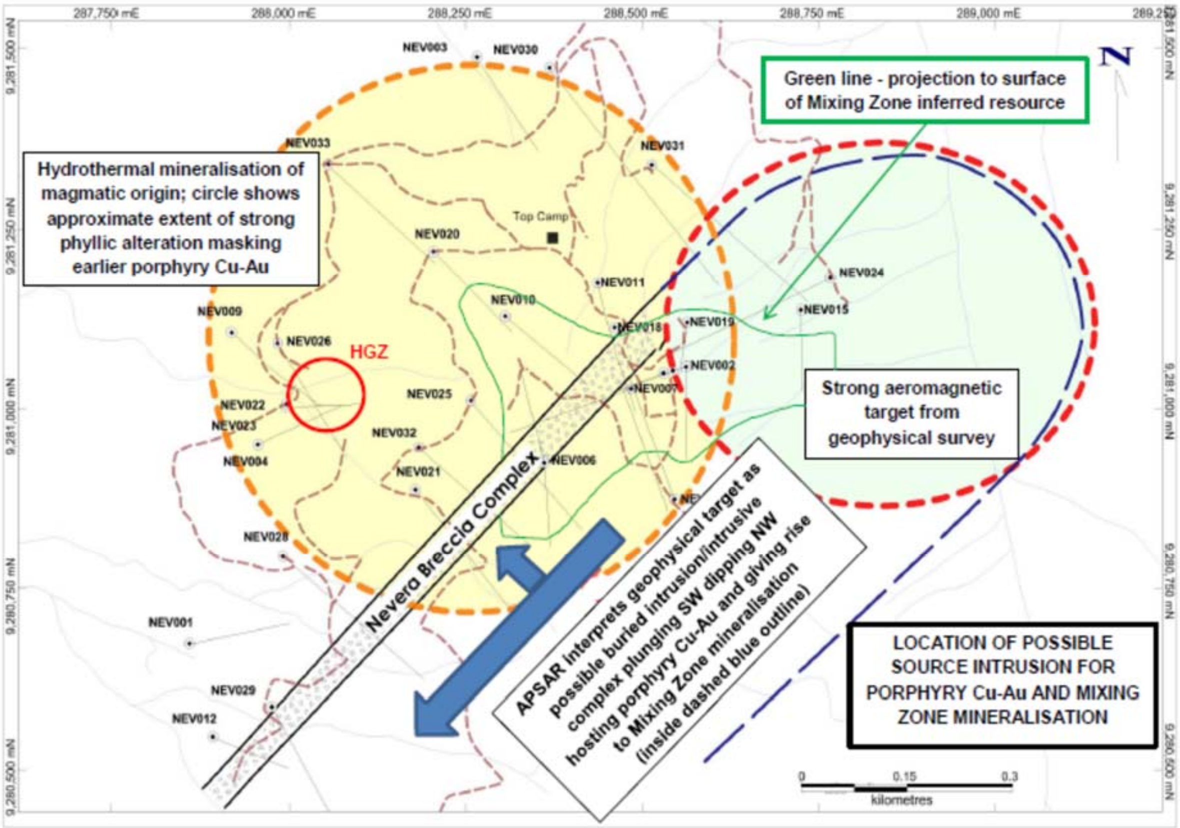

Figure 4- Possible source intrusion for porphyry Cu-Au and Mixing Zone mineralisation

(Note: The Nevera Breccia Complex is a linear predominately intrusive breccia complex along the NW margin of the APSAR interpreted intrusion)

Events subsequent to end of period

Mining Lease Application (MLA) for HGZ

Following underground development at the HGZ, the Company generated sufficient geological and assay information to complete a Pre-feasibility Study (PFS) with encouraging results. A Mining Lease application has been lodged for the HGZ. Subject to the timing of the grant of the Mining Lease, gold production is expected to begin in the 3rd quarter 2014.

HGZ drilling program

Drilling commenced at the HGZ in February. The objective of the drilling is to further delineate the HGZ zone to generate an indicated resource prior to the commencement of production.

The Company has mobilised a Diamec 250 hydraulic underground diamond drill rig which will be used initially to drill from the surface adjacent to the exploration adit portal before being installed underground to drill from specially prepared drill cuddies.

