

Annual Financial Report

30 June 2007

28 September 2007

By Electronic Lodgement

Company Announcements Office
Australian Stock Exchange Limited
2 The Esplanade
PERTH WA 6000

ASX Code: *CRE*
TSX Code: *CRA*
FFT Code: *CRE5*

SHARE INFORMATION

ASX Share Price: *A\$0.38*
Issued Shares: *581.9m*
Market Cap: *A\$221.1m*
Options unlisted: *46.9m*

FULLY DILUTED BASIS

Shares: *628.8m*
Cash on dilution: *A\$16.4m*
Current Cash **: *A\$110m*

RESOURCES

Indicated: *0.97m ozs*
21.3mt
1.5g/t
Inferred: *0.49m ozs*
10.5mt
1.4g/t

RESERVES

Probable: *0.40m ozs*
7.6mt
1.7g/t

RESOURCE

Market Cap/oz: *A\$151/oz*
EV / oz: *A\$76/oz*

RESERVE

Market Cap/oz: *A\$553/oz*
EV / oz: *A\$278/oz*

CONTACT DETAILS

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ABN 49 087 360 996

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Please find attached the Company's Annual Financial Report for the year ended 30 June 2007.

HIGHLIGHTS

During the year ended 30 June 2007 Crescent has gone through significant organisational and corporate structural changes.

Earlier in the year the Laverton Gold Project was financed with a \$25m financing facility. The project began with the refurbishment and expansion of the Laverton Plant including the purchase of a crusher from Malaysia. The Company evolved with the formation of a project team and awarded various major contracts.

Commissioning commenced in February 2007 with the first gold bar poured during month of March.

A strategic alliance was negotiated with Deutsche Bank AG which resulted in a placement for \$122.25m to be used for development and growth of the Company.

As at 30 June 2007 the Company was still in the pre-production stage and costs associated with this stage were being capitalised.

For the first time the Company has taken up tax losses carried forward, resulting in a credit to the Income Statement of \$6.8m.

As at 30 June 2007 the Company maintained a hedge book of:

- Sold Gold Forwards 95,000 oz @ \$860 Jul 07 to Oct 09
- Bought Put Options 70,750 oz @ \$850 Jul 07 to Oct 09
- Bought Diesel Fuel Caps 81,504 bbl @ US\$71.55 Jul 07 to Dec 08

Crescent has a strong cash position with cash on hand at 30 June 2007 of \$121m.

The Company is now well positioned to act on its expanded vision to become a mid tier gold producer and to do this through development of its existing asset base and further growth through synergistic transactions.

Regards
Crescent Gold Limited

Andrew Haythorpe
Managing Director

Julian Tambyrajah
CFO & Company Secretary

"The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Spinks, who is a Member of The Australasian Institute of Mining and Metallurgy included in a list promulgated by the ASX from time to time. Andrew Spinks is a consultant to Crescent Gold Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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" and a "Qualified Person" under Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects. Andrew Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears."

In accordance with the requirements of Canadian National Instrument 43-101 further information on the geology and mineralising setting can be found within the "Independent Technical Report on the Mineral Asset of Laverton Gold Project" which is available on SEDAR (www.sedar.com) or the company's website www.crescentgold.com

Further information on Crescent Gold Limited and technical reports on the Laverton Gold Project and all aspects of the Company's activities can be found on the company's website www.crescentgold.com.

For further information please contact Hayley Patton on +61 8 9322 5833 in Australia or Renee Brickner in Canada +1.604.687.0072, fax +1.604.687.4770.

ANNOUNCEMENT

Annual Financial Report

For the Year ended 30 June 2007

In accordance ASX with Listing Rule 4.5 the Company as a disclosing entity hereby lodges the same documents required under the Corporations Act 2001 section 319 for the ASIC with the ASX/TSX for release to the market.

The Company is a Designated Foreign Issuer for the purposes of reporting under its TSX Listing and as such is not required to meet full Canadian and TSX compliance.

Current Reporting Period: 30 June 2007
Previous Reporting Period: 30 June 2006

The Annual Financial Report has been subject to audit and is not subject to any dispute or qualification. The independent auditors report is included herein.

The Annual Financial Report has been prepared in accordance with Australian Equivalents to International Financial Accounting Standards ("AIFRS").

The Annual Financial Report includes the Directors Report, Management Discussion & Analysis, Financial Statements, Notes to the Financial Statements and a summary of Crescent Gold Limited's accounting policies adopted under AIFRS has been included.

In addition, reference should be made to any public announcements made by Crescent Gold Limited during the reporting period in accordance with the continuous disclosure requirements and the Corporation Act 2001.

This report has been prepared by Julian Tambyrajah who is appointed as Chief Financial Officer & Company Secretary of Crescent Gold Limited.

Mr Tambyrajah holds an Associate Diploma in Business Administration, a Bachelor of Commerce Majoring in Accounting, is an Associate Member of CPA and is a Chartered Company Secretary (ACIS).

Mr Tambyrajah has 16 years relevant experience working for such companies as Woodside, Normandy, Brown and Root, DRDgold and Rusina Mining NL. Mr Tambyrajah is qualified and experienced person for the purpose of preparing this Report.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Spinks, who is a Member of The Australasian Institute of Mining and Metallurgy included in a list promulgated by the ASX from time to time.

Andrew Spinks is a consultant to Crescent Gold Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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" and a "Qualified Person" under Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects.

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Crescent Gold Limited

ABN 49 087 360 996

Annual report for the financial year ended 30 June 2007

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Corporate governance statement

Statement

In accordance with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("**ASX Principles and Recommendations**")¹, Crescent Gold Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement.

Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at www.crescentgold.com.au. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

Explanations for departures from best practice recommendations

During the Company's 2006/2007 financial year ("**Reporting Period**") the Company has complied with each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

Principle 2

Recommendation 2.1: A majority of the Board should be independent directors.

Notification of Departure

Currently only four of the nine directors are considered to be independent.

Explanation for Departure

For a large portion of the Reporting Period, the Board had a majority of independent directors. However, pursuant to the Subscription Agreement the Company entered into with Deutsche Bank AG, further appointments were made to the Board. These appointments were nominated by Deutsche Bank and as such, were not independent appointments. This resulted in a non majority of independent directors. The Company believes however, that its strategic alliance with Deutsche Bank AG is in the best interests of the Company.

Principle 4

Recommendation 4.3: Structure the Audit Committee so that it consists of: only non-executive directors; a majority of independent directors; an independent chairperson, who is not chairperson to the Board; at least three members.

Notification of Departure

Mr Roland Hill is the chairperson of both the Board and the Audit Committee.

Explanation for Departure

The Board believes that Mr Hill is best suited to act as Chairman of the Audit Committee due to his extensive investment, finance and funds management experience, and that his position as Chairman of the Board will not impede his duty to act in the best interests of the Company when acting as chair of the Audit Committee.

Nomination Committee

The Nomination Committee did not meet during the Reporting Period. The following table identifies those directors who are members of the Nomination Committee:

Name

Roland Hill
David Keough
Robert S Angus

¹ A copy of the ASX Principles and Recommendations is set out on the Company's website under the Section entitled "Corporate Governance".

Corporate governance statement (cont'd)

Audit Committee

The Audit Committee members are Roland Hill (chair), David Keough and Robert S Angus. All of the Committee members are independent. There was one Audit Committee meeting held during the Reporting Period, attended by all members. Julian Tambyrajah, the Company's Chief Financial Officer, attended the meeting by invitation as is usual practice. The following table identifies those directors who are members of the Audit Committee and shows their attendance at committee meetings:

Name	No of meetings attended
Roland Hill	1
David Keough	1
Robert S Angus	1
Julian Tambyrajah	1 (By invitation)

Details of each of the director's qualifications are set out in the Directors' Report. All members have substantial industry knowledge and experience and consider themselves to be financially literate. As no Audit Committee member has formal financial qualifications, it is usual practice that Julian Tambyrajah, the Company Secretary and Chief Financial Officer, attends the Audit Committee meetings, by invitation.

Remuneration Committee

Details of remuneration, including the Company's policy on remuneration, are outlined in the 'Remuneration Report' which forms part of the Directors' Report.

The Remuneration Committee did not meet during the Reporting Period. The following table identifies those directors who are members of the Remuneration Committee:

Name

Roland Hill
David Keough
Robert S Angus

Other

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing the skills, experience, expertise and term of office of each director is set out in the Directors' Report.

Identification of Independent Directors

In considering the independence of directors, the Board refers to the criteria for independence as set out in Box 2.1 of the ASX Principles and Recommendations ("**Independence Criteria**"). To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website

Applying the Independence Criteria, the independent directors of the Company are Roland Hill, Robert S Angus, Geoff Stanley and David Keough.

Statement concerning availability of independent professional advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance evaluation of the Board and its members have taken place and how conducted

During the Reporting Period, only a performance evaluation of the executive director was carried out. However, the structure of the Board was discussed on an on-going basis throughout the Reporting Period. Considerable focus was given to the Board structure during the time the Company entered into the Subscription Agreement with Deutsche Bank AG.

Existence and terms of any schemes for retirement benefits for non-executive directors

There are no termination or retirement benefits for non-executive directors.

Directors' report

The directors of Crescent Gold Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows: The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Andrew Haythorpe	<p>Managing Director</p> <p>Appointed as a Non-Executive director in April 2003, an Executive Director in July 2003 and Managing Director in March 2005.</p> <p>Andrew, aged 42, has been associated with the mining and exploration sector for 18 years, initially gaining experience in the technical evaluation of various projects for CRA, Battle Mountain Gold and Renison Goldfields. Andrew brings a wealth of skill into the Company, having subsequently evaluated the technical and financial aspects of many mining projects as a mining analyst for 7 years (with Suncorp, County NatWest and Hartley Poynton), and then as a Fund Manager (Global Resources) with Bankers Trust. In more recent years, Andrew has worked as a Director of several junior resource companies.</p>
Roland Hill	<p>Non-Executive Director (Acting Chairman)</p> <p>Appointed 13 May 2005.</p> <p>Roland, aged 45, has extensive resource industry and investment, finance and funds management experience. He has been directly associated with the mining and exploration sector for 11 years, gaining experience in the technical evaluation of several projects of both small and major listed companies.</p> <p>Prior to his appointment at Crescent Gold Limited, Roland was employed as a resource analyst and portfolio manager with several global investment banks and stockbroking firms over a period of 12 years.</p> <p>He has performed in the position of director for several listed and unlisted companies and currently also serves as Managing Director of a private investment fund.</p>
Geoff Stanley	<p>Non-Executive Director</p> <p>Appointed as a Non-Executive Director on 4 December 2006.</p> <p>Geoff, aged 49, has over 10 years experience as an analyst with institutions in New York and seven years as an analyst in Australia. Prior to that, he was an exploration geologist for Billiton in Australia. He is a member of the Society of Economic Geologists and currently President of the Metals Analysts Group of New York. Geoff commenced work with BMO Capital Markets (New York) in June 1998 as a Managing Director and Senior Mining Analyst focused on Precious Metals. Geoff holds a Bachelor of Science (1980) and an Honours degree in Geology from the University of Tasmania (1982).</p>
Robert S Angus	<p>Non-Executive Director</p> <p>Appointed as a Non-Executive Director on 3 November 2005.</p> <p>Robert S Angus, aged 58, is a well respected International Mining Lawyer, based in Canada, with extensive experience spanning over 30 years in the legal and commercial aspects of mining across the world.</p> <p>Robert is currently a director of several public companies including IMA Exploration Inc. and Nevsun Resources Ltd. Previously he was chairman of the board of BC Sugar Refinery Limited.</p>
David Keough	<p>Non-Executive Director</p> <p>Appointed as a Non-Executive Director on 12 July 2006.</p> <p>David, aged 44, is currently Director of Operations for Goldcorp Brazil. Previously, Mr Keough has held several senior positions with companies such as MIM Holdings, Minera Alumbreira Ltd., Placer (Granny Smith) Pty Limited, Osborne Mines Ltd. and Big Bell Mine Pty Ltd.</p>
Renatto G Barbieri	<p>Non-Executive (Nominee) Director</p> <p>Appointed 18 June 2007.</p> <p>Mr Barbieri, aged 45, is a Managing Director and Global Head of the Natural Resources Investment Group for Deutsche Bank. He has over 17 years experience in investment banking and trading and has worked in a variety of roles globally. These have included Global Head for Commodity Structuring and Head of European Community origination, Head of Latin American Structuring, Head of Asian Pacific Commodity origination and Commodity Trader at Cargill.</p>

- Martin Belvisi** Non-Executive (Nominee) Director
Appointed 18 June 2007.
Mr Belvisi, aged 39, is a Managing Director at Deutsche Bank dealing with Global Infrastructure Business within Structured Capital Markets. He was previously in charge of Structured Rates Sales across Europe & CEMA and has held various positions in the Southern European client coverage team in the last 8 years at Deutsche Bank. Before moving to the UK, he was in charge of InvestCapital's Corporate Finance and Structured Products Group. He holds a Masters in Finance degree from London Business School.
- Franco Cavallini** Non-Executive (Nominee) Director
Appointed 29 June 2007.
Franco, aged 35, is an officer of the Natural Resource Investment Group of Deutsche Bank and has over 10 years experience in Investment Banking. He has a Master in Finance degree from London Business School specializing in Financial Engineering and holds a degree Cum Laude in Business Studies from the Universita' Cattolica in Milan.
- Jose Garcia Esteban** Non-Executive (Nominee) Director
Appointed 29 June 2007.
Jose's experience spans a number of highly technical areas including his tenure in Deutsche Bank's Structured Capital Markets Group where he specialised in structure finance and tax optimisation for large and mid-cap corporations across different jurisdictions. Jose, aged 37, has 10 years of experience in Investment Banking including Structured Finance, Corporate Finance and trading and has worked in a variety of roles in London, New York, Houston and Sao Paulo. Jose started his career in Brazil with ING Bank and holds an MBA from the University of Chicago.
- Neil O'Loughlin** Executive Director
Neil, aged 43, is a qualified geologist with a B.Sc (Hons) in Mining Geology from the University College Cardiff and a M.Sc from the University of Manchester Institute of Science and Technology. He is a member of the Australasian Institute of Mining and Metallurgy with eighteen years experience in exploration and mining.
Resigned 6 October 2006.
- Carol New** Executive Director and Company Secretary
Carol, aged 48, is an affiliate member of Chartered Secretaries Australia and has over 26 years experience working in national retail and latterly WA mineral exploration companies in accounting and administration roles.
Resigned as a Director and Company Secretary on 4 December 2006.
- Mel Campbell** Executive Director and Chief Financial Officer
Mel, aged 52, is a member of CPA Australia with over 25 years experience in the resource sector including senior appointments with Barrack Mining Limited, Ranger Minerals Limited and Aurion Gold Ltd.
Appointed 6 October 2006 and resigned 4 December 2006.
- Grant Walsh** Non-Executive Director
Grant, aged 48, is a member of CPA Australia, a senior associate of the Financial Services Institute of Australasia and a Certified Finance Professional of the Finance and Treasury Association.
Appointed 4 December 2006 and resigned 18 December 2006.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr A J Haythorpe	Aurox Limited	2004 – 2006
	InterCoal Limited	2000 – 2005
	Michelago Limited	2000 – 2004
Mr R S Angus	SouthGobi Energy Resources Ltd	2007 – 2007
	Coro Mining Corp	2005 – 2007
	Stealth Energy Inc	2007 – 2007
	Tequila Mineral Corp	2006 – 2007
	Ventana Gold Corp	2006 – 2007
	Uranium North Resources Corp	2006 – 2007
	Wildcat Silver Corp	2006 – 2007
United Bolero Development Corp	2006 – 2007	

Mr R S Angus (cont'd)	Crescent Gold Limited	2005 – 2007
	Tsodilo Resources Limited	2004 – 2007
	CMQ Resources Inc	2003 – 2007
	Polaris Minerals Corp	2003 – 2007
	IMA Exploration Inc	2003 – 2007
	Nevsun Resources Ltd	2003 – 2007
	Plutonic Power Corp	1999 – 2007
	Blackstone Ventures Inc	1997 – 2007
	Dynasty Gold Corp	1999 – 2007
	Bema Gold Corp	1992 – 2007
	Golden Arrow Resources Corp	2004 – 2004
	MCK Mining Corp	2004 – 2005
	Canico Resource Corp	2002 – 2005
First Quantum Minerals Ltd	1997 – 2005	

No other directors held directorships in other listed companies in the 3 years immediately before the end of the financial year.

Company secretary

Mr Julian Tambyrajah, age 37, a Chartered Company Secretary was appointed on 7 December 2006. Mr Tambyrajah is a Member of Chartered Secretaries Australia and an Associate Member of CPA Australia, he holds a Bachelors Degree of Commerce majoring in Accounting and an Associate Diploma in Business Administration. Mr Tambyrajah has previously held the position of Company Secretary for Rusina Mining NL, Giants Reef Mining Limited and Shieldliner Limited. Mr Tambyrajah has also acted as Company Secretary and held directorships for Rusina Mining NL and on behalf of DRDgold in companies such as Hargraves Resources NL, Dome Resources NL and DRD Australasia Pty Ltd.

Ms Carol New resigned as Company Secretary on 4 December 2006.

Principal activities

The Consolidated Entity's principal activity during the financial year was to progress the Laverton Gold Project towards development and production and the exploration for gold and other minerals on tenements owned by the Consolidated Entity in Western Australia, South Australia, the Northern Territory and China.

Review of operations

A review of operations including the results of operations is included in a separate report to follow the directors' report entitled Management Discussion and Analysis which also conforms to the company's requirements for its TSX listing.

Changes in state of affairs

During the month of March 2007 the company commenced commissioning of the Laverton Plant and on 19 March 2007 the company achieved a significant milestone when it poured its first gold bar marking the beginning of its transformation to a gold producer. The company is currently in its preproduction phase of operations and is in the process of increasing production to commercial levels.

On 8 June 2007 a general meeting of shareholders was held to approve a placement of 321,710,526 ordinary shares at \$0.38 with Deutsche Bank AG for consideration of \$122.25m giving Deutsche Bank AG 55.38% direct shareholding interest. The strategic alliance and consideration received is part of a Crescent vision to transform the company into a mid-tier gold producer in the next 2 to 3 years.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years except the matter referred to in Note 37.

Future developments

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

Environmental regulations

The Consolidated Entity is subject to environmental regulations under laws of Western Australia where it holds mineral exploration tenements. The Consolidated Entity is not aware of any breaches of these laws.

Dividends

In respect of the financial year ended 30 June 2007 the directors recommend that no dividend be paid at this time. No dividend has been paid or provided for since the end of the previous financial year.

Share options

Share options granted to directors and executives

During and since the end of the financial year an aggregate 19,300,000 share options were granted to the following directors and executives of the Company and the Consolidated Entity as part of their remuneration:

Directors and executives	Number of options granted	Issuing entity	Number of ordinary shares under option
Roland Hill	2,000,000	Crescent Gold Limited	2,000,000
A J Haythorpe	4,000,000	Crescent Gold Limited	4,000,000
R S Angus	2,000,000	Crescent Gold Limited	2,000,000
D Keough	1,000,000	Crescent Gold Limited	1,000,000
C New	2,000,000	Crescent Gold Limited	2,000,000
M Cambell	3,000,000	Crescent Gold Limited	3,000,000
P F O'Connor ⁽¹⁾	1,000,000	Crescent Gold Limited	1,000,000
J Jong ⁽²⁾	250,000	Crescent Gold Limited	250,000
N Finn ⁽³⁾	50,000	Crescent Gold Limited	50,000

⁽¹⁾ General Manager (Operations), ⁽²⁾ Mining Manager, ⁽³⁾ Occupational Health and Safety

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Crescent Gold Limited ⁽¹⁾	14,000,000	Ordinary	\$0.40	31/12/2007
Crescent Gold Limited ⁽²⁾	10,000,000	Ordinary	\$0.20	2/8/2008
Crescent Gold Limited ⁽³⁾	2,000,000	Ordinary	\$0.30	30/11/2007
Crescent Gold Limited ⁽⁴⁾	2,400,000	Ordinary	\$0.40	30/11/2008
Crescent Gold Limited ⁽⁴⁾	250,000	Ordinary	\$0.35	30/11/2008
Crescent Gold Limited ⁽⁵⁾	1,750,000	Ordinary	\$0.30	30/11/2007
Crescent Gold Limited ⁽⁶⁾	4,000,000	Ordinary	\$0.40	27/9/2009

(1) Options issued to directors or former directors

(2) It is a condition of these options that the company's shares trade on ASX at a price of \$0.40 or higher for a continuous period of five days before the options can be exercised

(3) Options issued under the Employee Option Plan of which 1,000,000 have been issued to executives.

(4) Options issued under the Employee Option Plan of which 1,000,000 have been issued to executives.

(5) Issued as incentives to consultants

(6) Issued to Laverton Gold Project financiers

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
Crescent Gold Limited ⁽ⁱ⁾	2,000,000	Ordinary	\$0.30	Nil
Crescent Gold Limited	11,000,000	Ordinary	\$0.15	Nil

⁽ⁱ⁾ Issued to A Spinks (Manager Geology – resigned 1 June 2007)

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors and officers of the company against a liability incurred as a director or officer to the extent permitted by the Corporations Act 2001.

During the financial year, the company entered into Indemnity, Access and Insurance Deeds with all Directors and the Company Secretary for liability (to the extent permitted under the Corporations Act 2001) and legal expenses in defending any proceedings relating to the Director or Company Secretaries positions. The deeds also require the Company to the extent permitted by law to keep in place directors and officers insurance policies.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year, 11 board meetings and 1 audit committee meeting was held. The nomination and remuneration committees did not meet during the year.

