

Eastern
Goldfields
Ltd

EASTERN GOLDFIELDS LIMITED

ABN 69 100 038 266

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016**

ABN 69 100 038 266

CORPORATE DIRECTORY AND CONTENTS

BOARD OF DIRECTORS

Michael Fotios Executive Chairman
Alan Still Non-Executive Director
Craig Readhead Non-Executive Director

COMPANY SECRETARY

Shannon Coates

**REGISTERED OFFICE AND PRINCIPAL PLACE OF
BUSINESS**

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Web-site: www.computershare.com.au

AUDITORS

Ernst & Young

SOLICITORS

Squire Patton Boggs

BANKERS

National Australia Bank Limited

STOCK EXCHANGE LISTING

Shares in Eastern Goldfields Limited are listed on the
Australian Securities Exchange under the trading code
EGS

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This financial report covers the consolidated financial statements for the Group, consisting of Eastern Goldfields Limited and its subsidiaries.

The annual financial report is presented in Australian dollars.

Eastern Goldfields Limited is a company limited by shares, incorporated and domiciled in Australia.

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DIRECTORS' REPORT

The Directors of Eastern Goldfields Limited (previously named Swan Gold Mining Limited) ("Eastern Goldfields" or "Company") present their report on the results and state of affairs of the consolidated entity, being the Company and its controlled entities ("Group") for the financial year ended 30 June 2016.

The Company changed its name to Eastern Goldfields Limited on 11 November 2015.

DIRECTORS

The names of the Directors of Eastern Goldfields in office during the course of the financial year and up to the date of this report are as follows:

Michael Fotios
 Craig Readhead
 Alan Still

All Directors held their position as a Director throughout the entire financial year and up to the date of this report.

INFORMATION ON DIRECTORS

Director	Qualifications, experience and special responsibilities
<p><i>Michael Fotios</i> Executive Chairman</p>	<p><i>BSc (Hons) MAusIMM</i> A Director since September 2012, Mr Fotios is a geologist specialising in economic geology with 27 years' extensive experience in exploration throughout Australia for gold, base metals, tantalum, tin and nickel and taking projects from exploration to feasibility. He previously held positions with Homestake Australia Limited and Sons of Gwalia Limited. He was Managing Director and a Director with Tantalum Australia NL (now ABM Resources Ltd) from September 1999 to October 2005. His last position was as Managing Director of Galaxy Resources Limited. Michael Fotios is founder and current Executive Chairman of Investmet Limited and is regarded as having control of Investmet.</p> <p>Other current directorships: Pegasus Metals Limited (from December 2009), Horseshoe Metals Limited (from May 2012), Galaxy Resources Limited (from August 2016), Redbank Copper Limited (from September 2012), General Mining Corporation Limited (from June 2012), and Oklo Resources Limited (from July 2016).</p> <p>Former directorships in the last three years: Northern Star Resources Limited (from September 2009 to October 2013) and Stirling Resources Limited (now Stirling Resources Pty Ltd) (from September 2012 to November 2012).</p>
<p><i>Alan Still</i> Non-Executive Director</p>	<p>AMIM Alan Still is a metallurgist with over 14 years' experience in steelmaking and a further 41 years' mining experience in a variety of commodities including a detailed knowledge of a number of African based rare metals projects.</p> <p>Current directorships: Zedsee Enterprises (Pty) Limited, Horseshoe Metals Limited, Pegasus Metals Limited, and Investmet Limited.</p> <p>Former directorships in the last three years: General Mining Corporation Limited</p>
<p><i>Craig Readhead</i> Non-Executive Director</p>	<p><i>B Juris Lib</i> Mr Readhead is one of WA's leading mining and resource lawyers with over 33 years legal and corporate advisory experience specialising in the resources sector, including the implementation of large scale mining projects both in Australia and overseas. In 2009, Craig was identified as one of the top ten Best Mining Lawyers in Australia published by the Australian Financial Review. Craig is a former Partner of law firm, Allion Legal.</p> <p>Current directorships: Beadell Resources Limited, Western Areas Limited and Redbank Copper Limited.</p> <p>Former directorships in the last three years: Galaxy Resources Limited (to November 2013), General Mining Corporation Limited (to October 2015), and Heron Resources Limited (to April 2015).</p>

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OPERATING AND FINANCIAL REVIEW

This review provides to shareholders an overview of Eastern Goldfields' 2016 operations, financial position, business strategies and prospects.

The review also provides contextual information, including the impact of key events that have occurred during 2016 and material business risks faced by the business so that shareholders can make an informed assessment of the results and prospects of the Group. The review complies with the financial report and has been prepared in accordance with recently released guidance set out in ASIC Regulatory Guide 247 ("RG 247").

1. Operating Review

Core Business

Eastern Goldfields, via its subsidiaries, is the 100% owner of the Davyhurst Gold Project 120km north-west of Kalgoorlie, and the Mt Ida Gold Project located 200km north-west of Kalgoorlie. Processing infrastructure includes a 1.2Mtpa processing plant, two camps (Davyhurst Central and Mt Ida), mains power and working bore fields.

The Group also holds a substantial tenement position (1,420 square kilometres, 150km strike length), surrounding the existing infrastructure.

Principal Activities and Significant Changes in those Activities

The principal activity of the Group during the financial year was mineral exploration and evaluation, and care and maintenance of its historically producing gold mines being the Davyhurst Gold Project and the Mt Ida Gold Project.

The Davyhurst Project includes both open cut and underground mining targets. Mining operations will initially commence on open pit resources at Siberia and underground resources within the Davyhurst area. The Davyhurst area hosts some of the largest deposits within the entire portfolio and has considerable potential for the discovery of new gold deposits, in addition to the extension of existing resources.

The Company's immediate focus remains centred on the evaluation of mining opportunities. Work programs carried out during the year were designed to cover Mineral Resource definition & extension drilling, exploration of known mineralisation along with grassroots programs targeting new discoveries. The Company also initiated the refurbishment of the 1.2Mtpa Davyhurst Processing Plant which is underway.

Project Development

Siberia Project Area

The Siberia mining centre is 35km south east of Davyhurst and contains two main deposits, namely Sand King and Missouri, both of which remain the subject of detailed mine evaluation works.

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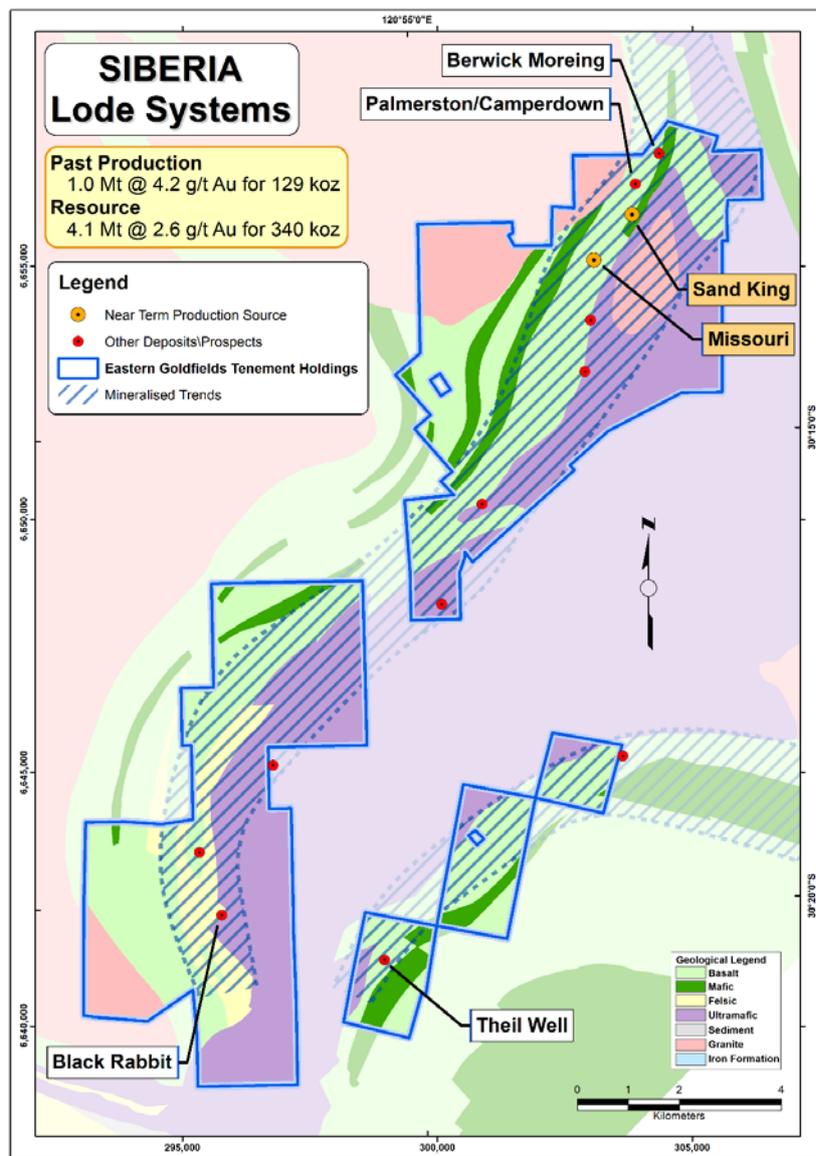


Figure 1: Siberia Deposit Location Map

In early 2016 the Company commenced drilling with three diamond rigs at the Sand King and Missouri Gold deposits at the Siberia Project. The resource definition drilling program consists of approximately 6,000 metres of diamond core drilling and 6,000 metres of reverse circulation drilling from within and around the existing Sand King and Missouri open pit deposits.

Davyhurst Project Area

Golden Eagle Deposit

Underground mine evaluation works continued on the Golden Eagle deposit which is located 2km from the Davyhurst Processing Plant. These works are advanced and included optimising and finalising mines designs, surface infrastructure layouts and submission of regulatory approval documents.

As announced on 19 May 2016, drilling on the Golden Eagle Deposit has confirmed the Company's recently revised geological model and the importance of the Quartz-Feldspar-Lode association with the location of high grade gold. Golden Eagle has been identified as an additional near term underground mining target. The first phase of the drilling is now complete, with results confirming that mineralisation extends over 100m north of the existing resource boundary and remains open at both depth and in the down plunge direction.

LOI Mining Centre

A diamond drilling program was completed during the year, with 3 holes drilled into the Makai Deposits and an additional exploratory diamond hole into the Great Ophir Lode system

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The Makai deposit is a lode system that sits in an up dip position to the main Lights of Israel deposit (LOI), which is located 700m from the Davyhurst Processing Plant. A mining event has been proposed which targets Makai while leveraging off the existing LOI capital development, ultimately providing access options for the entire known plunge length of this deposit.

Detailed geotechnical assessment of the Makai diamond core was undertaken; along with an underground inspection examining the LOI vent adit, main portal, decline and stockpiles. All were found to be in fair to good condition. The standing water level within the mine was also found to be below the current planned mining event.

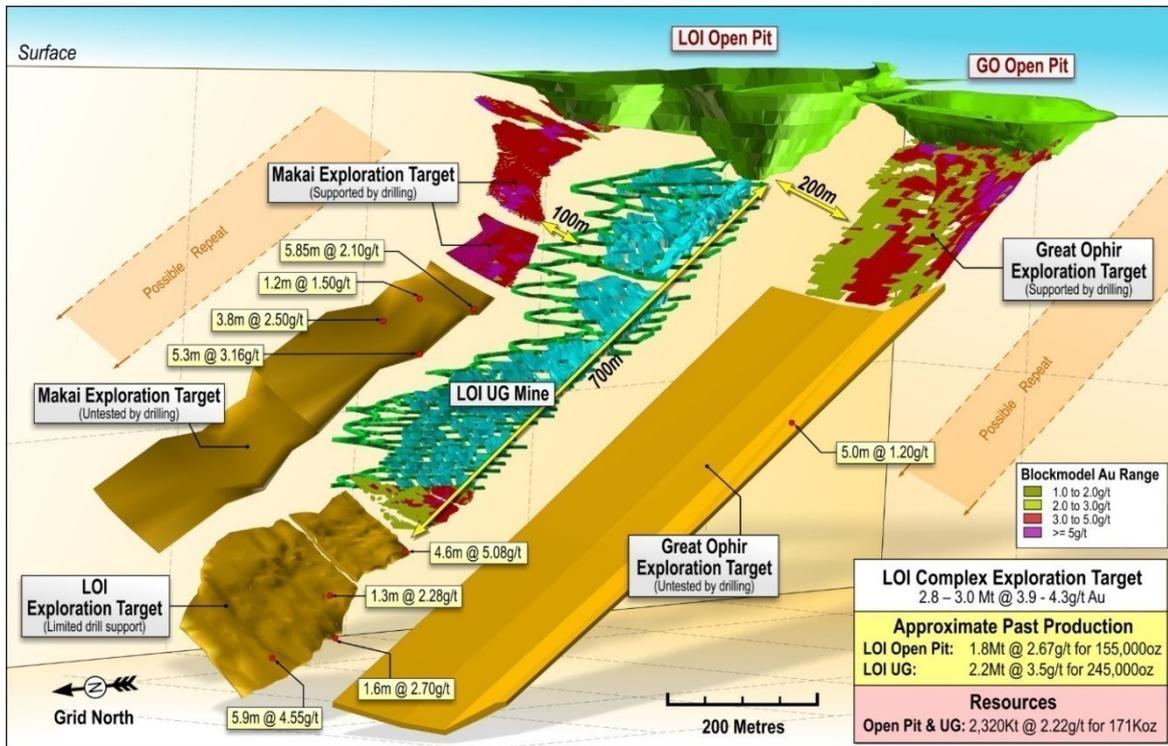


Figure 2: LOI Mining Centre Complex – 3D view.
(Refer to ASX announcements dated 28 January 2016 and 10 August 2016 for further information)

The potential quantity and grade of the Exploration Targets are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Targets are based upon a comprehensive geological and mineralisation review conducted by Eastern Goldfields. This modelling utilised a combination of exploration drilling data, underground sampling along with detailed geologic observations. A high proportion of the LOI deposit was drilled with diamond core and as such there has been significant data available to compile geologic models and justify the projection of mineralisation down plunge.

Historical survey, geology and assay records reviewed, validated and were utilised to create a 3-dimensional geological and mineralisation model. RC drill diameter was 5 ½ inch and diamond core size was NQ. RC drill sample were collected at 1m intervals and diamond core was cut to geological intervals. Assay methods of drill hole samples was by aqua regia or fire assay using accredited laboratories.

The grades of these Exploration Targets have been assigned by detailed assessment of previous production from the Lights of Israel and Great Ophir Deposits along with detailed statistical modelling (ID₂ and Ordinary Kriging) of sample grades from within the mineralised systems. In areas where there is little or no existing data the grade has been derived from the geological investigations into continuity of existing mineralisation and geology (projecting down plunge) and are conceptual in nature with confirmatory RC and DD drilling required to validate these targets which is scheduled for completion in 2016. Samples will be submitted to accredited laboratories for gold assay (fire assay) with a full suite of QAQC samples (blanks, standards and field duplicates).

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Riverina Project Area

The Riverina deposit lies approximately 40km north-west of Davyhurst and contains a mineral resource of 2.6Mt @ 2.5g/t for 205,000ounces. It remains a high priority mining target following on from the planned Siberia mining event.

Open pit mining was initially commenced by Monarch in 2007/2008 but only reached a depth of 20m. Significant RC grade control drilling was completed by Monarch at the time which included 2,345 holes, drilled on a tight 5m x 5m pattern, totalling 37,000m. Monarch went into administration during the mining of Riverina, leaving much of the area covered by grade control drilling, unmined. Limited mining has taken place in the north of the design, the remainder was cleared in preparation for mining.

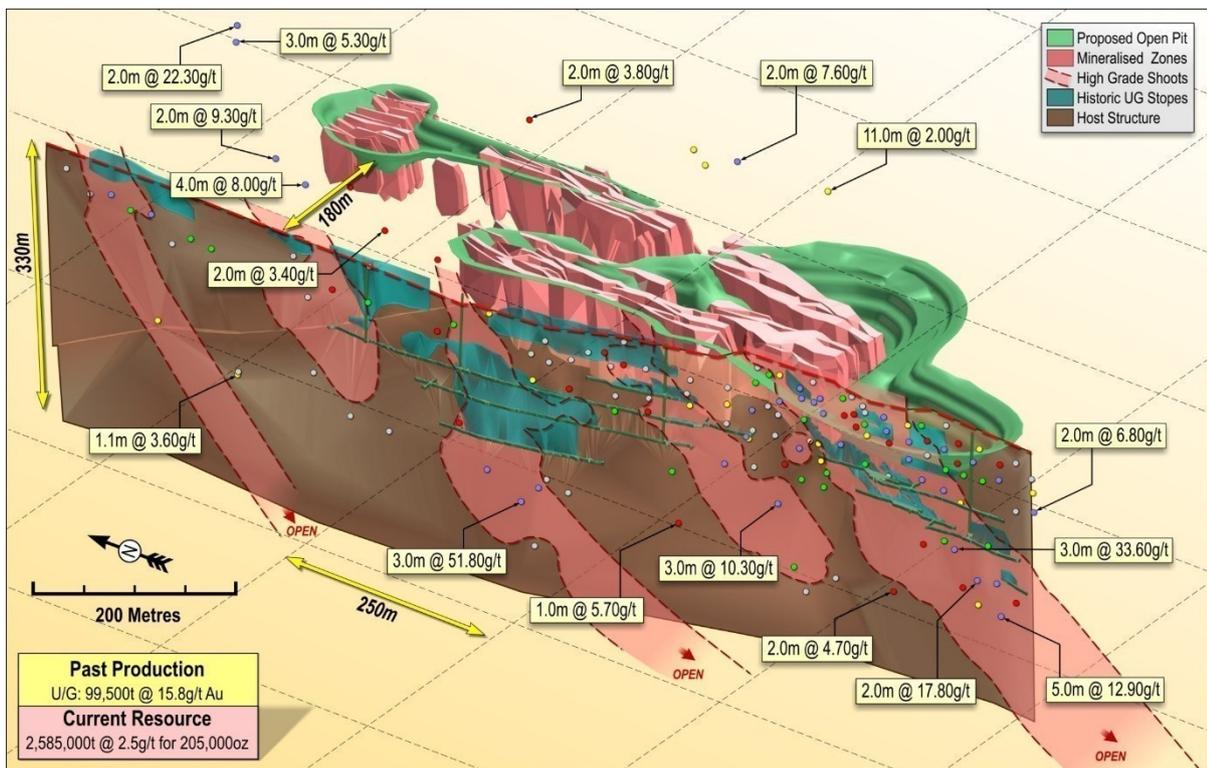


Figure 3: Riverina Complex and pit design. (Refer to ASX announcement dated 13 September 2016 for further information)

The close spaced drilling to a maximum depth of 32m has provided additional information that has not been used in previous resource models. A preliminary resource model was initiated during the quarter, using only the grade control drilling, to quantify the near surface ore potential. This work is ongoing and will be integrated with the existing wider spaced (20m x20m) resource drilling.

The mineralisation defined by this grade control drilling is seen as an immediate low cost oxide ore source for the mill at Davyhurst. The close spaced drilling has identified areas of significant near surface oxide mineralisation, not previously identified in the resource drilling.

Mt Ida Gold Project

The Mt Ida Project is a high grade underground deposit located 200km north-west of Kalgoorlie-Boulder, 120km from the Davyhurst Processing Plant, containing a mineral resource of 316,700t @ 13.8g./t for 140,500 ounces. Mt Ida mine has been narrow vein mining operation with fully serviced shaft, winder and workshops 80-person operating camp servicing the mine and an airstrip at the nearby abandoned Bottle Creek mine.

The exploration potential for this multiple lode system is considered high. The Company intends to drill out the system to identify sufficient resource to allow conventional decline access targeting multiple mineralised horizons.

