

# QUARTERLY REPORT

## 31 December 2010

By Electronic Lodgement  
31 January 2011

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

### SHARE INFORMATION

ASX Share Price: A\$0.105  
Issued Shares: 1,063.5m  
Market Cap: A\$111.7m  
Unlisted options: 33.2m

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## HIGHLIGHTS FOR THE QUARTER ENDED 31 DECEMBER 2010

- The Company announced a A\$45 million capital raising through a non-renounceable rights issue to raise approximately A\$45.5 million (before costs), the proceeds of which will be applied for capital requirements on the Company's underground mine development (Summit Mine); for deep exploration programmes in the Laverton region; the partial reduction of its debt and for general working capital requirements. The capital raising closed over subscribed on the 27th January 2011. The capital raising has substantially strengthened the Company's balance sheet and will provide financial flexibility for the Company to optimally grow its production profile and enhance the value of its asset portfolio.
- As previously announced, the Company's fifth gold processing campaign through the Ore Purchase Agreement (OPA) with gold major Barrick netted 19,291 ounces of gold and 2,748 ounces of silver, at an average gold sale price of A\$1,372/oz. The low ounces were due to unseasonal rainfall that affected haulage and therefore production during the quarter. The March 2011 quarter production campaign commenced early January 2011 and the Company forecasts production for the quarter to be in the range of 25,000 to 27,000 ounces.
- Encouraging results from Reverse Circulation (RC) drilling programmes at the Company's Apollo gold project were announced in the period. The Company is continuing to drill around existing resources to expand the overall resource base and convert resources into reserves. The Company will also develop an exploration program to test deep targets in the Laverton region.

Additional information related to the Company is available for review at [sedar.com](http://sedar.com) or on the Company's website at [www.crescentgold.com](http://www.crescentgold.com).

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**OVERVIEW**

The past quarter saw the completion of a fifth processing campaign under the existing Ore Purchase Agreement with subsidiaries of Barrick Gold Corporation. Ore mined by Crescent from its wholly-owned Laverton project deposits north of Kalgoorlie in WA, is delivered to the nearby 3.8mtpa Granny Smith mill (BGSMT) for processing.

Under the OPA, Crescent transports ore to Barrick for processing in a 50 day processing cycle per quarter, currently equating to annual equivalent gold production net to Crescent of approximately 100,000 ounces.

The Company's fifth gold processing campaign through the Ore Purchase Agreement (OPA) with gold major Barrick netted 19,291 ounces of gold and 2,748 ounces of silver, at an average gold sale price of A\$1,372/oz. The low ounces were due to unseasonal rainfall that affected haulage and therefore production during the quarter. The March 2011 quarter production campaign commenced early January 2011 and the Company forecasts production for the quarter to be in the range of 25,000 to 27,000 ounces.

Roland Hill resigned as Managing Director of the Company on 8 October 2010. Mr Hill remains a Director of the Company in a non-executive capacity.

Mr Mark Tory, the Company's CFO was appointed to the Board and assumed the role of Interim Managing Director on 8 October 2010. Mr Tory has more than 20 years of professional experience in the mining industry including eight years with Anglo American and six years with Homestake Gold. Mr Tory transferred his Company Secretary responsibilities to Mr Iain Garrett.

On 26 October, Crescent reported encouraging results from Reverse Circulation (RC) drilling programmes at the Company's Apollo gold project. The Company is continuing to drill around existing resources to expand the overall resource base and convert resources into reserves. The Company will also develop an exploration program to test deep targets in the Laverton region.

On 23 November the Company announced that it was undertaking a non-renounceable rights issue to raise approximately A\$45.5 million (before costs), the proceeds of which will be applied for capital requirements on the Company's underground mine development (Summit Mine); for deep exploration programmes in the Laverton region; the partial reduction of its debt and for general working capital requirements. Subsequent to the quarter end the rights issue was completed oversubscribed and a total of A\$48.1 million (before costs) was raised following Board approval of a 5% overallotment.

**GOVERNANCE**

Roland Hill resigned as Managing Director of the Company on 8 October 2010. Mr Hill remains a Director of the Company in a non-executive capacity. Mr Mark Tory, the Company's CFO, was appointed to the Board and assumed the role of Interim Managing Director on 8 October 2010. Mr Tory has more than 20 years of professional experience in the mining industry including eight years with Anglo American and six years with Homestake Gold. Mr Tory relinquished his Company Secretary responsibilities, which were assumed by Mr Iain Garrett.