A first stage of approximately 1,800m of drilling comprising sixteen diamond drill holes will be drilled in four fans providing potential coverage for 80m strike and 100m of dip extension of the identified high grade mineralised zone .These holes are planned to intersect the mineralised zone with each hole approximately 20m apart (Figure 5).

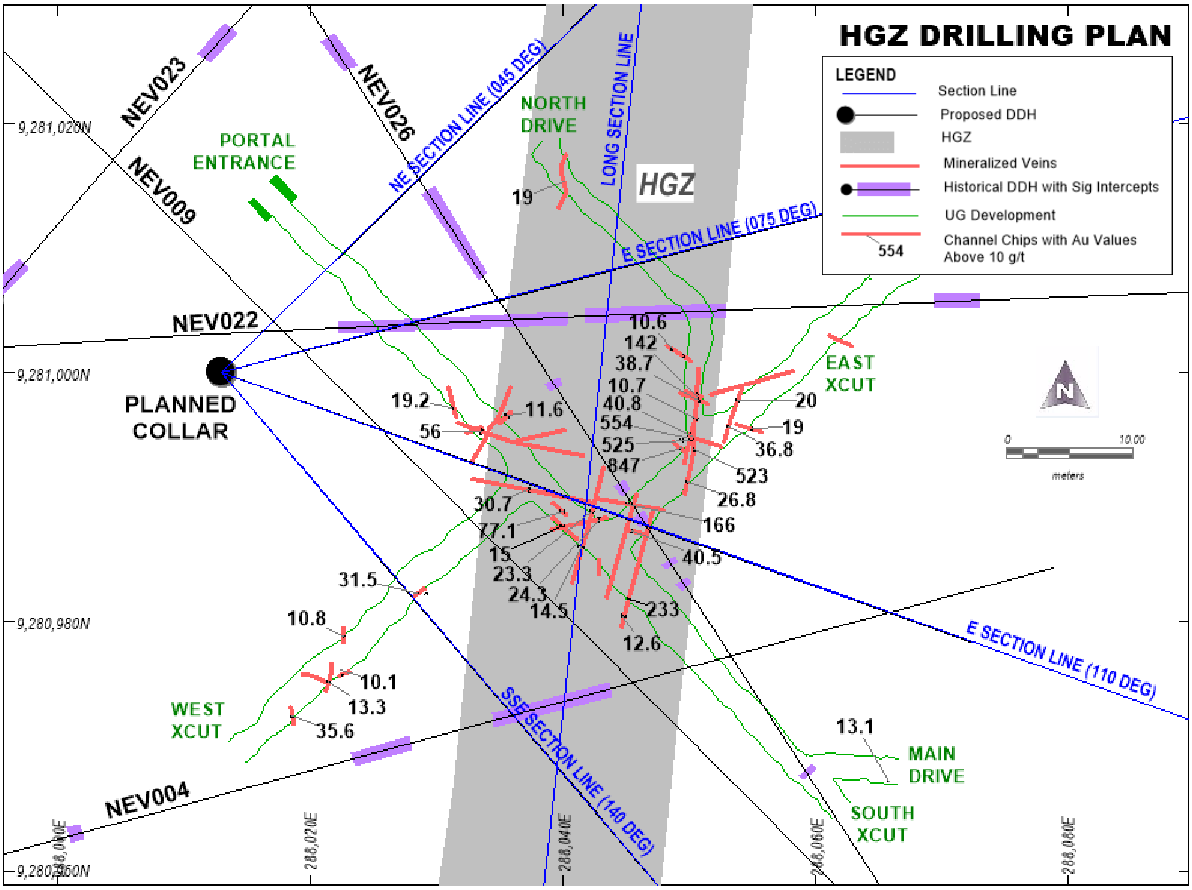

Figure 5 - Layout of Planned Drilling

Fergusson Island, PNG

Key Points

- Ministerial approval received for the grant of EL 2180 Wapolu in July 2013

Background

The Fergusson Island gold project comprises two deposits, Wapolu and Gameta, located 30 kilometres apart on the north coast of Fergusson Island in PNG. The deposits lie within EL 2180 and EL 1972 respectively.