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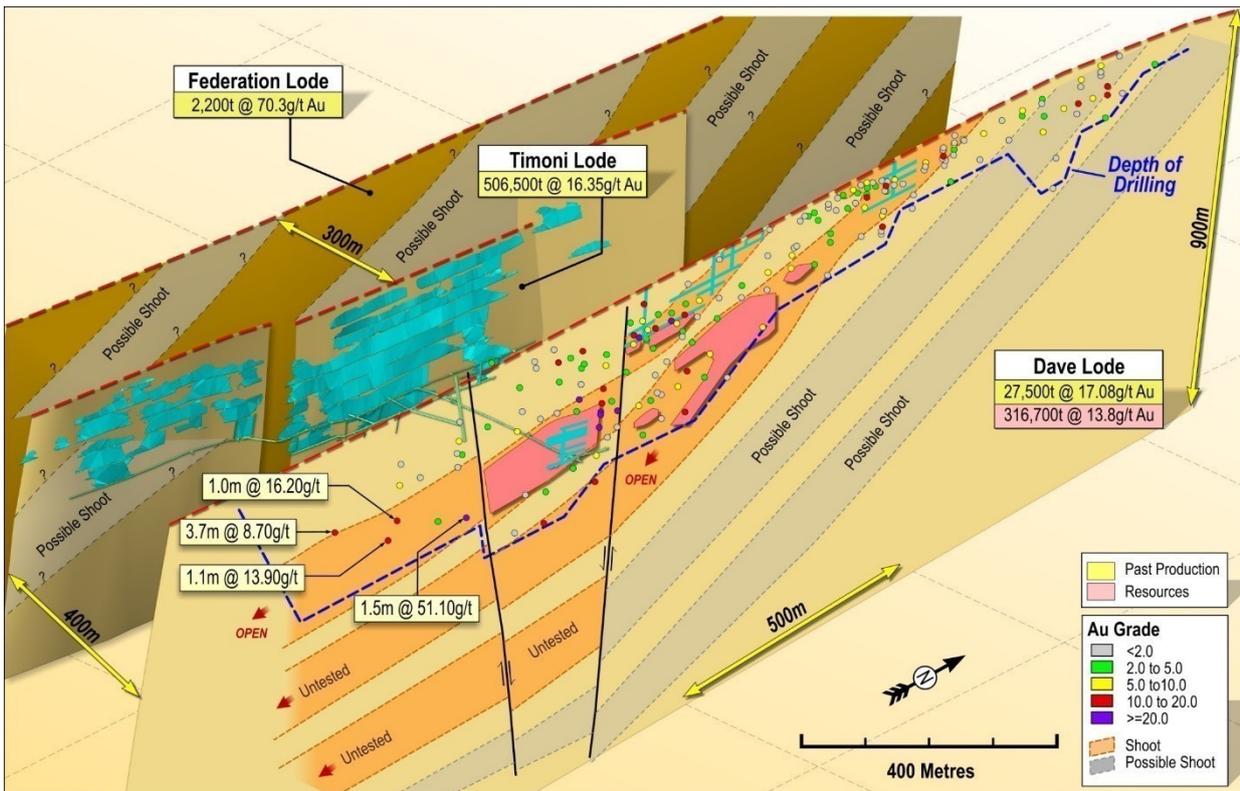


Figure 4: Mt Ida Complex. (Refer to ASX announcement dated 13 September 2016 for further information)

Environmental Compliance

The Company's Annual Environmental Reports were lodged with the Department on 31 March 2016 for the period from 28 February 2015 to 30 March 2016. The Department has provided an extension until 15 April 2016 for the Lady Ida Mine Closure Plan.

Mining Approvals

A preliminary pre-submission mining approval meeting was held with the DMP Environmental Branch on 9 March 2016. Two approvals, namely the Siberia Open Cuts and the Golden Eagle Underground proposals were discussed and have subsequently been submitted. Over the period, the mine layouts, dewatering, pit and landform designs and rehabilitation scheduling was completed.

Siberia Clearing Permit

An ecological survey report, resultant from the November field survey, was finalised on 2 March 2016. A Native Vegetation Purpose (Clearing) Permit was lodged with the Native Vegetation Branch of the DMP on 3 March 2016.

Davyhurst Tailing Storage Expansion

Work continued on geotechnical analysis of the existing TSF, progressing through to the engineering design stage. An option study was also completed which examined future tailings storage options. The engineering study is now complete and provides the details required for the development of a tailing storage plan for the next 4 years of operation.

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EXPLORATION

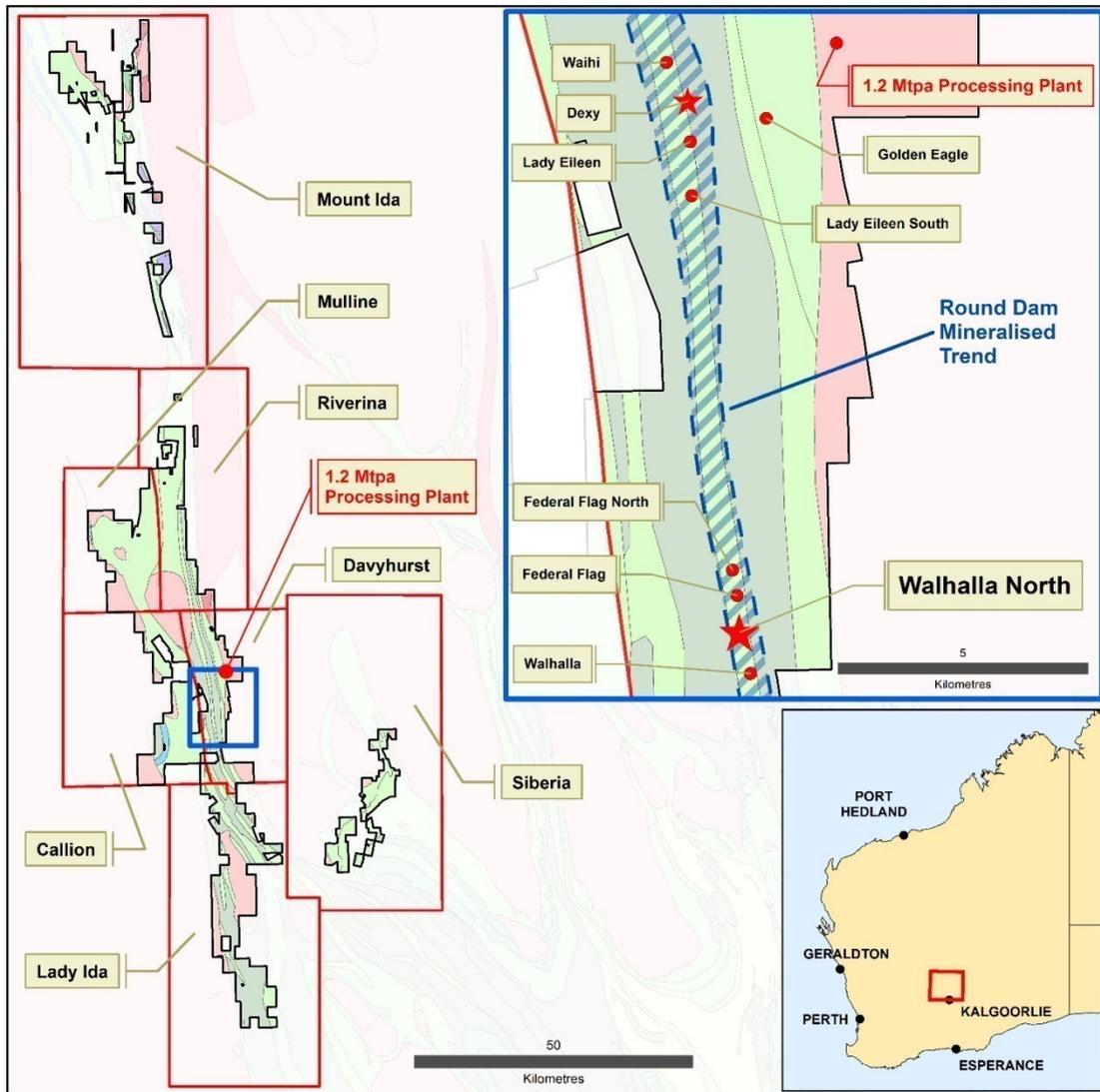


Figure 5: Davyhurst Project Areas

Regional Mapping

As part of a tenement wide data collation exercise, the Company has enlisted specialist consultants to conduct 1:10,000 scale regional mapping over its entire tenure. The Siberia Project has been recently completed with attention now directed to the Mulline Project Area, which encompasses several sizable deposits, namely the Giles and Lady Gladys and Deposits. Mapping of the Mulline \ Riverina area has progressed during the quarter and is scheduled for completion in the 3rd quarter of 2016.

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Davyhurst Project Area

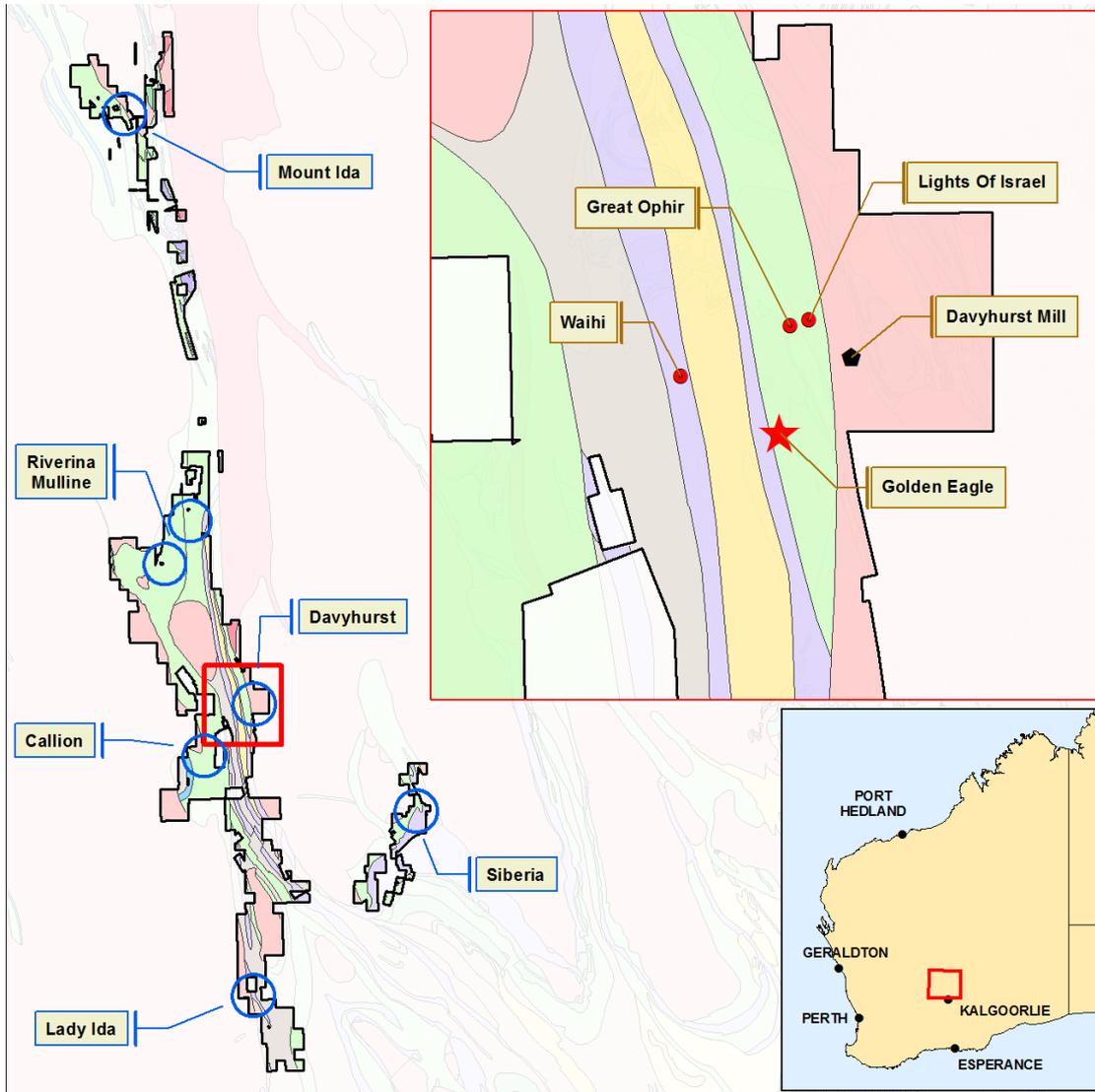


Figure 6: Davyhurst Project Area Drill Sites.

Golden Eagle

Drilling at The Golden Eagle Deposit (**GED**), located near Davyhurst in Western Australia has confirmed the Company's recently revised geological model and the importance of the Quartz-Feldspar-Lode (**QFL**) association with the location of high gold grades (refer to ASX announcement 19 May 2016).

- GEDD002 with **2.7m @ 13.74g/t Au** from 112.8m *Incl 0.7m @ 36.60g/t Au*
- GEDD014 with **6.1m @ 4.81g/t Au** from 229.2m
- GEDD001 with **5.0m @ 5.00g/t Au** from 119.0m
- GEDD006 with **3.0m @ 6.27g/t Au** from 134.0m
- GEDD007 with **2.95m @ 11.06g/t Au** from 157.05m
- GEDD011 with **4.25m @ 6.08g/t Au** from 165.95m *Incl 1.55m @ 12.91g/t Au*
- GEDD015 with **3.43m @ 5.66g/t Au** from 188.42m
- GEDD007 with **1.74m @ 9.43g/t Au** from 162.36m

The GED has been identified as an additional near term underground mining target. The revised geological model was developed with a focus on defining the high grade hanging-wall mineralisation (see Figure 1 & 2) from the broader 10-20 metre wide mineralised zone that was previously bulk mined in a large open pit

The GED is hosted within the same geological unit as the Lights of Israel Deposit that historically produced 4.7Mt @ 3.0g/t Au and was mined to over 500 vertical metres below the natural surface. The GED displays numerous geological similarities, suggesting the exploration potential for down plunge continuation remains significant.

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The Company has previously informed the market that underground mining evaluation work has returned positive results. All the statutory approvals required to commence mining have been lodged with the regulator and are currently being assessed.

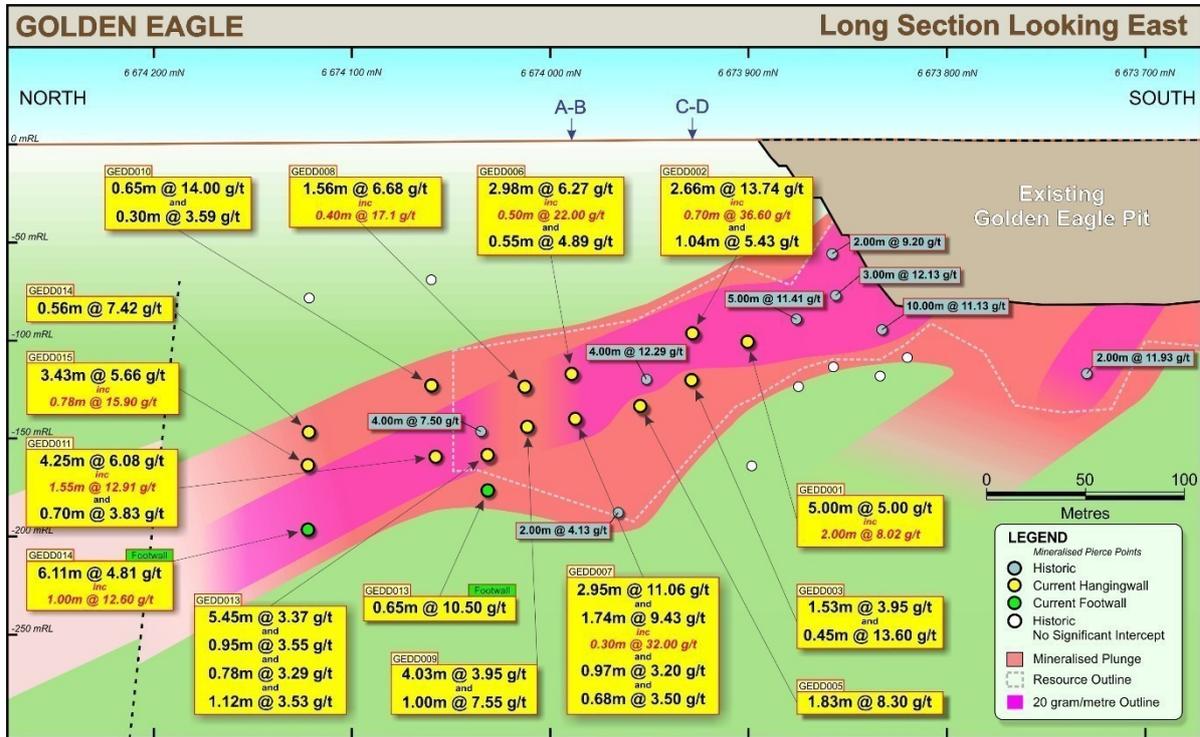


Figure 7: Looking East – long Section showing drill hole intersections and resource outline.
(Refer to ASX announcement 19 May 2016)

Walhalla North

As part of a project review of the Round Dam mineralised trend, the area between the Walhalla and Federal Flag pits was identified as a potential source for shallow oxide resources. Of particular interest were historical drilling results that included **6m @ 19.21g/t (WARC145)**, **5m @ 26.49g/t (WARC175)** and **4m @ 20.53g/t (WARC176)** (refer to ASX release 15 June 2016) within the Walhalla North Prospect.

The Walhalla North prospect is situated midway between the Federal Flag and Walhalla open pits which are 1.1km apart. Walhalla and Federal Flag deposits were both mined by Monarch Gold in 2007 and 2008, the last operator of the Davyhurst Project. The prospect is approximately 14 km from the Company's processing plant at Davyhurst.

The key objectives of the Company's drilling was to confirm the location and tenor of the existing drilling via a twin hole, obtain structural data from diamond drilling and to extend depth and strike extents to mineralisation.

Drilling successfully intercepted mineralisation with the following results (refer to ASX announcements 15 June 2016 and 18 July 2016):

- WARC0184 with **7.0m @ 3.70g/t Au** from 98.0m
- WARC0189 with **2.0m @ 5.74g/t Au** from 15.0m
- WARC0184 with **3.0m @ 3.29g/t Au** from 44.0m
- WARC0184 with **3.0m @ 3.26g/t Au** from 87.0m
- WADD001 with **3.3m @ 5.96g/t Au** from 15.7m including **0.5m @ 30.29g/t**
- WADD001 with **9.8m @ 5.57g/t Au** from 32m including **0.8m @ 44.10g/t & 0.7m @ 17.36g/t**
- WADD002 with **25.6m @ 1.57g/t Au** from 24m including **0.70m @ 12.00g/t**
- WADD002 with **0.4m @ 56.3g/t Au** from 54.9m

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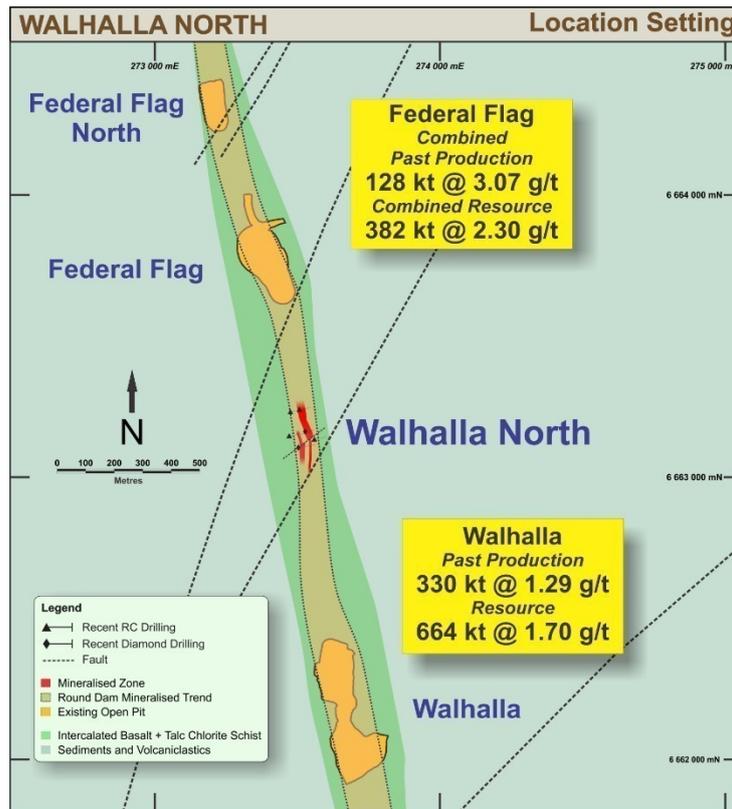


Figure 8: Walhalla North – location setting.

Dexy Prospect

The Dexy Prospect is situated 400 metres south of the Waihi open pit which has historically produced 704,000t @ 2.39g/t for 54,000 ounces. The historical Golden Pole underground mine (circa 1900) located 200m to the west of the Waihi pit was one of Davyhurst's highest grade undergrounds at the time, producing 81,000t @ 29.7g/t for 77,000 ounces.