Directors	Board of directors		Nomination committee		Audit committee		Remuneration committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R Hill	11	11	-	-	1	1	-	-
A J Haythorpe	11	11	-	-	-	-	-	-
R S Angus	11	9	-	-	1	1	-	-
G Stanley	8	7	-	-	-	-	-	-
D Keough	11	10	-	-	1	1	-	-
R G Barbieri	1	1	-	-	-	-	-	-
M Belvisi	1	1	-	-	-	-	-	-
F Cavallini	-	-	-	-	-	-	-	-
J G Esteban	-	-	-	-	-	-	-	-
C New	3	2	-	-	-	-	-	-
M Campbell	2	2	-	-	-	-	-	-
G Walsh	-	-	-	-	-	-	-	-
N O'Loughlin	2	1	-	-	-	-	-	-

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
R Hill	1,590,000	2,000,000
A J Haythorpe	13,850,000	4,000,000
R S Angus	645,000	2,000,000
D Keough	-	1,000,000
G Stanley	-	-
R G Barbieri	-	-
M Belvisi	-	-
F Cavallini	-	-
J G Esteban	-	-

Remuneration report

Director and executive details

The following persons acted as directors of the Company during or since the end of the financial year:

- A Haythorpe (Managing Director), appointed 1 April 2003
- R Hill (Non-Executive Director and Acting Chairman)
- G Stanley (Non-Executive Director), appointed 4 December 2006
- R S Angus (Non-Executive Director), appointed 3 November 2005
- D Keough (Non-Executive Director), appointed 12 July 2006
- R G Barbieri (Non-Executive Director), appointed 18 June 2007
- M Belvisi (Non-Executive Director), appointed 18 June 2007
- F Cavallini (Non-Executive Director), appointed 29 June 2007
- J G Esteban (Non-Executive Director), appointed 29 June 2007
- M Campbell (Executive Director), resigned 4 December 2006
- Carol New (Executive Director/Company Secretary), resigned 4 December 2006

- N O'Loughlin (Executive Director), resigned 6 October 2006
- G Walsh (Non-Executive Director), resigned 18 December 2006

The highest remunerated Company and Group executives for the 2007 financial year were:

- J Tambyrajah (Chief Financial Officer & Company Secretary), appointed 7 December 2006
- P F O'Connor (General Manager Operations), appointed 3 April 2006
- A Spinks (Manager Geology), resigned 1 June 2007
- N Finn (Occupational Health and Safety), appointed 11 September 2006
- J Jong (Mining Manager), appointed 16 October 2006

Remuneration policy for directors and executives

The Board reviews the packages of all directors and executive officers with due regard to performance and other relevant factors. In order to retain and attract executives of sufficient caliber to facilitate the efficient and effective management of the Company's operations, the Board seeks the advice of external advisors in connection with the structure of remuneration packages. The Company is in the process of establishing relevant performance criteria for the roles of directors and executives as part of its compliance with Corporate Governance requirements.

Director and executive remuneration

The directors and the five identified company executives and group executives received the following amounts as compensation for their services as directors and executives of the Company and/or the Group during the year:

2007	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total	% consisting of options
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation		Options & rights		
Directors									
A J Haythorpe ⁽ⁱ⁾	222,933	110,000	-	-	-	-	249,449	582,382	42.8%
R Hill	39,600	-	-	-	-	-	124,725	164,325	75.9%
R S Angus ⁽ⁱⁱ⁾	36,000	-	-	-	-	-	124,725	160,725	77.6%
D Keough	35,000	-	-	-	-	-	62,362	97,362	64.1%
G Stanley ⁽ⁱⁱ⁾	21,000	-	-	-	-	-	-	21,000	-
R G Barbieri	-	-	-	-	-	-	-	-	-
M Belvisi	-	-	-	-	-	-	-	-	-
F Cavallini	-	-	-	-	-	-	-	-	-
J G Esteban	-	-	-	-	-	-	-	-	-
C New	66,000	-	-	-	-	-	124,725	190,725	65.4%
N O'Loughlin	23,100	-	-	-	-	-	-	23,100	-
M Campbell	49,500	-	-	-	-	-	187,087	236,587	79.1%
G Walsh	-	-	-	-	-	-	-	-	-
Executive Officers									
J Tambyrajah	101,793	-	-	-	9,161	-	-	110,954	-
P F O'Connor	200,004	-	-	-	18,000	-	195,960	413,964	47.3%
A Spinks	158,490	-	-	-	14,264	-	-	172,754	-
J Jong	112,295	-	-	-	10,106	-	49,923	172,324	29.0%
N Finn	95,395	-	-	-	8,586	-	9,798	113,779	8.6%

(i) A Haythorpe received a bonus of \$110,000 during the year which was determined at Board level to adjust his remuneration (historical) to industry benchmarks for Managing Directors of similarly sized mining companies.

(ii) As at 30 June 2007 a total of \$21,000 was outstanding to G Stanley and \$3,000 to R S Angus for directors' fees.

Value of options issued to directors and executives

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors and executives:

2007	Value of options granted at the grant date (i) \$	Value of options exercised at the exercise date (ii) \$	Value of options lapsed at the date of lapse \$	Total \$
A Haythorpe	249,449	-	-	249,449
R Hill	124,725	-	-	124,725
R Angus	124,725	-	-	124,725
D Keough	62,362	-	-	62,362
C New	124,725	-	-	124,725
M Campbell	187,087	-	-	187,087
P F O'Connor	195,960	-	-	195,960
A Spinks	-	128,731	-	128,731
N Finn	9,798	-	-	9,798
J Jong	48,990	-	-	48,990

- (i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.
- (ii) The total value of options granted, exercised and lapsed is calculated based on the following:
- fair value of the option at grant date multiplied by the number of options exercised during the year; plus
 - fair value of the option at the time it is exercised multiplied by the number of options exercised during the year; plus
 - fair value of the option at the time of lapse multiplied by the number of options lapsed during the year

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 36 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 36 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 32 of the annual report.

Rounding off of amounts

The Company is a Company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

A J Haythorpe
Managing Director
Perth, 27 September 2007

Management Discussion and Analysis

DATE OF REPORT – 30 June 2007

This discussion and analysis of the results of operations should be read in conjunction with the audited financial statements and accompanying notes for the Company's year ended audited financials ended 30 June 2007, Crescents unaudited final half yearly report for the half year ended 31 December 2006 and Crescent's unaudited interim consolidated financial statements for the three month period 30 June 2007. This discussion and analysis as of 27 September 2007 provides information on the operations of Crescent for the year ended 30 June 2007.

The Company's reporting currency is in Australian dollars, unless otherwise stated.

Additional information related to the Company is available for review at www.sedar.com or on the Company's website at www.crescentgold.com.

OVERVIEW

The Company's primary operation is the Laverton Gold Project located 250km north east of Kalgoorlie in Western Australia. The project is currently in the preproduction phase with expansion and ramp up of the Mill ongoing until commercial levels of production are achieved. Future production continues to be dependent on the status of economically recoverable reserves and resources, maintaining title and beneficial interest in the properties and the timely completion of the refurbishment and plant expansion development project.

Since 14 February, 2006, the Company's shares have been listed on the Toronto Stock Exchange (TSX) under the trading symbol "CRA". Prior to 14 February, 2006 the company traded, and continues to trade, on the Australian Stock Exchange (ASX) under the trading symbol "CRE" and on the Frankfurt Stock Exchange under the trading symbol "CRE5".

On 12 July 2006 the Company announced the appointment of Mr David Keough as a Non Executive Director. Mr Keough has 20 years mining experience.

On 29 August 2006 the Company announced credit approval for a \$25m loan with Investec Bank (Australia) Limited consisting of a \$20m Gold Loan, \$5m Cash Loan and Gold Hedging. The Facility secured to finance infrastructure, construction and commissioning of the Laverton Gold Project.

On 30 August 2006 the Company announced that it had awarded the mining contract for the Laverton Gold Project to Minepower, a Kalgoorlie based mining contractor operated by Mr Rob Nash.

On 6 September 2006 the Company announced a 22% increase in Gold Reserves at its Laverton Gold Project from 292,000 oz (4.4 mt @ 2.1 g/t) to 358,000 oz (6.2 mt @ 1.8 g/t). A further increase is reported under Subsequent Events.

On 14 September 2006 the Company announced a placement with Dundee Precious Metals Inc. ("DPM") to raise \$8.75m (25m shares @ \$0.35) in two tranches, the first tranche of \$5.95m and the second of \$2.8m. By 1 December 2006 both tranches had been completed.

On 6 October 2006 the Company announced the appointment of Mr Mel Campbell as an Executive Director. Mel is a qualified accountant (CPA) with significant financial management experience for mining companies. On the same day Neil O'Loughlin resigned as a director.

On 18 October 2006 the Company announced the completion of the A\$25m Project Loan Facility consisting of A\$20 million gold loan (25,478 ounces) and A\$5m cash loan.

On 30 November 2006 the Company held its Annual General Meeting at which all proposed resolutions were passed. These resolutions included the re-election of directors, approval of options to directors, approval of the Crescent Gold employee option plan, and approval of Laverton Gold Project incentive options.

During the month of December 2006 operations commenced on removal of overburden and grade control at Sickle.

On 4 December 2006 the Company announced the appointment of Mr Geoff Stanley as an independent non-executive Director to the Company.

On 7 December 2006 the Company appointed Mr Julian Tambyrajah to the position of Chief Financial Officer and Company Secretary.

Previously in September 2005 the Company entered into an option to acquire 6 exploration licenses and 2 license applications in 3 areas which are believed to have potential for the discovery of economic uranium and base metal deposits in the Northern Territory. On 21 December 2006 the Company announced it had exercised the option for \$550,000 and transferred the granted leases into a 100% controlled subsidiary, Uranium West Pty Ltd. Crescent also continues to explore for precious and base metal projects in China.

On 22 December 2006 the Company announced its intention to acquire interests in South Australia within the Gawler Craton, host of BHP's Olympic Dam IOCG-U deposit. The Company entered into a Joint Venture agreement with Southern Gold Limited (SAU) on 4 tenements (Harris Crossing, Oak Dam, Torrens South and South Vivian) where the Company has an option to earn a 50% interest with the potential to earn 75%.

These tenements are within the mineralised corridor which hosts the worlds largest iron ore, copper, gold and uranium deposit (IOCGU) at Olympic Dam and close to the recent copper gold discoveries at Prominent Hill and Carrapateena.

In addition to this, a Heads of Agreement was executed with SAU on 2 uranium projects in the Northern Territory, Rum Jungle and Calvert Hills. Under the agreement SAU can earn 50% of the project by spending \$600,000 by 30 June 2008.

On 7 May 2007 the Company filed a Notice of General Meeting, an Explanatory Memorandum and Independent Expert's Report in relation to the proposed Deutsche Bank AG ("Deutsche Bank", "DB") placement of 321,710,526 ordinary shares for cash proceeds of \$122.25m. The General Meeting date was set for 8 June 2007 at 10:00 am WST.

On 6 June 2007 the Company announced plans to drill at least 5 high priority IOCGU targets on its Torrens South Joint Venture near Carrapateena in South Australia.

Results from the gravity survey at the Cocky Swamp project in South Australia were also announced on 6 June 2007. Interpretation of the gravity survey has identified a potential copper-gold-uranium target in an untested haematite zone within an iron oxide system.

On 8 June 2007 Crescent shareholders voted to support a \$122.25m cash placement from Deutsche Bank AG allowing Deutsche Bank to obtain a 55.38% voting interest in the Company on an undiluted basis. The placement expanded Crescent's ordinary shares on offer to 580.9 million.

On 18 June 2007 the Company announced pursuant to the Subscription Agreement dated 13 April 2007, the fulfilment of conditions precedent to the placement with Deutsche Bank AG which included the appointment of two new Directors; Renatto G Barbieri and Martin Belvisi.

Further to terms pursuant to the Subscription Agreement, the Company on 29 June 2007 announced the appointment of an additional 2 new directors; Jose Garcia Esteban and Franco Cavallini, bringing the total number of Directors to 9.

On 3 July 2007 the Company announced that Grade Control Drilling was intersecting higher than predicted gold grades from its Sickie pit. Visible gold was observed in the grade control drilling in areas where previous drilling has indicated grades of less than 1.5 grams per tonne gold.

SUMMARY OF OVERALL PERFORMANCE

CORPORATE

Capital Raising - Crescent Gold Ltd and Deutsche Bank in a Strategic Alliance

On 26 March 2007 the Company announced that a letter agreement had been signed with Deutsche Bank where DB would obtain a 51.6% interest fully diluted, subject to shareholder approval and various other regulatory hurdles, by placing 315,789,474 ordinary shares priced at \$0.38 for a cash consideration of \$120m.

On 13 April 2007 a Subscription Agreement was signed to replace the letter agreement and to detail out the requirements of both parties to the completion of the transaction. The Subscription Agreement varied the placement to \$122.25m totalling 321,710,526 ordinary shares at \$0.38 obtaining a 55.38% interest (undiluted).

On 7 May 2007 the Company made an announcement giving notice of a General Meeting to be held on 8 June 2007 at 10 am WST. The Notice of General Meeting was accompanied by an Explanatory Memorandum, Independent Expert Report and Proxy which were all distributed to shareholders.

On 8 June 2007 the Company announced that shareholders had approved the strategic alliance with Deutsche Bank and therefore the issue of 321,710,526 shares to DB at a price of \$0.38 totalling \$122.25m allowing DB a 55.38% interest in the Company on an undiluted basis.

On 18 June 2007 the Company announced that all conditions precedent to the \$122.25m on placement with DB had been met.

The proceeds of the Placement will be used to advance exploration and development activities on the Company's Laverton Gold Project and to accelerate broader growth strategies. The transaction will enable the Company to benefit from Deutsche Bank's global platform and access capital and further growth opportunities.

Capital Raising - Convertible Notes \$5m

During the 31 March 2007 quarter the Company announced that it had successfully negotiated terms for \$5m in Convertible Notes. Key terms include 9% pa interest with a maturity date of 1 March 2010 (three years), conversion price of \$0.40 and 1 free attaching option for two shares in the company issued on conversion of the notes prior to 30 June 2007. The following parties subscribed:

	Amount	Notes
New City Investment Managers	\$2,000,000	5,000,000
Linq Resources Fund	\$2,000,000	5,000,000
Nefco Nominees Pty Ltd	\$ 500,000	1,250,000
Nortrust Nominees Ltd	\$ 500,000	1,250,000

On 23 March 2007 the Company announced that all conditions precedent had been met and the notes had been issued.

Crescent Gold Limited

Crescent Gold Limited is an emerging gold producer with significant gold reserves and tenement holding (in excess of 1,000 sq km) in the world class gold district of Laverton - Western Australia, in addition to interests in South Australia and the Northern Territory.

The Company's primary operation is the Laverton Gold Project located 250km north east of Kalgoorlie in Western Australia. The Project is in the early production stage and the commissioning is nearly complete.

The Company's strategy has been to transform itself from an explorer into a producer and to further increase mine life at its Laverton Gold Project. The recent strategic alliance with Deutsche Bank AG has expanded the Company's long term strategy to include becoming a mid-tier gold producer through various channels of growth including expansion, mergers and/or acquisitions.

The Company maintains a vision to transform itself into a mid-tier gold player in the next 2 – 3 years through the expansion on existing exploration and development activities and capitalising on growth opportunities.

In addition, the strategic alliance with Deutsche Bank provides real links to access global capital markets and global platforms.

The Deutsche Bank placement of \$122.25m is expected to create a unique position for Crescent amongst its peers in terms of balance sheet strength. The capital will enable the Company to accelerate its Laverton Gold Project and to seize value-adding acquisition opportunities as they arise.

On 25 July 2007 the company gave 90 days termination notice of the OMMS agreement (Operations Maintenance Management Service Agreement) to Bemex PL which will enable the company to enhance its management of the Laverton Gold Project and control its costs more effectively.

PROJECT OVERVIEW

The Laverton Gold Project (LGP), Western Australia, extends over 1,000 km² of various mining, exploration and prospecting licenses.

Centered in the historic Laverton gold mining area, where over 28 million ounces of gold have been discovered thus far, Crescent's land lies close to several well known projects including Barrick Gold Ltd.'s Wallaby and AngloGold Ashanti's Sunrise Dam Project.

Owned and managed by Crescent, the LGP hosts over 20 targets, of which Ore Reserve and Resource estimates are completed on nine – Sickie, Fish, Euro, Admiral Hill, West Laverton, Mary Mac South, Grouse, Castaway and Lord Byron.

Current combined resources released by the Company on 12 February 2007, reports a NI 43-101 compliant Indicated Mineral Resource totaling 20.1 million tonnes at 1.5 grams per tonne for 953,000 ounces gold and an Inferred Mineral Resource of 10.4 million tonnes at 1.4 grams per tonne gold totaling 479,000 ounces gold.

The LGP contains numerous exploration opportunities including extensions to existing open pit resources, high grade shoots with underground exploration potential and conceptual large scale targets similar to other major deposits in the region.

The current life of mine plan extends beyond 4 years based on current Probable Ore Reserve of 7.6 mt at 1.6 g/t (400,000 ounces of gold) – February 12, 2007 Press Release). The Company continues to focus on increasing reserves at Laverton by targeting open extensions on identified economic targets. A major RC drilling programme is was carried out during the December 2006 quarter and March 2007 quarter. The aim is to convert selected inferred mineral resources into indicated mineral resources to allow additional probable reserve classification, thereby increasing the mine-life.

DEVELOPMENT

The refurbishment and expansion was divided into 2 phases with completion of the first phase coinciding with commissioning in February 2007. The refurbishment and expansion was undertaken by Bemex Corporation Pty Ltd under an Engineering Procurement Construction Management contract.

The expansion included the installation of a second Ball Mill and fabrication and installation of two new leach tanks under a fixed cost installation contract with Fabcon Constructions Pty Ltd.

In January, the Company assumed full responsibility for project management of the refurbishment and expansion of the Laverton Plant due to a number of issues and uncertainties. Crescent's also assumed full responsibility for all supply and logistics functions.

The crushing plant which was purchased through Black Rock Services Pty Ltd ex Malaysia was delayed in transport and then quarantined in customs for cleaning. As a result the crusher installation did not commence until late in May 2007 and a hire crusher was contracted through Mineral Crushing Services to facilitate the commencement of production in March 2007.

Commissioning of the Mill with low grade stockpiles was announced on 21 February 2007 this was followed by the Company's first gold pour announced on 21 March 2007.

The second phase expansion involves taking yearly production from 1 million tonnes per annum (mtpa) to 1.5 mtpa. Expansion to 1.5 mtpa is nearing completion.

On 13 September 2007 the Company announced that the second Ball Mill had been commissioned.

OPERATIONS

Mining

On 30 August 2006 Crescent announced that the mining contract was awarded to Minepower of Perth, headed by Robert Nash.

The mining contractor mobilised early in December 2006 and proceeded with initial site preparation for mining at the Sickle pit.

Drilling and blasting at Sickle commenced in February 2007, bunding and drainage in preparation for mining was put in place and waste dump areas were established.

Initial mining at Sickle commenced in 8 March 2007.

Mining focused on the development of Sickle phase 1 pit during the quarter with the pit reaching a depth of 27.5 metres from surface at the end of June 2007.



During the June 2007 quarter, the mining contractor Minepower mobilized their second fleet of equipment to increase mining capacity to provide the project with sufficient equipment to maintain a mining rate of 1.5 million tonnes per annum of ore.

Development during the quarter progressed through the harder lateritic cap and depletion zone below and into the softer higher grade ore zones below.

Ore stockpiles were established on the ground to ensure a 2 month buffer of mined stockpiled ore supporting the milling rate of 1.5 MTPA.

A second round of grade control drilling occurred in the Sickle phase 2 pit in preparation for mining resulting in several excellent intersections near surface. Minor mining development work commenced at the end of June 2007.

Mining for the quarter performed exceptionally well with ore production quickly rising above the planned 1.5 MTPA rate.

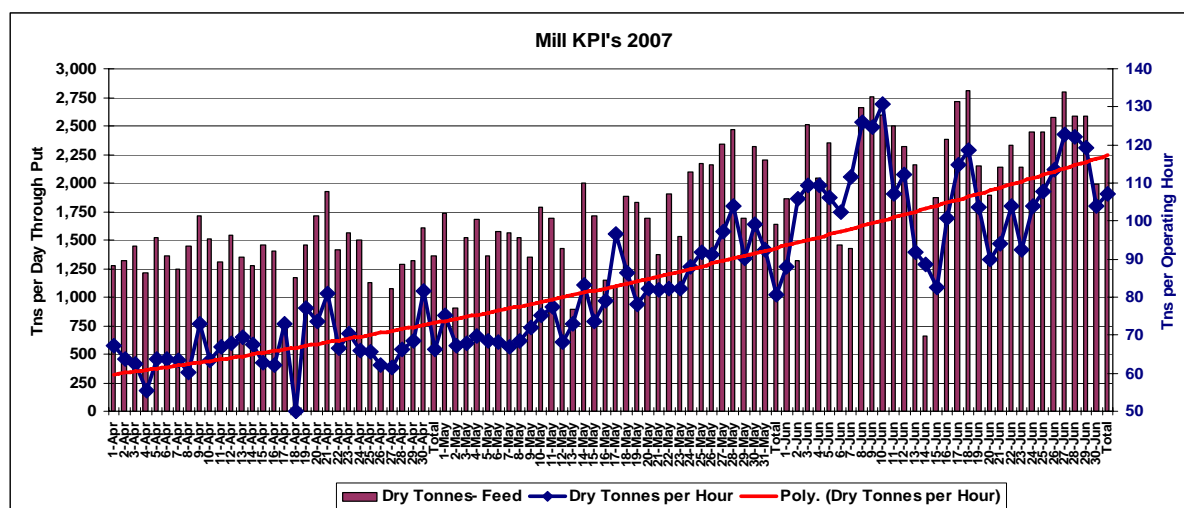
Table 1 Mining Statistics

Mining	April 2007	May 2007	June 2007	Total
Ore Tonnes Mined	114,381	102,034	152,577	368,992
Grade grams/tonnes	1.30	0.94	1.44	
Waste BCM Mined	344,368	425,955	415,597	1,185,920
Ore BCM Mined	82,576	46,392	85,107	214,075
Total BCM Mined	426,944	472,347	500,704	1,399,995

Processing

On 21 February 2007 the Company announced Commissioning of the Mill with low grade stockpiles and further announced its first gold pour on 21 March 2007.

Blending of lower grade softer ore with the harder near surface ores from Sickle allowed through put rates to be steadily optimised during the period.



Scheduled minor shut downs allowed the tie in of the second ball mill and installation of the gravity circuit without the need for a previously estimated 6 week shut down requirement.

Throughput for June exceeded name plate capacity for the 1 MPTA plant, after allowing for the scheduled tie in shut downs.