The gold in both deposits is in shallow-dipping, near surface mineralised structures and is refractory. During the period work to re-establish the infrastructure on the Gameta Prospect in EL 1972 commenced.

An assessment of the applicability of the newly-available Albion Process to the Fergusson Island ores was undertaken by metallurgist Mr Neil Cole and plans are being finalised to collect suitable bulk samples for test work.

Croydon, Queensland, Australia

Golden Gate Graphite Project

Key Points

- EPMA18616 is in the final stages of transfer to CGN

Background

The Golden Gate graphite project is located partially on Exploration Permit Mining (EPM) 8795 (approximately 30% of the mapped mineralisation) and continues onto the contiguous EPM 18616. The graphite deposit has undergone electromagnetic geophysical surveys and systematic drilling during the late 1980's by CCE and also limited drilling and testwork by GOA (now CGN) in 2004. No exploration work has been undertaken on the project since that time (see Figure 6).

The "Golden Gate" deposit has been estimated previously based on drill results by Central Coast Exploration (CCE) to contain approximately 20Mt @ at between 5 and 6% graphite, including a high-grade zone of approximately 6Mt with 10% graphite in company reports. Note that these estimates are historical in nature and were reported by CCE in project reports produced during the 1980's and will require substantiation by further drilling, assaying and metallurgical testwork by CGN. There is no certainty that these estimates of mineralisation will be confirmed by additional exploration or be shown to be commercially exploitable. This is not an estimate of a mineral resource as defined by the JORC 2012 Code. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Company previously entered into an agreement with Global Resources Corporation Limited ("Global") to acquire 94% interest in EPM 18616. The EPM was granted to Global by the Queensland Department of Natural Resources and Mines early in 2013 and the Queensland Government recently approved an application to transfer 94% of the interest in the EPM to Crater Gold on February 11, 2014. EPM18616 is in the first year of a 5 year licence period that will expire on the 14th June 2019.

CGN proposes to collect fresh diamond core samples from Golden Gate for metallurgical testwork to determine if marketable graphite products can be recovered from this mineralisation. If the results of the testwork are positive it is anticipated that a substantial graphite deposit could rapidly be defined by confirming the assay data from past systematic drilling by CCE.