As part of a project review of the Round Dam mineralised trend, the area between the Waihi and Lady Eileen pits was identified as a potential source for shallow oxide resources. Of particular interest was historical drilling results that included **7m @ 3.04g/t, 10m @ 2.56g/t and 6m @ 3.11g/t** within the Dexy Prospect.

Drilling returned significant mineralisation (refer to ASX announcement 26 May 2016):

- WSRC034 with **5.00m @ 11.04g/t Au** from **65.0m**
- WSRC032 with **8.00m @ 2.94g/t Au** from **35.0m**
- WSRC032 with **6.00m @ 3.08g/t Au** from **12.0m**
- WSRC034 with **2.00m @ 5.45g/t Au** from **20.0m**

The Dexy mineralisation has been defined over a strike length of greater than 300 metres, while the structure itself remains open to the north and south and is prospective for over 500 metres. Additional parallel mineralised trends also exist to the east and west of the main Dexy mineralised zones, which remain untested. Further infill and extensional drilling is planned, which will be used to determine a maiden Mineral Resource estimation.

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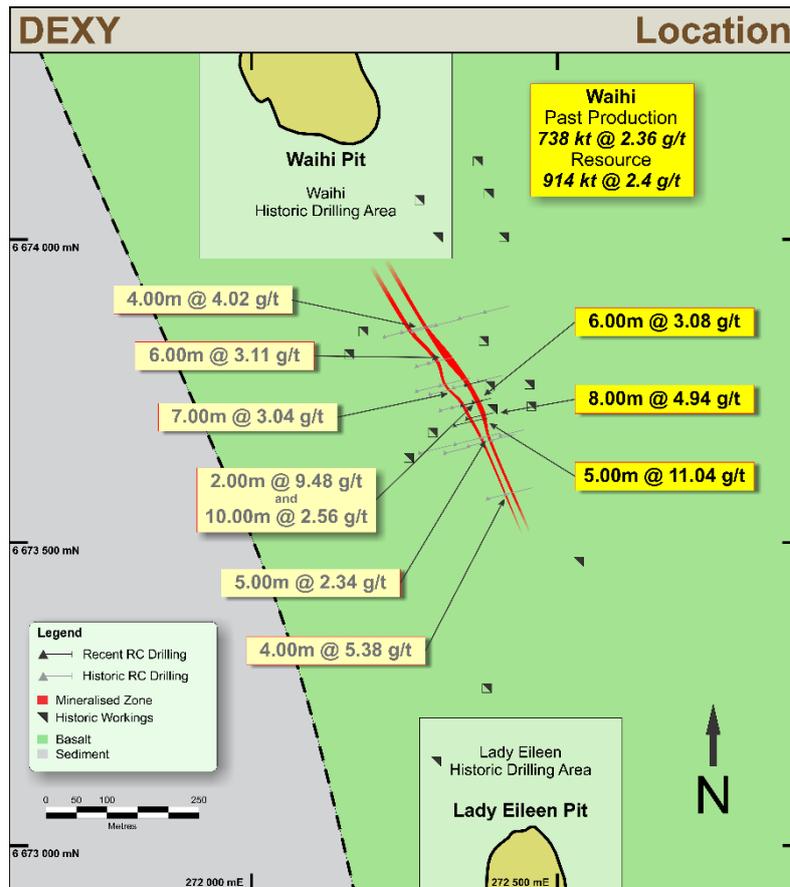


Figure 9: Dexy Prospect.

Macedon South Prospect

The Macedon South prospect is situated 1.6km south of the Walhalla pit, along the same Round Dam mineralised trend. This trend extends approximately 18km from Waihi in the north to Salmon Gums in the south.

A total of six holes were drilled at Macedon South to infill previous anomalous RC and RAB gold results. The previous zones of mineralisation were confirmed but the tenor of anomalism was downgraded.

Significant results include (refer ASX announcement 5 May 2016):

LGNRC006	4.0m @ 1.4g/t	from 40m
LGNRC004	1.0m @ 3.1g/t	from 50m

Callion Project Area

Gila Prospect

The Gila Prospect is located approximately 5km south east of the Callion pit. The recent drilling aimed to further investigate historical drilling intersections, defined with the database.

The prospect was first defined by RAB drilling in the 1990s. Further RAB drilling carried out in 2005 intercepting **13m @ 8.65g/t** in upper sapolite mafic zone in hole CARB180. No further follow up work has been completed since 2005.

Eastern Goldfields completed a program of eight RC holes on three 50m spaced liens to test the historical RAB intercept of 13m @ 8.65g/t. Drilling successfully intersected a steep east dipping mineralised zone related to quartz veining and a possible felsic intrusion at depth within Basalt.

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Significant results include (refer ASX announcement 5 May 2016):

GARC007	3.0m @ 18.9g/t	from 115m
GARC005	4.0m @ 9.5g/t	from 20m
GARC005	4.0m @ 2.2g/t	from 31

Further drilling, including diamond drilling, is planned to better understand the controls on mineralisation and to test the extents of mineralisation.

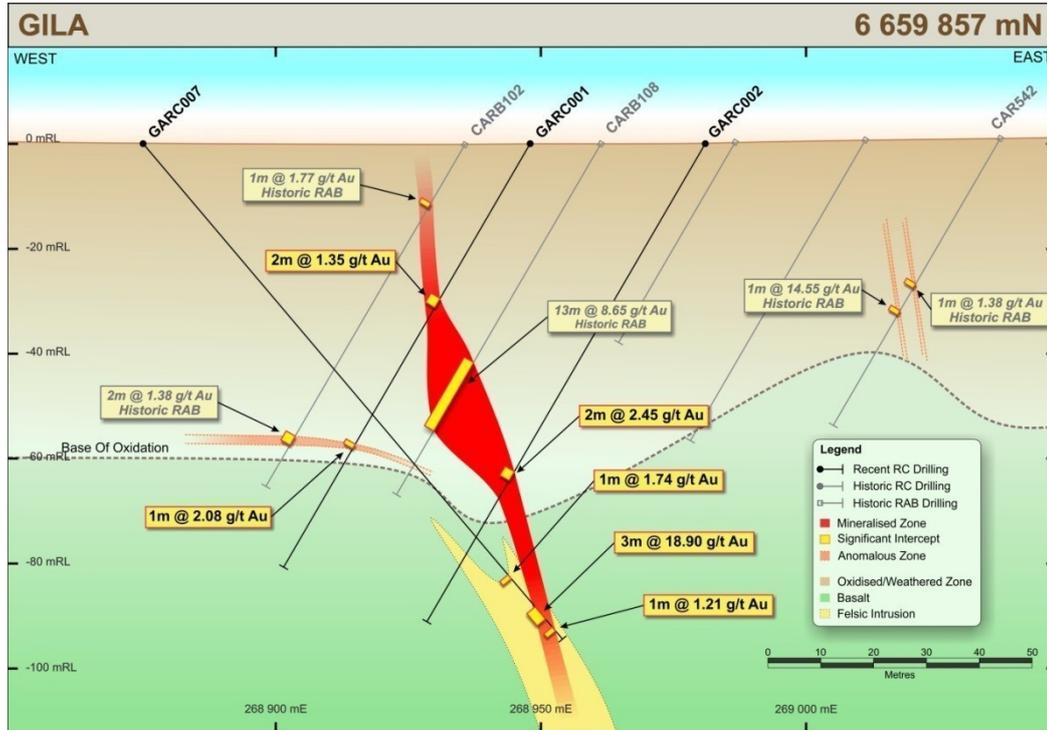


Figure 10: Gila Prospect Drill Hole Cross Section.

Glasson North Prospect

The Company was drawn to the Glasson North historical workings as they are believed to be related to the northern extension of Glasson Deposit located 600m to the south. The main Glasson deposit has been mined by both open cut and underground mining methods. This mineralisation is interpreted to be dextrally offset (off set to the east) by a north-east trending D2 structure.

Eastern Goldfields completed six holes on two lines to test beneath these old workings. Drilling intersected mineralised moderately east dipping quartz veining within a narrow biotite altered structure.

Significant results include (refer ASX announcement 5 May 2016):

GVNRC003	2.0m @ 6.3g/t	from 55m
GVNRC001	2.0m @ 2.9g/t	from 16m

Further drilling is planned to test the extent of mineralisation along strike and down dip.

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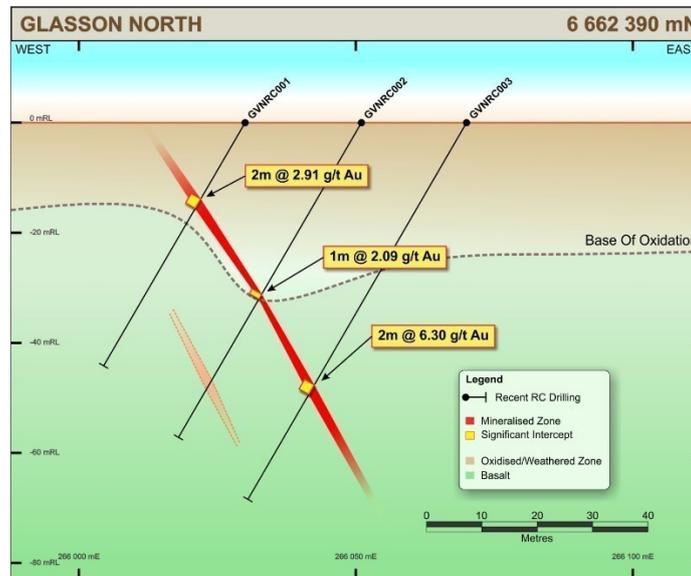


Figure 11: Glasson North Prospect Drill Hole Cross Section.

MULLINE \ RIVERINA PROJECT

Forehand and Riverina North

The Forehand Resource lies 1km to the east of the Riverina deposit on M30/178. The current open pit Resource for Forehand is 821,500T @ 1.8/t for 47,463 ounces at a 1g/t cut-off grade.

A number of shallow infill RC holes were drilled for a total of three holes for 235 metres, drilling successfully intercepted mineralisation and will be incorporated into the existing dataset and geological models.

The Riverina North Prospect is situated ~2.5km north of the Riverina mine. The prospect consists of a 2000m by 600m +20ppb Au auger anomaly, which is coincident with an interpreted cross cutting structure. A line of historical RC returned 1m @ 4.45g/t. Four holes for 400 metres were drilled.

No significant results were returned.

Foxtrot Prospect

The Foxtrot Prospect is located within the Mulline group of tenements, approximately 2,500m north of the Lady Gladys pit. The prospect sits at the southern end of a 7km long north south trending mineralised zone that extends from Lady Jane in the north to Lady Gladys in the south.

The Foxtrot prospect was defined by RAB drilling completed by Croesus in 2000. Significant intersections include MERB232, **7m @ 2.3g/t** from 35m and MERB247 **5m @ 3.0g/t** from 36m. Gold mineralisation is associated with quartz veining within Basalt. Mineralisation was interpreted to be shallowly dipping (~30°) to the east as at the Peachtree and Lady Gladys deposits.

Eastern Goldfields Mining completed a program of eight RC holes on three 100m spaced lines. The orientation and controls on gold mineralisation are unclear at this line spacing. However, it is believed that results received to date warrant further infill and extensional drilling.

Significant results include (refer to ASX announcement 5 May 2016):

- **FTRC003 with 5.0m @ 7.5g/t from 38m (Inc 2.0m @ 17.3g/t)**
- **FTRC006 with 1.0m @ 7.0g/t from 39m**

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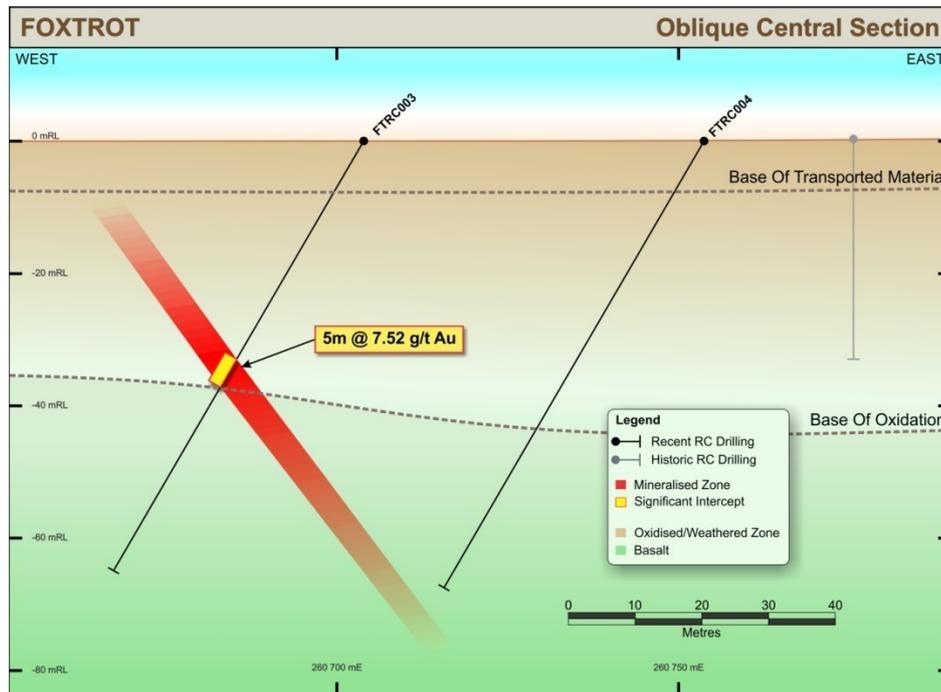


Figure 12: Foxtrot Prospect Drill Hole Cross Section.

Mulline Offset

The Mulline offset prospect lies 1km north of the Lady Gladys pit. Six RC holes were drilled to test a possible east west structural off set between Lady Gladys and Young Australia. An east west orientation can be seen within the surface geochemistry and on aeromagnetic imagery.

Significant results include (refer to ASX announcement 5 May 2016):

MSRC004	1.0m @ 7.6g/t	from 50m
MSRC002	1.0m @ 1.6g/t	from 60m

Auger Drilling

A total of 1,835 holes of auger were drilled across six tenements on the Siberia and Lady Ida Projects. Drilling was carried out on a nominal 200m by 80m grid. This work was designed to infill gaps in the existing Auger and Vacuum coverage, and to follow up previously defined gold anomalies. All samples were submitted to Genalysis for gold and a mutli-element suite analysis.

Siberia South results have returned three large coherent +20ppb gold anomalies (with +100ppb centres) coincident with the base of the Missouri basalt, the contact between the Siberia Komatite and the Walter Williams formation and a north east striking Ultramafic unit within the Missouri basalt. A number of these anomalies have received no gold exploration to date and are being accessed for further follow up work.

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2. Operating Financial Results

The Company's financial performance and result is attributable to its ongoing exploration, evaluation and development costs, project care and maintenance costs and corporate administration costs.

The Group's net loss after tax for the year was \$18,001,267 (2015: \$7,701,667).

Financial Position

At 30 June 2016 total Group assets were \$21,327,243 (2015: \$3,325,037) and net assets were \$4,164,491 (Net shareholders' deficit 2015: \$40,896,509).

Liquidity and Capital Resources

The table below sets out summary information about the Group's earnings and movement in shareholder wealth for the five years to 30 June 2016.

Performance Measures	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
	\$	\$	\$	\$	\$
Net assets/(liabilities)	4,164,491	(40,896,509)	(33,269,842)	(27,143,125)	(5,214,181)
Current assets	16,669,018	260,877	988,457	5,836,151	467,444
Cash	15,401,037	52,366	215,699	235,603	259,169
Contributed equity	228,342,835	168,040,331	167,965,331	167,665,331	164,665,331
Accumulated losses	(232,230,721)	(214,229,454)	(206,527,787)	(200,101,070)	(175,214,426)
EBITDA (1)	(16,287,920)	(5,350,525)	(4,589,604)	(24,811,010)	(3,734,000)
Net loss before tax	(18,011,267)	(7,701,667)	(6,469,017)	(24,886,641)	(4,413,000)
Share price at start of year	0.15*	0.15*	0.15*	0.15*	0.15*
Share price at end of year	0.43	0.15*	0.15*	0.15*	0.15*
Loss per share	(0.08)	(0.08)	(0.07)	(0.30)	(0.59)

*The share price of the Company remained unchanged since its suspension from the ASX in 2008.

- (1) This information is non-IFRS information that has been disclosed to assist users in understanding the Group's operations
- (2) EBITDA represents earnings before interest, tax, depreciation and amortisation.

3. Key Developments

Significant Changes in the State of Affairs

Change of Company Name

The Company confirms that, further to shareholder approval at the 2013 Annual General Meeting held on 8 July 2014, the name of the Company has been changed from Swan Gold Mining Limited to Eastern Goldfields Limited.

The Australian Securities and Investments Commission recorded the change of name on 11 November 2015. The ASX ticker code changed to EGS on 3 December 2015.

Corporate Activities

Ms Shannon Coates was appointed as Company Secretary effective 26 November 2015.

Capital Raising and Re-listing of Eastern Goldfields

Further to the Appendix 3B lodged on 27 November 2015, Eastern Goldfields announced it had completed a placement to sophisticated investors, issuing 10,666,667 fully paid ordinary shares at an issue price of \$0.15 to raise \$1.6 million.

On 29 December 2015, Eastern Goldfields lodged a Prospectus to raise a minimum of \$6 million and a maximum of \$10 million of new equity in Eastern Goldfields at \$0.15 per share with the ability to accept over subscriptions to raise an additional \$5 million. A Supplementary Prospectus was lodged on 9 February 2016 to increase the maximum to \$15

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million. A further second Supplementary Prospectus was lodged on 16 February 2016 to further increase the maximum raising to \$20 million with the ability to accept up to \$5 million oversubscription.

The Prospectus offer closed oversubscribed, raising a total of \$25 million as announced on 29 February 2016.

Subsequent to this successful raising, Eastern Goldfields was re-instated to official quotation on the Australian Securities Exchange on 24 March 2016.

On 13 April 2016, Eastern Goldfields raised a further \$2.5 million from professional and sophisticated investors. Funds raised pursuant to this Placement will be applied towards reserve definition drilling, plant refurbishment and general working capital.

Settlement with Stirling Resources Pty Ltd

On 30 December 2015, the Company announced a revised settlement arrangement with Stirling Resources Pty Ltd (Stirling Resources) which provided for the following:

- Payment of the remainder of \$529,000 pursuant to the previous settlement arrangement to occur in two tranches of \$150,000 on 31 December 2015 and \$379,000 plus accrued interest on the diminishing balance of the previous settlement amount since 1 July 2015 at a rate of 6 per cent per annum to occur on 8 January 2016;
- Upon payment of the settlement amounts, all amounts owing to Stirling under the loan facility agreement with the Company and other parties, and all related security, will be released;
- Acknowledgement of the amount of \$1,000,000 already paid by Eastern Goldfields under the previous settlement arrangement;
- Agreement to the share buy-back of all of the shares held by Stirling in Eastern Goldfields;
- A further payment of \$150,000 by Eastern Goldfields to be made on the earlier of the date which is 3 months after commencement of gold production at the Davyhurst gold operation and 30 September 2016 (subsequently paid on 6 October 2016); and
- Subject to commencement of gold production at the Davyhurst gold operation, an issue of 4.5 million ordinary shares by Eastern Goldfields in two equal tranches on the date of payment of the further \$150,000 referred to above and the earlier of the date which is within 6 months of commencement of gold production and 31 December 2016.

In February 2016, a second amended deed was subsequently entered whereby the payments as part of settlement were amended as follows:

- Payment of \$150,000 on or before 31 December 2015;
- Payment of \$200,000 on or before 11 February 2016; and
- Payment of \$229,000 plus \$33,968 on or before 16 February 2016 or, if a written demand is given by Stirling pursuant to clause 3(b) of the Settlement Deed, and the non-payment is remedied within 3 business days after the written demand, \$229,000 plus \$34,200.

Payments were made in accordance with the settlement deed to Stirling Resources and the outstanding loan amounts and all related security were released.

At 30 June 2016, the Company was liable to Stirling Resources for:

- A further payment of \$150,000 by Eastern Goldfields to be made on the earlier of the date which is 3 months after commencement of gold production at the Davyhurst gold operation and 30 September 2016 (subsequently paid on 6 October 2016); and
- Subject to commencement of gold production at the Davyhurst gold operation, an issue of 4.5 million ordinary shares by Eastern Goldfields in two equal tranches on the date of payment of the further \$150,000 referred to above and the earlier of the date which is within 6 months of commencement of gold production and 31 December 2016.