Table 2 Processing Statistics

Processing	April 2007	May 2007	June 2007	Total
Wet Tonnes Processed	43,124	55,872	72,561	171,557
Tonnes per hour milled	70	86	117	
Head grade gm/tonne	1.66	1.15	1.25	
Recovery %	88%	89%	87%	88%
Ounces produced Gold	2,153	2,078	2,200	6,431
Ounces produced Silver	37	38	84	159

Now that the second Ball Mill is commissioned, the plant is set to process significantly higher tonnages with ore of higher work index characteristics.



Other

With the exception of minor capital works, all infrastructure including the camp facilities, are in place for the operation to expand to 1.5 MTPA of ore processed.

Camp manning during the quarter exceed the new capacity of 135 personnel due to ongoing construction activities on site.

Table 3 Project Personnel

Project Manning	April 2007	May 2007	June 2007
Operations	117	119	119
Construction	29	19	21
Total Manning	146	138	140

Construction

Construction activities for the quarter were highlighted by:

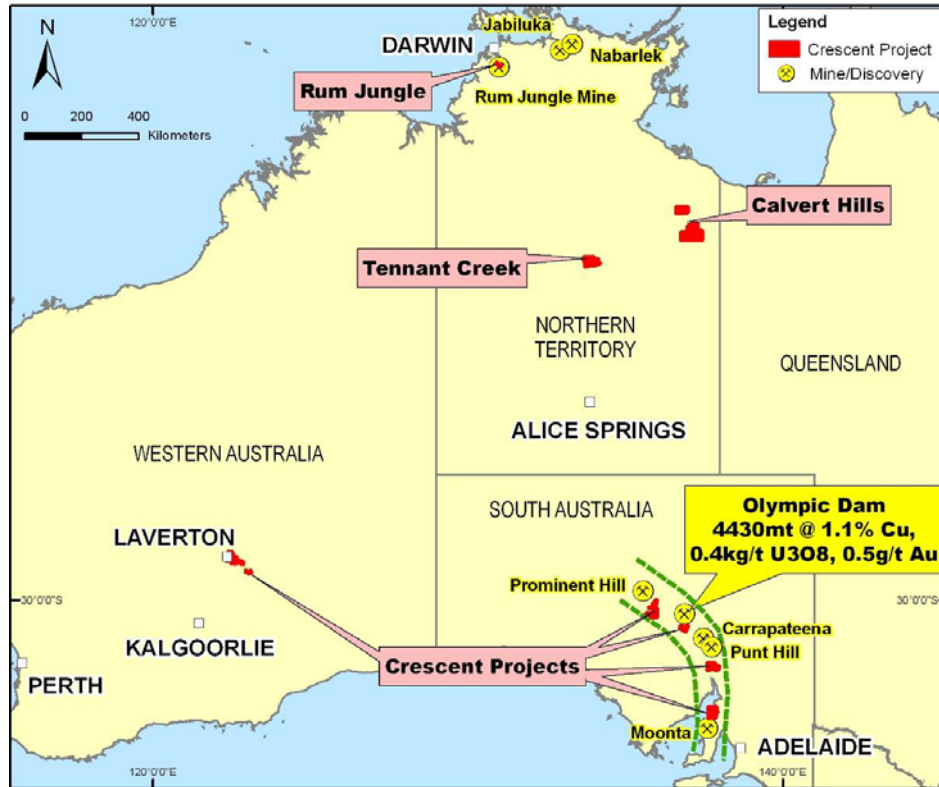
- The installation of the second Ball Mill and associated transfer pumps
- The installation of the gravity circuit
- The refurbishment and plumbing of the second cyclone bank
- The construction and installation of the 2 additional leach tanks and associated infrastructure.
- The installation of the Crescent crushing circuit – on going

All the above items will proceed with their respective commissioning phases from July 2007 on, with a ramp up to total plant full production capacity anticipated to be complete during the July to October period.

EXPLORATION

SUMMARY

Crescent Gold mineral assets comprise mineral exploration tenements and agreements concerning 58 tenements and 3 tenement applications covering an area of 8,592km² within Australia. The principal metal commodity exploration emphasis is on gold in Western Australia (WA), gold-copper-uranium in South Australia (SA), and uranium in the Northern Territory (NT).



Crescent's current resource base at Laverton in Western Australia consists of Indicated Resources of 21.3M tonnes at 1.4g/t Au containing 974,000oz plus Inferred Resources of 10.5M tonnes at 1.4g/t Au containing 486,000oz of gold. Within this JORC compliant resource are Probable Ore Reserves consisting of 7.6M tonnes at 1.7g/t Au for total contained ounces of 404,000oz of gold (including low grade stockpiles). This is the focus of current mining operations within the company.

An Independent Technical Report on the Laverton Gold Project was completed by Ravensgate Mining Industry Consultants in conformance with the requirements of Canadian National Instrument 43-101. In addition, Lyndhurst Enterprises Pty Ltd has recently completed an NI 43-101 compliant Independent Technical Report on the mineral exploration assets owned or held under joint venture agreements by Crescent Gold in Australia. These reports have been submitted to the Canadian regulatory authorities and can be found on SEDAR at www.sedar.com.

The Laverton Gold Project has good potential to expand the currently defined mineral resource base by at least 300,000oz (Lyndhurst 2007). The project contains numerous exploration opportunities including extensions to existing open pit resources, high grade underground targets, and conceptual large scale, bulk mining targets. Overall the Laverton Greenstone Belt contains known gold endowment exceeding 28Moz of contained metal: major gold deposits include Granny Smith, Sunrise, and Wallaby gold mines, all discovered in the last twenty years. The potential for major discoveries under cover within the tenements held by Crescent at Laverton is considered by to be good (Lyndhurst 2007).

In addition to its Laverton project, Crescent has significant potential to make a major mineral discovery within its South Australia project areas. These land holdings are within a 900km long corridor known to host one of the world's giant ore deposits: Olympic Dam (owned by BHP-Billiton Ltd).

The tenements into which Crescent Gold has negotiated farm-in agreements cover an area of 3,300km² within the Gawler Craton which contains major Iron-Oxide-Copper-Gold-Uranium ("IOCGU") deposits: Prominent Hill (owned by Oxiana Ltd), Olympic Dam, Carrapateena (Teck-Cominco) and Moonta. The total contained gold endowment in the Gawler Craton is estimated by Lyndhurst to be over 79 million ounces. This area is one of the world's great metallogenic provinces (Cu-Au-U-REE).

In the Northern Territory Crescent has farmed out the funding and management of 6 of its 8 exploration properties. At Calvert Hills, exploration for IOCG-U deposits and replacement-style uranium deposits has commenced. At Rum Jungle and Tennant Creek, the exploration holdings are close to known uranium-base metal resources (Rum Jungle) and gold-copper-bismuth deposits (Tennant Creek) held by competitor companies.

ORE RESERVES AND MINERAL RESOURCES

Crescent's current resource base at Laverton in Western Australia consists of Indicated Resources of 21.3M tonnes at 1.4g/t Au containing 974,000oz plus Inferred Resources of 10.5M tonnes at 1.4g/t Au containing 486,000oz of gold. Within this JORC compliant resource are Probable Ore Reserves consisting of 7.6M tonnes at 1.7g/t Au for total contained ounces of 404,000oz of gold (including low grade stockpiles).

Table 4 Ore Reserves as at 30 June 2007 (excluding currently mined ore)

DEPOSIT	Probable Ore Reserve		
	Tonnes (kt)	Grade (g/t)	Ounces
Sickle	1,719	2.2	121,000
Fish	385	4.1	51,000
West Laverton	653	1.7	36,000
Others	3,235	1.4	150,000
TOTAL	5,992	1.9	358,000
Stockpiles		Probable Ore Reserve	
		Tonnes (kt)	Grade (g/t)
Run of Mine			5,000
Low Grade Stockpiles - Active		145	0.7
Low Grade Stockpiles - Historic		1,162	0.7
TOTAL ORE RESERVE		7,299	1.6

Notes for Table:

- Figures contained within Table above have been rounded. Gold grades are rounded to 1 decimal figure; both estimated tonnes and contained ounces are rounded to nearest 1000.
- Abbreviations used: Kt = 1000 tonnes, g/t = grams per tonne.
- West Laverton includes West Laverton and Mary Mac South
- Others includes Euro, Admiral Hill, Grouse, Castaway, Lord Byron, Burtville and Bells.

Table 5: Mineral Resource Statement as at 30 June 2007

Project	Indicated			Inferred		
	Tonnes (kt)	Grade (g/t)	Ounces	Tonnes (kt)	Grade (g/t)	Ounces
Sickle	6,240	1.7	343,000	2,400	1.3	105,000
Fish	500	4.2	68,000	160	3.7	19,000
West Laverton	2,111	1.8	124,000	1,351	2.4	105,000
Others	10,938	1.1	399,000	6,512	1.2	251,000
TOTAL RESOURCES	19,789	1.5	934,000	10,423	1.4	480,000
Stockpile						
Run of Mine	164	1.6	5,000			
Low Grade Stockpiles	1,307	0.7	30,500			

ADDITIONAL NOTES FOR TABLES

- Figures contained within table have been rounded. Gold grades are rounded to 1 decimal figure; both estimated tonnes and contained ounces are rounded to nearest 1000
- Abbreviations: kt = 1,000 tonnes, g/t = grams per tonne
- West Laverton Group includes resources for Mary Mac, West Laverton, Euro, Mary Mac South and Craggiemore.
- Others includes resources for Admiral Hill, Castaway, Grouse, Scotland Yet, Pieces of Eight, She's Right West, She's Right East, Scotland Yet, Jacks, Bogle, Bogle South, Bells, Ida H, Black Label, Lily Pond Well, Lord Byron, Burtville, Karridale
- The Karridale deposit is hosted within tenements that are subject to the Merolia Joint Venture Agreement ("MJV"), in which the company holds 75.5% interest in the MJV.

LAVERTON GOLD PROJECT - EXPLORATION

The Laverton gold assets owned by Crescent Gold Ltd occur within a tenement package covering over 1,200km² within the Laverton Greenstone Belt of Western Australia. The Laverton Greenstone Belt has a rich endowment of gold with past, current and known gold resources exceeding 22Moz (including significant mines at Mt Morgans, Lancefield, Granny Smith, Wallaby, Sunrise Dam, and Red October). The Company believes that the exploration upside within the Laverton Greenstone Belt for additional discoveries of orogenic-style, Archaean greenstone-hosted gold deposits remain excellent.

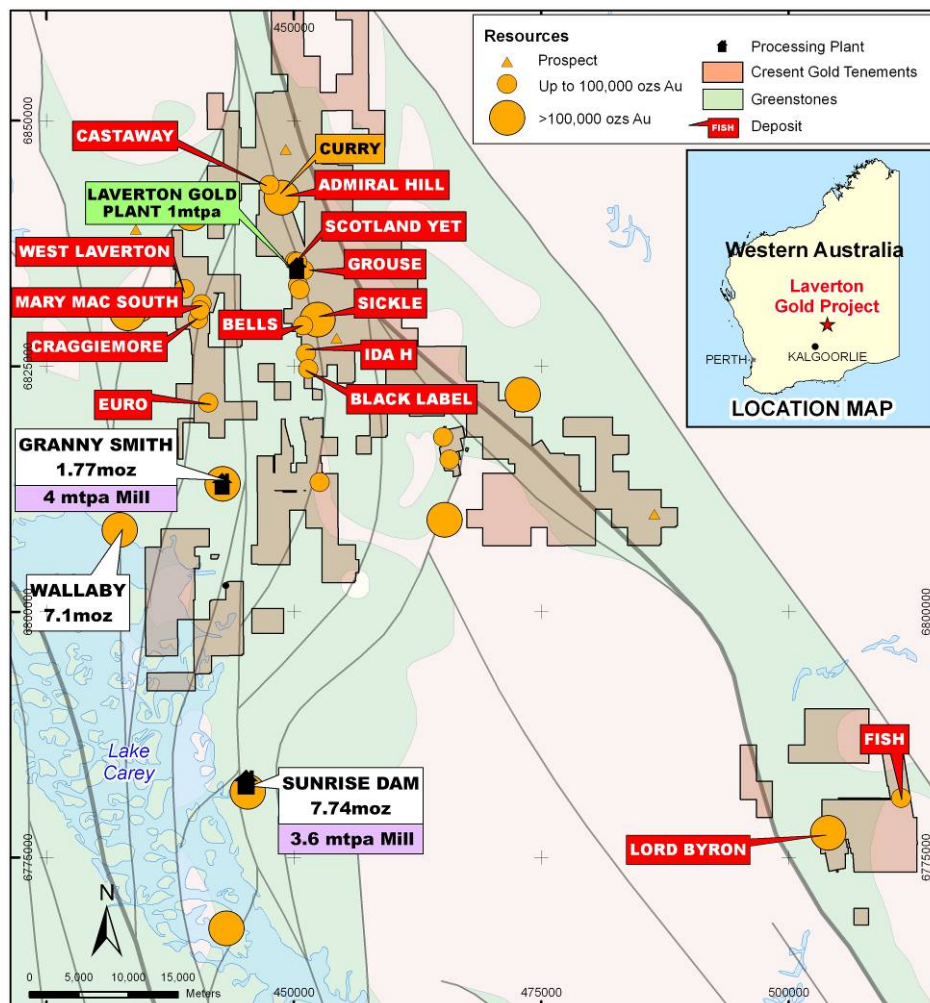
The Company has maintained an aggressive exploration drilling program throughout the year completing 294 Reverse Circulation (RC) holes for an advance of 37,915 metres at various prospects within the Central, West and East Laverton Projects and the Jasper Hills Project. In addition, 254 exploratory Aircore holes for 11,888m were drilled in the Central, East and West Laverton Projects.

Some of the better intersections received during the year include:

12m @ 7.6 g/t	from	56m	(includes 4m at 19.1 g/t from 62m)
10m @ 7.7 g/t	from	75m	
9m @ 5.0 g/t	from	86m	
9m @ 2.8 g/t	from	80m	
12m @ 6.6 g/t	from	154m	
5m @ 9.06 g/t	from	120m	

Favourable metallurgical results have been received on Admiral Hill Cu floatation testwork and the Lord Byron Heap Leach Study. Geophysical surveys (Gravity and IP) were conducted at Admiral Hill, Ida H, Lily Pond Well and Jasper Hills. Regional targeting utilising all datasets (geological interpretation, pit and outcrop mapping, improved geophysical data, 3D Model etc) continued and produced targets that were tested throughout the second half of the year.

Figure 1 – Laverton Tenements with Project Location



WEST LAVERTON PROJECT

Mary Mac South

Mary Mac South is located only 8 km west of the Laverton Gold Plant, on M38/0270, lying along strike between Craiggimore and Mary Mac deposits on the West Laverton Trend, considered prospective to host high grade deposits within Banded Iron Formations.

During the year ending 30 June 2007, the Company completed 23 RC holes for an advance of 3,294 metres. The drilling was directed at extending the northern extensions of the newly defined Western lode.

Table 6 Better RC Drill Results for Mary Mac South

Interval	Grade Au	Depth From	Depth To	Azimuth	Dip	North	East	Hole ID
(m)	(g/t)	(m)	(m)	°	°	MGA_51	MGA_51	
10	4.6	26	36	285	-60	6830691	440514	MMSRC058
12	7.6	56	68	285	-60	6830732	440531	MMSRC060
4	4.1	148	152	285	-60	6830811	440631	MMSRC061
6	1.9	110	116	285	-60	6830659	440529	MMSRC062
5	3.1	3	8	285	-60	6830634	440549	MMSRC063
2	9.3	190	192	285	-60	6830665	440605	MMSRC064
2	5.5	31	33	285	-60	6830788	440552	MMSRC066
13	2.0	64	77	285	-60	6830891	440582	MMSRC068

A resource will be calculated once downhole surveys are completed.

Craiggimore

The Craiggimore underground deposit, located 1km south of Mary Mac South, was mined from 1896 to 1912. Ashton then undertook open pit mining of the historic Craiggimore workings between 1988 and 1992. Mining was confined to the well defined Western BIF. Several historic drill holes intersected a gold bearing BIF to the east of the existing pit but the zone was poorly defined. During the period ending 30 June 2007, the Company completed 81 RC holes for an advance of 9,507 metres. The drilling was directed at extending the northern and southern extensions of the newly defined Eastern BIF.

Table 7 Better RC Drill Results for Craiggimore

Interval	Mineralised Intercept			Azimuth	Dip	North MGA_51	East MGA_51	Hole Id
	Grade Au	Depth From	Depth To					
(m)	(g/t)	(m)	(m)					
4	6.7	56	60	285	-60	6829385	440413	CMRC001
2	10.6	56	58	<i>Includes</i>				
1	6.2	65	66					
9	7.0	87	96	285	-60	6829587	440462	CMRC002A
2	14.5	92	94	<i>Includes</i>				
4	1.3	22	26	285	-60	6829330	440368	CMRC004
8	3.2	80	88	285	-60	6829235	440400	CMRC009
8	4.0	69	77	285	-60	6829258	440398	CMRC011
6	6.4	56	62	285	-60	6829556	440442	CMRC013
2	13.9	57	58	<i>Includes</i>				
10	3.8	94	104	285	-60	6829764	440473	CMRC018
3	9.5	100	103	<i>Includes</i>				
10	7.7	75	85	285	-60	6829533	440436	CMRC021
2	23.9	75	77	<i>Includes</i>				
1	18.2	82	83	<i>Includes</i>				
11	3.2	124	135	285	-60	6829523	440475	CMRC023
2	9.7	132	134	<i>Includes</i>				
12	3.2	85	97	285	-60	6829599	440468	CMRC028
2	7.4	86	88	<i>Includes</i>				
9	5.0	86	95	285	-60	6829612	440474	CMRC029
3	10.5	87	90	<i>Includes</i>				
2	3.1	102	104					
9	2.69	102	111	285	-60	440460	6829563	CMRC033
9	5.01	85	94	285	-60	440454	6829553	CMRC034
6	3.67	69	75	285	-60	440456	6829602	CMRC035
9	1.71	119	128	285	-60	440480	6829596	CMRC036
4	4.91	131	135					
4	3.76	79	83	285	-60	440453	6829749	CMRC071

A resource will be calculated once downhole surveys are completed.

Euro

Exploration in West Laverton is focussed on targets at the intersection of N trending banded iron formation (BIF) and NW trending shears (ie shears parallel to the Euro shear that hosts the Euro Deposit). Recent geological mapping in the area revealed this structural relationship as one of high priority. During the period ending 30 June 2007, the Company completed 13 RC holes for an advance of 1,682 metres.

Table 8 Better RC Drill Results for Euro Shear

Interval	Grade Au	Depth From	Depth To	Azimuth	Dip	North	East	Hole ID
(m)	(g/t)	(m)	(m)	°	°	MGA_51	MGA_51	
1	14.6	66	67	270	-60	6824800	440780	WLRC119
9	2.83	80	89	270	-60	6825480	440780	WLRC123

Crusader

At West Laverton exploration is focussed on targets at the intersection of N/NE trending banded iron formation (BIF) and NW trending structures. Recent geological mapping in the Crusader area and interpretation of the Craiggimore deposit revealed this structural relationship as one of high priority. During the period ending 30 June 2007, the Company completed 6 RC holes for an advance of 852 metres. No significant results were returned from this program.

Deep Creek

A folded and/or faulted BIF under cover was the target for exploration at the Deep Creek prospect. A first pass aircore program of 19 holes for 1,382m was drilled up to 30 June 2007. The most significant composite result was 4m @ 0.24g/t Au from 60m.

CENTRAL LAVERTON PROJECT

Sickle Mine

Several deep RC drill holes were drilled around the periphery of the planned pit boundaries and waste stockpiles to sterilise the areas. During the period ending 30 June 2007, the Company completed 14 RC holes for an advance of 2,091 metres. There were no significant intersections from this round of drilling.

Admiral Hill – Cu- Au – Ag Prospect

Geophysical Induced Polarisation IP Survey

Fugro Ground Geophysics Pty Ltd completed an Induced Polarisation (“IP”) survey at Admiral Hill. The survey was interpreted by Southern Geoscience Consultants Pty Ltd (“SGC”) and is being used as part of the current Regional targeting process.

Metallurgical Test Work

Better than expected results were received for metallurgical test work for the high grade Cu-Au-Ag mineralisation at Admiral Hill. Flotation results for CURC001 returned:

- 94.5% Cu recovery at a grade of 16.4% Cu
- 97.5% Au recovery at a grade of 28.2 g/t Au

The RC composite grade for CURC001 was 4.5% Cu and 4.2 g/t Au.

Bells

The Bells mineralisation, about 5 km south of the Laverton Gold plant, was defined by Sons of Gwalia Ltd in the mid 1990’s and has a proven strike length of greater than 400m with an average width of 1-2m at approximately 6 g/t. Given its close proximity to the mill, the zone warranted further drilling by Crescent Gold. During the period ending 30 June 2007, the Company completed 28 RC holes for an advance of 3,984 metres. The holes drilled confirmed the known mineralisation.

Table 9 Better RC Drill Results for Bells

Interval	Grade Au	Depth From	Depth To	Azimuth	Dip	North	East	Hole ID
(m)	(g/t)	(m)	(m)	°	°	MGA_51	MGA_51	
2	4.4	39	41	270	-60	6829069	450970	BERC001
5	4.4	25	30	270	-60	6829019	450967	BERC004
7	4.0	65	72	270	-60	6829019	451007	BERC005
3	4.5	17	20	270	-60	6828971	450964	BERC007
4	6.9	15	19	270	-60	6828928	451012	BERC010
6	5.1	83	89	270	-60			
12	6.6	154	166	270	-60	6828928	451072	BERC013
5	2.3	192	197	270	-60	6828928	451097	BERC019
6	3.2	164	170	270	-60	6828900	451072	BERC020

Black Label

The Black Label mineralisation is located approximately 9km south of the Laverton mill. The mineralisation is hosted within the Barnicoat Trend/ Shear Zone and though minor workings exist, there are no accurate figures for the historic production. The best intersections in holes drilled by previous lease holders, define a moderate to high grade zone with the most consistently high grades, located within the central part of the resource. Given its close proximity to the mill, further exploration drilling was undertaken designed to extend the previously defined mineralised zone along the Barnicoat Trend. During the period ending 30 June 2007, the Company completed 29 RC holes for an advance of 2,937 metres. The best result from this round of drilling was from BLRC011 with 2m at 2.5 g/t Au from 95m.