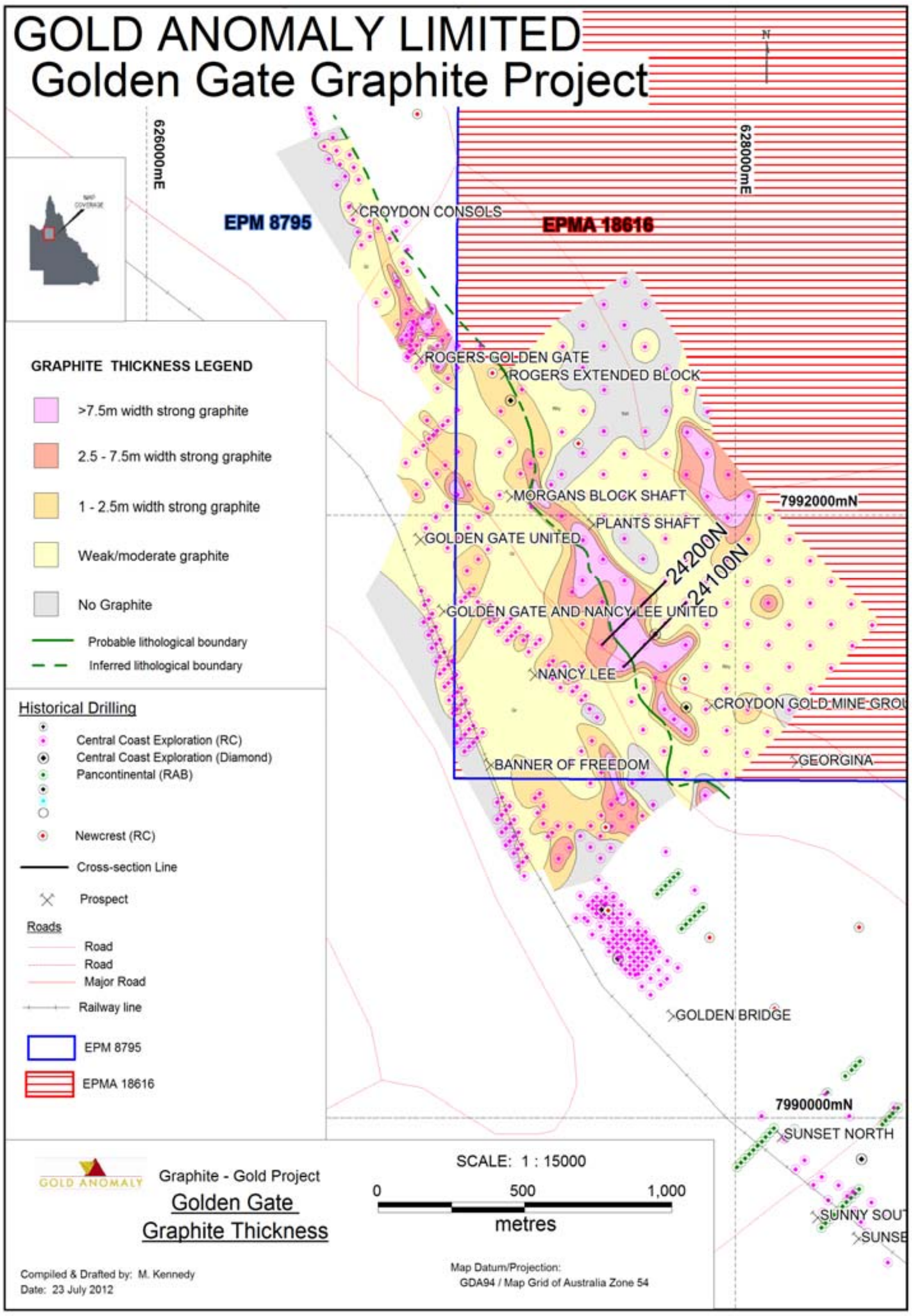

Figure 6 - Map showing distribution of graphite mineralisation and historical drill holes at Golden Gate

Corporate

Change of Company name and ASX code

On the 9 July 2013 the Company's shareholders resolved that the name of the Company be changed to "Crater Gold Mining Limited". On 23 July 2013 the Company's ASX code changed to CGN.

The change in the Company's name was instituted to better reflect the Company's planned gold production from the flagship Crater Mountain Project, PNG.

Share consolidation

At a general meeting of shareholders held on the 26th September 2013, the shareholders of the Company voted in favour of consolidating the Company's shares. Every 100 shares were consolidated to 1 share.

Rights issue

The Company undertook a non- renounceable 1 for 4 rights issue which closed on the 16th of December 2013. The issue was fully underwritten for $2,182,965.

G B Starr

Managing Director

14 March 2014

The information contained in this report relating to exploration results, exploration target and mineral resources at Crater Mountain and exploration results at Fergusson Island, 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 2012 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 in this report that relates to exploration results at Croydon, Queensland is based on information compiled by 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 2012 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.

Your Directors present their report, together with the financial statements, on the consolidated entity consisting of Crater Gold Mining Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2013.

Directors

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

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

Principal Activities

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

Review of operations

The Group incurred a loss for the half-year of $1,497,883 (2012: $1,886,575) after interest income of $28,606 (2012: $6,288), profit on sale of other financial assets of $423,845 (2012: Nil) and financing expense, including equity settled expenses of Nil (2012: $279,492).

The Group held $2,059,356 in cash at the end of the half-year (2012: $1,132,775) after receiving $2,182,965 (before issue costs of $179,977) proceeds from the issue of shares and making payments of $4,183,223 for operating and exploration activities and $541,935 for the purchase of fixed assets.

A detailed Review of Operations is set out on pages 3 to 13 preceding the Directors' Report.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 15 of this Financial Report.

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

On behalf of the Directors

G B Starr
Managing Director

T M Fermanis
Director

Sydney
14 March 2014

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Australia

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

As lead auditor for the review of Crater Gold Mining Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 14 March 2014

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.