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Settlement of Related and Non-Related Debts

On 8 March 2016, the Company also issued 212,371,417 shares in settlement of loans, interests' component of loans and in lieu of fees relating to the Resolutions approved by shareholders on 30 December 2015.

Acquisition of Additional Tenements in WA

On 3 May 2016, Eastern Goldfields announced that it had executed a binding agreement ("Agreement") to acquire additional tenements ("Tenements") in the Eastern Goldfields region in Western Australia from Goldstar Resources (WA) Pty Ltd ("Goldstar"), a wholly owned subsidiary of Orion Gold NL (ASX:ORN) ("Orion").

Under the terms of the Agreement, the Company agreed to pay to Orion cash consideration of \$125,000 and 2,000,000 unlisted options (1,000,000 unlisted options exercisable at \$0.168 each on or before 8 March 2018 and 1,000,000 unlisted options exercisable at \$0.189 each on or before 8 March 2020). The Company also agreed to procure subscriptions from external parties for 33,333,333 shares in Orion at an issue price of \$0.015 per Share to raise \$500,000, which was completed on 8 June 2016.

The payment of \$125,000 was made on 20 May 2016 and the 2,000,000 unlisted options were issued on 13 May 2016.

The Agreement is conditional on withdrawal of the complaints lodged by Goldstar on the Davyhurst, Lady Ida and Riverina tenements as noted in the Company's prospectus dated 24 December 2015 (as supplemented).

Significant Events after Reporting Date

Heads of Agreement with Intermin

On 5 September 2016, Eastern Goldfields announced that it has entered into an exploration and development earn-in joint venture with Intermin Resources Limited (ASX:IRC) ("Intermin") on tenements containing nearly 200,000 oz Au in reported resources, and with historic production in excess of 830,000 oz, primarily from underground sources.

Material Terms of Heads of Agreement with Intermin

- a) Eastern Goldfields to solely contribute to expenditure of \$2M on the Projects to earn a 25% interest within 2 years of the commencement date ("Initial Interest");
- b) Eastern Goldfields to solely contribute to further expenditure of \$2M on the Projects to earn a further 25% interest within 2 years of earning the Initial Interest ("Further Interest");
- c) Eastern Goldfields to solely contribute to further expenditure of \$1.5m on the Projects (inclusive of a BFS to support a mill installation in the Mt Ida/Menzies region) to earn a further 15% interest within 2 years of earning the Initial Interest ("Second Further Interest");
- d) while Eastern Goldfields is sole funding the Projects, it will manage the exploration programs on the Projects and be responsible for maintaining tenure over the Projects areas in good standing, subject to Intermin providing in a timely manner all cooperation required by Eastern Goldfields;
- e) Eastern Goldfields may withdraw from the above expenditure obligations at any time but will be entitled to retain any interest in the Projects earned (if any) at the date of withdrawal;
- f) Intermin will transfer legal title to each of the Initial Interest and Further Interests as soon as Eastern Goldfields has earned the beneficial interest as mentioned above;
- g) In respect to the Goongarrie Lady mining lease M29/420, Intermin and Eastern Goldfields agree that the current resource of 272,014t @ 2.86g/t for 25,000 ounces currently under feasibility study is excluded from the farm in and both parties will work together on potential milling of the project at the Davyhurst Mill under standard commercial terms; and
- h) For avoidance of doubt, exploration on M29/420 outside of (g) above forms part of the joint venture covering the Goongarrie Project area.

Upon Eastern Goldfields earning a Project interest of 75%, the parties will:

- a) thereafter each contribute to expenditure on the Projects in accordance with their respective percentage Project interests from time to time;
- b) establish a joint venture committee to make all decisions in respect of exploration, resource development, definitive feasibility studies, approvals and any other matters required for consideration ("Joint Venture");
- c) appoint Eastern Goldfields as manager of the Joint Venture unless otherwise agreed, provided that Intermin will continue to provide in a timely manner all cooperation required by Eastern Goldfields;

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- d) make all Joint Venture decisions by majority vote in accordance with the respective percentage Project interests of the parties from time to time;
- e) apply a standard industry straight line dilution formula; and
- f) permit assignment by each party of its Projects interest at any time, provided that the incoming party enters into a Deed of Assignment and Assumption upon terms reasonably required by the ongoing party.

Conditions

The Heads of Agreement is conditional upon:

- a) Eastern Goldfields being satisfied with its due diligence investigations in respect of the Project areas;
- b) Eastern Goldfields' Board resolving to proceed with the transaction set out in the Heads of Agreement;
- c) such other conditions precedent that are customary in transactions of this nature together called "Conditions Precedent".

Placement with Intermin

Eastern Goldfields has agreed to subscribe for shares in a placement undertaken by Intermin whereby Eastern Goldfields will subscribe for 12,500,000 new fully paid ordinary shares in Intermin ("Placement") at 12 cents per share ("Subscription Price") being equal to the terms being offered by Intermin to other investors. It's understood the Placement may occur in two tranches with the second tranche subject to shareholder approval.

In consideration of making the Placement, Intermin will issue to Eastern Goldfields 6,250,000 options with an exercise price of 17 cents per option and with an expiry date of 31 August 2018.

Investment in Winward Resources Limited

On 8 September 2016, Eastern Goldfields announced that it had entered into a binding investment arrangement with Winward Resources Limited (ASX:WIN) ("Winward") that would see Eastern Goldfields become a cornerstone shareholder in Winward, providing the Company with exposure to Winward's highly prospective Fraser Range portfolio.

On 10 October 2016, following an off-market takeover offer from Independence Group NL to acquire all of the ordinary shares of Winward, Eastern Goldfields announced that it had given notice of withdrawal to Winward, releasing it from its obligations to hold a meeting of its shareholders to approve the subscription for shares in Winward in accordance with the subscription agreement between the Company and Winward.

Settlement with Stirling Resources Pty Ltd

On 30 December 2015, the Company announced a revised settlement arrangement with Stirling Resources Pty Ltd. The terms of the revised settlement are summarised elsewhere in the Director's report. Of the remaining liability at 30 June 2016:

- the further payment of \$150,000 was made subsequently on 6 October 2016; and
- the issue of 4.5 million ordinary shares remains outstanding.

Contract awarded to GR Engineering

On 23 September 2016, Eastern Goldfields announced that it had awarded a contract to GR Engineering Services Limited to refurbish the Davyhurst gold processing plant. The target cost estimate for completion of the work is \$12,566,697

Loan agreement with Orion Gold NL

On 9 September 2016, Eastern Goldfields entered into an agreement to provide a loan facility of \$250,000 to Orion Gold NL. On 12 September 2016, the facility was fully drawn down and Eastern Goldfields provided a loan of \$250,000.

Purchase of shares in Orion Gold NL

On 22 September 2016, Eastern Goldfields purchased 9,100,000 shares in Orion Gold NL at 2.5 cents each for \$227,500.

Purchase of 215 Balcatta Road, Balcatta

On 31 August 2016, the Company and Investmet Limited (as equal tenants in common) entered into a contract to purchase 215 Balcatta Road, Balcatta for \$12.1 million. The contract is subject to finance and is due to settle on 25 November 2016. Finance is being arranged and post completion a refurbishment fit out will be undertaken with a view to the Company moving in to the premises as its new corporate headquarters in January 2017.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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DIVIDENDS

No amounts were paid or declared by way of dividend since the end of the previous financial year. The Directors do not recommend the payment of a dividend in respect of the current financial year.

DIRECTOR'S INTERESTS IN THE SHARES AND OPTIONS OF EASTERN GOLDFIELDS

Details of Directors' interests in the securities of Eastern Goldfields as at the date of this report are as follows, which are on a post share consolidation basis:

Director	Fully paid shares	Unlisted options
Michael Fotios	191,488,723	15,000,000
Alan Still	-	3,600,000
Craig Readhead	1,653,332	3,600,000

COMPANY SECRETARIES

Shannon Coates (appointed 26 November 2015)

Michael Fotios, BSc (Hons) MAusIMM (appointed 22 December 2014, resigned 26 November 2015).

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors held during the year and the number of meetings attended by each Director was as follows:

	<u>Number held whilst in office</u>	<u>Number attended</u>
Michael Fotios	6	6
Craig Readhead	6	6
Alan Still	6	6

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REMUNERATION REPORT (audited)

This Remuneration Report outlines the Director and executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. This report forms part of the Directors' report and has been audited in accordance with Section 300A of the Corporations Act 2001.

For the purposes of this report Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company. Unless otherwise indicated, all key management personnel held their position as a throughout the entire financial year and up to the date of this report.

Details of key management personnel during the year up to the date of this report:

Directors

Michael Fotios ¹	Executive Chairman and Company Secretary
Alan Still	Non-executive Director
Craig Readhead	Non-executive Director

¹ Mr Fotios was appointed Company Secretary on the 22 December 2014, resigned 26 November 2015.

Principles used to determine the nature and amount of remuneration

Directors and executives remuneration

Overall remuneration policies are determined by the Board of Directors and are adapted to reflect competitive market and business conditions. Within this framework, the board considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for executive Directors and senior management. Executives may be provided with longer-term incentives through participation in option schemes, which serve to align the interests of the executives with those of shareholders. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance and relevant comparative information.

Non-executive Directors' remuneration

The Company's Policy is to remunerate non- executive Directors (NEDs) at market rates (for comparable companies) for time commitment and responsibilities. Fees for non-executive Directors are not linked to the performance of the Company, however to align Directors interest with shareholders interest Directors are encouraged to hold shares in the Company. The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies.

Payments to non- executive Directors reflect the demands that are made on, and the responsibilities of the NEDs. Non-executive Director's fee and payments are reviewed annually by the Board. The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting.

In accordance with current corporate governance practices, the structure for the remuneration of non-executive Directors and senior executives is separate and distinct. Shareholders approve the maximum aggregate remuneration for non-executive Directors, with the current approved limit being \$500,000. The Board determines the actual payments to Directors. The Board approves any consultancy arrangements for non-executive Directors who provide services outside of and in addition to their duties as non-executive Directors.

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REMUNERATION REPORT (audited)

Share based payments

During the financial year, the Directors were issued unlisted options under the Company's Employee Option Plan to provide incentive to the Directors to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Company.

Director	Number of Options		Total
	Exercisable at \$0.168 expiring 2 years from issue date	Exercisable at \$0.189 expiring 4 years from issue date	
Michael Fotios	7,500,000	7,500,000	15,000,000
Alan Still	1,800,000	1,800,000	3,600,000
Craig Readhead	1,800,000	1,800,000	3,600,000
Total			22,200,000

Remuneration Strategy

The Company has yet to adopt any remuneration strategy and will review this strategy at the appropriate time.

Details of remuneration

The following table discloses details of the nature and amount of each element of the emoluments of each Director of Eastern Goldfields and each of the officers receiving the highest emoluments for the year ended 30 June 2016.

30 June 2016	Primary (short-term)			Post-employment	Equity (share-based payments)	Total
	Salary and Directors fees	Consulting Fees	Non-monetary benefits	Superannuation		
Name	\$	\$	\$	\$	\$	\$
<i>Directors</i>						
Michael Fotios	60,000	-	-	-	893,730	953,730
Craig Readhead ¹	40,000	-	-	-	214,495	254,495
Alan Still ¹	40,000	-	-	-	214,495	254,495
	140,000	-	-	-	1,322,720	1,462,720

¹ Cash component in aggregate did not exceed the \$500,000 limit

30 June 2015	Primary (short-term)			Post-employment	Equity (share-based payments)	Total
	Salary and Directors fees	Consulting fees	Non-monetary benefits	Superannuation		
Name	\$	\$	\$	\$	\$	\$
<i>Directors</i>						
Michael Fotios	60,000	-	-	-	-	60,000
Craig Readhead	40,000	-	-	-	-	40,000
Alan Still ¹	10,000	-	-	-	-	10,000
John Poynton ²	26,667	-	-	-	-	26,667
Wayne Zekulich ³	20,000	-	-	-	-	20,000
	156,667	-	-	-	-	156,667

¹ Appointed on 31 March 2015

² Resigned on 31 March 2015

³ Resigned on 22 December 2014

There were no proportions of any elements of Key Management Personnel remuneration that related to performance. Other than Directors of Eastern Goldfields, there were no other executive officers of the Group during the year.

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Option holdings of key management personnel (consolidated)

30 June 2016	Balance at 1 July 2015	On the exercise of options	Options awarded and vested during the year	Balance at 30 June 2016	Award date	Vesting date
<i>Directors</i>						
Michael Fotios	-	-	15,000,000	15,000,000	30 Dec 15	30 Dec 15
Alan Still	-	-	3,600,000	3,600,000	30 Dec 15	30 Dec 15
Craig Readhead	-	-	3,600,000	3,600,000	30 Dec 15	30 Dec 15
	-	-	22,200,000	22,200,000		

No options were exercised by key management personnel during the year. There were also no options issued to key management personnel that lapsed during the year.

30 June 2015

There were no options held or granted to key management personnel during the year ended 30 June 2015.

Shareholdings of key management personnel (consolidated)

30 June 2016	Balance at 1 July 2015	On the exercise of options	Net change other	Balance at 30 June 2016
<i>Directors</i>				
Michael Fotios ⁶	41,238,671	-	150,250,052	191,488,723
Alan Still	-	-	-	-
Craig Readhead ⁷	166,667	-	1,486,665	1,653,332
	41,405,338	-	151,736,717	193,142,055

30 June 2015	Balance at 1 July 2014	On the exercise of options	Net change other	Balance at 30 June 2015
<i>Directors</i>				
Michael Fotios ⁶	412,386,710	-	(371,148,039) ⁴	41,238,671
Alan Still ¹	-	-	-	-
John Poynton ²	10,000,000	-	(10,000,000) ^{4,5}	-
Craig Readhead ⁷	-	-	166,667 ^{4,5}	166,667
Wayne Zekulich ³	-	-	-	-
	422,386,710	-	(380,981,372)	41,405,338

¹ Appointed on 31 March 2015

² Resigned on 31 March 2015

³ Resigned on 22 December 2014

⁴ Consolidation of 1 for 10 shares on 15 July 2014

⁵ Participation in share placement

⁶ This includes shareholdings by Mr Michael Fotios and entities he controlled (Michael Fotios Family A/C, Investmet Limited, Delta Resource Management Pty Ltd, Whitestone Minerals Limited).

⁷ This includes shareholdings by Mr Craig Readhead and entities he controlled (Hengolo Pty Ltd as trustee for CL Readhead Family Trust).

No shares were issued during the year as a result of the exercise of options granted as part of remuneration. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Loans to key management personnel

There were no loans to key management personnel during the financial year.

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REMUNERATION REPORT (audited)

Other transactions with Directors

The following transactions occurred during the year between the Group and Directors or their director-related entities.

The following amounts are not included in the Remuneration table in the preceding pages:

- Delta Resources Management Pty Ltd, a Company which Mr Michael Fotios is a substantial shareholder in, and Chairman of, provided technical and administrative support to the Company to the value of \$112,079 (inclusive of GST) (2015: \$518,475). A total of \$25,705 remains due and payable as at 30 June 2016 (2015: \$509,592). All charges are at market value. Interest is not charged. Delta Resources Management Pty Ltd also advanced a working capital loan to the Company to the value of \$528,756 (2015: \$316,197). A total of \$52,844 remains due and payable on the loan balance as at 30 June 2016 (2015: \$316,167). Interest of \$41,309 was capitalised to the loan principal for the year ended 30 June 2016 (interest rate 10% per annum, 2015: 10% per annum). The Company made a cash repayment of \$233,388 on this loan during the financial year. In March 2016, the Company also issued 4,000,000 shares at a deemed price of \$0.15 each as settlement of \$600,000 of the loan balance. Refer to Note 12 for the loan reconciliation.
- Whitestone Minerals Pty Ltd, a Company which is 100% owned by Investmet Ltd, a company which Mr Michael Fotios is a substantial shareholder in, and Chairman of, provided consulting services to the Company to the value of \$3,803,409 (inclusive of GST) (2015: \$137,893). In March 2016, the Company issued 6,000,000 shares at a deemed price of \$0.15 each in settlement of outstanding invoices with a total value of \$900,000. A total of \$1,809,675 remains due and payable as at 30 June 2016 (2015: \$211,976). All charges are at market value. Interest is not charged.
- Allion Legal, a firm which Mr Craig Readhead was a partner in until his resignation on 30 June 2015, invoiced \$210,207 in 2015 for legal advice provided to the Company. A total of \$162,898 was unpaid as at 30 June 2015. All charges were at normal commercial rates.
- General Mining Corporation Limited, a company which Mr Michael Fotios is a substantial shareholder in, received consulting and administrative support from the Company to the value of \$67,402 (inclusive of GST) (2015: \$0). A total of \$67,402 remains due and receivable by the Company as at 30 June 2016 (2015: \$0). All charges were at normal commercial rates. Interest is not charged.
- Horseshoe Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in, received consulting and administrative support from the Company to the value of \$24,974 (inclusive of GST) (2015: \$16,484). A total of \$55,866 remains due and payable by the Company as at 30 June 2016 (2015: \$64,356). All charges are at market value. Interest is not charged.
- Pegasus Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in, received consulting and administrative support from the Company to the value of \$45,848 (inclusive of GST) (2015: \$0). A total of \$45,848 remains due and receivable as at 30 June 2016 (2015: \$0). All charges are at market value. Interest is not charged.
- Redbank Copper Limited, a company which Mr Michael Fotios is a substantial shareholder in, received consulting and administrative support from the Company to the value of \$116,324 (inclusive of GST) (2015: \$3,715). A total of \$120,039 remains due and receivable as at 30 June 2016 (2015: \$3,715). All charges are at market value. Interest is not charged.
- During the year, Michael Fotios Family Trust provided loans of \$606,510 (2015: \$99,904) to Eastern Goldfields for working capital. A total of \$25,532 interest was capitalised to the Michael Fotios Family Trust loan for the year ended 30 June 2016 (interest rate 10% per annum, 2015: 10% per annum). In March 2016, Eastern Goldfields issued 1,000,000 shares at a deemed price of \$0.15 each as settlement of \$150,000 of the balance. In addition, an amount of \$590,148 was paid in cash as settlement of the balance. Upon conversion, the Company inadvertently converted shares to the value of \$8,202 in excess of the loan balance. This amount was offset against outstanding invoices from Whitestone Minerals Pty Ltd, thereby reducing the debt owed to them. A total of \$0 remains due and payable as at 30 June 2016 (2015: \$99,904). Refer to Note 12 for the loan reconciliation.
- During the year, Eastern Goldfields settled its outstanding loan with Investmet Limited, a company which Mr Michael Fotios is a substantial shareholder in through cash repayments of \$545,720 and the conversion of \$29,845,679 of the loan balance into shares. Upon conversion, the Company inadvertently converted shares to the value of \$36,373 in excess of the loan balance. This amount was offset against outstanding invoices from Whitestone Minerals Pty Ltd, thereby reducing the debt owed to them. Refer to Note 12 for the loan reconciliation. A total of \$1,281,693 (2015: \$0) interest was capitalised to the Investmet loan for the year ended 30 June 2016. A total of \$0 remains due and payable as at 30 June 2016 (2015: payable of \$29,029,348).
- Readhead Legal, a company which Mr Craig Readhead is a substantial shareholder in, received \$84,000 (2015: \$0) for consulting fees to the Company. A total of \$37,400 (inclusive of GST) remains due and

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payable as at 30 June 2016 (2015: \$0). The Company issued 220,000 fully paid ordinary shares of Eastern Goldfields Ltd at a deemed price of \$0.15 each during the year as settlement of his consulting fees of \$33,000.

The following amounts are included in the Remuneration table in the preceding pages:

- Magisterium Pty Ltd, a company which Mr Craig Readhead was a substantial shareholder of until 30 June 2015, invoiced \$40,000 for his Directors fees in respect of the Company, for the financial year ended 30 June 2015. A total of \$65,993 was unpaid as at 30 June 2015.
- Zedsee Enterprises Pty Ltd, a company which Mr Alan Still is a substantial shareholder in, received \$40,000 (2015: \$0) for Directors fees to the Company. A total of \$12,500 remains due and payable as at 30 June 2016 (2015: \$0).
- Craig Readhead was entitled to \$40,000 of Director fees for the year ended 30 June 2016. The Company issued 266,667 fully paid ordinary shares of Eastern Goldfields Ltd at a deemed price of \$0.15 each during the year as settlement of his Director fees of \$40,000.