Ida H

Ida H, the largest mine within the Barnicoat Trend, has been mined both by underground (in the early 1900's), and open cut methods (by Sons of Gwalia in the mid 1990's). The underground workings extend to 500m vertical depth. Inaccuracies identified in previous down hole surveys, the open cut did not correspond correctly with the mineralisation and resources remain in the south end of the current pit. Evaluation of the data indicates the potential for high grade mineralisation below and within Ida H and to the north of the pit.

A drill programme was planned to follow up the suggestions of mineralisation at the north of the open cut and at depth. Exploration drilling both north and south of the pit was also carried out during the period. During the period ending 30 June 2007, the Company completed 20 RC holes for an advance of 3,147 metres. The results of the drilling was inconclusive with the best result from this round of drilling was from IDHRC001 with 7m at 1.7 g/t Au from 60m. Exploration drilling to the south resulted in an intercept of 3m @ 1.46g/t Au from 98m in IDHRC019.

Scotland Yet

Scotland Yet was a small resource, to the north of Barnicoat Superpit, it was mined in the 1990's. Residual mineralisation beneath existing workings and southern extensions towards the Superpit needed further infill drilling to evaluate its potential. During the period ending 30 June 2007, the Company completed 7 RC holes for an advance of 510 metres. The best result from this round of drilling was from SCYRC002 with 2m at 2.2 g/t Au from 42m. Further drilling will be carried out, if warranted.

Castaway

Castaway is a small resource located to the north of Admiral Hill. During the period ending 30 June 2007, the Company completed 4 RC holes for an advance of 354 metres. The holes drilled confirmed the known mineralisation.

Table 10 Better RC Drill Results for Castaway

Interval (m)	Grade Au (g/t)	Depth From (m)	Depth To (m)	Azimuth °	Dip °	North MGA_51	East MGA_51	Hole ID
6	4.3	32	38	270	-60	6843426	447635	CARC044
3	4.6	42	45	270	-60	6843352	447667	CARC046

Curry Copper

Previous drill hole testing the 6km long copper – gold soil anomaly next to Admiral Hill on M38/0376 and M38/0377, has delineated a zone with a strike length of 1,500m to a depth of 300m. Drill holes were planned validate a previous result of 7% Copper. A programme of 7 RC holes for an advance of 996 metres was drilled to confirm the anomalous zone, and to collect bulk samples for metallurgical evaluation. The zone defined lies directly below the Admiral Hill oxide gold deposit.

Table 11 Better RC Drill Results for Curry Copper

Interval (m)	Cu Equiv (%)	Cu (%)	Au (g/t)	Ag (g/t)	Depth From (m)	Depth To (m)	Az °	Dip °	North MGA_51	East MGA_51	Hole ID
41	0.8	0.6	0.7	5.9	67	108	247	-60	6842566	448649	CURC001
6			6.5		76	82	247	-60	6842589	448639	CURC002
25	0.5	0.5	0.1	0.6	45	70	247	-60	5842917	448418	CURC006

LAVERTON - JASPER HILLS PROJECT

Lord Byron

Lord Byron is part of the Jasper Hills Project located 95km to the south east of Laverton. Previous lease holders defined a large, low grade resource. Holes were planned to confirm the historical results from this work. During the period ending 30 June 2007, the Company completed 14 RC holes for an advance of 1,770 metres. The achieved results confirmed the tenor and width of previous drilling programmes.

Table 12 Better RC Drill Results for Lord Byron

Interval	Grade Au	Depth From	Depth To	Azimuth	Dip	North	East	Hole ID
(m)	(g/t)	(m)	(m)	°	°	MGA_51	MGA_51	
9	2.2	144	153	270	-60	6777814	504080	LBRC052
9	2.8	164	173					
3	2.1	94	97	270	-60	6777557	504226	LBRC059

Metallurgical Test Work

The Lord Byron - Column Leach results carried out by AMMTEC Ltd (an independent metallurgical laboratory located in Perth) have been received. Column leaching achieved 86% gold recovery at a crush size of 6.3 mm over 37 days, and it is likely that over 90% could be achieved within a heap leach for the shear related mineralisation (Bicentennial Shear). An optimisation study can now proceed based on this test work and previous mining studies.

Fish

Fish is part of the Jasper Hills Project located about 100km to the south east of Laverton. Previous lease holders defined a small, high grade resource which is currently included in the Company's mine schedule. Holes were drilled to confirm the historical results from this work and to further define the resource. Several exploration holes were drilled in the area to follow up historical drilling and test new targets. During the period ending 30 June 2007, the Company completed 30 RC holes for an advance of 3,659 metres.

Table 13 Better RC Drill Results for Fish

Interval	Grade Au	Depth From	Depth To	Azimuth	Dip	North	East	Hole ID
(m)	(g/t)	(m)	(m)	°	°	MGA_51	MGA_51	
3	4.6	15	18	270	-60	6781110	511426	FHRC029
7	6.4	65	72	270	-60	6780930	511348	FHRC034
7	3.4	142	149	270	-60	6781089	511499	FHRC035
5	9.06	120	125	270	-55	6781029	511464	FHRC038
6	4.78	113	119	270	-60	6780904	511365	FHRC044
14	1.68	3	17	270	-60	6780969	511341	FHRC058
5	3.11	3	8	<i>includes</i>				
2	8.48	70	72	270	-60	6779454	511150	FHRC052

LAVERTON REGIONAL EXPLORATION

Regional exploration on the Laverton tenements included all facets of exploration from RC drilling on high priority targets, to regional aircore drilling and improvement of geological data and understanding of the more conceptual targets. The regional PIMA (Portable near Infrared Analyser) and lithogeochemical foot printing study is continuing.

Gravity Survey

Gravity surveys completed at Lily Pond Well, Jasper Hills, Ida H and Admiral Hill. The surveys were interpreted by Southern Geoscience Consultants Pty Ltd ("SGC") and are being used as part of the current Regional targeting process.

Regional Footprint Study

Collection and testing of chips from the deepest sample of historical RAB drilling in the central Laverton area continued in 2007. These samples were submitted for PIMA and lithogeochemical analysis. Interpretation of these results has led to drill targets being identified. Some of these targets have been tested, while others are to be followed up by future drilling programs.

Central Laverton Regional Aircore Drilling

The Central Laverton aircore program was designed to increase the geological understanding of the region, to test for gold anomalies on a regional scale and gather multi-element geochemical and to obtain PIMA data for continuing footprinting studies. A total of 186 holes for 8,394m were drilled in the period ending 30 June 2007. Several anomalous areas have been identified with further work being planned.

East Laverton Regional Aircore Drilling

The East Laverton aircore program was designed to increase the geological understanding of the region, to test for gold anomalies on a regional scale and gather multi-element geochemical and to obtain PIMA data for continuing footprinting studies. A total of 49 holes for 2,112m were drilled in the period ending 30 June 2007

Geological Mapping

Detailed outcrop mapping of the Fish, West Laverton and Euro areas, and pit mapping of the new Sickle mine and several old pits was conducted during the year. This has increased the geological understanding of the region and is being used for targeting of drillholes.

Planned Future regional Exploration

1. Deep diamond drilling below the Sickle Deposit. This will include re-logging and alteration studies of the deposit in order to better identify (and then test) controls on the focus of gold mineralisation at Sickle.
2. Deep RC and/or diamond drilling on primary targets along the Barnicoat Shear Zone. A detailed geological assessment of an approximately 10km strike length of the Barnicoat Shear Zone will address the potential for primary mineralisation throughout the length of the shear. To date very little historical drilling has been completed below 100m from surface along the structure.
4. Geological assessment leading to drilling follow up on targets south of Ida H and north of Admiral Hill.
5. Interpretation of 3D sections across key mineralised zones, to improve the 3D geological model.
6. Continuation of regional AC drilling to test large tenements with little historical exploration

REGIONAL EXPLORATION

The Company entered a Joint Venture and began exploring for iron oxide copper-gold-uranium (IOCGU) style deposits in the Olympic Dam region of South Australia. In the Northern Territory exploration is targeting high-grade unconformity uranium deposits, roll front uranium deposits and palaeo-channel deposits. Crescent's goal is to discover and begin drill delineation of a uranium resource on its projects as quickly as possible to create significant shareholder value. To achieve this objective, the Company accomplished the following key milestones in 2007:

- Acquired major exploration projects, comprising over 7,000 square kilometres, in Australia's top uranium-producing and exploration regions – Olympic Dam, Rum Jungle (Northern Territory) and Calvert Hills (Westmoreland region);
- Assembled a team of experienced exploration geoscientists through joint venture, strategic alignment with consultants and direct engagement.
- Commenced regional exploration programs including detailed gravity and airborne geophysical surveys.

The Company is extremely well positioned to continue to create shareholder value through exploration success, merger and acquisition opportunities, and increasing recognition of the Company in the investment community. All tenements, joint ventures and exploration activities are conducted under Uranium West Pty Ltd, a 100% subsidiary of Crescent Gold Limited.

COPPER / GOLD / URANIUM - SOUTH AUSTRALIA

Crescent, through its wholly owned subsidiary, Uranium West, has negotiated an agreement to farm into four tenements prospective for Iron Oxide-Copper-Gold-Uranium (IOCGU) deposits with Southern Gold Ltd – the Gawler Craton Joint Venture. The tenements are located on the Stuart Shelf province of the Gawler Craton in South Australia, covering some 2,500km². These tenements are within the mineralised corridor which hosts the world's largest copper, gold and uranium deposit (IOCGU) at Olympic Dam and close to the recent copper gold discoveries at Prominent Hill, Carrapateena and Punt Hill.

Crescent has lodged applications for two exploration tenements, which are predominantly under the shallow waters of Spencer Gulf. Extensive exploration by previous explorers has demonstrated the area has geological, alteration, and mineral assemblage similarities to major IOCG-U systems at Olympic Dam, Prominent Hill, Ernest Henry and Selwyn mines.

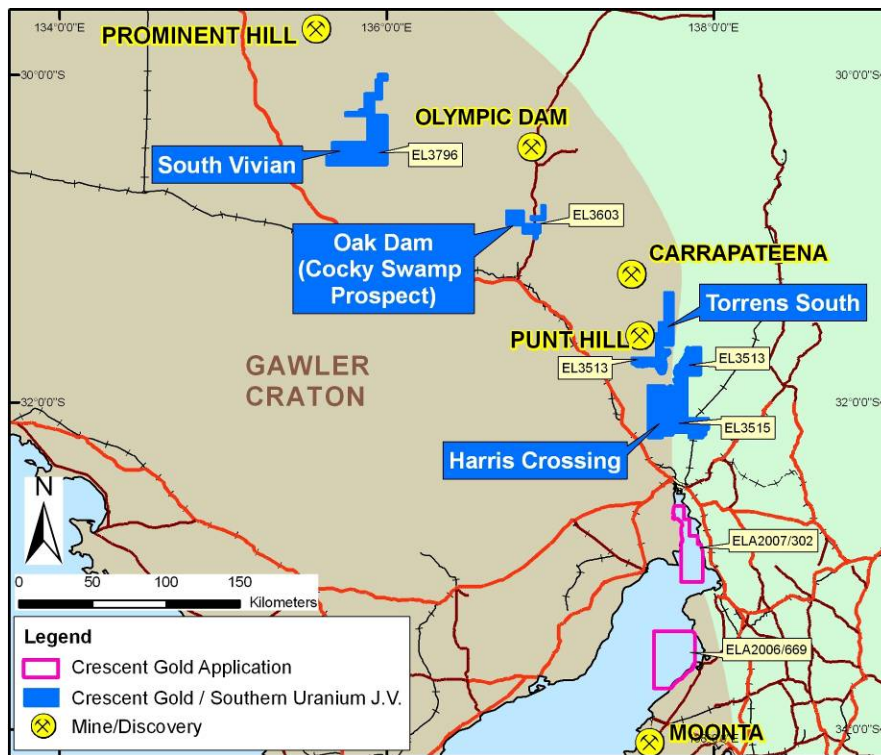
Crescent is actively looking for further exploration opportunities in South Australia.

Gawler Craton Joint Venture

The four tenements were originally held by Southern Gold Ltd, which has recently spun off a new company: Southern Uranium Ltd (SNU). The Oak Dam licence (EL3603) and the South Vivian licence (EL3796) have been transferred to SNU as part of the setting up of the new company. However, under the terms of the joint venture the four tenements remain a single project called The Gawler Craton Joint Venture for farm-in purposes.

Under the Terms of the JV, Crescent can earn 25% of all four tenements by spending A\$1m by 31 December 2007 and 50% total by spending a further A\$3m by 31 December 2008. The spread of the exploration expenditure is not constrained by the agreement. If the Company does not spend A\$4m total by 31 December 2008 then it drops all interest in the project. The joint venture partners have the right to maintain their interest at 50% or choose to dilute. At that stage, Crescent may earn another 25% by spending an additional A\$3m. Southern Gold Limited has the right to maintain its interest at 25% or be diluted to a 10% free carried interest. Crescent has the right to purchase the free carried interest for A\$35m.

Figure 2 Crescent Gold tenements in South Australia



South Torrens Project

The South Torrens project holds potential for deeply buried copper gold uranium deposits of the iron oxide associated style of mineralisation. The project area lies on the margin of the Gawler Range Volcanics (GRV) in a zone that contains buried, sub-volcanic igneous intrusions related to the Hiltaba Suite felsic magmas. The same tectonic setting associated with all the major IOCGU deposits in the Gawler Craton. The Torrens South area may also have potential for unconformity-related roll front uranium deposits at the base of the Pandurra Formation.

The prospective host rocks are buried beneath a lease several hundred metres of younger cover rocks, therefore the primary exploration tool is geophysics: airborne magnetic and detailed gravity surveys. Depth to basement appears to be deep in places (i.e. >500m) but previous drilling by other explorers into the Neoproterozoic Beda Volcanics indicates the possibility of shallower fault-bounded up-lifted blocks in the basement terrain. Gravity data acquired by Southern Gold and previous explorers has yielded numerous high priority anomalies - potential IOCGU targets - which warrant detailed follow-up work comprising close based gravity surveys and drill testing. Some of the new targets identified on Southern Gold's Torrens South project are within 15km SW along strike from the Punt Hill discoveries and on the same gravity structures currently being drilled by Monax on its adjacent tenement.

Table 14 List of drilling targets - South Torrens

Priority	Name	Approx Hole Depth	Model depth	GRV depth	GDA East	GDA North
1	Target G5	900	300-400m	700m	751220	6487110
1	Target 3	800	150m	450-(1400)m	762570	6466100
1	Target 4a	600	300m	300m (?)	766270	6464160
1	Target 5	800	400-500m	400-500m	751800	6452400
1	Target 1	1000	300-500m	600-800m	756170	6483500
2	Target 2	1000	850m	850m	771090	6480000
2	Target 4	1000	1200m	1000-1200m	767340	6468390
2	Target 6	1000	850-900m	850-900m	756000	6437170
3	Target G6	1000		800m	752070	6493040
3	Target G7	1000		800m	753520	6500520
?	Target 5A pending add. gravity		200-300m	200-300m	753600	6447000
?	Target 5B pending add. gravity		200m	200m	753600	6445000

Five priority 1 targets are selected as:

- Target G5, targeting GRV at 700m depth along strike from Monax Mining's Groundhog mineralisation.
- Target 3, testing for shallow GRV basement beneath Beda Volcanics drilled at 175m depth in Yadlamalka 2.
- Target 4A, a shallow linear anomaly to the east of the Target 3 trend which represent hematite alteration.
- Target 5, which may represent a localised hematite alteration halo surrounding an interpreted Hiltaba Granite.
- Target 1, targeting high amplitude anomaly with GRV at 600-800m depth along strike from Monax Mining's Groundhog mineralisation.

A further three priority 2 targets are selected where the GRV target is interpreted at a depth between 800 and 1000m. 5A and 5B are also of significant interest and may be proposed for drilling once these targets have been refined by newly acquired data.

The drilling program commenced in late August with the first hole testing target 3 (named the Magnate prospect) on the southern portion of EL 3513. The hole was in progress, drilling through cover rocks at a depth of 870 m, at the time of writing.

Oak Dam Project

EL3603 (Oak Dam), held by Southern Uranium Limited, is in funding to by Crescent through the Gawler Craton Joint Venture. Southern Uranium is project operator. The property is located 60 km south of Olympic Dam and within the same prospective geological province.

Cocky Swamp Prospect

A recent gravity survey has defined a high priority copper gold uranium target next to a deep diamond hole drilled by previous explorer (WMC) to test a nearby magnetic anomaly. Incomplete core assays of this whole returned individual sample values of up to 1.05% copper, 0.65g/t gold, 6 g/t silver and 34 parts per million U3O8 with the best copper intersection of 4 metres at 0.54% Cu. The gravity anomaly is interpreted to be generated by a deep large dense source with potential for iron oxide copper gold uranium ("IOCGU") mineralisation, a target style best exemplified by the giant Olympic Dam mine. The Cocky Swamp target is rated highly because it is near:

- a) other IOCGU deposits such as Acropolis and Oak Dam (held by owner BHP Billiton);
- b) intersecting northwest and southwest structures and
- c) the base of the favourable Gawler Range Volcanics

The common signature for IOCGU deposits is a gravity anomaly caused by the dense iron oxide, haematite and there is often an adjacent magnetic anomaly associated the magnetite-rich part of the iron oxide system that does not contain economic amounts of metals.

The Joint Venturers propose to drill test the new Cocky Swamp gravity target with a 1,000 metre vertical diamond core hole at the earliest opportunity. The target is situated within the Woomera Prohibited Area requiring additional access permits from federal agencies.

South Vivian Project

EL3796 (South Vivian), held by Southern Uranium Limited, is in funding to by Crescent through the Gawler Craton Joint Venture. Southern Uranium is project operator. The tenement was granted on 12 June 2007 and is located 90 kilometres to the west of Olympic Dam and within the same prospective geological province. The project straddles the northern margin of the Gawler Range Volcanics. The zone beneath and marginal to these volcanics was a shallow, high level igneous environment during the Mesoproterozoic Hiltaba thermal event at 1588Ma; and is grossly similar to the geological setting at the Olympic Dam IOCG-Uranium deposit.

The South Vivian project has potential for IOCGU deposits and for unconformity-related uranium deposits, of the type seen in the Athabasca Basin in Canada or the Alligator Rivers region in the Northern Territory. There may also be potential for basement unconformity related uranium mineralisation. The Gawler Range Volcanics and co-magmatic Hiltaba Suite intrusives are enriched in uranium, providing a potential primary source from which uranium could be leached during weathering. Redbeds of the overlying Pandurra Formation provide an oxidising environment in which uranium could be transported in solution, to accumulate in suitable reducing trap sites related to the unconformity or intersecting fault zones.

Previous exploration in the area has been limited and no previous drilling has been carried out. The joint venture is planning to conduct detailed gravity surveys over selected anomalies defined by interpretation of existing regional geophysical data, followed by deep diamond drilling of priority targets.

Spencer Project

Crescent has lodged applications for two exploration tenements Spencer North (ELA2007/302) and Spencer South (ELA2006/669), which are predominantly under the shallow waters (<20m) of Spencer Gulf. Extensive exploration by previous explorers has demonstrated the area has geological, alteration, and mineral assemblage similarities to major IOCG-U systems elsewhere in South Australia (e.g. Olympic Dam & Prominent Hill) and in Queensland (e.g. Ernest Henry and Selwyn). The Spencer Project tenements cover a coincident regional-scale magnetic & gravity anomaly which straddles the western shore line of the York Peninsular and eastern Spencer Gulf. Basement Gawler Craton rocks in the area are covered by 60 to 160m of young sediments. The underlying basement consists of Proterozoic rocks intruded by Moonta Porphyry-aged mafic dykes, and at least two phases of granitic magma belonging to the prospective Hiltaba Suite. Extensive alteration and IOCGU type mineralisation exist within the basement rocks and is interpreted to be associated with Hiltaba Granite intrusions.

Systematic exploration for IOCG-U deposits has taken place in this area between 1988 and 1999 by a number of previous explorers including Uranerz, Australian Consolidated Minerals, Normandy Poseidon, Mining Project Investors and Phelps Dodge. From 1991 to 1996 Phelps Dodge expended \$1.2M on mineral exploration at Port Broughton-Katinka.

Crescent's proposed exploration program on the Spencer Project will initially consist of a detailed assessment of the past exploration data and acquisition of detailed airborne aeromagnetic data over the project areas. This will enable targeting of areas for detailed gravity surveys (on a ship mounted platform) and possible ship-mounted deep diamond drilling.