Statement of Profit and Loss and Other Comprehensive Income

For the Half Year ended 31 December 2013

	Notes	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Continuing operations			
Profit on sale of other financial assets	4	423,845	-
Interest income		28,606	6,288
Total income		**452,451**	**6,288**
Expenses			
Administration expense	5	(1,067,340)	(939,981)
Corporate compliance expense		(89,159)	(76,803)
Exploration costs written off		(793,290)	-
Other expense		(545)	(596,587)
Financing expense		-	(279,492)
Loss before income tax expenses from continuing operations		**(1,497,883)**	**(1,886,575)**
Income tax expense		-	-
Loss after income tax expense for the half-year		**(1,497,883)**	**(1,886,575)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(2,021,746)	(742,474)
Total comprehensive income for the half-year, net of tax		**(3,519,629)**	**(2,629,049)**

Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted loss - cents per share		(1.34)	(8.0)

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

Statement of Financial Position

As at 31 December 2013

	Notes	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
ASSETS			
Current assets			
Cash and cash equivalents		2,059,356	3,422,826
Trade and other receivables		104,979	50,951
		2,164,335	3,473,777
Non-current assets classified as held for sale		-	1,041,501
Total current assets		**2,164,335**	**4,515,278**
Non-current assets			
Other financial assets		37,319	33,854
Exploration and evaluation	6	28,121,742	27,664,200
Plant and equipment	7	750,968	326,163
Total non-current assets		**28,910,029**	**28,024,217**
Total assets		**31,074,364**	**32,539,495**
LIABILITIES			
Current liabilities			
Trade and other payables		599,132	1,075,849
Related party payables		39,172	48,270
Provisions		51,101	38,398
Total current liabilities		**689,405**	**1,162,517**
Total Liabilities		**689,405**	**1,162,517**
Net Assets		**30,384,959**	**31,376,978**
EQUITY			
Contributed equity	8	50,768,612	48,565,624
Reserves		1,723,716	3,420,840
Accumulated losses		(22,107,369)	(20,609,486)
Total Equity		**30,384,959**	**31,376,978**

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

	Notes	Contributed equity $	Reserves $	Accumulated losses $	Total $
Consolidated					
Balance at 1 July 2013		**48,565,624**	**3,420,840**	**(20,609,486)**	**31,376,978**
Movement in share based payment reserve		-	324,622	-	324,622
Issue of share capital		2,382,965	-	-	2,382,965
Transaction costs		(179,977)	-	-	(179,977)
Transactions with owners		**2,202,988**	**324,622**	**-**	**2,527,610**
Comprehensive income for the half-year		-	-	(1,497,883)	(1,497,883)
Other comprehensive income					
Exchange differences on translating foreign operations		-	(2,021,746)	-	(2,021,746)
Total comprehensive income for the period		**-**	**(2,021,746)**	**(1,497,883)**	**(3,519,629)**
Balance at 31 December 2013		**50,768,612**	**1,723,716**	**(22,107,369)**	**30,384,959**

Consolidated				
Balance at 1 July 2012	**37,030,487**	**3,217,270**	**(17,548,662)**	**22,699,095**
Movement in share based payment reserve	-	58,897	-	58,897
Issue of share capital	5,745,192	-	-	5,745,192
Transaction costs	(383,905)	-	-	(383,905)
Transactions with owners	**5,361,287**	**58,897**	**-**	**5,420,184**
Comprehensive income for the half-year	-	-	(1,886,575)	(1,886,575)
Other comprehensive income				
Exchange differences on translating foreign operations	-	(742,474)	-	(742,474)
Total comprehensive income for the half-year	**-**	**(742,474)**	**(1,886,575)**	**(2,629,049)**
Balance at 31 December 2012	**42,391,774**	**2,533,693**	**(19,435,327)**	**25,490,230**