Terms and conditions of transactions with Director-related entities:

Transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and carries interest at 6% (Investmet Limited) and 10% (Delta Resources Management Pty Ltd and Michael Fotios Family A/c) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Service agreements

The terms of employment for executive Directors and specified executives were not formalised in service agreements during the year ended 30 June 2016.

Company performance

The table below shows the performance of the Group as measured by its earnings per share. In the past five years the Group has incurred losses and no dividends have been paid. Any improvement to earnings is viewed as a long term position that is not yet fully determinable.

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Loss per share	(0.08)	(0.08)	(0.07)	(0.30)	(0.59)

End of Remuneration Report (audited)

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect to its mineral exploration activities. These obligations are regulated under relevant government authorities within Australia. The Group is a party to exploration and mine development licences. Generally, these licences specify the environmental regulations applicable to exploration and mining operations in the respective jurisdictions. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the Group by any government agency during the year ended 30 June 2016.

WARDENS COURT PROCEEDINGS

The Company (and its wholly owned subsidiaries) is a party to various proceedings in the Wardens Court pursuant to which third parties are seeking to challenge its title to various mining tenements by way of forfeiture and other proceedings. The Directors are confident that the Company (and its wholly owned subsidiaries) will be successful in defending these proceedings.

PROCEEDINGS ON BEHALF OF THE COMPANY

Other than as referred to above, no person has applied for leave of court or to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company, for all or any part of those proceedings.

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
30 JUNE 2016 FULL YEAR REPORT
DIRECTORS' REPORT

NON-AUDIT SERVICES

Non-audit services provided by Ernst & Young during their period as external auditors was \$nil (2015: \$nil). Further details of remuneration of the auditors are set out at Note 17.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included immediately following the Directors' report and forms part of this Directors' report.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into indemnity agreements with each of the Directors and officers of the Company. Under the agreements, the Company will indemnify those officers against certain claims or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Company or any related entities.

The Company has taken out an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors or Officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

During the year, the Company paid premiums in respect of the above insurance policy. The contract prohibits the disclosure of the nature of the liabilities and/or the amount of the premium.

Signed in accordance with a resolution of the Directors.



Michael Fotios
Executive Chairman

Perth, Western Australia
24 October 2016

Auditor's independence declaration to the Directors of Eastern Goldfields Limited

As lead auditor for the audit of Eastern Goldfields Limited for the year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Eastern Goldfields Limited and the entities it controlled during the financial year.



Ernst & Young



G H Meyerowitz
Partner
24 October 2016

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	NOTES	CONSOLIDATED 2016 \$	2015 \$
Revenue	4(a)	7,894	2,434
Other income	4(b)	3,410,373	63,082
Employee and directors – remuneration expense	4(c)	(791,565)	(539,088)
Site care and maintenance costs		(138,024)	(39,806)
Corporate and administrative expenses	4(d)	(2,946,009)	(707,389)
Share based payments	27	(2,407,477)	-
Finance costs	4(e)	(1,731,241)	(2,349,578)
Impairment of mine properties	7	-	(3,998)
Mine development expense	7	(5,143,781)	-
Exploration expenditure		(8,271,437)	(4,127,324)
Loss before income tax expense		(18,011,267)	(7,701,667)
Income tax benefit/(expense)	5	10,000	-
Loss for the year		(18,001,267)	(7,701,667)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale assets		33,333	-
Income tax relating to this item	5	(10,000)	-
Other comprehensive income for the year, net of tax		23,333	-
Total comprehensive loss for the year		(17,977,934)	(7,701,667)
Attributable to:			
- Members of Eastern Goldfields Limited		(17,977,934)	(7,701,667)
- Non-controlling interest		-	-
		(17,977,934)	(7,701,667)
Basic and diluted loss per share	26	0.08	0.08

The above statement should be read in conjunction with the accompanying notes.

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
AS AT 30 JUNE 2016
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	CONSOLIDATED	
		2016	2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	25(a)	15,401,037	52,366
Trade and other receivables	6	1,267,981	197,600
Inventory	9	-	10,911
TOTAL CURRENT ASSETS		16,669,018	260,877
NON-CURRENT ASSETS			
Trade and other receivables	6	64,160	64,160
Mine properties	7	3,606,779	3,000,000
Capitalised exploration expenditure	8	453,953	-
Available for sale financial asset	10	533,333	-
TOTAL NON-CURRENT ASSETS		4,658,225	3,064,160
TOTAL ASSETS		21,327,243	3,325,037
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	7,666,864	4,939,837
Loans and borrowings	12	52,844	35,081,218
Provisions	13	63,110	52,391
TOTAL CURRENT LIABILITIES		7,782,818	40,073,446
NON-CURRENT LIABILITIES			
Provision for rehabilitation	13	9,379,934	4,148,100
TOTAL NON-CURRENT LIABILITIES		9,379,934	4,148,100
TOTAL LIABILITIES		17,162,752	44,221,546
NET ASSETS/(LIABILITIES)		4,164,491	(40,896,509)
EQUITY / (SHAREHOLDERS' DEFICIT)			
Contributed equity	14	228,342,835	168,040,331
Accumulated losses		(232,230,721)	(214,229,454)
Reserves	15	8,052,377	5,292,614
TOTAL EQUITY / (SHAREHOLDERS' DEFICIT)		4,164,491	(40,896,509)

The above statement should be read in conjunction with the accompanying notes.

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Available for sale reserve \$	Total equity / (shareholders' deficit) \$
At 1 July 2014	167,965,331	(206,527,787)	5,292,614	-	(33,269,842)
Loss for the year	-	(7,701,667)	-	-	(7,701,667)
Total comprehensive loss	-	(7,701,667)	-	-	(7,701,667)
Issue of ordinary shares (Note 14)	75,000	-	-	-	75,000
At 30 June 2015	168,040,331	(214,229,454)	5,292,614	-	(40,896,509)
Loss for the year	-	(18,001,267)	-	-	(18,001,267)
Other comprehensive income, net of income tax	-	-	-	23,333	23,333
Total comprehensive loss	-	(18,001,267)	-	23,333	(17,977,934)
Issue of ordinary shares (Note 14) (net of costs)	60,302,504	-	-	-	60,302,504
Options issued for tenement acquisition	-	-	328,953	-	328,953
Share based payments	-	-	2,407,477	-	2,407,477
At 30 June 2016	228,342,835	(232,230,721)	8,029,044	23,333	4,164,491

The above statement should be read in conjunction with the accompanying notes.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
CONSOLIDATED STATEMENT OF CASH FLOWS**

	NOTES	CONSOLIDATED	
		2016 \$	2015 \$
<i>Cash flows from operating activities</i>			
Receipts from management fee		7,507	-
Payments to suppliers and employees		(8,435,194)	(2,930,662)
Interest received		7,894	2,434
Finance costs paid		(138,827)	(353,928)
Research and development rebate		-	788,703
Net cash flows used in operating activities	25(b)	<u>(8,558,620)</u>	<u>(2,493,453)</u>
<i>Cash flows from investing activities</i>			
Payments for purchase of property, plant and equipment	7	-	(3,998)
Payments for construction in progress	7	(606,779)	-
Payments for acquisition of tenement	8	(125,000)	-
Payments for available for sale asset acquisition	10	(500,000)	-
Net cash flows (used in) / from investing activities		<u>(1,231,779)</u>	<u>(3,998)</u>
<i>Cash flows from financing activities</i>			
Proceeds from share issue	14	28,220,250	75,000
Payments for costs of capital raising	14	(1,328,207)	-
Proceeds from share application	11	-	879,750
Proceeds from loan advances	12	1,179,251	1,379,368
Repayment of loans	12	(2,932,224)	-
Net cash flows from financing activities		<u>25,139,070</u>	<u>2,334,118</u>
Net increase / (decrease) in cash and cash equivalents		<u>15,348,671</u>	<u>(163,333)</u>
Cash and cash equivalents at the beginning of the financial year		52,366	215,699
Cash and cash equivalents at the end of the financial year	25(a)	<u>15,401,037</u>	<u>52,366</u>

The above statement should be read in conjunction with the accompanying notes.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1. CORPORATE INFORMATION

The financial report of Eastern Goldfields for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on the date of signing of the Directors' report. Eastern Goldfields is a for-profit company limited by shares that is incorporated and domiciled in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis. The financial report is presented in Australian dollars.

(b) Going concern

The consolidated financial statements of Group have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 30 June 2016, the Group had cash and cash equivalents of \$15,401,037, its current assets exceeded its current liabilities by \$8,886,200 and total equity totalled \$4,164,491. The Group recorded a loss after tax of \$18,001,267 for the year ended 30 June 2016 and its net cash used in operating activities for the same period totalled \$8,558,621.

The Group has initiated the refurbishment engineering works of the 1.2Mtpa Davyhurst Processing Plant and plans to commence mining of the open pit resources at Siberia and underground resources within the Davyhurst area. The Group is currently also undertaking project development and ongoing explorations works.

In order to successfully recommence gold production through the Davyhurst Processing Plant, the Group will require a significant injection of funding in the near term. This funding will be a combination of debt and equity.

The Group is currently in discussions with various debt and equity providers and the Directors are confident they will be successful in raising the requisite debt and equity to successfully recommence gold production in the near term.

Should the Group not achieve the matters set out above, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

All new and amended Accounting Standards and Interpretations effective from 1 July 2015 have been applied for the first time. There was no material impact on the financial report on adoption of these Standards and Interpretations which included:

Reference	Summary of Change
AASB 2015-3	<p><i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i></p> <p>The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.</p>

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AASB 2015-4	<p><i>Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent</i></p> <p>This Standard amends AASB 128 to require that the ultimate Australian entity apply the equity method in accounting for an interest in an associate or joint venture, when either the parent or the group is a reporting entity or both the parent and the group are reporting entities. The amendments eliminated an inconsistency with the requirement in AASB 10 for the ultimate Australian parent to present consolidated financial statements.</p>
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The following Accounting Standards and Interpretations have been issued by the AASB but are not yet effective for the year ending 30 June 2016. The Group has not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The impact of the new and amended standards still needs to be determined.

Reference	Summary of Change	Application Date of Standard	Application Date for Group
AASB 1057	<p><i>Application of Australian Accounting Standards</i></p> <p>This Standard deletes the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation) and moves them into this Standard. The application requirements of each other Australian Accounting Standard have not been amended.</p>	1 January 2016	1 July 2016
AASB 2014-3	<p><i>Accounting for Acquisitions of Interests in Joint Operations – Amendments to AASB 11</i></p> <p>This amendment to AASB 11 <i>Joint Arrangements</i> requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3.</p>	1 January 2016	1 July 2016
AASB 2014-4	<p><i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</i></p> <p>These amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The standard also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p>	1 January 2016	1 July 2016
AASB 2014-9	<p><i>Equity Method in Separate Financial Statements (Amendments to AASB 127)</i></p> <p>Amends IAS 27 to permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p>	1 January 2016	1 July 2016
AASB 2015-1	<p><i>Annual Improvements to Australian Accounting Standards 2012-2014</i></p> <p>This Standard makes amendments to various Accounting Standards arising from the IASB's Annual Improvements process, namely:</p> <p>AASB 5 – changes in methods of disposal from sale to distribution</p> <p>AASB 7 – applicability of disclosures to servicing contracts and interim financial statements;</p>	1 January 2016	1 July 2016

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Reference	Summary of Change	Application Date of Standard	Application Date for Group
	AASB 119 – clarifies that the government bond rate used in measuring employee benefits should be those denominated in the same currency. AASB 134 – permits the cross referencing of disclosures elsewhere in the financial report.		
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i> The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project.	1 January 2016	1 July 2016
AASB 2015-9	<i>Amendments To Australian Accounting Standards – Scope And Application Paragraphs</i> The amendments correct previous drafting errors resulting from the introduction of AASB1057 and reintroduce the scope paragraphs of AASB 8 and AASB 133 into those Standards. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 January 2016	1 July 2016
AASB 2016-1	<i>Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]</i> This Standard amends AASB 112 <i>Income Taxes</i> to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
AASB 2016-2	<i>Amendments to Australian Accounting Standards –Disclosure Initiative: Amendments to AASB 107</i> This Standard amends AASB 107 <i>Statement of Cash Flows</i> to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017
AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> This Standard amends AASB 15 <i>Revenue from Contracts with Customers</i> to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.	1 January 2018	1 July 2018
AASB 2014-10	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)</i> Amends AASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-10.	1 January 2018	1 July 2018
AASB 9	<i>Financial Instruments</i> AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments	1 January 2018	1 July 2018

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Reference	Summary of Change	Application Date of Standard	Application Date for Group
	<p>to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.</p> <p>AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:</p> <ul style="list-style-type: none"> a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ii) The remaining change is presented in profit or loss. <p>AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.</p>		
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>AASB 15 replaces AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:</p> <ul style="list-style-type: none"> a) identify the contract with a customer; b) identify the separate performance obligations in the contract; c) determine the transaction price; d) allocate the transaction price to the separate performance obligations in the contract; and e) recognise revenue when (or as) the entity satisfies a performance obligation. 	1 January 2018	1 July 2018

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Reference	Summary of Change	Application Date of Standard	Application Date for Group
	Consequential amendments to other Standards are made by AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> . The mandatory application date of AASB 15 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-8.		
AASB 16	<p><i>Leases</i></p> <p>AASB 16 replaces AASB 117 <i>Leases</i> and sets out the principles for the recognition, measurement, presentation and disclosure of leases.</p> <p>AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments</p> <p>A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 <i>Statement of Cash Flows</i>.</p> <p>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 <i>Leases</i>. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>This Standard applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided the entity also applies AASB 15 <i>Revenue from Contracts with Customers</i> at or before the same date.</p>	1 January 2019	1 July 2019

(d) Principles of consolidation

The consolidated financial statements comprise the financial statements of Eastern Goldfields and its subsidiaries (as outlined in Note 22) (the Group) as at and for the period ended 30 June each year.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from the its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Eastern Goldfields are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist.

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(d) Principles of consolidation (continued)

Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries which are businesses is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivables taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(f) Mine properties

All assets acquired, including property, plant and equipment are initially recorded at their cost of acquisition being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Property, plant and equipment located on a mine site is included at cost less provision for depreciation and any impairment in value. All such assets are depreciated over the estimated remaining economic life of the mine, using a unit of production basis.

All other property, plant and equipment is included at cost less provision for depreciation and any impairment in value and depreciated on a straight-line basis commencing from the time the asset is held ready for use. All other repairs and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgments, estimates and assumptions (Note 3) and provisions for further information about the recognised decommissioning provision.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is including the statement of profit or loss when the asset is derecognised.

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(g) Other financial assets

Financial assets in the scope of AASB 139 "Financial Instruments – Recognition and Measurement" are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale investments as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date (the date that the Group commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Loans, receivables and security deposits

Loans, receivables and security deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired as well as through the amortisation process.

(h) Exploration and evaluation expenditure

Once the legal right to explore has been acquired, exploration and evaluation costs are expensed to the Statement of Profit or Loss and Other Comprehensive Income as incurred unless the Directors conclude that a future economic benefit is more likely than not to be realised. Costs incurred during this phase are expensed in the Statement of Comprehensive Income as 'exploration and evaluation expenditure'. In evaluating if expenditures meet the criteria to be capitalised, several different sources of information are utilised. The information that is used to determine the probability of future economic benefits depends on the extent of exploration and evaluation that has been performed.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

(i) Impairment of non-financial assets

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. 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.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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(j) Joint operations

The Group has an interest in a joint arrangement that is a joint operation. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such the Group recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any assets held jointly;
- revenue from the sale of its share of the output arising from the joint operation
- share of revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

(k) Income tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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(l) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less an allowance for impairment. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Collectability of trade receivables is reviewed on an ongoing basis. Financial difficulties of the debtor, default payments or debts more than 180 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(o) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received.

(p) Earnings per share

Basic earnings per share is determined by dividing net operating results after income tax attributable to members of the parent entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

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

(q) Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authority is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the tax authority are classified as operating cash flows.

(r) Provisions – Employee benefits

Provision for employee benefits represents the amount which the Group has a present obligation to pay resulting from employees' service provided up to the balance date.

Liabilities arising in respect of employee benefits expected to be settled within twelve months of the balance date are measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the balance date.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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(s) Provisions – Rehabilitation costs

Full provision for rehabilitation costs is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the operations. These increases are accounted for on a net present value basis.

Rehabilitation provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances.

(t) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

(u) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash includes cheque account, trust account, credit card accounts and deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

(v) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant note to the financial statements. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Exploration and evaluation costs carried forward

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Impairment of mine properties and receivables

Assets, including property, plant and equipment and receivables, are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (continued)**

recoverable amount is assessed by reference to the higher of “value in use” (being the net present value of expected future cash flows of the relevant cash generating unit) and “fair value less costs to sell”.

Provision for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining and the majority of this expenditure is incurred at the end of a mine’s life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine) and the estimated future level of inflation. The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates. Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

		CONSOLIDATED	
		2016	2015
		\$	\$
4. REVENUE AND EXPENSES			
(a)	Revenue		
	- Interest	<u>7,894</u>	<u>2,434</u>
(b)	Other income		
	- Management fees	7,507	-
	- Research and development tax claim	-	63,082
	- Gain on relinquishment of loans (Note 12)	<u>3,402,866</u>	<u>-</u>
		<u>3,410,373</u>	<u>63,082</u>
(c)	Employee and Directors' – remuneration expense		
	- Wages and salaries - Employees	651,565	382,421
	- Directors fees	<u>140,000</u>	<u>156,667</u>
		<u>791,565</u>	<u>539,088</u>
(d)	Corporate and administration expenses		
	- Accounting and tax fees	21,055	120,899
	- Consulting fees	1,540,190	289,851
	- Legal fees	490,707	92,144
	- Legal settlement expenses	150,000	-
	- Travel and accommodation expenses	178,535	66,395
	- Regulatory fees	127,040	49,861
	- Insurance expenses	10,439	36,201
	- Other expenses	428,043	52,038
		<u>2,946,009</u>	<u>707,389</u>
(e)	Finance costs		
	- Bank fees	5,291	5,511
	- Interest expense	134,328	20,042
	- Interest expense – capitalised against loan (Note 12)	1,503,569	1,995,650
	- Cost associated with the capital raising	-	328,375
	- Interest accretion in relation to the rehabilitation provision	<u>88,053</u>	<u>-</u>
		<u>1,731,241</u>	<u>2,349,578</u>

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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	CONSOLIDATED	
	2016	2015
	\$	\$
5. INCOME TAX EXPENSE		
(a) Income tax recognised in profit or loss		
The major components of tax expense/(benefit) are:		
Current tax expense/(benefit)		-
Benefit arising from previously unrecognised tax losses from prior years	(10,000)	-
Deferred tax expense/(benefit)	-	-
Total tax expense/(benefit)	(10,000)	-
<u>The prima facie income tax benefit on pre-tax loss from ordinary activities reconciles to the income tax benefit in the financial statements as follows:</u>		
Accounting loss before income tax	(18,011,267)	(7,701,667)
Income tax expense/ (benefit) calculated at 30% (2015: 30%)	(5,403,380)	(2,310,500)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Effect of expenses that are not deductible in determining taxable profit	722,314	79,720
- Effect of other items which are non-assessable in determining taxable profit	(1,020,860)	41,026
- Effect of losses and other deferred tax balances not recognised during the period	5,691,926	2,189,754
Income tax expense/(benefit) reported in the consolidated statement of comprehensive income	(10,000)	-
(b) Amounts recognised directly in equity		
<u>The following current and deferred amounts were charged/(credited) directly to equity during the year:</u>		
Current tax – revaluation of available for sale asset	10,000	-
Total tax expense recognised directly in equity	10,000	-
(c) Deferred tax recognised:		
<i>Deferred tax liabilities:</i>		
Available for sale asset	10,000	-
<i>Deferred tax assets:</i>		
Carry forward revenue losses	(10,000)	-
Net deferred tax	-	-

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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5. INCOME TAX EXPENSE (continued)

The tax benefits of the above deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the Group in utilising the benefits.

The deductible tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

(d) Tax consolidation:

Eastern Goldfields and its wholly owned Australian resident subsidiary have formed a tax consolidated group. Eastern Goldfields is the head entity of the tax consolidated group. For the purposes of income taxation, Eastern Goldfields and its 100% owned subsidiaries have formed a tax consolidated group.