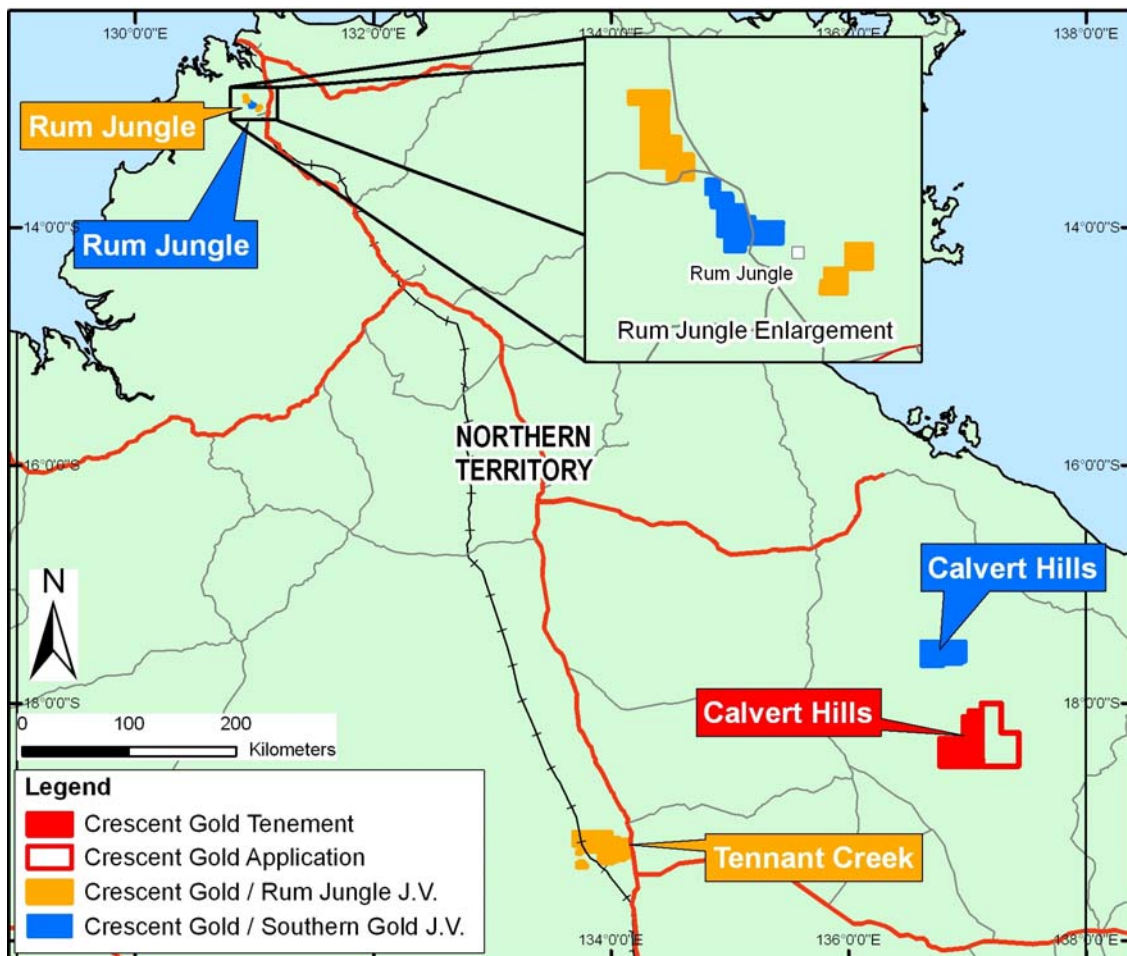
Summary of Joint Ventures in South Australia

Project	Exploration License	JV Partner	Area km ²
Lake Torrens	EL 3513 (Torrens South) EL 3515 (Harris Crossing)	Southern Gold Ltd	860 634
Oak Dam	EL 3603 (Oak Dam)	Southern Uranium Ltd	174
South Vivian	EL 3796 (South Vivian)	Southern Uranium Ltd	861
Spencer	ELA 2006/669 ELA 2007/302	Crescent 100%	795

EXPLORATION – URANIUM - NORTHERN TERRITORY

Crescent Gold completed the purchase of seven granted exploration licences (EL24834, EL24835, EL24837, EL24847, EL24866, EL24867 and EL24898) and an exploration licence applications in the Northern Territory by exercising its option to purchase the Northern Territory leases for \$550,000. They cover 4903.8 km² of ground considered prospective for uranium and copper gold. The granted leases were transferred into a 100% controlled subsidiary, Uranium West Pty Ltd.

The Northern Territory contains major uranium production centres at Ranger with numerous undeveloped uranium resources Nabalek, Koongarra, Coronation Hill, Biglyi and Rum Jungle. The Crescent tenement interests are all within known gold, base metal or uranium production or resource centres: Rum Jungle, Calvert Hills (Westmoreland), and Tennant Creek.



Rum Jungle

The Rum Jungle Project is located 75km south of Darwin in the Northern Territory, within the Rum Jungle Uranium Field. Uranium was first discovered in 1949 and in the following years a number of deposits were discovered. Rum Jungle was Australia's first large scale uranium mine (1950-1971) and mined at head grades ranging between 0.28-0.41% in the different ore bodies for total production of 4,700t of U3O8.

The three granted Exploration Licences (EL24866, EL24867 & EL24847), with a total area of 27km², are located in a region known as the 'Embayment Area' where the majority of economic deposits have been discovered to date. The area is highly prospective for Proterozoic aged unconformity-style uranium mineralisation.

Calvert Hills

The Calvert Hills Project is located 100km west of the Queensland border, in the eastern Northern Territory. The area is prospective for Proterozoic aged unconformity-related uranium mineralisation, of which numerous examples exist some 40km north and east in an area known as the Westmoreland Uranium Field.

Some previous work has been done in the project area, comprising two granted licences (EL24837 & EL24847) and one application (ELA 24846), exploring specifically for uranium, although the general area has been explored extensively for diamonds and to a lesser degree for base metals. Total area of the Calvert Hills project is 3671km².

Tennant Creek

The Tennant Creek Project, comprising two granted Exploration Licences (EL24834 & EL24835) for a total area of 1037 km², is located 60km northwest of the town of Tennant Creek in central Northern Territory. The area has a long mining history for Cu-Au-Bi deposits, with several existing and recently closed mining operations nearby (eg the old Peko Wallsend owned Warrego-Juno-Gecko mines).

Although there is a known association between Cu-Au-Bi mineralisation and anomalous levels of uranium, exploration for uranium in the area has been minimal, and the area is seen as prospective for sandstone-hosted unconformity-related channel style deposits in Tertiary sequences that overlie uranium anomalous source rocks (granites, felsic volcanics) The southern portion of the project is also seen as prospective for IOCG±U mineralisation. A number of Cu-Au prospects have been discovered close to the project area by previous explorers.

Rum Jungle Uranium Pty Ltd - Joint Venture

Crescent Gold has subsequently entered into a Joint Venture with Rum Jungle Uranium Pty Ltd on the following tenements:

- Rum Jungle EL 24866, EL 24898
- Tennant Creek EL 24835, EL 24834

Rum Jungle Uranium PL has the right to earn a 25% stake by spending \$200,000 before the end of 2007 and a total of 50% by spending a further \$400,000 by the end of 2008. Crescent will have the right to contribute to exploration at this stage and hold its interest at 50%. Should it elect not to, Rum Jungle Uranium will have the right to spend a further \$500,000 to increase its stake to 75% by mid 2009. At this point, Crescent can elect to contribute to the exploration program or reduce to a 10% free carried interest.

Rum Jungle Uranium is in the process of listing on the ASX, and is focussed on uranium exploration in the Northern Territory.

Southern Uranium Ltd - Heads of Agreement

Crescent Gold Limited is entering into a Joint Venture with Southern Uranium Limited (ASX:SNU) in the Northern Territory. Southern Uranium, through a heads of agreement with Crescent, has the right to joint venture 2 uranium exploration tenements in the Rum Jungle (EL24867) and Westmoreland (EL24837) regions of the Northern Territory. Under the terms of the agreement, Southern Uranium can earn 50% of the project by spending \$600,000 by 30 June 2008. If Southern Uranium does not spend \$600,000 total by 30 June 2008 then it drops all interest in the tenements and they are returned to 100% Crescent. If Crescent elects not to maintain its interest at 50%, Southern Uranium can then earn 75% in the project by spending a further \$400,000 by 31 December 2008. Crescent has the right to maintain its interest at 25% or choose to be diluted to a 10% free carried interest. Southern Uranium has the right to purchase the Free Carried Interest for \$35m.

Calvert Hills is located 100km west of the Northern Territory-Queensland border and contains outcropping Westmoreland Conglomerate. Uranium occurrences in the Westmoreland Uranium Field are associated with the unconformity between the Westmoreland Conglomerate and the underlying Cliffdale Volcanics. Proterozoic unconformity related deposits include some of the highest grade and largest Uranium deposits in the world, e.g. Ranger (Northern Territory) and Cigar Lake (Athabasca Basin in Canada).

Calvert Hills Project

Crescent will retain 100% interest in its southern Calvert Hills tenements (EL24847 and ELA24846) which overly two notable bulls-eye type magnetic anomalies with the potential to host IOCGU targets. These tenements are considered prospective for uranium and iron oxide copper gold uranium mineralisation. Exploration has commenced on the granted tenement with the flying of an airborne geophysical electromagnetic survey. Negotiations have commenced with the Traditional Aboriginal Owners of the tenement application area (ELA24846) to establish exploration and mining agreements.

Summary of Joint Ventures in the Northern Territory

Project	Exploration License	Partners Farming in	Area km ²
Rum Jungle	EL 24867	Southern Uranium Ltd	10
Calvert Hills	EL 24837	Southern Uranium Ltd	819
Rum Jungle	EL 24866 EL 24898	Rum Jungle Uranium Pty Ltd	12 5
Tennant Creek	EL 24835 EL 24834	Rum Jungle Uranium Pty Ltd	999 36
Calvert Hills	EL 24846 EL 24847	Crescent 100%	1,506 1,336

CHINA

The Company established a joint venture company which received approval from the Foreign Trade and Economic Co-operation Bureau. It has been granted a business licence by the Administration Bureau of Industry and Commerce, Xinjiang Uyghur Autonomous Region in North Western China. The transfer of exploration licenses are awaited.

RESULTS OF OPERATION

For the year ended 30 June 007 the Company reported a Net Loss of \$2,074,000 (30 June 2006 a Net Loss \$4,289,000). The net loss during year end June 2007 is primarily due to the increase in activities as the Company carries out commissioning of its Laverton Gold Plant using low grade stock piles.

The Company had revenue income from interest only of \$979,000 (30 June 2006: \$452,000)

During the twelve months to 30 June 2007 the Company incurred Finance Costs of \$1,213,000 compared to \$674,000 for the twelve months to 30 June 2006.

Directors' Fees for the twelve months to 30 June 2007 was \$328,000. The increase in costs is mainly from Share Based Payments which consist of the issue of options to directors.

Exploration Expenditure written off for the twelve months to 30 June 2007 amounted to \$328,000 (30 June 2006: \$1,361,000).

The Company realised a loss on its hedge book on the close out of the right to sell 100,000 oz at \$750 resulting in a Realised Hedge Loss of \$1,878,000 (30 June 2006: Nil) being recognised in the profit and loss account.

The Company for the first time took up tax losses carried forward which resulted in a credit to the profit and loss of \$6,806,000.

On 18 October 2006 the Company purchased 90,000 oz of Put Options @ \$850/ounce 100,000 oz of Gold Sold Forwards at \$860/ ounce and purchased an oil price cap at US\$71.55 for 2 years of operation for \$635,000. The Company had also entered into a Gold Loan for 25,478 oz (borrowings of \$20m). With the exception of the gold spot forwards, these instruments have been revalued on a mark to market basis which resulted in a movement in fair value of hedge instruments of \$4,112,552 (30 June 2006: Nil).

For the period ended 30 June 2007 the Company held assets of \$24,250,000 on Property Plant and Equipment an increase of \$23,839,000 during the period (30 June 2006 totals \$411,000). This increase can be largely attributed to the rise in activity typical of a company as it nears production stage – detailed engineering, geological, permitting, construction, equipment and structure refurbishment, infill drilling, resource and reserve estimates and technical reporting.

CRITICAL ACCOUNTING ESTIMATES

As of 30 June 2007 the Company evaluated its standing as a Designated Foreign Issuer as is defined by National Instrument 71-102 and determined that the Company continues to be classified as a Designated Foreign Issuer at the time of filing of this report. This evaluation was performed by the Managing Director and the Chief Financial Officer with the assistance of other Company personnel to the extent necessary and appropriate.

On 18 October 2006 the Company announced the completion of a financing where 17 million shares of the Company were issued to a Canadian entity. The effect of this transaction was to take the Company past the 10% threshold for a designated foreign issuer pursuant to National Instrument 71-102.

On 18 June 2007 the Company announced the completion of a placement where 321,710,526 shares of the company were issued to Deutsche Bank AG at a price of \$0.38 thus increasing the total number of outstanding shares to 580,891,238.

Upon completion of the Deutsche Bank placement the Company re-evaluated its Canadian shareholder base to determine whether the company continued to exceed the 10% threshold for a designated foreign issuer. This re-evaluation resulted in Crescent being re-classified as a designated foreign issuer pursuant to National Instrument 71-102.

The Company continues to review its reporting requirements as a Designated Foreign Issuer and as required in NI 71-102, the Company continues to disclose and report its financial statements in accordance with the Australian Corporations Regulations 2001 and Accounting Standards AASB 134 "Interim Financial Reporting" and will do so for the remaining financial year.

A detailed description of the Company's accounting policies is disclosed in the Significant Accounting Policies note of the Company's Annual Financial Report (which this Management Discussion and Analysis forms part of) for the year ended 30 June 2007 and Half Yearly report dated 31 December 2006.

CHANGES IN ACCOUNTING POLICIES

The company adopted new policies that are related to the change in the status from an explorer to gold producer. These policies include preproduction and deferred waste, additionally the Company has for the first time taken up deferred tax assets in relation to tax losses carried forward.

Full disclosure of the Company's Significant Accounting Policies is made at note 2 in the Annual Financial Report 2007 which this document forms part thereof.

DERIVATIVE INSTRUMENTS

On 23 March 2006 the Company announced the right, but not the obligation, to sell 100,000 ounces of gold at \$750/oz until March 2008. The purchase was funded with a \$3.75m loan at 7.75% pa from Investec (formerly Rothschild).

On 18 October 2006, the Company announced that it had;

- Adjusted the floor price on the Company's right to sell 100,000 ounces of gold at \$750/oz to 90,000 oz at \$850/oz (Gold Puts).
- Finalised the A\$25 million project finance comprising A\$20 million gold loan (25,478 ounces at A\$785/oz) and A\$5 million cash loan.
- Sold forward 100,000 oz at \$860/oz, less than 30% of Laverton reserves at the time.
- Purchased an oil price cap at US\$71.55 for US\$635,000. This protects the company's operating costs from an oil price spike over the next 2 years.
- Repaid the A\$3.75m loan to Investec (Rothschild).
- 6600 oz of put options at \$850 per oz were exercised during the June 2007 quarter.

After delivery of gold produced against hedges and the sale or closing of surplus hedges the Company's hedge position as at 30 June 2007 is as follows:

Mark to market on Crescent's hedge book as at 30 June 2007 was:

\$3,268,254 Sold Gold Forwards 95,000 oz @ \$860 Jul 07 to Oct 09
\$3,840,888 Bought Put Options 70,750 oz @ \$850 Jul 07 to Oct 09
\$528,596 Bought Diesel Fuel Caps 81,504 bbl @ US\$71.55 Jul 07 to Dec 08

Total: \$7,637,739 positive to Crescent

TRANSACTIONS WITH RELATED PARTIES

Nil

PAYMENTS TO DIRECTORS

Executive Directors of the Company combined received payments totaling \$120,000 and Non-Executive Directors combined received \$59,000 for the three months ended 30 June 2007.

In the quarter ended 31 December 2006 the Managing Director was awarded a bonus for \$110,000.

The Company is now served by a Board of Non-Independent and Independent Directors, to which the Managing Director and Chief Financial Officer report.

- Andrew Haythorpe – Managing Director
- Julian Tambyrajah – Chief Financial Officer & Company Secretary
- Roland Hill – Non Executive Chairman
- Robert S Angus – Non Executive Director
- Dave Keough – Non Executive Director
- Geoff Stanley – Non Executive Director
- Renatto G Barbieri – Non Executive (Nominee) Director
- Martin Belvisi – Non Executive (Nominee) Director
- Jose Garcia Esteban – Non Executive (Nominee) Director
- Franco Cavallini – Non Executive (Nominee) Director

SUMMARY OF RESULTS

The table below sets out the annual and interim financial results for the past three years

	2007	2006	2006	2005	2005
	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
Revenue	8,066	365	453	144	211
Net Loss	(2,094)	(10,405)	(4,315)	(1,367)	(2,820)
Assets	198,378	56,763	33,656	30,013	15,529
Liabilities	42,454	34,157	11,597	10,682	5,072
Equity	155,924	22,606	22,059	19,331	10,457
Net Loss per Share (cents)	(0.83)	(4.50)	(2.54)	(0.003)	(2.49)

The Company did not report quarterly financial statements in prior periods as was not required pursuant to Australian reporting requirements.

The majority of exploration costs were incurred in the last twelve months as the Company prepares for and nears commissioned production. Other income includes interest from cash assets and receipts from product sales and related debtors.

LIQUIDITY & CAPITAL RESOURCES

The Company's cash on hand and funds on deposit for the quarter ended 30 June 2007 was \$121,257,000, an increase compared to \$11,720,000 for the three months ended 31 March 2007. The increase in cash is attributed to the Deutsche Bank AG placement of \$122.25m completed on 18 June 2007.

The Company's principal source of cash during the three months ended 30 June 2007 was from the exercise of options, close out of put options and deliveries into forward contracts and finally on 18 June 2007 from the Deutsche Bank placement. In the three months ended 30 June 2007 the Company received other income of \$321,000 from interest compared to \$145,000 for the same period last year due primarily to the higher volume of funds on deposit.

The Company commenced mining operations on the 20 March 2007. Gold sales reported for the three months ended 30 June 2007 total \$3,870,000 with an additional \$373,000 profit made from close out of put options.

During the year the Company used net cash of \$10,219,000 for exploration and development activities with spending focusing on its Laverton Gold Project as the Company commenced production on the refurbished plant whilst completing the expansion simultaneously.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

On 18 October 2006, the Company announced the completion of a \$25 million Project Loan Facility to fund the development of its Laverton gold project.

The \$25 million project finance comprises \$20 million gold loan (25,478 ounces borrowed at \$785/oz) and \$5 million cash loan.

Proceeds of the loan were used, in the first instance, to provide insurance against market risks for the project, namely gold price (revenue risk) and oil price (cost risk).

The floor price (puts) was raised to \$850/oz on 90,000 oz, protecting \$76.5m of revenue (previously \$750/oz on 100,000 oz for \$75m) at a cost of \$4m.

Pursuant to the financing arrangement with Investec the Company sold forward 100,000 oz at \$860/oz, protecting a further \$86m of revenue.

An oil price cap at US\$71.55 per barrel was purchased for US\$635,000. This protects the operating costs of the Project (approximately 20%) from an oil price spike over the next 2 years.

The Company has 182,650 oz of production protected (approximately \$156m in revenue) out of total reserves of 400,000 oz. The delivery commitment is 100,000 oz, less than 30% of total reserves. All other production can be sold at spot prices or delivered against Put Options at \$850/oz.

After delivery of gold produced against hedges and the sale or closing of surplus hedges the Company's hedge position as at 30 June 2007 is as follows:

Sold Gold Forwards 95,500 oz @ \$860 from July 07 to October 09
Bought Put Options 70,750 oz @ \$850 from July 07 to October 09
Bought Diesel Fuel Caps 81,504 bbl @ US\$71.55 from July 07 to December 08

The Company has the following major contracts in place to refurbish, expand and operate the Laverton Gold Project:

- Construction and refurbishment agreement- BEMEX Corporation Pty Ltd
- Camp Construction - AUSCO Building Systems
- Contract mining, drill and blast and road haulage – MINEPOWER
- Processing Operating Agreement- BEMEX Corporation Pty Ltd (90 days Notice of Termination given on 25 July 2007)
- Catering and Camp - Topic Caterers

OFF-BALANCE SHEET ARRANGEMENTS

The Company's Sold Gold Forwards of 95,500 oz @ \$860 was deemed a physical gold contract and as such did not meet the requirements for disclosure on balance sheet as a derivative.

OUTSTANDING SHARE DATA

At the beginning of the quarter (1 April 2007) the Company had 259,180,712 shares outstanding.

On 02 April 2007 the Company announced that it had issued 3,000,000 Incentive Options and 1,200,000 Employee Options. Of the Incentive Options, 2,000,000 can be exercised at \$0.40 and 1,000,000 can be exercised at \$0.35. All Incentive Options must be exercised on or before 30 May 2007. The Employee Options, totaling 1,200,000, can be exercised on or before 30 November 2008 at the exercise price of \$0.40.

On 5 June 2007 the Company announced the expiration of 3,000,000 Incentive Options.

On 8 June 2007 Crescent shareholders supported a placement for \$122.25M cash with Deutsche Bank AG allowing Deutsche Bank to obtain a 55.38% voting interest in the Company on an undiluted basis.

On 18 June 2007 the Company announced the fulfillment of conditions precedent to the Subscription Agreement with Deutsche Bank AG and as a result an additional 321,710,526 shares were issued at a price of \$0.38. The placement expanded Crescent's ordinary shares on offer to 580.9 million.

On 20 June 2007 the Company announced that 1,000,000 options were exercised at an exercise price of \$0.30 for 1,000,000 fully paid ordinary shares.

On 9 July 2007 the Company issued 87,551 ordinary shares to convertible notes holders as interest paid in shares.

As of the date of this report the Company had 581,978,789 shares outstanding.

FORWARD LOOKING STATEMENT

This discussion and analysis contains certain forward-looking statements. These include statements about our expectations, beliefs, intentions or strategies for the future, and are indicated by words such as "budget", "anticipate", "intent", "believe", "estimate", "forecast", "expect", and similar words. While all forward-looking statements reflect our current views with respect to future events, they are subject to certain risks and uncertainties. Actual results may differ materially from those projected in these statements for a number of factors, including those which are described in the Corporation's periodic filings with securities regulatory authorities. We base our forward-looking statements on information currently available to us and we do not assume any obligation to update or revise them, except in accordance with applicable securities laws, readers should not place undue reliance on forward-looking statements.

The Board of Directors
Crescent Gold Limited
Level 5, 89 St Georges Terrace
Perth WA 6000

27 September 2007

Dear Board Members

Crescent Gold Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Crescent Gold Limited.


As lead audit partner for the audit of the financial statements of Crescent Gold Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants

Independent Auditor's Report to the members of Crescent Gold Limited

We have audited the accompanying financial report of Crescent Gold Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 as set out on pages 35 to 74.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

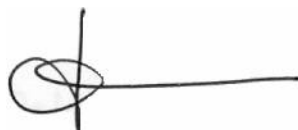
Auditor's Opinion

In our opinion:

- (a) the financial report of Crescent Gold Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 3.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles

Partner

Chartered Accountants

Perth, 27 September 2007

Directors' declaration

The directors declare that:

- (a) 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;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the Consolidated Entity; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors



A J Haythorpe
Director

Perth, 27 September 2007

Income statement for the financial year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Other income	6	8,066	453	8,064	452
Purchase of gold on market	8(b)	(6,291)	-	(6,375)	-
Depreciation and amortisation expense	8(b)	(372)	(252)	(372)	(244)
Exploration expenditure written off		(328)	(1,361)	(328)	(1,316)
Share-based payments		(1,480)	(257)	(1,480)	(257)
Finance costs	7	(1,213)	(674)	(1,210)	(674)
Insurance expense		(117)	(73)	(117)	(73)
Change in fair value of financial assets and liabilities held at fair value through profit or loss	8(a)	(3,527)	-	(3,527)	-
Foreign exchange losses	8(a)	(10)	(1)	-	-
Impairment of non-current assets		-	-	(343)	-
Consultancy expense		(607)	(806)	(600)	(800)
Legal and accounting expense		(598)	(298)	(597)	(279)
Rental expense		(111)	(77)	(104)	(71)
Employee benefits expense		(534)	(141)	(495)	(126)
Directors fees		(328)	-	(301)	-
Investor relations		(292)	(208)	(292)	(208)
Travel expense		(100)	(148)	(96)	(142)
Other expenses		(927)	(472)	(797)	(479)
Loss before tax		(8,769)	(4,315)	(8,970)	(4,217)
Income tax benefit		6,675	-	6,806	-
Loss for the year		(2,094)	(4,315)	(2,164)	(4,217)
Attributable to:					
Equity holders of the parent		(2,061)	(4,289)	(2,164)	(4,217)
Minority interest		(33)	(26)	-	-
		(2,094)	(4,315)	(2,164)	(4,217)
Loss per share					
Basic (cents per share)	24	(0.83)	(2.54)		
Diluted (cents per share)	24	(0.83)	(2.54)		

Notes to the financial statements are included on pages 40 to 74.