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

	Notes	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,355,826)	(474,849)
Interest received		28,606	6,288
Interest paid		-	(86,321)
Net cash used in operating activities		**(1,327,220)**	**(554,882)**
Cash flows from investing activities			
Purchases of property plant and equipment		(541,935)	(18,707)
Payments for exploration and evaluation		(2,856,003)	(2,499,744)
Proceeds from sale of other financial assets		1,465,345	-
(Payments for)/refunds of security deposit		(3,465)	3,016
Net cash used in investing activities		**(1,936,058)**	**(2,515,435)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares and options		2,182,965	4,445,558
Share issue costs		(179,977)	(383,905)
Repayment of Convertible Notes		-	(315,000)
Net cash provided by financing activities		**2,002,988**	**3,746,653**
Net (decrease) / increase in cash held		**(1,260,290)**	**676,336**
Cash at the beginning of the half-year		3,422,825	479,067
Effects of foreign exchange movements on cash transactions and balances		(103,179)	(22,628)
Cash at the end of the half-year		**2,059,356**	**1,132,775**

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

1. Basis of preparation

These financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard 134 'Interim Financial Reporting' and the Corporations Act 2001 as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 'Interim Financial Reporting'.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2013 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, Revised or amending Accounting Standards and Interpretations adopted.

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

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

2. Going concern

These financial statements are prepared on a going concern basis. The Group has incurred a net loss of after tax of $1,497,883 (2012: $1,886,575) for the half-year ended 31 December 2013 with cash outflows from operating and investing activities of $3,263,278 (2012: $3,070,317). As at 31 December 2013, the Group had working capital of $1,474,930 (2012: $88,003) including cash on hand of $2,059,356 (2012: $1,132,775). These conditions may give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

In determining the appropriateness of the accounts being presented on a going concern basis the Directors note the following:

a) The Company's key area of expenditure is the Crater Mountain Project in Papua New Guinea. It is an exploration project. The Directors recognise the risks associated with exploration. Consequently, its ability to pay its debts as and when they fall due will be dependent on its ability to secure appropriate levels of additional funding. The Company has successfully raised funds through share issues and debt funding on a number of occasions and the Directors are confident that this could be achieved should the need arise.
b) The Company has also secured a short term bridging loan of $1.5m from FreeFire. The loan will be repaid out of the proceeds future gold sales and capital raising activities.

The Directors are satisfied that plans are in place for the Group to have positive cash flows through to March 2015. 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.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

3. Operating Segments

	Croydon $	Fergusson Island $	Crater Mountain $	Corporate $	Elimination $	Consolidated $
Half-year to 31 December 2013						
Interest received	-	-	-	28,606	-	**28,606**
Profit on disposal	-	-	-	423,845	-	**423,845**
External segment revenue	-	-	-	452,451	-	**452,451**
Other expenses	-	-	(2,282,768)	(1,904,364)	2,236,798	**(1,950,334)**
Segment profit / (loss)	-	-	(2,282,768)	(1,451,913)	2,236,798	**(1,497,883)**
Segment assets	4,154,890	193,565	22,889,621	41,211,250	(37,374,962)	**31,074,364**
Segment liabilities	-	-	25,838,032	423,856	(25,572,483)	**689,405**
Half-year to 31 December 2012						
External segment revenue	-	-	-	6,288	-	**6,288**
Other expenses	-	-	(865,804)	(1,873,904)	846,845	**(1,892,863)**
Segment profit / (loss)	(6,457)	-	(865,804)	(1,867,616)	846,845	**(1,886,575)**
Segment assets	4,609,756	82,838	18,503,347	34,680,054	(31,287,084)	**26,588,911**
Segment liabilities	-	-	20,057,914	525,372	(19,484,605)	**1,098,681**

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

Segment loss	**(1,497,883)**
Loss for the half-year from continuing operations	**(1,497,883)**

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

Description of segments

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

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

Fergusson Island
This project consists of two gold exploration projects at Wapolu and Gameta on Fergusson Island, in Milne Bay province, PNG.

4. Individually significant items

A profit of $423,845 was realised on sale of the Company's holding in Kenai Resources Limited.