Incumbent Crescent Director, Geoff Stanley, was unanimously appointed to the role of Chairman of the Board effective 28<sup>th</sup> July 2010. Geoff Stanley replaced Roland Hill who previously held both the Chairman and Managing Director roles and it was the Board's view that the separation of Chairman and Managing Director roles was an important improvement in corporate governance of the Company. Mr Stanley has been a Director of Crescent Gold since December 2006 and his career in the mining industry spans more than 25 years, including 15 years based in New York in mining finance, analytical and mining advisory capacities.

**LAVERTON OPERATIONS (WA)**

Mining operations at Craiggie more and Mary Mac South continued over the quarter while operations commenced at the higher grade deposit at Fish. In addition trial mining and some pre-stripping was completed at the West Laverton deposit.

A decision was taken in December to mobilise a fourth mining excavator during the first quarter of 2011 to boost gold production towards 30,000 ounces per quarter over the next year. Mining operations during 2010 have been based on three excavators and the fourth digger will provide a step increase in the Laverton pit production platform.

During December quarter a parcel of ore was mined at the Fish deposit, located 120 kms south east of Laverton, for batch metallurgical trials at the Granny Smith mill. A total of 15,000 tonnes were processed at a recovery in excess of the expected 86%.

Following the success of the bulk batch testing, preparations were made for the commencement of full mining operations at Fish late in December 2010. A commitment to purchase facilities including a 40 person motel style camp was made. This should be in place by end of the first quarter 2011. Mining operations will continue in the interim on a “drive in drive out” basis each day. The purchase of the camp was economically justified on the basis of improved productivity from the Fish deposit, but also has significant safety and personnel benefits and will be a major benefit in optimising the economics of the promising Lord Byron deposit, which is adjacent to Fish. It is expected that these two pits will produce approximately 60,000 oz over the next two years alone.

Mining operations at Admiral Hill were suspended in October as high copper cyanide soluble levels were identified by grade control drilling earlier than anticipated. The high copper levels led to minor processing delays at the Granny Smith plant due to the stringent cyanide code requirements in operation at that facility. Blending the ore has since been trialled successfully and controlled mining operations will resume during the next quarter following a complete review of the resource, including assessing potential for Cu recovery as a by-product.

Road train haulage of ore to the Granny Smith processing plant was adversely impacted by a series of serious rainfall events early in Quarter. Haulage to Granny Smith in October was negatively affected by the loss of 16 operating days while localised flood damage to haul roads was repaired.

The rain delays had a significant impact on process throughput and gold production for the quarter. Whilst mining targets were achieved, road transport delays meant that only 562,015 tonnes at a grade of 1.18g/t were processed at Granny Smith and 19,241 ounces were recovered as lower grade stockpiled ore replaced some high grade ore delayed by the flood events.

By the end of December 334,000 tonne of ore at an average grade of 1.4 g/t au and containing 13,750 recoverable ounces had been delivered to the mill for processing during the next campaign which commenced on 10 January 2010.

Commencement of mining of high grade ore at Fish, the introduction of the fourth excavator at Grouse and the potential for a modest contribution from Admiral Hill suggest that the third quarter will see an increase in production. Regardless of the disappointing rain affected quarter's production, the Company sees no reason to reduce its guidance of 100,000 ounces for the financial year.

Preliminary work on mine dewatering has commenced at the Summit Deposit with permits for pumping and water storage now in the pipe line. It is anticipated that pumping of Summit water should commence early in the second quarter of 2011. Crescent received a report from its consultant hydrologist relating to initial assessment fieldwork. It was pleasing to note that the closed underground workings at Summit did not appear to be completely flooded, with readings from shafts showing the water level to be still about 135m below surface. This suggests that water ingress into the workings is slow. The results of the water sampling would be used in the permitting of dewatering options. A detailed development plan and budget will be the initial focus of 2011.

**LAVERTON GOLD PROJECT (WA) – EXPLORATION & DEVELOPMENT**

Development studies were completed on the Mary Mac project and the deposit has been upgraded to allow commencement of mining during the December quarter. A total of 10 RC holes for 586m were drilled into the Golden Pinnacles prospect, 400m to the north of Mary Mac. With the Craiggie, Mary Mac South and Mary Mac deposits all at various stages of mining, development focus was primarily on the Apollo, Aurora, Eclipse and Calypso deposits, 7 km to the west.