**Balance sheet
as at 30 June 2007**

	Note	Consolidated		Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets					
Cash and cash equivalents	31	121,257	6,761	121,103	6,704
Trade and other receivables	10	1,108	309	1,106	305
Other financial assets	12	3,063	-	3,063	-
Inventories	11	6,456	-	6,456	-
Current tax assets	9	98	-	98	-
Other	15	267	-	266	-
		<u>132,249</u>	<u>7,070</u>	<u>132,092</u>	<u>7,009</u>
Non-current assets classified as held for sale	16	225	-	232	-
Total current assets		<u>132,474</u>	<u>7,070</u>	<u>132,324</u>	<u>7,009</u>
Non-current assets					
Trade and other receivables	10	48	2,136	48	2,136
Other financial assets	12	1,389	6,094	2,244	6,395
Property, plant and equipment	13	24,250	411	24,250	411
Deferred tax assets	9	6,647	-	6,846	-
Exploration and evaluation	14	25,388	17,945	24,533	17,736
Other	15	8,182	-	8,182	-
		<u>65,904</u>	<u>26,586</u>	<u>66,103</u>	<u>26,678</u>
Total non-current assets		<u>65,904</u>	<u>26,586</u>	<u>66,103</u>	<u>26,678</u>
Total assets		<u>198,378</u>	<u>33,656</u>	<u>198,427</u>	<u>33,687</u>
Current liabilities					
Trade and other payables	18	8,978	550	8,949	547
Borrowings	19	9,087	830	9,087	830
Provisions	20	153	44	153	44
Other		-	4,011	-	4,011
		<u>18,218</u>	<u>5,435</u>	<u>18,189</u>	<u>5,432</u>
Total current liabilities		<u>18,218</u>	<u>5,435</u>	<u>18,189</u>	<u>5,432</u>
Non-current liabilities					
Borrowings	19	20,204	3,750	20,204	3,750
Provisions	20	4,032	2,344	4,032	2,344
Deferred tax liabilities	9	-	68	-	-
		<u>24,236</u>	<u>6,162</u>	<u>24,236</u>	<u>6,094</u>
Total non-current liabilities		<u>24,236</u>	<u>6,162</u>	<u>24,236</u>	<u>6,094</u>
Total liabilities		<u>42,454</u>	<u>11,597</u>	<u>42,425</u>	<u>11,526</u>
Net assets		<u>155,924</u>	<u>22,059</u>	<u>156,002</u>	<u>22,161</u>
Equity					
Issued capital	21	182,276	48,289	182,276	48,289
Reserves	22	2,413	441	2,463	445
Accumulated losses	23	(28,706)	(26,645)	(28,737)	(26,573)
Equity attributable to equity holders of the parent		155,983	22,085	156,002	22,161
Minority interest		(59)	(26)	-	-
Total equity		<u>155,924</u>	<u>22,059</u>	<u>156,002</u>	<u>22,161</u>

Notes to the financial statements are included on pages 40 to 74.

**Statement of recognised income and expense
for the financial year ended 30 June 2007**

	<u>Note</u>	<u>Consolidated</u>		<u>Company</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Exchange differences arising on translation of foreign operations		(46)	(4)	-	-
Net loss recognised directly in equity		(46)	(4)	-	-
Loss for the period		(2,094)	(4,319)	(2,164)	(4,217)
Total recognised income and expense for the period		(2,140)	(4,319)	(2,164)	(4,217)
Attributable to:					
Equity holders of the parent		(2,107)	(4,293)	(2,164)	(4,217)
Minority interests		(33)	(26)	-	-
		(2,140)	(4,319)	(2,164)	(4,217)

Notes to the financial statements are included on pages 40 to 74.

**Cash flow statement
for the financial year ended 30 June 2007**

	Note	Consolidated		Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Sale of gold		3,870	1	3,870	1
Other income		73	-	72	-
Payments to suppliers and employees		(16,467)	(2,149)	(16,375)	(2,100)
Interest and other costs of finance paid		(913)	(376)	(916)	(376)
Net cash used in operating activities		(13,437)	(2,524)	(13,349)	(2,475)
Cash flows from investing activities					
Interest received		925	408	923	408
Payments for exploration activities		(5,629)	(4,911)	(4,748)	(4,922)
Payments for acquisition of tenements		-	(250)	-	(250)
Payments for property, plant and equipment		(17,847)	(114)	(17,840)	(106)
Payments for development activities		(4,590)	-	(4,587)	-
Cash acquired/(payment) for business		-	29	-	(45)
Deposits paid		-	(2,095)	-	(2,095)
Purchases of gold at spot for delivery into options		(6,291)	-	(6,291)	-
Proceeds from investment securities		2,079	-	2,079	-
Payments to acquire put option contracts		(7,104)	-	(7,104)	-
Proceeds from sale of put option contracts		9,361	-	9,361	-
Net cash used in investing activities		(29,096)	(6,933)	(28,207)	(7,010)
Cash flows from financing activities					
Proceeds from issues of equity securities		133,250	12,580	133,250	12,550
Share issue costs		(133)	-	(133)	-
Proceeds from borrowings		29,347	1,500	29,347	1,500
Repayments of borrowings		(7,761)	-	(7,761)	-
Proceeds from release of bonds		2,344	-	2,344	-
Payment of finance lease liabilities		(18)	-	(18)	-
Advances to subsidiaries		-	-	(1,074)	-
Net cash used in financing activities		157,029	14,080	155,955	14,050
Net increase in cash and cash equivalents		114,496	4,623	114,399	4,565
Cash and cash equivalents at the beginning of the financial year					
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(1)	-	-
Cash and cash equivalents at the end of the financial year	31(a)	121,257	6,761	121,103	6,704

Notes to the financial statements are included on pages 40 to 74.

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1. General information

Crescent Gold Limited (the Company) is a listed public company, incorporated in Australia and operating in Australia and China.

Crescent Gold Limited's registered office and its principal place of business are as follows:

Registered office and principal place of business

Level 5
89 St George's Terrace
Perth WA 6000

2. Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Consolidated Entity's and the Company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 7 'Financial Instruments: Disclosures and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
AASB 101 'Presentation of Financial Statements' – revised standard	1 January 2007	30 June 2008
AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	30 June 2008
AASB 8 'Operating Segments'	1 January 2009	30 June 2010

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the Consolidated Entity and the Company:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006	30 June 2008
AASB Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	1 March 2007	30 June 2008
AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	30 June 2008
AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009
AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	1 July 2007	30 June 2008
AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
AASB Interpretation 14 'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009
AASB 123 'Borrowing Costs' – revised Standard	1 January 2009	30 June 2010
AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010

AASB Interpretation 10

AASB 134 'Interim Financial Reporting' requires an entity to apply the same accounting policies in its interim financial report as are applied in its annual financial report. It also states that measurements for interim reporting purposes are made on a year-to-date basis so that the frequency of reporting does not affect an entity's annual reports. AASB Interpretation 10 clarifies that an entity cannot reverse an impairment loss recognised in a previous interim period in relation to goodwill or either an investment in an equity instrument or in a financial asset carried at cost.

2. Adoption of new and revised Accounting Standards (cont'd)

This approach is consistent with impairment reversal prohibitions in AASB 136 'Impairment of Assets' and AASB 139 'Financial Instruments: Recognition and Measurement'.

AASB Interpretation 10 is required to be applied prospectively from the date at which the entity first applied AASB 136 (ie. 1 July 2004) and AASB 139 (ie. 1 July 2005), for goodwill and investments in either equity instruments or financial assets carried at cost, respectively.

AASB Interpretation 11 and AASB 2007-1

AASB Interpretation 11 clarifies the application of AASB 2 'Share-based Payment' to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent. AASB 2007-1 amends AASB 2 to insert transitional provisions of IFRS 2 'Share-based Payment' that had previously been set out in AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'.

AASB Interpretation 11 and AASB 2007-1 are required to be applied retrospectively.

AASB Interpretation 12 and AASB 2007-2

AASB Interpretation 12 provides guidance on the accounting by operators for public-to-private service concession arrangements. In doing so, it prescribes the following:

- infrastructure that falls within the scope of AASB Interpretation 12 shall not be recognised as property, plant and equipment of the operator because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator
- depending on the terms of the arrangement, the operator will recognise:
 - a financial asset (where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement); or
 - an intangible asset (where the operator's future cash flows are not specified – e.g. where they will vary according to usage of the infrastructure asset); or
 - both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

AASB 2007-2 makes amendments to a number of Standards arising from AASB Interpretation 12. AASB 2007-2 also amends references to "UIG Interpretations" to "Interpretations".

On adopting AASB Interpretation 12, an entity is required to restate its financial position as though it had always accounted for its service concession arrangements using the method prescribed by the Interpretation.

AASB 2007-4

AASB 2007-4 makes amendments to a number of Australian Accounting Standards to introduce various accounting policy options, delete various disclosures presently required and make a number of editorial amendments.

Whilst a large number of Accounting Standards are amended by AASB 2007-4, key accounting policy options introduced by AASB 2007-4 relate to:

- the measurement and presentation of government grants;
- the accounting for jointly controlled entities using the proportionate consolidation method; and
- the presentation of the cash flow statement.

The consolidated entity does not intend to change any of its current accounting policies on adoption of AASB 2007-4; accordingly, there will be no financial impact to the financial report. However, in the [consolidated entity's/company's] financial report for the financial year ending 30 June 2008, certain information may no longer be disclosed, or may be disclosed in an alternative manner, due to amendments made by AASB 2007-4 to the disclosure requirements of various Accounting Standards.

AASB Interpretation 13

AASB Interpretation 13 addresses the accounting by entities that provide their customers with incentives to buy goods or services by providing awards (i.e. award credits) as part of a sales transaction. AASB Interpretation 13 requires the entity that grants the awards to account for the sales transaction that gives rise to the award credits as a 'multiple element revenue transaction' and allocate the fair value of the consideration received or receivable between the award credits granted and the other components of the revenue transaction.

AASB Interpretation 13 is required to be applied retrospectively.

AASB Interpretation 14

AASB Interpretation 14 addresses three issues for entities that (a) have a defined benefit superannuation plan; and (b) have a defined benefit plan asset:

- if an entity has refunds or reductions in future contributions, when they should be regarded as 'available' in the context of its defined benefit plan assets (paragraph 58 of AASB 119 'Employee Benefits');
- how existing minimum funding requirements might affect the availability of the above reductions; and
- when a minimum funding requirement might give rise to a liability.

AASB Interpretation 14 is required to be applied retrospectively.

AASB 123 (revised) and AASB 2007-6

AASB 123 (July 2004) permits an entity to either expense or capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Under AASB 123 (revised), entities are no longer permitted to choose between alternate treatments and must capitalise borrowing costs relating to qualifying assets. AASB 2007-6 makes amendments to various Accounting Standards arising from the issue of AASB 123 (revised).

AASB 123 (revised) is generally to be applied prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Accordingly, no restatements will be required in respect of transactions prior to the date of adoption.

3. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 25 September 2007.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Significant accounting policies (cont'd)

(c) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(e) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 32 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 32 contains details of the fair values of the derivative instruments used for hedging purposes.

3. Significant accounting policies (cont'd)

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve; the gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss when the foreign operation is disposed.

Accounting treatment for the year ended 30 June 2007

Currently the Group does not meet the criteria for hedge accounting specified by AASB 139 'Financial Instruments: Recognition and Measurement'. Accordingly, revaluation gains and losses on the Group's hedging instruments for the year ended 30 June 2007 have been taken to profit or loss. The Group is in the process of implementing its Group Hedging Policy framework and prospectively will seek to achieve hedge accounting on its derivative financial instruments.

(f) **Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(g) **Financial assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. Significant accounting policies (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- (i) has been acquired principally for the purpose of selling in the near future;
- (ii) is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 32.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(h) **Financial instruments issued by the Company**

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

3. Significant accounting policies (cont'd)

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described in note 3(s).

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 32.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(i) **Foreign currency**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Crescent Gold Limited, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings (refer note 3(j));
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 3(e)); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations (including comparatives) are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

3. Significant accounting policies (cont'd)

(j) Exploration and evaluation expenditure and development expenditure

Exploration and evaluation expenditure is accumulated separately for each area of interest. Such expenditure comprises net direct costs, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Expenditure in respect of any area of interest or mineral resource is carried forward provided that the Company's rights of tenure to that area of interest are current; and

- (i) Such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- (ii) Exploration and/or evaluation activities in the areas of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area is continuing.

Identifiable exploration assets acquired from another mining company are recognised as assets at their cost of acquisition. Exploration assets acquired are carried forward provided that rights of tenure are current and either of point (i) and (ii) set out above are met. Exploration and evaluation expenditure incurred subsequent to acquisition in respect to an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the Company.

Acquired exploration assets are not written down below acquisition costs until such time as the acquisition cost is not expected to be recovered. Exploration expenditure which no longer satisfies the above policy is written off. Evaluation expenditure for each area of interest or mineral resource is carried forward, but only to the extent its recoupment out of revenue to be derived from the relevant area of interest or mineral resource, or from sale of that area of interest, is reasonable assured. When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

(k) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

3. Significant accounting policies (cont'd)

(l) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(n) Joint venture arrangements

Jointly controlled assets

Interests in jointly controlled assets in which the Group is a venturer (and so has joint control) are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Group's share of expenses incurred by or in respect of each joint venture. The Group also recognises income from the sale or use of output from the joint venture in accordance with the revenue policy in note 3(s).

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

Jointly controlled operations

Where the Group is a venturer (and so has joint control) in a jointly controlled operation, the Group recognises the assets that it controls and the liabilities that it incurs, along with the expenses that it incurs and the Group's share of the income that it earns from the sale of goods or services by the joint venture.

Jointly controlled entities

Interests in jointly controlled entities in which the Group is a venturer (and so has joint control) are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

Investments in jointly controlled entities where the Group is an investor but does not have joint control over that entity are accounted for as an available-for-sale financial asset or, if the Group has significant influence, by using the equity method.

3. Significant accounting policies (cont'd)

(o) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured, with certain exceptions, at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset (or disposal group) must be expected to be completed within one year from the date of classification, except in the circumstances where sale is delayed by events or circumstances outside the Group's control and the Group remains committed to a sale.

(q) Property, plant and equipment

All of the Group's fixed assets are measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Furniture and equipment	3 to 5 years
Computer equipment	3 to 4 years
Plant	5 years
Equipment under finance lease	5 years

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for rehabilitation costs

Estimated rehabilitation expenditure is recognised as a provision and asset when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting policies (cont'd)

If the effect of the time value of money is material, the amounts are determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(s) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at reporting date;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(t) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model is adjusted if relevant, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 33.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(u) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Treatment of pre-production revenues and expenditures

The Company is currently capitalising pre-production costs and revenues until production has reached a commercial level. Upon attainment of set criteria in relation to throughput, mill recovery and completion of the leach tanks, all future costs and revenues from production will be accounted for through the income statement. The balance resulting from the pre-production phase will then be amortised on a units of production basis.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Provision for rehabilitation costs

Upon cessation of production and exploration activities, the Group will have a statutory requirement to restore disturbed sites through earthmoving, capping and bunding, and reseeded work. The Group has made an estimation of the costing rates and disturbed hectares to calculate a rehabilitation provision as at 30 June 2007. In addition, the discount rate and risk rate used in the calculation are subject to estimation.

Deferred tax assets in relation to tax losses

The Group has booked deferred tax assets at 30 June 2007 in relation to its carried forward tax losses (refer note 9). The recoverability of these assets is dependent upon the realisation of sufficient taxable income to allow these losses to be offset and upon the same business and continuity of ownership tests being satisfied. Whilst it is considered probable in relation to the Company and Group that the related deferred tax assets will be realised, this is subject to future uncertainty.

Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a large range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operation, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change;
- Overburden removal costs recorded on the balance sheet or charged in the income statement may change due to changes in stripping ratios or the units of production basis of depreciation; and
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities..

5. Business and geographical segments

Information on geographical segments

The Group operates in two principal geographical areas – Australia and China. The composition of each geographical segment is as follows:

Australia the Group is a gold producer and mineral explorer
China the Group is a gold explorer

Segment revenues

	External sales		Inter-segment (i)		Other		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Australia ⁽ⁱ⁾	7,070	-	-	-	17	-	7,087	-
China	-	-	-	-	-	-	-	1
Total of all segments							7,087	1
Eliminations							-	-
Unallocated ⁽ⁱ⁾							979	452
							8,066	453

(i) Segment revenue excludes interest revenue and amounts received on close out of put options.

Segment result

	2007 \$'000	2006 \$'000
Australia	(8,598)	(4,289)
China	(117)	(21)
	(8,715)	(4,310)
Unallocated	(54)	(5)
Loss for the year before income tax benefit	(8,769)	(4,315)
Income tax benefit	6,675	-
Loss for the year after tax	(2,074)	(4,315)

Segment assets and liabilities

	Assets		Liabilities	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Australia	199,476	33,598	43,550	11,594
China	155	58	360	3
Total of all segments	199,631	33,656	43,910	11,597
Eliminations	(1,253)	-	(1,456)	-
Consolidated	198,378	33,656	42,454	11,597

Other segment information

	Australia		China	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Depreciation of segment assets	372	245	-	7
Share based payments	1,480	257	-	-
Change in fair value of financial assets and liabilities held at fair value through profit or loss	3,527	-	-	-

Information on business segments

The Group operates in one business segment – namely mining production and exploration for mineral resources. Therefore, no business segment information is presented.

6. Other Income

An analysis of the Group's revenue for the year is as follows:

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue received from closeout of put options (i)	7,070	-	7,070	-
Interest revenue:				
Bank deposits	979	452	977	452
	8,049	452	8,047	452
Other	17	1	17	-
	8,066	453	8,064	452

(i) The Company has purchased \$6,291,347 of gold on the spot market to deliver into existing Company put option contracts. A total profit of \$778,556 has been realised from these transactions.

7. Finance costs

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Interest and related fees on project facility	652	-	652	-
Interest on obligations under finance leases	26	-	26	-
Interest on convertible notes	161	-	161	-
Other interest expense	86	299	86	299
Total interest expense	925	299	925	299
Unwinding of discount on loans	265	367	265	367
Other costs of finance	23	8	20	8
	1,213	674	1,210	674

The weighted average capitalisation rate on funds borrowed generally is 5.36%p.a. (2006: 7.98%p.a.).

8. Loss for the year

(a) Gains and losses

Loss for the year has been arrived at after crediting/(charging) the following gains and losses:

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Net foreign exchange losses	10	1	-	-
Change in fair value of financial assets held at fair value through profit or loss:				
Mark to market loss on put options	3,880	-	3,880	-
Mark to market loss on diesel fuel caps	233	-	233	-
Mark to market gain on gold loan	(586)	-	(586)	-

(b) Other expenses

Loss for the year includes the following expenses:

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Purchase of gold at spot for delivery into puts	6,291	-	6,291	-
Impairment of non-current assets	-	-	343	-
Depreciation of non-current assets	372	252	372	244
Post employment benefits:				
Defined contribution plans	37	13	37	13
Share-based payments:				
Equity-settled share-based payments	1,480	257	1,480	257

9. Income taxes

Income tax recognised in profit or loss

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Tax expense/(income) comprises:				
Current tax income	(5,575)	(3,662)	(5,377)	(3,628)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	3,326	7,405	3,069	7,341
Benefit of subsidiary tax losses not booked	72	-	-	-
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce:				
- current tax expense	-	-	-	-
- deferred tax expense	(4,498)	(3,743)	(4,498)	(3,713)
Total tax expense/(income)	(6,675)	-	(6,806)	-

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

Loss from operations:	(8,769)	(4,315)	(8,971)	(4,217)
Income tax benefit calculated at 30%	(2,630)	(1,295)	(2,691)	(1,265)
Effect of expenses that are not deductible in determining taxable profit:				
Employee options	444	16	444	-
Effect of other non-deductible items	5	(2,463)	7	(2,464)
Effect of subsidiary tax losses not booked	72	-	-	-
Previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	(4,498)	3,742	(4,498)	3,713
	(6,607)	-	(6,738)	-
Adjustments recognised in the current year in relation to the current tax of prior years	(68)	-	(68)	-
	(6,675)	-	(6,806)	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Income tax recognised directly in equity

The following current and deferred amounts were charged/(credited) directly to equity during the period:

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<u>Current tax</u>				
Share-issue expenses	40	-	40	-

Current tax assets

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<u>Current tax</u>				
Withholding tax recoverable	98	-	98	-

Unrecognised deferred tax assets

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
The following deferred tax assets have not been brought to account as assets:				
Tax losses – foreign losses	72	-	-	-

9. Income taxes (cont'd)

Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:

2007	Consolidated				
	Opening balance \$'000	Previously unrecognised deferred tax assets \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
Temporary differences					
Receivables	-	(13)	13	-	-
Other	(68)	4	-	-	(64)
Exploration and evaluation	-	(4,625)	(1,857)	-	(6,482)
Plant and equipment	-	-	(190)	-	(190)
Capitalised pre-production	-	-	(854)	-	(854)
Rehabilitation asset	-	-	(506)	-	(506)
Deferred waste	-	-	(1,600)	-	(1,600)
Fair value through profit or loss financial assets and liabilities	-	-	1,058	-	1,058
Inventories	-	-	(116)	-	(116)
Provisions and accruals	-	724	645	-	1,369
Other financial liabilities	-	(41)	41	-	-
Borrowing costs	-	11	(2)	-	9
Unclaimed share issue and buy-back costs	-	171	42	40	253
	(68)	(3,769)	(3,326)	40	(7,123)
Unused tax losses and credits:					
Tax losses	-	8,267	5,503	-	13,770
	(68)	4,498	2,177	40	6,647

Presented in the balance sheet as follows:

Deferred tax asset 6,647

2007	Company				
	Opening balance \$'000	Previously unrecognised deferred tax assets \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
Temporary differences					
Receivables	-	(13)	13	-	-
Other	-	4	-	-	4
Exploration and evaluation	-	(4,625)	(1,600)	-	(6,225)
Plant and equipment	-	-	(190)	-	(190)
Capitalised pre-production	-	-	(854)	-	(854)
Rehabilitation asset	-	-	(506)	-	(506)
Deferred waste	-	-	(1,600)	-	(1,600)
Fair value through profit or loss financial assets and liabilities	-	-	1,058	-	1,058
Inventories	-	-	(116)	-	(116)
Provisions and accruals	-	724	645	-	1,369
Other financial liabilities	-	(41)	41	-	-
Borrowing costs	-	11	(2)	-	9
Unclaimed share issue and buy-back costs	-	171	42	40	254
	-	(3,769)	(3,069)	40	(6,798)
Unused tax losses and credits:					
Tax losses	-	8,267	5,377	-	13,644
	-	4,498	2,308	40	6,846

Presented in the balance sheet as follows:

Deferred tax asset 6,846

10. Trade and other receivables

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade receivables	28	74	28	74
Less: allowance for doubtful debts	(23)	-	(23)	-
	5	74	5	74
Goods and services tax recoverable	815	163	815	163
Funds on term deposit	-	2,095	-	2,095
Diesel fuel tax credit receivable	286	-	286	-
Interest receivable	-	44	-	44
Office premises bond ⁽ⁱ⁾	48	41	48	41
Other receivables	2	28	-	24
	1,156	2,445	1,154	2,441
Disclosed in the financial statements as:				
Current trade and other receivables	1,108	309	1,106	305
Non-current trade and other receivables	48	2,136	48	2,136
	1,156	2,445	1,154	2,441

(i) This deposit represents the bond for the office premises and is restricted over the term of the lease agreement.