	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
5. Administration expenses		
Employee benefits expense	196,983	205,937
Employee Share Option Plan [1]	308,838	40,993
General administration expenses	561,519	693,051
	1,067,340	**939,981**

[1] This represents the fair value of equity-settled share options granted under the Employee Share Option Plan as at the date of grant using a Black-Scholes option pricing method. Full details are disclosed in the Notes to the Financial Statements as at 30 June 2013

6. Non-Current Assets - Exploration and Evaluation

At the beginning 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**
Opening net book value	27,664,200	22,369,698
Expenditure capitalised	3,140,782	5,143,531
Exploration costs written off	(793,290)	-
Effect of movement in exchange rates	(1,889,950)	150,971
Closing net book value	28,121,742	27,664,200
At the end of the year		
Cost	29,904,205	28,653,373
Provision for impairment	(1,782,463)	(989,173)
Net book value	**28,121,742**	**27,664,200**

	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
7. Non-Current Assets - Plant and Equipment		
Plant and equipment		
Cost	928,665	425,044
Accumulated depreciation	(177,697)	(98,881)
Net book value	**750,968**	**326,163**
Equipment under finance lease		
Cost	47,190	47,190
Accumulated depreciation	(47,190)	(47,190)
Net book value	-	-
Total	**750,968**	**326,163**

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 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**
Additions	541,936
Disposals	(545)
Depreciation expense	(3,189)
Depreciation capitalised	(84,779)
Effect of movements in exchange rates	(28,618)
Carrying amount as at 31 December 2013	**750,968**

8. Contributed Equity

Equity Securities Issued	No. of ordinary shares	Total $
For the half-year ended 31 December 2013		
As at 1 July 2013	108,654,916	48,565,624
Shares issued	27,780,404	2,202,988
As at 31 December 2013	**136,435,320**	**50,768,612**
For the full year ended 30 June 2013		
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**

In October 2013 the Company consolidated its issued share capital on a 1 for 100 basis. Both the opening balance of equity securities issued as at 1 July 2013 and the comparative figures for the full year ended 30 June 2013 have been restated to reflect the 1 for 100 share consolidation.

The table of movements in Ordinary Share Capital below has similarly been restated to reflect a 1 for 100 consolidation.

Movements in Ordinary Share Capital

Date	Details	No. of shares	Value $
Half-year to 31 December 2013			
01-Jul-13	Balance 1 July - Ordinary Shares	108,654,916	48,565,624
24-Jul-13	Global Resources Corporation	493,340	200,000
16-Dec-13	Rights Issue	27,287,064	2,182,965
	Less: Transaction costs arising on share issues		(179,977)
		136,435,320	**50,768,612**

In October 2013 the Company consolidated its issued share capital on a 1 for 100 basis. All outstanding options on issue were also consolidated on the same basis.

In November 2013 the Company raised $2,182,965 at $0.08 (8 cents) per share in a 1 for 4 non-renounceable Rights Issue. The Rights Issue was underwritten by FreeFire Technology Ltd and Bloomstar Investment Limited.

For the full year ended 30 June 2013			
01-Jul-12	Balance 1 July - Ordinary Shares	16,572,635	37,030,487
05-Jul-12	Bergen convertible note loan conversion	500,000	234,146
25-Jul-12	Bergen convertible note loan conversion	500,000	234,146
06-Aug-12	Bergen convertible note loan conversion	600,000	234,146
22-Aug-12	Bergen convertible note loan conversion	750,000	234,146
26-Sep-12	Bergen convertible note loan conversion	250,000	78,049
05-Oct-12	FreeFire Technology Limited	2,800,000	700,000
12-Oct-12	Bergen convertible note termination fee	500,000	150,000
19-Nov-12	Rights Issue	14,982,233	3,745,558
19-Dec-12	Bergen convertible note loan conversion	1,350,000	135,000
03-May-13	Rights Issue	69,850,048	6,985,005
	Less: Transaction costs arising on share issues		(1,195,059)
		108,654,916	**48,565,624**

9. Contingent liabilities

The Company does not have any contingent liabilities.

The Directors of the Company declare that:

1) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   a) Giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity; and

   b) Complying with the Accounting Standard *AASB134 Interim Financial Reporting*, and the Corporations Regulations 2001.

2) Having regard to those matters referred to in Note 2, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and signed for and on behalf of the Directors by

G B Starr
Managing Director

Sydney
14 March 2014

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Crater Gold Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Crater Gold Mining Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Crater Gold Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which

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has been given to the directors of Crater Gold Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through debt and equity. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership

BDO

Arthur Milner
Partner

Sydney, 14 March 2013

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