RC drilling continued on the Apollo, Aurora, Eclipse and Calypso deposits during the quarter. A total of 10,503m in 146 holes were drilled. Results were still being collated from the later stages of the drilling programme at the end of the quarter. However, wireframe resource studies of the Apollo and Aurora deposits commenced, with a view to completing updated resource block models early in 2011. On 7<sup>th</sup> December 2010, Crescent announced strong drilling results from the RC drilling. To improve density information and as a validation of the RC drilling, 4 holes for 300m of diamond core drilling was completed on the Apollo deposit, before drilling suspended for the year end. Diamond drilling will recommence this month on the Aurora and Calypso deposits.

The resource model for Lord Byron was updated on the basis of the scoping RC drilling completed from the previous quarter. An infill RC programme was designed for early 2011. Metallurgical and waste characterisation studies commenced on the deposit. With the commencement of mining at the Fish deposit, 8km to the northeast, Lord Byron will be a strong focus in 2011.

The stratigraphy between the Pieces of Eight prospect and the closed Castaway open pit was targeted by soil sampling. A total of 503 samples were collected on 200m by 50m to 100m by 25m grid spacing and analysed by cyanide bulk leach technique. Strong contiguous anomalism peaking at 414ppb gold was recorded over some 2km between the two ore bodies. Aircore drilling is proposed to follow-up the anomalism.

The following summary table lists significant intersections from results of RC drilling released in full to the Australian Stock Exchange by Crescent on 7<sup>th</sup> December 2010.

<b>APOLLO RC DRILLING</b>							
HOLE No.	FROM (m)	TO (m)	WIDTH (m)	GRADE (g/t Au)	SIGNIFICANT INTERCEPTS	MGA EAST	MGA NORTH
WHRC085	36	39	3	30.07	3m @ 30.07ppm	433773	6830935
including	36	37	1	79.20	1m @ 79.20ppm	433773	6830935
WHRC081	46	56	10	2.95	10m @ 2.95ppm	433739	6830887
WHRC105	31	35	4	5.87	4m @ 5.87ppm	433752	6831186
WHRC082	27	32	5	4.43	5m @ 4.43ppm	433758	6830887
WHRC100	37	41	4	4.94	4m @ 4.94ppm	433737	6831084
WHRC087	25	36	11	1.66	11m @ 1.66ppm	433722	6830935
WHRC101	34	42	8	1.33	8m @ 1.33ppm	433761	6831084

Selection criteria: 0.8g/t gold lower cut-off, minimum down-hole width of 2m and maximum down-hole internal dilution of 2m. The table lists only those intercepts with a gram-metre product greater than or equal to 10 gram-metres. Drill sample quality was good, with dry samples recorded throughout with the exception of the intercept in WHRC081, which was moist (damp).



**URANIUM EXPLORATION (SA & NT)**

Crescent is exploring for uranium resources in South Australia and the Northern Territory. All tenements, joint ventures and exploration activities are conducted under Uranium West Limited (UWest), a 100%-owned subsidiary of Crescent Gold Limited.

**Sturt Joint Venture - Uranium**

At the Sturt Project near Moomba in northeastern South Australia, UWest is earning in up to a 50% interest from JV partner TCDC. Access issues from heavy rainfall continued to prevent field activities occurred.

**Northern Territory Uranium**

All Crescent tenements in the Northern Territory are being explored by joint venture partners.

*The information in this report that relates to gold Exploration Results is based on information compiled by Mr Jeff Ion, who is a Member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists and is employed by Crescent. Mr Ion 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". He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

**RESULTS OF OPERATIONS**

During the three months ending 31 December 2010, Crescent incurred a net cash inflow of A\$19.8 million compared to a net cash inflow of A\$2.3 million for the same period in 2009. The latest net cash inflow is primarily due to the partial completion of the Rights Issue capital raising prior to period end, which was partly offset by net operating cash outflows associated with the latest mining campaign under the Ore Purchase Agreement with Barrick. The operating outflows arise as a result of the nature of our mining movements and the delayed timing of revenue received for our ore processing (on a campaign basis). There is a lagged timing effect between expenses incurred (for mining, stockpiling and inventory movements) and revenues being received (staged payments from Barrick once the Crescent campaign period starts).

During the three months ended 31 December 2010, the Company incurred A\$2.1 million in exploration and development costs, compared to A\$1.1 million for the same period in 2009.

Administration costs were A\$0.7 million during the quarter ended 31 December 2010, compared to A\$0.9 million for the same period in 2009.

**CHANGES IN ACCOUNTING POLICIES**

Full disclosure of the Company's Significant Accounting Policies is made in Note 3 of the Annual Financial Report 2010 which was announced to the ASX/TSX on 28 September 2010.