(i) Members of the tax consolidated group and the tax sharing agreement

Eastern Goldfields and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2002. Eastern Goldfields is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

6. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2016	2015
	\$	\$
CURRENT		
Trade receivables	2,807	2,483
GST receivables	950,298	195,117
Related party receivables ¹	221,447	-
Other receivables	93,429	-
	1,267,981	197,600

¹ These receivables relate to advances provided to related parties. There are no interest charges on these advances

Ageing of trade and other receivables:

0-180 days	1,267,981	197,600
+ 181 days PDNI *	-	-
+181 days CI **	-	-
	1,267,981	197,600

* Past due not impaired (PDNI)

** Considered impaired (CI)

There were no receivables past due and considered impaired (2015: nil).

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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6. TRADE AND OTHER RECEIVABLES (continued)

	CONSOLIDATED	
	2016	2015
	\$	\$
NON-CURRENT		
Security deposits (a)	64,160	64,160
Sundry receivables – Joint operator (b)	6,534,637	6,534,637
Allowance for non-recovery (c)	<u>(6,534,637)</u>	<u>(6,534,637)</u>
	<u>64,160</u>	<u>64,160</u>

(a) Security deposits are held in a 90 day and 1 year term deposit that are rolled over at each maturity date. The deposits comprised a \$30,000 security deposit for the Eastern Goldfields credit cards and a bank guarantee for \$34,160 that is not available for use until the Group has been released from any rehabilitation obligations in regard to tenements to which the security deposit relates.

Reconciliation of security deposits:

Opening balance	64,160	64,160
Reclassified from cash	<u>-</u>	<u>-</u>
Closing written down value	<u>64,160</u>	<u>64,160</u>

(b) Represents monies owed to the Company from its joint operator. Refer to Note 23.

(c) The carrying values of trade and other receivables approximate their fair values.

7. MINE PROPERTIES

	CONSOLIDATED	
	2016	2015
	\$	\$
<i>Plant and equipment</i>		
At cost	14,145,438	14,145,438
Less accumulated depreciation and impairment	<u>(11,145,438)</u>	<u>(11,145,438)</u>
	<u>3,000,000</u>	<u>3,000,000</u>
<i>Mine development</i>		
At cost	-	-
Less accumulated depreciation and impairment	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<i>Construction in progress</i>		
At cost	<u>606,779</u>	<u>-</u>
<i>Total mine properties</i>		
At cost	14,752,217	14,145,438
Less accumulated depreciation and impairment	<u>(11,145,438)</u>	<u>(11,145,438)</u>
	<u>3,606,779</u>	<u>3,000,000</u>

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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7. MINE PROPERTIES (continued)

Impairment of Plant and Equipment

The processing plant is currently held in care and maintenance. During the prior period the Company obtained a market valuation report from an independent third party. The report contained an upper, preferred and lower valuation based on a trade sale. The carrying value of the property, plant and equipment was impaired to the lower valuation contained in the report to ensure the carrying value reflects the risk of pricing uncertainty due to current second hand market conditions and to cover costs to sell.

The recoverable amount has been determined using fair value less costs to dispose using the market comparable method (level 3 in the hierarchy). This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific plant. As at the date of valuation on 6 December 2013, the plant and equipment fair values were based on valuations performed by MSP Engineering Pty Ltd.

	CONSOLIDATED	
	2016	2015
	\$	\$
<u>Reconciliation of mine properties:</u>		
<i>Plant and equipment</i>		
Carrying amount at beginning of period	3,000,000	3,000,000
Additions	-	3,998
Impairment	-	(3,998)
Carrying amount at end of period	3,000,000	3,000,000
<i>Mine development</i>		
Carrying amount at beginning of period	-	-
Reassessment of rehabilitation provision	5,143,781	-
Less amount written off to the profit and loss	(5,143,781)	-
Carrying amount at end of period	-	-
<i>Construction in progress</i>		
Carrying amount at beginning of period	-	-
Additions	606,779	-
Carrying amount at end of period	606,779	-
	3,606,779	3,000,000

8. CAPITALISED EXPLORATION EXPENDITURE

Tenement acquisition costs

Balance at beginning of period	-	-
Tenements acquired	453,953	-
	453,953	-

In May 2016, Eastern Goldfields paid \$125,000 in cash and issued 2,000,000 unlisted options (1,000,000 unlisted options exercisable at \$0.168 each on or before 8 March 2018 and 1,000,000 unlisted options exercisable at \$0.189 each on or before 8 March 2020) to acquire the exploration tenements from Goldstar Resources (WA) Pty Ltd, a wholly owned subsidiary of Orion Gold NL (refer Note 27).

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9. INVENTORY

	CONSOLIDATED	
	2016	2015
	\$	\$
Inventory	-	10,911
	<u>-</u>	<u>10,911</u>

10. AVAILABLE FOR SALE FINANCIAL ASSETS

Shares in listed entities

Shares in Orion Gold NL – 33,333,333 shares (2015: Nil)	<u>533,333</u>	<u>-</u>
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As part of the agreement to purchase the Orion Gold NL's exploration tenements as described in Note 8, Eastern Goldfields agreed to subscribe for 33,333,333 shares in Orion Gold at a price of \$0.015 per share (\$500,000). At 30 June 2016, the shares in Orion Gold traded at \$0.016 per share.

11. TRADE AND OTHER PAYABLES

Trade payables (a)	3,984,935	3,439,526
Accruals (a)	2,339,912	35,000
Payable to Stirling Resources Pty Ltd (refer Note 12)	150,000	-
Share application funds received (b)	-	879,750
Other payables	1,192,017	585,561
	<u>7,666,864</u>	<u>4,939,837</u>

- (a) Trade payables and accruals are non-interest bearing and generally settled on 60 day terms.
 (b) Share application funds received during the year ended 30 June 2015. Shares were subsequently issued at a price of \$0.15 per share on 27 November 2015.
 (c) Included in the trade and other payables balances are payables to related parties totalling \$1,943,445 (2015: \$794,807).
 (d) The carrying values of trade and other payables approximate their fair values.

12. LOANS AND BORROWINGS

Investmet Ltd – Secured (b)	-	20,387,319
Investmet Ltd – Unsecured (b)	-	8,642,029
Stirling Resources Pty Ltd – Unsecured (a)	-	5,635,799
Delta Resources Pty Ltd – Unsecured	52,844	316,167
Michael Fotios Family Trust – Unsecured ("MFFT")	-	99,904
	<u>52,844</u>	<u>35,081,218</u>

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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12. LOANS AND BORROWINGS (continued)

Reconciliation of loans and borrowings:

	Investmet \$	Stirling \$	Delta \$	MFFT \$	TOTAL \$
Carrying amount at beginning of year	29,029,348	5,635,799	316,167	99,904	35,081,218
Advances	43,985	-	528,756	606,510	1,179,251
Capitalised interest	1,281,693	155,035	41,309	25,532	1,503,569
Cash repayments	(545,720)	(1,562,968)	(233,388)	(590,148)	(2,932,224)
Equity repayments at \$0.15 per share	(29,845,679)	-	(600,000)	(150,000)	(30,595,679)
Transfer to related party payables	36,373	-	-	8,202	44,575
Future obligation settlement with issue of equity	-	(150,000)	-	-	(150,000)
Future obligation settlement (refer Note 11)	-	(675,000)	-	-	(675,000)
Gain on relinquishment of loans	-	(3,402,866)	-	-	(3,402,866)
Closing written down value	-	-	52,844	-	52,844

(a) Stirling Resources Pty Ltd

On 30 December 2015, the Company announced it had entered into a revised settlement arrangement with Stirling Resources Pty Ltd (Stirling Resources) which provided for the following:

- Payment of the remainder of \$529,000 pursuant to the previous settlement arrangement to occur in two tranches of \$150,000 on 31 December 2015 and \$379,000 plus accrued interest on the diminishing balance of the previous settlement amount since 1 July 2015 at a rate of 6 per cent per annum to occur on 8 January 2016;
- Upon payment of the settlement amounts, all amounts owing to Stirling under the loan facility agreement with the Company and other parties, and all related security, will be released;
- Acknowledgement of the amount of \$1,000,000 already paid by Eastern Goldfields under the previous settlement arrangement;
- Agreement to the share buy-back of all of the shares held by Stirling in Eastern Goldfields;
- A further payment of \$150,000 by Eastern Goldfields to be made on the earlier of the date which is 3 months after commencement of gold production at the Davyhurst gold operation and 30 September 2016; and
- Subject to commencement of gold production at the Davyhurst gold operation, an issue of 4.5 million ordinary shares by Eastern Goldfields in two equal tranches on the date of payment of the further \$150,000 referred to above and the earlier of the date which is within 6 months of commencement of gold production and 31 December 2016.

In February 2016, a second amended deed was subsequently entered whereby the payments as part of settlement were amended as follows:

- Payment of \$150,000 on or before 31 December 2015;
- Payment of \$200,000 on or before 11 February 2016; and
- Payment of \$229,000 plus \$33,968 on or before 16 February 2016 or, if a written demand is given by Stirling pursuant to clause 3(b) of the Settlement Deed, and the non-payment is remedied within 3 business days after the written demand, \$229,000 plus \$34,200.

Payments were made in accordance with the settlement deed to Stirling Resources and the outstanding loan amounts and all related security were released.

At 30 June 2016, the Company was still liable to Stirling Resources for:

- A further payment of \$150,000 by Eastern Goldfields to be made on the earlier of the date which is 3 months after commencement of gold production at the Davyhurst gold operation and 30 September 2016 (this has been included in Note 11 as a current liability and was subsequently paid to Stirling Resources on 6 October 2016); and

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12. LOANS AND BORROWINGS (continued)

- Subject to commencement of gold production at the Davyhurst gold operation, an issue of 4.5 million ordinary shares by Eastern Goldfields in two equal tranches on the date of payment of the further \$150,000 referred to above and the earlier of the date which is within 6 months of commencement of gold production and 31 December 2016. The issue of 4.5 million shares has been provisionally recorded against share capital (being valued at the issue price of \$0.15 per share), and offset against the liability to Stirling Resources (as shown in the reconciliation of loans and borrowings).

(b) Investmet Ltd Loan

Following shareholder approval on 30 December 2015, a total of 198,971,193 shares were issued on 8 March 2016 at a deemed price of \$0.15 per share totaling \$29,845,679 to satisfy the part settlement of secured and unsecured loans with Investmet Limited.

A further cash payment of \$545,720 was also paid to settle all other outstanding balances.

	CONSOLIDATED	
	2016	2015
	\$	\$
13. PROVISIONS		
CURRENT		
Employee benefits	63,110	52,391
	63,110	52,391
NON-CURRENT		
Provision for rehabilitation	9,379,934	4,148,100
	9,379,934	4,148,100
<u>Reconciliation of provision for rehabilitation:</u>		
Carrying amount at beginning of period	4,148,100	4,148,100
Movement as a result of re-assessment of provision	5,143,781	-
Accretion	88,053	-
Carrying amount at end of period	9,379,934	4,148,100

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis on the development of mines or installation of those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites. These provisions have been created based on Eastern Goldfields' internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for necessary decommissioning works required which will reflect market conditions at the relevant time.

Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

During the financial year ended 30 June 2016, management undertook a detailed review of the Group's future rehabilitation obligations in relation to the mine. The review involves ground trothing the entire tenement portfolio to confirm exactly what areas have been disturbed.

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	CONSOLIDATED	
	2016	2015
	\$	\$
14. CONTRIBUTED EQUITY		
(a) <i>Share capital</i>		
494,097,819 (2015: 91,850,223) ordinary shares, fully paid	228,342,835	168,040,331

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

	Shares No.	\$
(b) <i>Movements in ordinary share capital</i>		
Balance 1 July 2014	913,487,661	167,965,331
Shares issued – 11 July 2014 at \$0.015 per share	5,000,000	75,000
Consolidation 1 for 10 – 15 July 2014	(826,637,438)	-
Balance 30 June 2015	91,850,223	168,040,331
Shares issued – 27 Nov 2015 at \$0.15 per share ⁽ⁱ⁾	10,666,667	1,600,000
Shares issued – 8 March 2016 at \$0.15 per share ^{(ii)(xi)}	66,666,667	10,000,000
Shares issued – 8 March 2016 deemed at \$0.15 per share ⁽ⁱⁱⁱ⁾	202,478,114	30,371,717
Shares issued – 8 March 2016 deemed at \$0.15 per share ^(iv)	1,493,082	223,962
Shares issued – 8 March 2016 deemed at \$0.15 per share ^(v)	7,980,000	1,197,000
Shares issued – 8 March 2016 at \$0.15 per share ^(vi)	33,333,333	5,000,000
Shares issued – 8 March 2016 deemed at \$0.15 per share ^(vii)	420,221	63,033
Shares issued – 21 March 2016 at \$0.15 per share ^(viii)	66,666,667	10,000,000
Shares buy back – 23 March 2016 ^(ix)	(8,632,822)	(1)
Shares issued – 13 April 2016 at \$0.15 per share ^(x)	16,666,667	2,500,000
Provision for the issue of shares for Stirling Loan settlement at \$0.15 per share	4,500,000	675,000
Cost of Capital Raising	-	(1,328,207)
Balance 30 June 2016	494,097,819	228,342,835

- (i) Placement made to professional and sophisticated investors subsequently ratified by shareholders on 30 December 2015.
- (ii) Issued to professional and sophisticated investors pursuant to the Prospectus dated 24 December 2015 following shareholder approval on 30 December 2015.
- (iii) Issued following conversion of principle amount and interest on debts owed by the Company to related parties and unrelated parties as approved by shareholders on 30 December 2015.
- (iv) Issued following conversion of principle amount and interest on debts owed by the Company to non-related parties as approved by shareholders on 30 December 2015.
- (v) Issued in lieu of fees owed by the Company as approved by shareholders on 30 December 2015.
- (vi) Issued pursuant to the Prospectus (as supplemented) dated 24 December 2015.
- (vii) Issued following the conversion of interest on debts owed by the Company (to non-related parties).
- (viii) Issued to pursuant to the Prospectus (as supplemented) dated 24 December 2015 following shareholder approval on 16 March 2016.
- (ix) Share buy-back as part settlement with Stirling Resources Pty Ltd.
- (x) Issued to professional and sophisticated investors following oversubscriptions received under the Prospectus dated 24 December 2015.
- (xi) An amount of \$879,750 was received before 30 June 2015.

Capital Management

When managing capital, management's objective is to safeguard the entity's ability to continue as a going concern as well as to maintain optimum returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Capital is comprised of shareholders' equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Management has no current plans to reduce the capital structure through a share buy-back. The Group is not subject to any externally imposed capital restrictions.

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	CONSOLIDATED	
	2016	2015
	\$	\$
15. RESERVES		
Option premium and share-based payments reserve	8,029,044	5,292,614
Available for sale reserve	23,333	-
	8,052,377	5,292,614
 <u>Reconciliation of reserves:</u>		
<i>Option premium and share-based payments reserve</i>		
Opening balance	5,292,614	5,292,614
Fair value of options issued for tenement acquisition	328,953	-
Share based payments issued during the year (refer to Note 27)	2,407,477	-
	8,029,044	5,292,614
 <i>Available for sale reserve</i>		
Opening balance	-	-
Revaluation of Orion Gold NL shares	33,333	-
Tax effect of revaluation	(10,000)	-
	23,333	-
 16. KEY MANAGEMENT PERSONNEL		
<u>Aggregate Remuneration</u>		
- Short-term	140,000	156,667
- Post-employment	-	-
- Share based payments (refer note 27)	1,322,720	-
	1,462,720	156,667
 17. REMUNERATION OF AUDITORS		
Amounts paid or due and payable to the auditors for:		
- Auditing and reviewing the financial reports		
Current year	159,500	36,000
Prior year (due and payable)	-	25,196
- Taxation advisory services	-	-
	159,500	61,196
 18. EXPENDITURE COMMITMENTS		

Under the terms of mineral tenement licences held by the Group, minimum annual expenditure obligations of \$4,973,393 (2015: \$4,183,710) may be required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be incurred by the Group and may be subject to variation from time to time in accordance with Department of Industry and Resources regulations.

On 23 September 2016, Eastern Goldfields announced that it had awarded a contract to GR Engineering Services Limited to refurbish the Davyhurst gold processing plant. The target cost estimate for completion of the work is \$12,566,697.

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19. SEGMENT INFORMATION

The Group has identified its segments based on the internal management reporting that is used by the executive management team in assessing performance and allocating resources. At present the Group's focus has been on the exploration and evaluation of its interests in mineral tenement licences associated with the Davyhurst Gold Project.

The Group operates in one geographical segment – Australia.

As such, the consolidated entity only operates in one segment and no additional information is provided to that contained in the consolidated financial statements contained herein.

20. RELATED PARTY TRANSACTIONS

- (a) Subsidiaries of the Company can be found at Note 22.
- (b) Directors who held office for any time during the period are disclosed in the Directors' report.
- (c) Terms and conditions of transactions with related parties:

Transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and carries interest at 6% p.a. (Investmet Limited) and 10% p.a. (Delta Resources Management Pty Ltd and Michael Fotios Family A/c) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

- (d) Transactions with related parties:

The following transactions occurred during the year between the Group and Directors or their director-related entities

- Delta Resources Management Pty Ltd, a Company which Mr Michael Fotios is a substantial shareholder in, and Chairman of, provided technical and administrative support to the Company to the value of \$112,079 (inclusive of GST) (2015: \$518,475). A total of \$25,705 remains due and payable as at 30 June 2016 (2015: \$509,592). All charges are at market value. Interest is not charged. Delta Resources Management Pty Ltd also advanced a working capital loan to the Company to the value of \$528,756 (2015: \$316,197). A total of \$52,844 remains due and payable on the loan balance as at 30 June 2016 (2015: \$316,167). Interest of \$41,309 was capitalised to the loan principal for the year ended 30 June 2016 (interest rate 10% per annum, 2015: 10% per annum). The Company made a cash repayment of \$233,388 on this loan during the financial year. In March 2016, the Company also issued 4,000,000 shares at a deemed price of \$0.15 each as settlement of \$600,000 of the loan balance. Refer to Note 12 for the loan reconciliation.
- Whitestone Minerals Pty Ltd, a Company which is 100% owned by Investmet Ltd, a company which Mr Michael Fotios is a substantial shareholder in, and Chairman of, provided consulting services to the Company to the value of \$3,803,409 (inclusive of GST) (2015: \$137,893). In March 2016, the Company issued 6,000,000 shares at a deemed price of \$0.15 each in settlement of outstanding invoices with a total value of \$900,000. A total of \$1,809,675 remains due and payable as at 30 June 2016 (2015: \$211,976). All charges are at market value. Interest is not charged.
- Allion Legal, a firm which Mr Craig Readhead was a partner in until his resignation on 30 June 2015, invoiced \$210,207 in 2015 for legal advice provided to the Company. A total of \$162,898 was unpaid as at 30 June 2015. All charges were at normal commercial rates.
- General Mining Corporation Limited, a company which Mr Michael Fotios is a substantial shareholder in, received consulting and administrative support from the Company to the value of \$67,402 (inclusive of GST) (2015: \$0). A total of \$67,402 remains due and receivable by the Company as at 30 June 2016 (2015: \$0). All charges were at normal commercial rates. Interest is not charged.