11. Inventories

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Ore stockpiles – at net realisable value	3,628	-	3,628	-
Gold in circuit – at net realisable value	665	-	665	-
Gold held in metal accounts – at net realisable value	1,771	-	1,771	-
Store consumables – at cost	122	-	122	-
Diesel fuel – at cost	264	-	264	-
Reagents – at cost	6	-	6	-
	6,456	-	6,456	-

12. Other financial assets

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Fair value through profit or loss financial assets:				
<u>Current</u>				
Put option contracts	2,674	-	2,674	-
Diesel fuel caps	389	-	389	-
	3,063	-	3,063	-
<u>Non-current</u>				
Put option contracts	1,167	3,750	1,167	3,750
Diesel fuel caps	222	-	222	-
	1,389	3,750	1,389	3,750
Available-for-sale investments carried at fair value:				
<u>Non-current</u>				
Funds held on term deposit	-	2,344	-	2,344
Loans carried at amortised cost:				
<u>Non-current</u>				
Loans to subsidiaries	-	-	1,198	301
Impairment losses	-	-	(343)	-
	-	-	855	301
	4,452	6,094	5,307	6,395
Disclosed in the financial statements as:				
Current other financial assets	3,063	-	3,063	-
Non-current other financial assets	1,389	6,094	2,244	6,395

13. Property, plant and equipment

	Consolidated						
	Construction work in progress at cost \$'000	Freehold land and buildings at cost \$'000	Furniture and equipment at cost \$'000	Computer equipment at cost \$'000	Plant at cost \$'000	Equipment under finance lease at cost \$'000	Total \$'000
Gross carrying amount							
Balance at 1 July 2005	-	26	32	131	939	-	1,128
Additions	-	-	72	33	-	-	105
Acquisitions through a business combination	-	-	3	5	-	-	8
Balance at 1 July 2006	-	26	107	169	939	-	1,241
Additions	23,365	-	35	252	12	547	24,211
Balance at 30 June 2007	23,365	26	142	421	951	547	25,452
Accumulated depreciation							
Balance at 1 July 2005	-	-	(23)	(48)	(507)	-	(578)
Depreciation expense	-	-	(11)	(54)	(187)	-	(252)
Balance at 1 July 2006	-	-	(34)	(102)	(694)	-	(830)
Depreciation expense	-	-	(22)	(84)	(188)	(78)	(372)
Balance at 30 June 2007	-	-	(56)	(186)	(882)	(78)	(1,202)
Net book value							
As at 30 June 2006	-	26	73	67	245	-	411
As at 30 June 2007	23,365	26	86	235	69	469	24,250

	Company						
	Construction work in progress at cost \$'000	Freehold land and buildings at cost \$'000	Furniture and equipment at cost \$'000	Computer equipment at cost \$'000	Plant at cost \$'000	Equipment under finance lease at cost \$'000	Total \$'000
Gross carrying amount							
Balance at 1 July 2005	-	26	32	131	939	-	1,128
Additions	-	-	72	33	-	-	105
Balance at 1 July 2006	-	26	104	164	939	-	1,233
Additions	23,365	-	35	252	12	547	24,211
Balance at 30 June 2007	23,365	26	139	416	951	547	25,444
Accumulated depreciation							
Balance at 1 July 2005	-	-	(23)	(48)	(507)	-	(578)
Depreciation expense	-	-	(8)	(49)	(187)	-	(244)
Balance at 1 July 2006	-	-	(31)	(97)	(694)	-	(822)
Depreciation expense	-	-	(22)	(84)	(188)	(78)	(372)
Balance at 30 June 2007	-	-	(53)	(181)	(882)	(78)	(1,194)
Net book value							
As at 30 June 2006	-	26	73	67	245	-	411
As at 30 June 2007	23,365	26	86	235	69	469	24,250

The following useful lives are used in the calculation of depreciation:

Furniture and equipment	3 – 5 years
Computer equipment	3 – 4 years
Plant	5 years
Equipment under finance lease	5 years

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Furniture and equipment	22	11	22	8
Computer equipment	84	54	84	49
Plant	188	187	188	187
Equipment under finance lease	78	-	78	-
	372	252	372	244

14. Exploration expenditure

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at the beginning of the financial year	17,945	10,193	17,736	10,193
Additions	6,308	9,113	5,437	8,859
Increase in rehabilitation asset	1,688	-	1,688	-
Expenditure written off	(328)	(1,361)	(328)	(1,316)
	25,613	17,945	24,533	17,736
Less: classified as held for sale	(225)	-	-	-
Balance at the end of the financial year	25,388	-	-	-

Management believe that the recovery of these amounts will satisfactorily be made through the successful exploitation and/or sale of the relevant areas of interest. In determining the recoverability of exploration expenditure \$328,196 of exploration expenditure has been written off.

15. Other assets

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<u>Current</u>				
Prepayments	267	-	266	-
<u>Non-current</u>				
Preproduction costs capitalised (refer note 4)	2,848	-	2,848	-
Deferred waste costs	5,334	-	5,334	-
	8,182	-	8,182	-

16. Non-current assets classified as held for sale

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Investment in RAB Projects Pty Ltd	-	-	232	-
Exploration expenditure	225	-	-	-
	225	-	232	-

The Company intends to dispose of its investment in RAB Projects Pty Ltd within the next twelve months.

17. Assets pledged as security

In accordance with the security arrangements of liabilities, as disclosed in note 19 to the financial statements, all non-current assets of the Group except deferred tax assets have been pledged as security.

18. Trade and other payables

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade payables (i)	6,007	550	6,007	547
Accruals	2,971	-	2,942	-
	8,978	550	8,949	547

(i) Trading terms average 30 days and there is no interest payable on trade payables.

19. Borrowings

	Consolidated		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Unsecured – at amortised cost				
<u>Current</u>				
Convertible notes (i)	-	830	-	830
Premium funding	57	-	57	-
<u>Non-current</u>				
Convertible notes (ii)	4,771	-	4,771	-
Secured – at amortised cost				
<u>Current</u>				
Put option financing loan (iii)	1,773	-	1,773	-
Gold ounce denominated project loan (iv)	7,135	-	7,135	-
Finance lease liabilities (v)	122	-	122	-
<u>Non-current</u>				
Put option financing loan (iii)	2,991	3,750	2,991	3,750
Gold ounce denominated project loan (iv)	12,093	-	12,093	-
Finance lease liabilities (v)	349	-	349	-
	29,291	4,580	29,291	4,580
Disclosed in the financial statements as:				
Current borrowings	9,087	830	9,087	830
Non-current borrowings	20,204	3,750	20,204	3,750
	29,291	4,580	29,291	4,580

- (i) 9 % convertible notes were converted to equity at 20 cents each in three tranches during the year. Refer to note 21.
- (ii) 12,500,000 9% convertible notes were issued on 1 March 2007 at an issue price of \$0.40 per note. Each note entitles the holder to convert to one ordinary share at a cost of \$0.40 per ordinary share. Conversion may occur any time between the issue date and 31 March 2010 at the discretion of the noteholder. Unconverted notes mature on 31 March 2010. The convertible notes do not have any equity component.
- (iii) \$5m cash facility with fixed repayments secured by a fixed and floating charge over the Company's assets.
- (iv) Denominated in gold ounces with a principal of 25,478 ounces. The loan is secured by way of a fixed and floating charge over the Company's assets.
- (v) Secured by the assets leased. The borrowings are a fixed interest rate debt with repayment periods not exceeding 3 years. The current weighted average effective interest rate on the bank loans is 4.6%p.a. (2006: n/a)

20. Provisions

	Consolidated		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Employee benefits (i)	153	44	153	44
<u>Non-current</u>				
Provision for rehabilitation (ii)	4,032	2,344	4,032	2,344
	4,185	2,388	4,185	2,388

	Consolidated		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Rehabilitation provision				
Balance at beginning of year	2,344	2,344	2,344	2,344
Additional provisions recognised	1,688	-	1,688	-
Unwinding of discount and effect of changes in the discount rate	-	-	-	-
Balance at end of the year	4,032	2,344	4,032	2,344

- (i) The current provision for employee benefits is composed solely of annual leave benefits. There is no material long service leave liability as at the date of this report.
- (ii) For a description of this provision refer to note 3(r).

21. Issued capital

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
581,891,238 fully paid ordinary shares (2006: 218,030,712)	182,276	48,289	182,276	48,289

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2007		2006	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares				
Balance at beginning of financial year	218,031	48,289	135,617	33,193
Conversion of convertible notes	4,150	830	15,850	2,670
Placements of shares	25,000	8,750	2,075	288
Issue of shares upon option exercises	13,000	2,250	64,489	13,136
Issue of shares to Gulara Pty Ltd	321,710	122,250	-	-
Less: costs of equity raising	-	(133)	-	(998)
Related income tax	-	40	-	-
Balance at end of financial year	581,891	182,276	218,031	48,289

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options granted under the employee share option plan

In accordance with the provisions of the employee share option plan, as at 30 June 2007, employees have options over 4,650,000 ordinary shares (of which all have vested), in aggregate, with 2,000,000 of those options expiring on 30 November 2007 and the remainder expiring on 30 November 2008. As at 30 June 2006, employees had options over 4,100,000 ordinary shares, in aggregate, expiring on 30 November 2007.

Share options granted under the employee share option plan carry no rights to dividends and no voting rights.

Other share options on issue

As at 30 June 2007, the Company has 29,750,000 share options on issue (2006: 22,750,000) in addition to those granted under the employee share option plan, exercisable on a 1:1 basis for 29,750,000 ordinary shares of the Company (2006: 22,750,000) at a weighted average exercise price of \$0.33 (2006: \$0.18). The options expire between 30 November 2007 and 27 September 2009 and carry no rights to dividends and no voting rights.

22. Reserves

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Share based payments reserve	2,463	445	2,463	445
Foreign currency translation reserve	(50)	(4)	-	-
	2,413	441	2,463	445

Share-based payment reserve

Balance at beginning of financial year	445	31	445	31
Options granted	2,024	422	2,024	422
Options exercised	-	(5)	-	(5)
Options expired	(6)	(3)	(6)	(3)
Balance at end of financial year	2,463	445	2,463	445

The share-based payments reserve arises on the grant of options to directors, executives and employees in addition to options granted to financiers and consultants.

Foreign currency translation reserve

Balance at beginning of financial year	(4)	-	-	-
Translation of foreign operations	(46)	(4)	-	-
Balance at end of financial year	(50)	(4)	-	-

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

23. Accumulated losses

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of financial year	(26,645)	(22,356)	(26,573)	(22,356)
Net loss attributable to members of the parent entity	(2,061)	(4,289)	(2,164)	(4,217)
Balance at end of financial year	(28,706)	(26,645)	(28,737)	(26,573)

24. Loss per share

	Consolidated	
	2007 Cents per share	2006 Cents per share
Basic loss per share		
Total basic loss per share	(0.83)	(2.54)
Diluted loss per share		
Total diluted loss per share	(0.83)	(2.54)

Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2007 \$'000	2006 \$'000
Loss used in the calculation of basic loss per share:	(2,094)	(4,315)
Weighted average number of ordinary shares for the purposes of basic loss per share	253,402	170,113

Diluted loss per share

At 30 June 2007 the Group has recorded a loss. Therefore, potential ordinary shares on issue (in relation to convertible notes and options on issue) are not dilutive and therefore no information on diluted loss per share is presented.

25. Commitments for expenditure

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Capital expenditure commitments				
<u>Group's share of jointly controlled operations' capital commitments</u>				
Not longer than 1 year	5,500	-	700	-
Longer than 1 year and not longer than 5 years	20,500	-	3,500	-
Longer than 5 years	23,000	-	4,000	-
	49,000	-	8,200	-
<u>Tenement expenditure commitments</u>				
Not longer than 1 year	1,835	1,666	1,835	1,666
	1,835	1,666	1,835	1,666

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 27 to the financial statements.

(c) Other expenditure commitments

<u>Operating lease commitments</u>				
Not longer than 1 year	2,347	84	2,347	84
Longer than 1 year and not longer than 5 years	41	101	41	101
	2,388	185	2,388	185

26. Contingent assets

The Company is currently in a dispute in relation to services provided by Bemex Corporation Pty Ltd ('Bemex') under the Operations and Maintenance Management Services ('OMMS') agreement entered into between Bemex and the Company. All outstanding amounts invoiced by Bemex have been recorded as liabilities within the financial statements. However, Crescent has commissioned an independent audit of the rates applied by Bemex in determining amounts to be invoiced and the degree to which the rates applied correspond to the contractual agreement between both companies. As the dispute is currently subject to litigation, it is not possible at this stage to quantify any benefits which may accrue to the Company in the future.

On 25 July 2007, the Company gave 90 days notice to Bemex of termination of the OMMS agreement.

27. Leases

Finance leases

Leasing arrangements

Finance leases relate to motor vehicles with lease terms of 3 years.

Finance lease liabilities

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
No later than 1 year	159	-	159	-	122	-	122	-
Later than 1 year and not later than 5 years	369	-	369	-	349	-	349	-
Later than five years	-	-	-	-	-	-	-	-
Minimum future lease payments*	528	-	528	-	471	-	471	-
Less future finance charges	(56)	-	(56)	-	-	-	-	-
Present value of minimum lease payments	472	-	472	-	471	-	471	-
Included in the financial statements as: (note 19)								
Current borrowings					122	-	122	-
Non-current borrowings					349	-	349	-
					471	-	471	-

* Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

Operating leases

Leasing arrangements

Operating leases relate to camp refurbishment and office equipment with terms of between 1 and 4 years.

Non-cancellable operating lease commitments

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Not longer than 1 year	2,347	84	2,347	81
Longer than 1 year and not longer than 5 years	41	101	41	185
Longer than 5 years	-	-	-	-
	2,388	185	2,388	266

28. Jointly controlled operations and assets

The Group is a venturer in the following jointly controlled operations and assets:

Name of venture	Principal activity	Output interest	
		2007 %	2006 %
Merolia Joint Venture	Gold exploration	75.57%	75.57%
Black Swan Joint Venture	Gold exploration	64%	64%
Jubilee Well Joint Venture	Gold exploration	53.09%	53.09%
Jasper Hills Joint Venture	Gold exploration	Nil	Nil
Gawler Craton Joint Venture	Metals exploration	Nil	Nil

28. Jointly controlled operations and assets (cont'd)

The Group's interest, as a venturer, in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the consolidated financial statements under their respective asset categories:

	Consolidated	
	2007 \$'000	2006 \$'000
<u>Non-current assets</u>		
Exploration expenditure	146	-
Total assets	146	-

Contingent liabilities and capital commitments

Capital commitments arising from the Group's interests in joint ventures are disclosed in note 25(a). The Group is not exposed to any contingent liabilities arising from its joint venture interests.

29. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2007 %	2006 %
Parent entity			
Crescent Gold Limited	Australia	100	100
Subsidiaries			
RAB Projects Pty Ltd	Australia	100	100
RAB Mining Ltd	British Virgin Islands	95.5	95.5
Xinjiang Tianau Joint Venture Company	China	71.625	71.625
Uranium West Holdings Ltd	British Columbia	100	100
Uranium West Pty Ltd	Australia	100	100
Laverton Nickel Pty Ltd	Australia	100	100
RAB Tian Shan Ltd	British Virgin Islands	100	100
RAB Altay Shan Ltd	British Virgin Islands	100	100

30. Acquisition of businesses

In the comparative period, on 12 July 2005, the Company completed settlement of the acquisition of a 100% interest in RAB Projects Pty Ltd and its subsidiaries (the 'RAB Group'), for a consideration of \$232,500 settled through the issue of 1,500,000 shares at \$0.125 each (being the volume weighted average price of the Company's shares for the five days prior to settlement) for a total of \$187,500 and \$45,000 cash.

RAB Mining Limited, a company that RAB Projects Pty Ltd holds 95.5% of the issued capital in, holds a 75% interest in the Chinese joint venture company Xinjiang Tianau Mining Company Limited.

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition \$'000
2006				
RAB Projects Pty Ltd	Holding company	12/07/2005	100	232
RAB Mining Ltd	Funding company	12/07/2005	95.5	-
Xinjiang Tianau Joint Venture Company	Exploration	12/07/2005	75	-
				232

An excess over fair value of \$225,000 was allocated as future exploration potential relating to the Xinjiang Tianau Mining Company Ltd, which gives the Group access to the Wulaste and other exploration licences and tenements in the future.

Summary of net assets acquired	Book value \$'000	Fair value adjustment \$'000	Total Fair value on acquisition \$'000
Description			
Cash and cash equivalents	74	-	74
Plant and equipment	3	-	3
Future exploration potential	-	225	225
Payables	(2)	-	(2)
Deferred tax liability	-	(68)	(68)
	75	187	232

An excess over fair value of \$225,000 was allocated as future exploration potential relating to the Xinjiang Tianau Mining Company Ltd, which gives the Group access to the Wulaste and other exploration licences and tenements in the future.

31. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash and cash equivalents	121,257	6,761	121,103	6,704

(b) Businesses acquired

During the prior financial year, the Group acquired RAB Projects Pty Ltd and its controlled entities for a consideration of 1,500,000 shares at \$0.125 each and cash of \$45,000. Cash acquired on acquisition was \$74,000.

(c) Non-cash financing and investing activities

During the prior financial year, the Group acquired \$547,000 of equipment under finance leases. These acquisitions will be reflected in the cash flow statement over the term of the finance lease via lease repayments.

(d) Financing facilities

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Secured bank loan facilities maturing on 30 April 2009:				
amount used	29,813	-	29,813	-
amount unused	187	-	187	-
	30,000	-	30,000	-

(e) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Loss for the year	(2,094)	(4,315)	(2,164)	(4,217)
Add/(less) investing/financing activities:				
Interest received	(881)	-	(879)	-
Purchases of gold at spot	6,291	-	6,291	-
Proceeds from put options	(7,070)	-	(7,070)	-
Add/(less) non-cash items:				
Depreciation and amortisation	372	252	372	244
Equity-settled share-based payments	1,480	422	1,480	422
Overseas translation differences	(45)	-	-	-
Exploration costs written off	328	1,453	328	1,408
Other expenses	81	-	37	-
Revaluation of gold loan	(586)	-	(586)	-
Revaluation of puts and diesel calls	4,113	-	4,113	-
Impairment loss	-	-	343	-
Doubtful debts expense	23	-	23	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Current tax asset	(98)	(81)	(98)	(77)
Deferred tax asset	(6,675)	-	(6,806)	-
Trade and other receivables	(1,180)	-	(1,200)	-
Inventory items	(483)	-	(483)	-
Other assets	21	-	19	-
Preproduction	(13,770)	-	(13,770)	-
Increase/(decrease) in liabilities:				
Trade and other payables	6,627	(168)	6,592	(164)
Provision for annual leave	109	27	109	27
Net cash from operating activities	(13,437)	(2,116)	(13,349)	(2,067)

32. Financial instruments

(a) Financial risk management objectives

Through its operations the Group is exposed to a variety of financial risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's activities expose it primarily to the financial risks of changes in forward commodity prices. The Group enters into a variety of derivative financial instruments to manage its exposure including:

- flat forward gold contracts settled by physical delivery;
- put option gold contacts; and
- diesel fuel caps

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

(c) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. These do not give rise to material foreign currency exposures to the Group however and therefore the transactions are unhedged.

(d) Interest rate risk management

The Company and the Group has an interest rate risk exposure in terms of its cash assets which are held at floating rates. The Group mitigates this where possible via the use of fixed rate term deposits. Group borrowings are held at fixed interest rates.