**DERIVATIVE INSTRUMENTS**

None.

**TRANSACTIONS WITH RELATED PARTIES**

None.

**PAYMENTS TO DIRECTORS**

Executive and Non Executive Directors of the Company received combined salary and payments totalling A\$215,000 for the three months ended 31 December 2010.

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

- Geoff Stanley Chairman
- Mark Tory Interim Managing Director
- Roland Hill Non-Executive Director
- David Keough Non-Executive Director
- Simon Grenfell Non-Executive (Nominee) Director
- Theodore Backhouse Non-Executive (Nominee) Director

**SUMMARY OF QUARTERLY RESULTS**

The table below sets out the quarterly cash flows for the past eight quarters:

	<u>31-Dec</u> <u>2010</u> \$A '000	<u>30-Sep</u> <u>2010</u> \$A '000	<u>30-Jun</u> <u>2010</u> \$A '000	<u>31-Mar</u> <u>2010</u> \$A '000	<u>31-Dec</u> <u>2009</u> \$A '000	<u>30-Sep</u> <u>2009</u> \$A '000	<u>30-Jun</u> <u>2009</u> \$A '000	<u>31-Mar</u> <u>2009</u> \$A '000
Revenue	26,340	33,841	34,531	28,368	32,467	-	-	-
Other Income	63	244	61	109	144	185	291	285
Production	(33,883)	(47,941)	(29,686)	(31,655)	(25,625)	(5,491)	-	-
Exploration and Development	(2,122)	(1,403)	(2,402)	(913)	(1,148)	(1,324)	(3,272)	(2,271)
Administration	(743)	(443)	(421)	(453)	(929)	(525)	(985)	(865)
Other Operating Expenses	(514)	(1,142)	(69)	(185)	(55)	(162)	(84)	(170)
Other / Investing & Finance Exp	30,625	18,284	(1,662)	339	(2,554)	(112)	(52)	(67)
Net Increase (Decrease)	19,766	1,440	352	(4,390)	2,300	(7,429)	(4,102)	(3,088)
Net Gain (Loss) per Share A\$	0.0216	0.0023	0.0006	(0.0071)	0.0039	(0.0126)	(0.0069)	(0.0052)

Costs incurred in the 31 December 2010 quarter relate predominantly to mining and exploration activities. Cash inflows for the Company were primarily revenue from mining activities and proceeds from the rights issue.

Exploration costs incurred during the December quarter related to tenements surrounding the Laverton Gold Project.

The Company did not report quarterly financial statements as its continued status is as a Designated Foreign Issuer (which is exempt) for reporting purposes in Canada and is also not required pursuant to Australian reporting requirements.

**LIQUIDITY & CAPITAL RESOURCES**

The Company's cash on hand and funds on deposit as at 31 December 2010 totalled A\$30.1 million.

The Company has raised A\$48.1 million (before costs) from the rights issue which closed at the end of January 2011. The proceeds of the capital raising will be applied for capital requirements on the Company's underground mine development (Summit Mine); for deep exploration programmes in the Laverton region; the partial reduction of its debt and for general working capital requirements.

During the quarter, the Company used net cash of A\$2.1 million for exploration and development activities with spending on the Laverton Gold Project and exploration in the Laverton region.

The operating outflows arose as a result of the nature of our mining movements and the delayed timing of revenue received for our ore processing (on a campaign basis). There is a timing difference between expenses incurred (for mining, stockpiling and inventory movements) and revenues being received (staged payments from Barrick once the Crescent campaign period starts).

#### OUTSTANDING SHARE DATA

Ordinary shares as at 1 October 2010	620,051,875
Issue of shares to Barrick under the Asset Sale Agreement (Laverton Project)	8,085,813
Shares issued - Rights Issue	286,521,296
Ordinary shares as at 31 December 2010	914,658,984

#### SUBSEQUENT EVENTS

The A\$45.5 million Rights Issue capital raising closed over subscribed. The Company raised A\$48.1 million (before costs) through the issue of 436.9 million new ordinary shares in Crescent Gold.

In January 2011, Crescent repaid A\$5 million of its A\$15 million loan facility to Ingado Resources Ltd.

#### 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.

Regards

**Crescent Gold Limited**



**Mark Tory**  
**Interim Managing Director**

*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 Laverton Gold Project Western Australia" which is available on SEDAR (sedar.com) or the Company's website [www.crescentgold.com](http://www.crescentgold.com).*