32. Financial instruments (cont'd)

Maturity profile of financial instruments

The maturity profile of financial assets and financial liabilities held by the Company and the Group are detailed on the following pages:

The following table details the Group's exposure to interest rate risk as at 30 June 2007:

2007	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed maturity dates						Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000		
Financial assets										
<u>Continuing operations</u>										
Cash and cash equivalents	3.38	121,257	-	-	-	-	-	-	-	121,257
Trade receivables	-	-	-	-	-	-	-	-	1,156	1,156
Derivative financial instruments	-	-	-	-	-	-	-	-	4,452	4,452
		121,257	-	-	-	-	-	-	5,608	126,865
Financial liabilities										
<u>Continuing operations</u>										
Trade payables	-	-	-	-	-	-	-	-	8,978	8,978
Finance lease liabilities	8.37	-	122	349	-	-	-	-	-	471
Put option loan	4.55	-	1,773	2,991	-	-	-	-	-	4,764
Gold project loan	4.58	-	7,135	12,093	-	-	-	-	-	19,228
Convertible notes	9.0	-	-	-	4,771	-	-	-	-	4,771
		-	9,030	15,433	4,771	-	-	-	8,978	38,212

The following table details the Group's exposure to interest rate risk as at 30 June 2006:

2006	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed maturity dates						Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000		
Financial assets										
Cash and cash equivalents	5.0	6,704	-	-	-	-	-	-	57	6,761
Trade receivables	-	-	-	-	-	-	-	-	309	309
Other financial asset	-	-	-	-	-	-	-	-	3,750	3,750
Other financial asset	2.15	-	10	-	-	-	-	-	-	10
Other financial asset	4.55	-	47	-	-	-	-	-	-	47
Other financial asset	5.50	-	4,423	-	-	-	-	-	-	4,423
		6,704	4,480	-	-	-	-	-	4,116	15,300
Financial liabilities										
Trade payables	-	-	-	-	-	-	-	-	550	550
Tenement acquisition	-	-	-	-	-	-	-	-	4,011	4,011
Funds owed for puts	7.75	-	-	3,750	-	-	-	-	-	3,750
Interest bearing liabilities	9.0	-	830	-	-	-	-	-	-	830
		-	830	3,750	-	-	-	-	4,561	9,141

32. Financial instruments (cont'd)

The following table details the Company's exposure to interest rate risk as at 30 June 2007:

2007	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed maturity dates						Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000		
Financial assets										
Cash and cash equivalents	3.38	121,103	-	-	-	-	-	-	-	121,103
Trade receivables	-	-	-	-	-	-	-	-	1,154	1,154
Derivative financial instruments	-	-	-	-	-	-	-	-	4,452	4,452
		<u>121,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,606</u>	<u>126,709</u>
Financial liabilities										
Trade payables	-	-	-	-	-	-	-	-	8,949	8,949
Rehabilitation provision	-	-	-	-	-	-	-	-	4,032	4,032
Employee provisions	-	-	-	-	-	-	-	-	153	153
Finance lease liabilities	8.37	-	122	349	-	-	-	-	-	471
Put option loan	4.55	-	1,773	2,991	-	-	-	-	-	4,764
Gold project loan	4.58	-	7,135	12,093	-	-	-	-	-	19,228
Convertible notes	9.0	-	-	-	4,771	-	-	-	-	4,771
		<u>-</u>	<u>9,030</u>	<u>15,433</u>	<u>4,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,134</u>	<u>42,368</u>

The following table details the Company's exposure to interest rate risk as at 30 June 2006:

2006	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed maturity dates						Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000		
Financial assets										
Cash and cash equivalents	5.0	6,704	-	-	-	-	-	-	-	6,704
Cash and cash equivalents	-	-	-	-	-	-	-	-	57	57
Trade receivables	-	-	-	-	-	-	-	-	309	309
Other financial asset	-	-	-	-	-	-	-	-	3,750	3,750
Other financial asset	2.15	-	10	-	-	-	-	-	-	10
Other financial asset	4.55	-	47	-	-	-	-	-	-	47
Other financial asset	5.50	-	4,423	-	-	-	-	-	-	4,423
		<u>6,704</u>	<u>4,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,116</u>	<u>15,350</u>
Financial liabilities										
Trade payables	-	-	-	-	-	-	-	-	550	550
Rehabilitation provision	-	-	-	-	-	-	-	-	2,344	2,344
Employee provisions	-	-	-	-	-	-	-	-	44	44
Tenement acquisition	-	-	-	-	-	-	-	-	4,011	4,011
Funds owed for puts	7.75	-	-	3,750	-	-	-	-	-	3,750
Interest bearing liabilities	9.0	-	830	-	-	-	-	-	-	830
		<u>-</u>	<u>830</u>	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,949</u>	<u>11,529</u>

32. Financial instruments (cont'd)

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's and the Group's maximum exposure to credit risk.

(f) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values:

The Company has hedged forward deliveries at 30 June 2007 of 95,500 ounces at a forward price of \$860 per ounce with a positive mark to market at 30 June 2007 of \$3,268,254. As these contracts are settled by physical delivery they therefore do not meet the definition of a financial asset in AASB 139 'Financial instruments: Recognition and Measurement'.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

33. Share-based payments

Employee share option plan

The Group has an ownership-based compensation scheme for executives and senior employees of the Group. The purpose of the plan is to reward eligible employees for their past performance, provide long-term incentives for participation in the Company's future growth and assist the Company in retention of valuable employees.

In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, eligible executives and employees may be granted options to purchase parcels of ordinary shares at various prices determined by the Board. These prices must not be less than:

- i. if there was at least one transaction in shares on ASX during the one week up to and including the date on which the invitation to acquire the options is issued, the weighted average of the prices at which shares were traded during that period; or
- ii. if there were no transactions in shares during that one week period, the last price at which an offer was made to purchase shares on ASX.

In determining the eligibility of executives and employees, the Board must have regard to:

- (a) the seniority of the eligible individual and the position the individual occupies with the Company;
- (b) the length of service of the individual with the Company;
- (c) the record of employment of the individual;
- (d) the potential contribution of the individual to the growth and profitability of the Company;
- (e) the extent of any existing participation in the plan; and
- (f) any other matters considered relevant by the Board.

Each employee share option converts into one ordinary share of Crescent Gold Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The options granted have varying expiry dates detailed below or in the case of resignation will expire after one month of the resignation of the executive or senior employee, whichever is the earlier.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
2007					
(1) Issued 10 April 2006	2,000,000	10/4/06	30/11/07	0.30	0.0623
(2) Issued 17 February 2007	1,200,000	17/2/07	30/11/08	0.40	0.1960
(3) Issued 17 February 2007	250,000	17/2/07	30/11/08	0.35	0.2113
(4) Issued 2 April 2007	1,200,000	2/4/07	30/11/08	0.40	0.1997
2006					
(1) Issued 10 April 2006	4,100,000	10/4/06	30/11/07	0.30	0.0623
(5) Issued 31 December 2003	600,000	31/12/03	30/11/05	0.20	-
(6) Issued 9 April 2004	500,000	10/11/04	30/11/05	0.20	-
(7) Issued 10 November 2004	500,000	10/11/04	30/11/05	0.20	-
(8) Issued 24 March 2005	200,000	24/3/05	30/11/05	0.20	0.004
(9) Issued 13 September 2005	175,000	13/9/05	30/11/05	0.20	0.026

All share-based payment arrangements vested immediately upon grant date.

The weighted average fair value of the share options granted during the financial year is \$0.1991 (2006: \$0.605). Options were priced using a Black-Scholes option pricing model. Expected volatility is based upon the historical share price volatility over a twelve month period preceding the date of grant.

Inputs into the model	Option series			
	Series 1	Series 2	Series 3	Series 4
Grant date share price	0.29	0.41	0.41	0.41
Exercise price	0.30	0.40	0.35	0.40
Expected volatility	82.29%	86.86%	86.86%	89.05%
Option life	1.6 years	1.8 years	1.8 years	1.8 years
Dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	5.50%	6.50%	6.50%	6.50%

33. Share-based payments (cont'd)

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2007		2006	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of the financial year	4,100,000	0.30	1,450,000	0.30
Granted during the financial year	2,650,000	0.40	4,350,000	0.30
Forfeited during the financial year	-	-	-	-
Exercised during the financial year (i)	(2,000,000)	0.30	(534,000)	0.30
Expired during the financial year	(100,000)	0.30	(1,166,000)	0.30
Balance at end of the financial year (ii)	4,650,000		4,100,000	
Exercisable at end of the financial year	4,650,000		4,100,000	

(i) Exercised during the financial year

The following share options granted under the employee share option plan were exercised during the financial year:

2007 Options series	Number exercised	Exercise date	Share price at exercise date \$
(1) Issued 10 April 2006	1,000,000	17/02/07	0.425
(1) Issued 10 April 2006	1,000,000	20/06/07	0.385

Employee share option plan

2006 Options series	Number exercised	Exercise date	Share price at exercise date \$
(2) Issued 31 December 2003	59,000	30/11/05	0.20
(4) Issued 10 November 2004	250,000	30/11/05	0.20
(5) Issued 24 March 2005	50,000	30/11/05	0.20
(6) Issued 13 September 2005	75,000	30/11/05	0.20

(ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had a weighted average exercise price of \$0.35 (2006: \$0.30) and a weighted average remaining contractual life of 362 days (2006: 518 days).

34. Key management personnel compensation

Details of key management personnel

The directors and other members of key management personnel of the Group during the year were:

- R Hill (Chairman, Non-Executive Director)
- A J Haythorpe (Managing Director)
- J Tambyrajah (Chief Financial Officer and Company Secretary), appointed 7 December 2006
- R S Angus (Non-Executive Director)
- G Stanley (Non-Executive Director), appointed 4 December 2006
- D Keough (Non-Executive Director), appointed 12 July 2006
- R G Barbieri (Non-Executive Director), appointed 18 June 2007
- M Belvisi (Non-Executive Director), appointed 18 June 2007
- F Cavallini (Non-Executive Director), appointed 29 June 2007
- J G Esteban (Non-Executive Director), appointed 29 June 2007
- C New (Executive Director and Company Secretary), resigned 4 December 2006
- N O'Loughlin (Executive Director), resigned 6 October 2006
- M Campbell (Executive Director), appointed 6 October 2006, resigned 4 December 2006
- G Walsh (Non-Executive Director), appointed 4 December 2006, resigned 18 December 2006
- A P Spinks (Manager Geology), resigned 1 June 2007
- N Leggo (Manager Geology), appointed 23 June 2007
- P F O'Connor (General Manager Operations)

34. Key management personnel compensation (cont'd)

Key management personnel compensation policy

The Board reviews the packages of all directors and executive officers on an annual basis. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries.

Remuneration packages including option grants are set by the Board on the basis of both individual and company performance levels.

Key management personnel compensation

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Short-term employee benefits	1,063,420	631,593	1,040,320	631,593
Post-employment benefits	41,425	12,411	41,425	12,411
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payment	1,069,033	192,736	1,069,033	192,736
	2,173,878	836,740	2,150,778	836,740

The compensation of each member of the key management personnel of the Group ⁽ⁱ⁾ for the current year is set out below:

2007	Short-term employee benefits			Post-employment benefits		Other long-term employee benefits	Termination benefits	Share-based payment			Total
	Salary & fees	Bonus	Non-monetary	Super-annuation	Other			Equity-settled		Cash-settled	
	\$	\$	\$	\$	\$	\$	\$	Shares & units	Options & rights		\$
Directors											
A J Haythorpe ⁽ⁱⁱ⁾	222,933	110,000	-	-	-	-	-	-	249,449	-	582,382
R Hill	39,600	-	-	-	-	-	-	-	124,725	-	164,325
R S Angus ⁽ⁱⁱⁱ⁾	36,000	-	-	-	-	-	-	-	124,725	-	160,725
D Keough	35,000	-	-	-	-	-	-	-	62,362	-	97,362
G Stanley ⁽ⁱⁱⁱ⁾	21,000	-	-	-	-	-	-	-	-	-	21,000
R G Barbieri	-	-	-	-	-	-	-	-	-	-	-
M Belvisi	-	-	-	-	-	-	-	-	-	-	-
F Cavallini	-	-	-	-	-	-	-	-	-	-	-
J G Esteban	-	-	-	-	-	-	-	-	-	-	-
C New	66,000	-	-	-	-	-	-	-	124,725	-	190,725
N O'Loughlin	23,100	-	-	-	-	-	-	-	-	-	23,100
M Campbell	49,500	-	-	-	-	-	-	-	187,087	-	236,587
G Walsh	-	-	-	-	-	-	-	-	-	-	-
Officers											
P F O'Connor	200,004	-	-	18,000	-	-	-	-	195,960	-	413,964
A Spinks	158,490	-	-	14,264	-	-	-	-	-	-	172,754
J Tambyrajah	101,793	-	-	9,161	-	-	-	-	-	-	110,954
N Leggo	-	-	-	-	-	-	-	-	-	-	-
	953,420	110,000	-	41,425	-	-	-	-	1,069,033	-	2,173,878

(i) Compensation of key management personnel for the Company is identical to the Group with the exception of director fees of \$23,100 payable to N O'Loughlin which relate to the Group only.

(ii) A Haythorpe received a bonus of \$110,000 during the year which was determined at Board level to adjust his remuneration (historical) to industry benchmarks for Managing Directors of similar sized mining companies.

(iii) At 30 June 2007 a total of \$21,000 was outstanding to G Stanley and \$3,000 to R S Angus.

The compensation of each member of the key management personnel of the Group for the prior year is set out below:

2006	Short-term employee benefits			Post-employment benefits		Other long-term employee benefits	Termination benefits	Share-based payment			Total
	Salary & fees	Bonus	Non-monetary	Super-annuation	Other			Equity-settled		Cash-settled	
	\$	\$	\$	\$	\$	\$	\$	Shares & units	Options & rights		\$
A J Haythorpe	141,000	-	-	-	-	-	-	-	-	-	141,000
N T O'Loughlin	84,000	-	-	-	-	-	-	-	-	-	84,000
C M New	119,700	-	-	-	-	-	-	-	-	-	119,700
R Hill	44,325	-	-	-	-	-	-	-	-	-	44,325
R S Angus	9,465	-	-	-	-	-	-	-	-	-	9,465
A P Spinks (i)	137,459	-	-	3,803	-	-	-	-	128,371	-	269,633
P F O'Connor (ii)	95,644	-	-	8,608	-	-	-	-	64,365	-	168,617
	631,593	-	-	12,411	-	-	-	-	192,736	-	836,740

(i) These options were issued on 11 April 2006 under the terms of the Employee Option plan.

(ii) These options were issued on 24 March 2005 under the terms of the Employee Option plan.

Contracts for services of key management personnel

The Company has entered into employment contracts with certain key management personnel. These have notice periods of one month except for the Chief Financial Officer which has a six months notice period. No termination payments apply under these contracts.

35. Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 29 to the financial statements.

Equity interests in associates and joint ventures

Details of interests in associates and joint ventures are disclosed in note 28 to the financial statements.

(b) Transactions with key management personnel

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in note 34 to the financial statements.

iii. Key management personnel equity holdings

Fully paid ordinary shares of Crescent Gold Limited

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
2007						
R Hill	1,590,000	-	-	-	1,590,000	-
A J Haythorpe	20,407,500	-	-	-	20,407,500	-
J Tambyrajah	-	-	-	-	-	-
R S Angus	645,000	-	-	-	645,000	-
G Stanley	-	-	-	-	-	-
D Keough	-	-	-	-	-	-
P F O'Connor	-	-	-	-	-	-
A P Spinks	60,000	-	2,000,000	-	2,060,000	-
2006						
A J Haythorpe	19,757,500	-	650,000	-	20,407,500	-
N T O'Loughlin	5,331,272	-	4,666,667	-	9,997,939	-
R Hill	1,590,000	-	-	-	1,590,000	-
R S Angus	-	-	-	645,000	645,000	-
A P Spinks	60,000	-	-	-	60,000	-

Share options of Crescent Gold Limited

	Balance at 1 July No.	Granted as compensation No.	Exercised No.	Net other change No.	Bal at 30 June No.	Bal vested at 1 July No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2007									
R Hill	-	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
A J Haythorpe	-	4,000,000	-	-	4,000,000	4,000,000	-	4,000,000	4,000,000
J Tambyrajah	-	-	-	-	-	-	-	-	-
R S Angus	-	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
D Keough	-	1,000,000	-	-	1,000,000	1,000,000	-	1,000,000	1,000,000
M Campbell	-	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
C New	-	3,000,000	-	-	3,000,000	3,000,000	-	3,000,000	3,000,000
P F O'Connor	1,000,000	1,000,000	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
A P Spinks	2,000,000	-	(2,000,000)	-	-	-	-	-	-
2006									
A J Haythorpe	5,857,500	-	(650,000)	(5,207,500)	-	-	-	-	-
N T O'Loughlin	5,666,667	-	(4,666,667)	(1,000,000)	-	-	-	-	-
C M New	100,000	-	-	(100,000)	-	-	-	-	-
A P Spinks	270,000	2,000,000	(200,000)	(70,000)	2,000,000	2,000,000	-	2,000,000	2,000,000
P F O'Connor	-	1,000,000	-	-	1,000,000	1,000,000	-	1,000,000	1,000,000

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, 2,000,000 options (2006: 5,516,667) were exercised by key management personnel at an exercise price of \$0.30 per option for 2,000,000 ordinary shares in Crescent Gold Limited (2006: 5,516,667). No amounts remain unpaid on the options exercised during the financial year at year end.

Further details of the employee share option plan and of share options granted during the 2007 and 2006 financial years are contained in note 33 to the financial statements.

35. Related party transactions (cont'd)

(c) Transactions with other related parties

Other related parties include:

- the parent entity
- entities with joint control or significant influence over the Group
- joint ventures in which the entity is a venturer
- subsidiaries
- other related parties.

Transactions between Crescent Gold and its related parties

During the financial year, the following transactions occurred between the Company and its other related parties:

- the Company has advanced the following funds to its subsidiaries by way of intercompany loans:

	2007	2006
	\$	\$
Uranium West Pty Ltd	856,111	-
RAB Mining Limited	198,182	68,090
RAB Projects Pty Ltd	-	4,000
Laverton Nickel Pty Ltd	212	-
Xinjiang Tianau Joint Venture Company	72,283	-
	1,126,788	72,090

- the Company received \$122.5m (2006: nil) of equity funding from Gulara Pty Ltd, a subsidiary of Deutsche Bank. The following balances arising from transactions between the Company and its other related parties are outstanding at reporting date:

- the Company has outstanding intercompany loans receivable of \$1,126,595 as at 30 June 2007.

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

Transactions between the Group and its related parties

During the financial year ended 30 June 2007, the following transactions occurred between the Group and its other related parties:

- Approximately \$818,749 (2006: nil) of funds transferred to Uranium West Pty Ltd were used for exploration purposes of which \$145,865 was used for joint venture farm-in commitments.

There are no balances arising from transactions between the Group and its other related parties which are outstanding at reporting date.

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions between the Group and its associates were eliminated in the preparation of the consolidated financial statements of the Group to the extent of the Group's share in profits and losses of the associate resulting from these transactions.

(d) Parent entities

The parent entity in the Group is Crescent Gold Limited. Crescent Gold Limited's parent entity is Gulara Pty Ltd and the ultimate parent entity is Deutsche Bank AG, a company which is incorporated in Germany.

36. Remuneration of auditors

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Auditor of the parent entity				
Audit or review of the financial report	143,693	90,295	143,693	90,295
Tax services	33,942	-	33,942	-
	177,635	90,295	177,635	90,295

The auditor of Crescent Gold Limited is Deloitte Touche Tohmatsu.

37. Subsequent events

On 25 July 2007, the Company gave 90 days termination notice to Bemex Corporation Pty Ltd of the Operations and Maintenance Management Services ('OMMS') agreement between Bemex and the Company.

Additional stock exchange information as at 19 September 2007

Number of holders of equity securities

Ordinary share capital

589,978,789 fully paid ordinary shares are held by 1631 individual shareholders.

All issued ordinary shares carry one vote per share, however, partly paid shares do not carry the rights to dividends.

Convertible notes

12,500,000 9% fully paid convertible notes with a maturity date of 31 March 2010 and conversion price of \$0.40 are held by 4 individual noteholders.

Convertible notes do not carry a right to vote.

Options

34,400,000 options are held by 32 individual optionholders.

Options do not carry a right to vote.

Distribution of holders of equity securities

	Number of Shares	Number of Holders
1 – 1,000	74,170	139
1,001 – 5,000	1,284,092	428
5,001 – 10,000	2,920,435	344
10,001 – 100,000	20,847,561	632
100,001 and over	564,852,531	88
	589,978,789	1631
Holding less than a marketable parcel	191	

Substantial shareholders

<u>Name of ordinary shareholder</u>	<u>Number of shares</u>
Gulara Pty Ltd	321,710,526
Geological Resources Fund	39,222,455
Dundee Precious Metal Inc.	34,000,000
Ouro Pty Ltd	13,850,000
	408,782,981

Twenty largest holders of ASX quoted equity securities

Ordinary shareholders		Number of Shares	% of Issued Shares
1.	Gulara Pty Ltd	321,710,526	59.98
2.	ANZ Nominees Limited <Cash Income Account>	54,830,671	10.22
3.	HSBC Custody Nominees (Australia) Limited-GSCO	40,022,455	7.46
4.	HSBC Custody Nominees (Australia) Limited	34,236,602	6.38
5.	OURO Pty Ltd	12,350,000	2.30
6.	HSBC Custody Nominees (Australia) Limited – GSI ECSA	8,822,826	1.65
7.	National Nominees Limited	5,766,633	1.08
8.	CITICORP Nominees Pty LIMITED	5,477,145	1.02
9.	NEFCO Nominees Pty Ltd	3,042,999	0.57
10.	Exploration Capital Partners	1,858,641	0.35
11.	OURO Pty Ltd	1,500,000	0.28
12.	Mr Brian Vyner	1,400,000	0.26
13.	LJL Investments Pty Ltd	1,300,000	0.24
14.	Merrill Lynch (Australia) Nominees Pty Limited	1,280,787	0.24
15.	Mr Ronald D Mercaldo	993,334	0.19
16.	J P Morgan Nominees Australia Limited	776,007	0.14
17.	Middlemarch Partners Ltd	600,000	0.11
18.	Dagger Nominees Limited	522,000	0.10
19.	Mr Jens Balkau	500,000	0.09
20.	Longbow Geological Services Pty Ltd	500,000	0.09
		497,490,626	92.75

Company Secretary

Mr Julian Tambyrajah ACIS

Registered office

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Email: info@crescentgold.com

Share registry - Australia

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Australia

Phone: +61 8 9323 2000
Fax: +61 8 9323 2033

Share registry – Canada

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9th Floor, North Tower
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Canada

Phone: +1 877 982 9591
Fax : +1 877 982 9659