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- Horseshoe Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in, received consulting and administrative support from the Company to the value of \$24,974 (inclusive of GST) (2015: \$16,484). A total of \$55,866 remains due and payable by the Company as at 30 June 2016 (2015: \$64,356). All charges are at market value. Interest is not charged.
- Pegasus Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in, received consulting and administrative support from the Company to the value of \$45,848 (inclusive of GST) (2015: \$0). A total of \$45,848 remains due and receivable as at 30 June 2016 (2015: \$0). All charges are at market value. Interest is not charged.
- Redbank Copper Limited, a company which Mr Michael Fotios is a substantial shareholder in, received consulting and administrative support from the Company to the value of \$116,324 (inclusive of GST) (2015: \$3,715). A total of \$120,039 remains due and receivable as at 30 June 2016 (2015: \$3,715). All charges are at market value. Interest is not charged.
- During the year, Michael Fotios Family Trust provided loans of \$606,510 (2015: \$99,904) to Eastern Goldfields for working capital. A total of \$25,532 interest was capitalised to the Michael Fotios Family Trust loan for the year ended 30 June 2016 (interest rate 10% per annum, 2015: 10% per annum). In March 2016, Eastern Goldfields issued 1,000,000 shares at a deemed price of \$0.15 each as settlement of \$150,000 of the balance. In addition, an amount of \$590,148 was paid in cash as settlement of the balance. Upon conversion, the Company inadvertently converted shares to the value of \$8,202 in excess of the loan balance. This amount was offset against outstanding invoices from Whitestone Minerals Pty Ltd, thereby reducing the debt owed to them. A total of \$0 remains due and payable as at 30 June 2016 (2015: \$99,904). Refer to Note 12 for the loan reconciliation.
- During the year, Eastern Goldfields settled its outstanding loan with Investmet Limited, a company which Mr Michael Fotios is a substantial shareholder in through cash repayments of \$545,720 and the conversion of \$29,845,679 of the loan balance into shares. Upon conversion, the Company inadvertently converted shares to the value of \$36,373 in excess of the loan balance. This amount was offset against outstanding invoices from Whitestone Minerals Pty Ltd, thereby reducing the debt owed to them. Refer to Note 12 for the loan reconciliation. A total of \$1,281,693 (2015: \$0) interest was capitalised to the Investmet loan for the year ended 30 June 2016. A total of \$0 remains due and payable as at 30 June 2016 (2015: payable of \$29,029,348).
- Readhead Legal, a company which Mr Craig Readhead is a substantial shareholder in, received \$84,000 (2015: \$0) for consulting fees to the Company. A total of \$37,400 (inclusive of GST) remains due and payable as at 30 June 2016 (2015: \$0). The Company issued 220,000 fully paid ordinary shares of Eastern Goldfields Ltd at a deemed price of \$0.15 each during the year as settlement of his consulting fees of \$33,000.
- Magisterium Pty Ltd, a company which Mr Craig Readhead was a substantial shareholder of until 30 June 2015, invoiced \$40,000 for his Directors fees in respect of the Company, for the financial year ended 30 June 2015. A total of \$65,993 was unpaid as at 30 June 2015.
- Zedsee Enterprises Pty Ltd, a company which Mr Alan Still is a substantial shareholder in, received \$40,000 (2015: \$0) for Directors fees to the Company. A total of \$12,500 remains due and payable as at 30 June 2016 (2015: \$0).

21. FINANCIAL INSTRUMENTS

(a) Credit Risk

Credit risk relates to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The exposure of the Group to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of the assets as indicated in the statement of financial position. Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. In relation to managing potential credit risk exposures, the Group has in place policies that aim to ensure that cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to any one financial institution is limited as far as is considered commercially appropriate.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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(b) *Interest Rate Risk*

The Group's exposure to the risk of changes in market interest rates is minimal and relates primarily to cash and security deposits held with the Company's bankers. Interest rate risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The exposure of the Group to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below.

	CONSOLIDATED	
	2016	2015
	\$	\$
Financial assets		
<u>Floating rate</u>		
Cash	15,401,037	52,366
<u>Fixed rate</u>		
Security deposits – non- current (Note 6)	64,160	64,160
Financial liabilities		
<u>Fixed rate</u>		
Loans, borrowings and other liabilities	52,844	35,081,218

The Group's policy is to manage its exposure to interest rate risk by holding cash on short term, fixed rate deposits and variable rate deposits with reputable high credit quality financial institutions. The Group constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

(c) *Sensitivity Analysis*

The following tables summaries the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the interest rates moved, with all other variables held constant, post- tax profit and equity would have been affected as shown.

Sensitivity Analysis	30 June 2016				30 June 2015			
	Interest rate risk		Interest rate risk		Interest rate risk		Interest rate risk	
	-1% ⁽¹⁾		+1% ⁽¹⁾		-1% ⁽¹⁾		+1% ⁽¹⁾	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$	\$	\$	
Financial assets								
Cash	(154,010)	-	154,010	-	(524)	-	524	-
Total								
increase/(decrease)	(154,010)	-	154,010	-	(524)	-	524	-

(1) The rate of 1% applied in the above analysis and is based on management's expected movement for the interest rate over the next financial year.

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21. FINANCIAL INSTRUMENTS (continued)

(d) *Liquidity risk*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other available lines of credit. The Group manages liquidity risk by monitoring forecast cash flows. The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2016. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2016.

Maturity analysis of financial assets and liabilities based on management's expectations:

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Group's overall liquidity risk. To monitor existing financial liabilities as well as to enable an effective controlling of future risks, the Company has established comprehensive risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

Maturity Analysis

30 June 2016	< 6 months \$	6 – 12 months \$	1 – 5 years \$	>5 years \$	Total \$
Financial liabilities					
Trade and other payables	(7,666,864)	-	-	-	(7,666,864)
Loans, borrowings and other liabilities	(52,844)	-	-	-	(52,844)
Net Maturity	(7,719,708)	-	-	-	(7,719,708)
30 June 2015	< 6 months \$	6 – 12 months \$	1 – 5 years \$	>5 years \$	Total \$
Financial liabilities					
Trade and other payables	(4,939,837)	-	-	-	(4,939,837)
Loans and borrowings	(35,081,218)	-	-	-	(35,081,218)
Net Maturity	(40,021,055)	-	-	-	(40,021,055)

(e) *Equity Price risk*

At reporting date the Group owned 33,333,333 (2015: nil) listed shares in Orion Gold NL. The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through, where appropriate, diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was \$533,333. A decrease of 10% in Orion Gold NL's share price on reporting date would have an impact of \$53,333 on the income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

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21. FINANCIAL INSTRUMENTS (continued)

(f) Fair value measurement

The following tables detail the Groups' assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

Consolidated – 2016	Level 1 \$	Level 2 \$	Level 3 \$
Assets			
Available for sale assets	533,333	-	-
	<u>533,333</u>	<u>-</u>	<u>-</u>
Liabilities			
	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Consolidated – 2015			
	Level 1 \$	Level 2 \$	Level 3 \$
Assets			
Available for sale assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. There were no transfers between levels during the year.

(g) Fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 3. The Directors consider that the carrying amount of financial assets and other financial liabilities recorded in the financial statements approximate their net fair values (2015: net fair values).

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22. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2016	2015
Monarch Nickel Pty Ltd	Australia	Ordinary	100	100
Monarch Gold Pty Ltd	Australia	Ordinary	80	80
Carnegie Gold Pty Ltd	Australia	Ordinary	100	100
Siberia Mining Corporation Pty Ltd	Australia	Ordinary	100	100
<i>Controlled entities of Siberia Mining Corporation Pty Ltd</i>				
Mt Ida Gold Operations Pty Ltd	Australia	Ordinary	100	100
<i>Controlled entities of Siberia Mining Corporation Pty Ltd</i>				
Ida Gold Operations Pty Ltd	Australia	Ordinary	100	100
Pilbara Metals Pty Ltd	Australia	Ordinary	100	100
Siberia Gold Operations Pty Ltd	Australia	Ordinary	100	100
Mt Ida Gold Pty Ltd	Australia	Ordinary	100	100

23. INTERESTS IN JOINTLY CONTROLLED OPERATIONS

The Group entered into a joint arrangement with Kingsday Holdings Pty Ltd for the operation of the Mt Ida Excluded Area joint operation. Under the agreement Eastern Goldfields retains a 70% interest in the asset. The Group contributes 100% of the funding of the joint operation with the other participant's share repayable from the gold production of the asset. Eastern Goldfields will be paid interest on the funds used and in relation to the other participant's share of costs at a rate of 30% per annum during periods where mining operations are occurring on the Mt Ida Excluded Area. The face value of the amount receivable as at 30 June 2016 is \$6,534,637 (2015: \$6,534,637) with an applicable notional interest rate of 30%, subject to an interest free period of 20 months when Eastern Goldfields had yet to recommence mining operations. This balance continues to be fully impaired as at 30 June 2016 (as shown in Note 6) as the recovery of this balance is dependent on gold production and remains uncertain. There are no assets employed by the joint operation and the Group's expenditure in respect of the joint operation is brought to account initially as exploration and evaluation through profit and loss.

The joint operation has no contingent liabilities or capital commitments.

24. CONTINGENT LIABILITIES

There were no contingent liabilities identified as at 30 June 2016 (2015: nil).

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	CONSOLIDATED	
	2016	2015
	\$	\$
25. CASH FLOW STATEMENT		
a) Reconciliation of cash and cash equivalents		
Cash balances comprise:		
Cash and cash equivalents	15,401,037	52,366
For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.		
b) Reconciliation of net cash outflow from operating activities to loss after income tax		
Loss after income tax	(18,001,267)	(7,701,667)
<i>Adjusted for non-cash items:</i>		
Impairment of property, plant and equipment	-	3,998
Mine development expense	5,143,781	-
Interest expense – capitalised against loan (refer Note 12)	1,503,569	1,995,650
Accretion	88,053	-
Gain on loan relinquishment	(3,402,866)	-
Share based payments	2,407,477	-
Payments to suppliers made via equity settlement	1,260,032	-
Income tax benefit recognised	(10,000)	-
<i>Changes in operating assets and liabilities:</i>		
(Increase)/decrease in receivables	(1,070,381)	575,158
Increase/(decrease) in payables	3,501,351	2,650,170
Increase/(decrease) of provisions	10,719	(5,851)
(Increase)/decrease of inventory	10,911	(10,911)
Net cash outflow from operating activities	(8,558,621)	(2,493,453)

	CONSOLIDATED	
	2016	2015
	\$	\$
26. LOSS PER SHARE		
Loss per share (basic and diluted)	(0.08)	(0.08)
Loss used in the calculation of basic loss per share	18,001,267	7,701,667
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	215,057,645	91,833,698
Effect of dilution:	-	-
Weighted average number of ordinary shares on issue adjusted for the effect of dilution	215,057,645	91,833,698

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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27. SHARE BASED PAYMENTS

The share based payments of \$2,407,477 as recognised in the statement of profit or loss and other comprehensive income incurred during the period relates to the following options issued:

	Unlisted Options at \$0.168 expiring 8 March 2018 Series 1	Unlisted Options at \$0.189 expiring 8 March 2020 Series 2	Total
Directors			
Michael Fotios	7,500,000	7,500,000	15,000,000
Craig Readhead	1,800,000	1,800,000	3,600,000
Alan Still	1,800,000	1,800,000	3,600,000
Employees	13,000,000	13,000,000	26,000,000
TOTAL	24,100,000	24,100,000	48,200,000

Series 1 Options: 24,100,000 Unlisted Options exercisable at \$0.168 expiring 8 March 2018 issued to Directors and employees under the Company Share Option Plan. These options vested on the date of issue (11,100,100 on 30 December 2015 and 13,000,000 on 4 April 2016).

Series 2 Options: 24,100,000 Unlisted Options exercisable at \$0.189 expiring 8 March 2020 issued to Directors and employees under the Company Share Option Plan. Options issued to Directors vested on 30 December 2015. The Options issued to employees vest on 14 April 2018 subject to continual employment and engagement by the Company by the vesting date.

The fair value of options granted during the year was calculated at the date of grant using the Black-Scholes option-pricing model. The following table gives the assumption made in determining the fair value of options on grant date:

Option Series	Director Options Series 1	Director Options Series 2	Emp.Options Series 1	Emp.Options Series 2
Fair value per option	\$0.051492	\$0.067672	\$0.07187	\$0.09172
Grant date	30/12/15	30/12/15	4/04/16	4/04/16
Number of options	11,100,000	11,100,000	13,000,000	13,000,000
Expiry date	08/03/2018	08/03/2020	08/03/2018	08/03/2020
Exercise price	\$0.168	\$0.189	\$0.168	\$0.189
Price of shares on grant date	\$0.15	\$0.15	\$0.21	\$0.21
Estimated volatility	75%	75%	80%	80%
Risk-free interest rate	2.00%	2.00%	2.00%	2.00%
Dividend yield	0%	0%	0%	0%

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27. SHARE BASED PAYMENTS (continued)

The share based payments of \$328,953 as recognised as part of capitalised exploration expenditure (refer Note 8) relates to the following options issued:

In May 2016, Eastern Goldfields paid \$125,000 and 2,000,000 unlisted options (1,000,000 unlisted options exercisable at \$0.168 each on or before 8 March 2018 and 1,000,000 unlisted options exercisable at \$0.189 each on or before 8 March 2020) to acquire the exploration tenements from Goldstar Resources (WA) Pty Ltd, a wholly owned subsidiary of Orion Gold NL.

The fair value of options issued for the purchase of the exploration tenements were calculated at the date of grant using the Black-Scholes option-pricing model. The following table gives the assumption made in determining the fair value of options on grant date:

Option Series	Series 1	Series 2
Fair value per option	\$0.15147	\$0.17747
Grant date	3/05/16	3/05/16
Number of options	1,000,000	1,000,000
Expiry date	08/03/2018	08/03/2020
Exercise price	\$0.168	\$0.189
Price of shares on grant date	\$0.26	\$0.26
Estimated volatility	80%	80%
Risk-free interest rate	1.75%	1.75%
Dividend yield	0%	0%

28. SUBSEQUENT EVENTS

On 5 September 2016, Eastern Goldfields announced that it had entered into an exploration and development earn-in joint venture with Intermin Limited (ASX:IRC) ("Intermin") on tenements containing nearly 200,000 oz Au in reported resources, and with historic production in excess of 830,000 oz, primarily from underground sources.

Material Terms of Heads of Agreement with Intermin

- a) Eastern Goldfields to solely contribute to expenditure of \$2M on the Projects to earn a 25% interest within 2 years of the commencement date ("Initial Interest");
- b) Eastern Goldfields to solely contribute to further expenditure of \$2M on the Projects to earn a further 25% interest within 2 years of earning the Initial Interest ("Further Interest");
- c) Eastern Goldfields to solely contribute to further expenditure of \$1.5m on the Projects (inclusive of a BFS to support a mill installation in the Mt Ida/Menzies region) to earn a further 15% interest within 2 years of earning the Initial Interest ("Second Further Interest");
- d) While Eastern Goldfields is sole funding the Projects, it will manage the exploration programs on the Projects and be responsible for maintaining tenure over the Projects areas in good standing, subject to Intermin providing in a timely manner all cooperation required by Eastern Goldfields;
- e) Eastern Goldfields may withdraw from the above expenditure obligations at any time but will be entitled to retain any interest in the Projects earned (if any) at the date of withdrawal;
- f) Intermin will transfer legal title to each of the Initial Interest and Further Interests as soon as Eastern Goldfields has earned the beneficial interest as mentioned above;
- g) In respect to the Goongarrie Lady mining lease M29/420, Intermin and Eastern Goldfields agree that the current resource of 272,014t @ 2.86g/t for 25,000 ounces currently under feasibility study is excluded from the farm in and both parties will work together on potential milling of the project at the Davyhurst Mill under standard commercial terms; and
- h) For avoidance of doubt, exploration on M29/420 outside of (g) above forms part of the joint venture covering the Goongarrie Project area.

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28. SUBSEQUENT EVENTS (continued)

Upon Eastern Goldfields earning a Project interest of 75%, the parties will:

- a) thereafter each contribute to expenditure on the Projects in accordance with their respective percentage Project interests from time to time;
- b) establish a joint venture committee to make all decisions in respect of exploration, resource development, definitive feasibility studies, approvals and any other matters required for consideration ("Joint Venture");
- c) appoint Eastern Goldfields as manager of the Joint Venture unless otherwise agreed, provided that Intermin will continue to provide in a timely manner all cooperation required by Eastern Goldfields;
- d) make all Joint Venture decisions by majority vote in accordance with the respective percentage Project interests of the parties from time to time;
- e) apply a standard industry straight line dilution formula; and
- f) permit assignment by each party of its Projects interest at any time, provided that the incoming party enters into a Deed of Assignment and Assumption upon terms reasonably required by the ongoing party.

Conditions

The Heads of Agreement is conditional upon:

- a) Eastern Goldfields being satisfied with its due diligence investigations in respect of the Project areas;
- b) Eastern Goldfields' Board resolving to proceed with the transaction set out in this Heads of Agreement;
- c) such other conditions precedent that are customary in transactions of this nature together called "Conditions Precedent".

Placement with Intermin

Eastern Goldfields has agreed to subscribe for shares in a placement undertaken by Intermin whereby Eastern Goldfields will subscribe for 12,500,000 new fully paid ordinary shares in Intermin ("Placement") at 12 cents per share ("Subscription Price") being equal to the terms being offered by Intermin to other investors. It is understood the Placement may occur in two tranches with the second tranche subject to shareholder approval.

In consideration of making the Placement, Intermin will issue to Eastern Goldfields 6,250,000 options with an exercise price of 17 cents per option and with an expiry date of 31 August 2018.

Investment in Winward Resources Limited

On 8 September 2016, Eastern Goldfields announced that it had entered into a binding investment arrangement with Winward Resources Limited (ASX:WIN) (Winward) that would see Eastern Goldfields becomes a cornerstone shareholder in Winward, providing the Company with exposure to Winward's highly prospective Fraser Range portfolio.

On 10 October 2016, following an off-market takeover offer from Independence Group NL to acquire all of the ordinary shares of Winward, Eastern Goldfields announced that it has given notice of withdrawal to Winward, releasing it from its obligations to hold a meeting of its shareholders to approve the subscription for shares in Winward in accordance with the subscription agreement between the Company and Winward.

Settlement with Stirling Resources Pty Ltd

On 30 December 2015, the Company announced a revised settlement arrangement with Stirling Resources Pty Ltd. Under the terms of the revised settlement, which is summarised in Note 12(a), a payment of \$150,000 by Eastern Goldfields was to be made on the earlier of the date which is 3 months after commencement of gold production at the Davyhurst gold operation and 30 September 2016. Payment of \$150,000 was made by the Company on 6 October 2016.

Of the remaining liability at 30 June 2016:

- the further payment of \$150,000 was made subsequently on 6 October 2016;
- the issue of 4.5 million ordinary shares remains outstanding;

Contract awarded to GR Engineering

On 23 September 2016, Eastern Goldfields announced that it had awarded a contract to GR Engineering Services Limited to refurbish the Davyhurst gold processing plant. The target cost estimate for completion of the work is \$12,566,697

Loan agreement with Orion Gold NL

On 9 September 2016, Eastern Goldfields entered into an agreement to provide a loan facility of \$150,000 to Orion Gold NL.

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28. SUBSEQUENT EVENTS (continued)

Purchase of shares in Orion Gold NL

On 22 September 2016, Eastern Goldfields purchased 9,100,000 shares in Orion Gold NL at 2.5 cents each for \$227,500.

Purchase of 215 Balcatta Road, Balcatta

On 31 August 2016, the Company and Investmet Limited entered into a contract to purchase 215 Balcatta Road, Balcatta for \$12.1 million. The contract is subject to finance and is due to settle on 25 November 2016. Finance is being arranged and post completion a refurbishment fit out will be undertaken with a view to the Company moving in to the premises as its new corporate headquarters in January 2017.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

29. PARENT ENTITY INFORMATION

(a) Financial Position

	2016	2015
	\$	\$
Assets		
Current assets	15,195,895	147,185
Non-current assets	-	28,430,105
Total assets	<u>15,195,895</u>	<u>28,577,290</u>
Liabilities		
Current liabilities	11,205,337	37,874,815
Non-current liabilities	-	-
Total liabilities	<u>11,205,337</u>	<u>37,874,815</u>
Equity/(Deficit)		
Contributed equity	228,317,835	168,040,331
Accumulated losses	(232,379,654)	(182,630,470)
Reserves	8,052,377	5,292,614
Total equity / (deficit)	<u>3,990,558</u>	<u>(9,297,525)</u>

(b) Financial performance

Loss for the year	(49,749,183)	(3,534,000)
Other comprehensive income	23,333	-
Total comprehensive loss for the year	<u>(49,725,850)</u>	<u>(3,534,000)</u>

(c) Guarantees

Eastern Goldfields and all its wholly owned subsidiaries have entered into a Deed of Cross Guarantee. The effect of the deed is that Eastern Goldfields has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Eastern Goldfields is wound up or if it does not meet its obligations under the terms of loans, leases or other liabilities subject to the guarantee.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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(d) Contingent Liabilities and Commitments

There were no contingent liabilities or commitments identified as at 30 June 2016 (2015: nil).

In accordance with a resolution of the Directors of Eastern Goldfields Limited, I state that:

1. In the opinion of the Directors:

a. The financial statements, notes and the additional disclosures included in the Directors' report designed as audited, of the Group are in accordance with the Corporations Act 2001, including:

i. Giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date.

ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

b. The financial statements and notes also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') as disclosed in Note 2(c).

c. Subject to the matters disclosed in Note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

d. The remuneration disclosures included in pages 21 to 25 of the Directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2016, comply with section 300A of the Corporations Act 2001.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

On behalf of the Board



Michael Fotios
Executive Chairman

Perth, Western Australia
24 October 2016

Independent auditor's report to the members of Eastern Goldfields Limited

Report on the financial report

We have audited the accompanying financial report of Eastern Goldfields Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 controls 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 controls. 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Basis for qualified opinion

Carrying value of mine properties

Included in the 30 June 2016 mine properties balance is an amount of \$3,000,000 relating to the Davyhurst processing plant, which was under care and maintenance at that date.

A valuation of the Davyhurst processing plant was last undertaken in December 2013 and no further valuations have been undertaken since that time.

As at the date of our audit, we have been unable to obtain sufficient appropriate audit evidence to support the recoverability of the Davyhurst processing plant. Consequently, we are unable to determine whether any adjustment to the carrying value of the Davyhurst processing plant is necessary.

Our audit report on the financial statements of Eastern Goldfields Limited for the year ended 30 June 2015, which forms the basis for the comparative data included in these 30 June 2016 financial statements, contained a qualification on the carrying value of the Davyhurst processing plant similar to the above.

Carrying value of the rehabilitation provision

Our audit report on the financial statements of Eastern Goldfields Limited for the year ended 30 June 2015 included a qualification on the carrying value of the rehabilitation provision as follows:

"Included in the 2015 non-current provision balance is an amount of \$4,148,100 for the future rehabilitation obligations for the Davyhurst mine. Management is currently undertaking a detailed review of the consolidated entity's future rehabilitation obligations in relation to this mine.

As at the date of our audit, we have been unable to obtain sufficient appropriate audit evidence to support the carrying value of the rehabilitation provision. Consequently, we are unable to determine whether any adjustment to the carrying value of the rehabilitation provision is necessary."

During the financial year ended 30 June 2016, management undertook a detailed review of the consolidated entity's future rehabilitation obligations and recognised a provision of \$9,379,934. An amount of \$5,231,834 has therefore been recognised as an expense in the current year consolidated statement of profit or loss and other comprehensive income. As we were unable to determine whether the opening balance of the rehabilitation provision was accurately stated, we are unable to determine whether the expense recognised in the current year consolidated statement of profit or loss and other comprehensive income is appropriate.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs:

- a. the financial report of Eastern Goldfields Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*

- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

Without further qualification to our conclusion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Eastern Goldfields Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



G H Meyerowitz
Partner
Perth
24 October 2016

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TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST	APPLICATION DATE	GRANT DATE	EXPIRY DATE
E16/0332	CARNEGIE GOLD PTY LTD	100/100	19-07-2006	28-05-2007	27-05-2017
E16/0337	CARNEGIE GOLD PTY LTD	100/100	07-12-2006	09-04-2008	08-04-2018
E16/0344	SIBERIA MINING CORPORATION PTY LTD	100/100	02-02-2007	29-04-2008	28-04-2018
E16/0347	SIBERIA MINING CORPORATION PTY LTD	100/100	29-03-2007	12-03-2008	11-03-2018
E16/0456	SIBERIA MINING CORPORATION PTY LTD	100/100	12-12-2013	11-07-2014	10-07-2019
E16/0473	CARNEGIE GOLD PTY LTD	100/100	03-02-2015	05-10-2015	04-10-2020
E16/0475	CARNEGIE GOLD PTY LTD	100/100	03-02-2015	05-10-2015	04-10-2020
E16/0480	GOLDSTAR RESOURCES (WA) PTY LTD	100/100	21-07-2015	02-05-2016	01-05-2021
E16/0484	GOLDSTAR RESOURCES (WA) PTY LTD	100/100	05-08-2015	26-08-2016	25-08-2021
E29/0419	BLACK MOUNTAIN GOLD LTD	100/100	13-08-1998	06-01-2011	05-01-2018
E29/0640	MT IDA GOLD PTY LTD	100/100	19-12-2006	24-06-2008	23-06-2018
E29/0641	MT IDA GOLD PTY LTD	100/100	19-12-2006	24-06-2008	23-06-2018
E29/0895	MT IDA GOLD PTY LTD	100/100	17-09-2013	07-04-2014	06-04-2019
E29/0922	BLACK MOUNTAIN GOLD LTD	100/100	02-05-2014	02-12-2014	01-12-2019
E29/0955	SIBERIA MINING CORPORATION PTY LTD	100/100	25-06-2015	13-01-2016	12-01-2021
E29/0964	GOLDSTAR RESOURCES (WA) PTY LTD	100/100	20-10-2015	05-05-2016	04-05-2021
E29/0966	BLACK MOUNTAIN GOLD LTD	100/100	22-12-2015	06-09-2016	05-09-2021
E30/0333	CARNEGIE GOLD PTY LTD	100/100	31-01-2007	02-09-2008	01-09-2018
E30/0334	CARNEGIE GOLD PTY LTD	100/100	08-02-2007	21-04-2008	20-04-2018
E30/0335	CARNEGIE GOLD PTY LTD	100/100	08-02-2007	19-12-2008	18-12-2018
E30/0336	CARNEGIE GOLD PTY LTD	100/100	08-02-2007	02-07-2008	01-07-2018
E30/0338	CARNEGIE GOLD PTY LTD	100/100	08-02-2007	20-05-2008	19-05-2018
E30/0449	DELTA RESOURCE MANAGEMENT PTY LTD	100/100	14-09-2012	02-04-2013	01-04-2018
E30/0454	CARNEGIE GOLD PTY LTD	100/100	28-11-2013	10-07-2014	09-07-2019
L15/0224	SIBERIA MINING CORPORATION PTY LTD	100/100	15-07-1999	10-01-2000	09-01-2021
L16/0058	SIBERIA MINING CORPORATION PTY LTD	100/100	22-04-1999	13-12-1999	12-12-2020
L16/0062	SIBERIA MINING CORPORATION PTY LTD	100/100	07-07-1999	13-12-1999	12-12-2020
L16/0072	CARNEGIE GOLD PTY LTD	100/100	23-08-2001	13-06-2002	12-06-2023
L16/0073	CARNEGIE GOLD PTY LTD	100/100	23-08-2001	13-06-2002	12-06-2023
L16/0077	IDA GOLD OPERATIONS PTY LTD (SIBERIA)	100/100	23-12-2004	28-03-2006	27-03-2027
L16/0103	SIBERIA MINING CORPORATION PTY LTD	100/100	11-09-2012	06-07-2016	05-07-2037
L24/0085	SIBERIA MINING CORPORATION PTY LTD	100/100	16-06-1987	27-10-1987	26-10-2017
L24/0101	CARNEGIE GOLD PTY LTD	96/96	04-03-1988	29-08-1988	28-08-2018
L24/0115	SIBERIA MINING CORPORATION PTY LTD	96/96	04-08-1988	25-10-1988	24-10-2018
L24/0123	SIBERIA MINING CORPORATION PTY LTD	96/96	24-02-1989	01-08-1989	31-07-2019
L24/0124	SIBERIA MINING CORPORATION PTY LTD	96/96	24-02-1989	01-08-1989	31-07-2019
L24/0170	CARNEGIE GOLD PTY LTD	100/100	14-11-1996	14-05-1997	13-05-2017
L24/0174	CARNEGIE GOLD PTY LTD	100/100	01-07-1997	22-12-1997	21-12-2017
L24/0188	SIBERIA MINING CORPORATION PTY LTD	100/100	02-09-2003	04-11-2004	03-11-2025
L24/0189	SIBERIA MINING CORPORATION PTY LTD	100/100	19-03-2004	01-03-2006	28-02-2027
L24/0224	SIBERIA MINING CORPORATION PTY LTD	100/100	13-01-2016	07-07-2016	06-07-2037
L29/0034	CARNEGIE GOLD PTY LTD	96/96	24-02-1988	07-04-1988	06-04-2018
L29/0038	CARNEGIE GOLD PTY LTD	96/96	02-05-1988	11-04-1989	10-04-2019
L29/0040	CARNEGIE GOLD PTY LTD	96/96	08-07-1988	06-04-1989	05-04-2019
L29/0042	BLACK MOUNTAIN GOLD LTD	100/100	20-09-1988	22-02-1989	21-02-2019

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TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST	APPLICATION DATE	GRANT DATE	EXPIRY DATE
L29/0043	BLACK MOUNTAIN GOLD LTD	100/100	20-09-1988	22-02-1989	21-02-2019
L29/0044	BLACK MOUNTAIN GOLD LTD	100/100	20-09-1988	22-02-1989	21-02-2019
L29/0074	MT IDA GOLD PTY LTD	100/100	14-11-2007	04-09-2008	03-09-2029
L29/0109	BLACK MOUNTAIN GOLD LTD	100/100	20-06-2011	27-12-2012	26-12-2033
L30/0035	CARNEGIE GOLD PTY LTD	96/96	01-07-1992	06-11-1992	05-11-2017
L30/0037	CARNEGIE GOLD PTY LTD	100/100	06-12-1996	14-05-1997	13-05-2017
L30/0043	CARNEGIE GOLD PTY LTD	100/100	21-08-2001	19-03-2002	18-03-2023
M16/0220	CARNEGIE GOLD PTY LTD	100/100	22-09-1994	27-03-2001	26-03-2022
M16/0262	SIBERIA MINING CORPORATION PTY LTD	100/100	10-11-1995	12-03-1999	11-03-2020
M16/0263	SIBERIA MINING CORPORATION PTY LTD	100/100	10-11-1995	12-03-1999	11-03-2020
M16/0264	SIBERIA MINING CORPORATION PTY LTD	100/100	10-11-1995	12-03-1999	11-03-2020
M16/0268	CARNEGIE GOLD PTY LTD	100/100	18-12-1995	10-08-2001	09-08-2022
M16/0470	CARNEGIE GOLD PTY LTD	100/100	17-09-2002	09-12-2003	08-12-2024
M24/0039	CHARLES ROBERT GARDNER	96/96	29-12-1983	16-01-1985	15-01-2027
M24/0051	SIBERIA MINING CORPORATION PTY LTD	96/96	28-05-1984	05-10-1984	04-10-2026
M24/0115	SIBERIA MINING CORPORATION PTY LTD	96/96	17-10-1986	11-06-1987	10-06-2029
M24/0159	SIBERIA MINING CORPORATION PTY LTD	100/100	15-06-1987	09-02-1988	08-02-2030
M24/0208	SIBERIA MINING CORPORATION PTY LTD	96/96	03-11-1987	18-05-1988	17-05-2030
M24/0290	SIBERIA MINING CORPORATION PTY LTD	96/96	30-09-1988	15-06-1989	14-06-2031
M24/0352	SIBERIA MINING CORPORATION PTY LTD	96/96	07-09-1989	13-06-1990	12-06-2032
M24/0376	SIBERIA MINING CORPORATION PTY LTD	100/100	15-06-1990	19-02-1991	18-02-2033
M24/0427	SIBERIA MINING CORPORATION PTY LTD	96/96	20-10-1993	14-12-1993	13-12-2035
M24/0633	SIBERIA MINING CORPORATION PTY LTD	100/100	28-02-1997	20-04-2004	19-04-2025
M24/0754	SIBERIA MINING CORPORATION PTY LTD	96/96	06-10-1998	11-01-1999	10-01-2020
M24/0755	SIBERIA MINING CORPORATION PTY LTD	96/96	16-10-1998	28-11-2007	27-11-2028
M24/0830	SIBERIA MINING CORPORATION PTY LTD	100/100	27-03-2000	30-08-2012	29-08-2033
M24/0845	SIBERIA MINING CORPORATION PTY LTD	100/100	22-09-2000	25-03-2004	24-03-2025
M24/0846	SIBERIA MINING CORPORATION PTY LTD	100/100	22-09-2000	25-03-2004	24-03-2025
M24/0847	SIBERIA MINING CORPORATION PTY LTD	100/100	22-09-2000	25-03-2004	24-03-2025
M24/0848	SIBERIA MINING CORPORATION PTY LTD	100/100	22-09-2000	25-03-2004	24-03-2025
M29/0002	MT IDA GOLD PTY LTD	100/100	16-04-1982	22-12-1982	21-12-2024
M29/0014	BLACK MOUNTAIN GOLD LTD	96/96	06-10-1983	14-05-1984	13-05-2026
M29/0088	BLACK MOUNTAIN GOLD LTD	96/96	27-05-1988	28-07-1988	27-07-2030
M29/0153	BLACK MOUNTAIN GOLD LTD	100/100	25-10-1991	18-11-1992	17-11-2034
M29/0154	BLACK MOUNTAIN GOLD LTD	100/100	25-10-1991	18-11-1992	17-11-2034
M29/0165	MT IDA GOLD PTY LTD & STUART LESLIE HOOPER	95/100 5/100	20-06-1994	21-12-1994	20-12-2036
M29/0184	BLACK MOUNTAIN GOLD LTD	100/100	21-12-1995	13-03-1997	12-03-2018
M29/0212	BLACK MOUNTAIN GOLD LTD	100/100	16-12-1996	27-02-2001	26-02-2022
M29/0410	WAYNE CRAIG VAN BLITTERSWYK	100/100	02-08-2010	02-10-2012	01-10-2033
M29/0420	BLACK MOUNTAIN GOLD LTD	100/100	27-01-2012	14-11-2012	13-11-2033
M29/0422	MT IDA GOLD PTY LTD	100/100	04-04-2013	22-11-2013	21-11-2034
M30/0001	CARNEGIE GOLD PTY LTD	96/96	07-09-1982	09-05-1984	08-05-2026
M30/0005	CARNEGIE GOLD PTY LTD	96/96	20-12-1983	22-10-1985	21-10-2027
M30/0007	CARNEGIE GOLD PTY LTD	96/96	22-12-1983	27-06-1984	26-06-2026
M30/0016	CARNEGIE GOLD PTY LTD	100/100	29-05-1985	16-12-1986	15-12-2028

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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TENEMENT SCHEDULE**

TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST	APPLICATION DATE	GRANT DATE	EXPIRY DATE
M30/0021	CARNEGIE GOLD PTY LTD	100/100	14-08-1985	17-03-1986	16-03-2028
M30/0034	CARNEGIE GOLD PTY LTD	100/100	10-11-1986	12-06-1987	11-06-2029
M30/0039	CARNEGIE GOLD PTY LTD	100/100	18-12-1986	18-05-1988	17-05-2030
M30/0042	CARNEGIE GOLD PTY LTD	96/96	25-02-1987	02-12-1987	01-12-2029
M30/0043	CARNEGIE GOLD PTY LTD	100/100	17-03-1987	03-11-1987	02-11-2029
M30/0044	CARNEGIE GOLD PTY LTD	100/100	08-04-1987	30-10-1987	29-10-2029
M30/0048	CARNEGIE GOLD PTY LTD	100/100	18-05-1987	18-05-1988	17-05-2030
M30/0059	CARNEGIE GOLD PTY LTD	100/100	27-08-1987	29-03-1988	28-03-2030
M30/0060	CARNEGIE GOLD PTY LTD	100/100	28-08-1987	22-01-1988	21-01-2030
M30/0063	CARNEGIE GOLD PTY LTD	100/100	12-10-1987	22-04-1988	21-04-2030
M30/0072	CARNEGIE GOLD PTY LTD	100/100	17-03-1988	04-11-1988	03-11-2030
M30/0073	CARNEGIE GOLD PTY LTD	100/100	17-03-1988	04-11-1988	03-11-2030
M30/0074	CARNEGIE GOLD PTY LTD	100/100	17-03-1988	04-11-1988	03-11-2030
M30/0075	CARNEGIE GOLD PTY LTD	100/100	29-03-1988	08-09-1988	07-09-2030
M30/0080	CARNEGIE GOLD PTY LTD	100/100	19-07-1988	04-11-1988	03-11-2030
M30/0084	CARNEGIE GOLD PTY LTD	100/100	30-08-1988	12-01-1989	11-01-2031
M30/0097	CARNEGIE GOLD PTY LTD	100/100	24-04-1990	03-08-1990	02-08-2032
M30/0098	CARNEGIE GOLD PTY LTD	100/100	29-06-1990	15-11-1990	14-11-2032
M30/0100	CARNEGIE GOLD PTY LTD	100/100	15-04-1991	01-08-1991	31-07-2033
M30/0102	CARNEGIE GOLD PTY LTD	100/100	07-01-1992	11-12-1992	10-12-2034
M30/0103	CARNEGIE GOLD PTY LTD	100/100	07-01-1992	27-01-1993	26-01-2035
M30/0106	CARNEGIE GOLD PTY LTD	100/100	17-05-1993	25-10-1993	24-10-2035
M30/0107	CARNEGIE GOLD PTY LTD	100/100	17-05-1993	25-10-1993	24-10-2035
M30/0108	CARNEGIE GOLD PTY LTD	100/100	14-06-1993	12-10-1993	11-10-2035
M30/0109	CARNEGIE GOLD PTY LTD	100/100	22-07-1993	01-11-1993	31-10-2035
M30/0111	CARNEGIE GOLD PTY LTD	100/100	22-09-1993	22-02-1994	21-02-2036
M30/0122	CARNEGIE GOLD PTY LTD	100/100	02-12-1994	29-09-2004	28-09-2025
M30/0123	CARNEGIE GOLD PTY LTD	100/100	02-12-1994	29-09-2004	28-09-2025
M30/0126	CARNEGIE GOLD PTY LTD	100/100	27-11-1995	13-10-2009	12-10-2030
M30/0127	CARNEGIE GOLD PTY LTD	96/96	08-12-1995	12-06-2007	11-06-2028
M30/0129	CARNEGIE GOLD PTY LTD	100/100	20-05-1996	28-11-2007	27-11-2028
M30/0131	CARNEGIE GOLD PTY LTD	96/96	21-10-1996	04-12-1996	03-12-2017
M30/0132	CARNEGIE GOLD PTY LTD	96/96	21-10-1996	04-12-1996	03-12-2017
M30/0133	CARNEGIE GOLD PTY LTD	100/100	06-12-1996	09-07-1999	08-07-2020
M30/0135	CARNEGIE GOLD PTY LTD	100/100	26-03-1997	06-11-2007	05-11-2028
M30/0137	CARNEGIE GOLD PTY LTD	100/100	08-04-1997	18-03-1998	17-03-2019
M30/0148	CARNEGIE GOLD PTY LTD	100/100	27-01-1999	17-11-1999	16-11-2020
M30/0150	CARNEGIE GOLD PTY LTD	100/100	31-01-2000	04-04-2001	03-04-2022
M30/0157	CARNEGIE GOLD PTY LTD	96/96	26-04-2000	19-12-2002	18-12-2023
M30/0159	CARNEGIE GOLD PTY LTD	100/100	04-10-2000	26-11-2001	25-11-2022
M30/0178	CARNEGIE GOLD PTY LTD	100/100	05-02-2001	18-12-2002	17-12-2023
M30/0182	CARNEGIE GOLD PTY LTD	100/100	09-04-2001	27-06-2003	26-06-2024
M30/0187	CARNEGIE GOLD PTY LTD	100/100	24-08-2001	02-10-2002	01-10-2023
P16/2514	CARNEGIE GOLD PTY LTD	100/100	08-02-2007	19-12-2008	18-12-2016
P16/2774	SIBERIA MINING CORPORATION PTY LTD	100/100	29-06-2012	17-01-2013	16-01-2017

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
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TENEMENT SCHEDULE**

TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST	APPLICATION DATE	GRANT DATE	EXPIRY DATE
P16/2775	SIBERIA MINING CORPORATION PTY LTD	100/100	29-06-2012	17-01-2013	16-01-2017
P16/2921	GOLDSTAR RESOURCES (WA) PTY LTD	100/100	23-10-2015	06-05-2016	05-05-2020
P16/2922	GOLDSTAR RESOURCES (WA) PTY LTD	100/100	23-10-2015	06-05-2016	05-05-2020
P24/4182	SIBERIA MINING CORPORATION PTY LTD	100/100	02-02-2007	20-02-2008	19-02-2016
P24/4750	SIBERIA MINING CORPORATION PTY LTD	100/100	12-06-2013	20-01-2014	19-01-2018
P24/4751	SIBERIA MINING CORPORATION PTY LTD	100/100	12-06-2013	20-01-2014	19-01-2018
P24/4752	SIBERIA MINING CORPORATION PTY LTD	100/100	15-07-2013	11-02-2014	10-02-2018
P24/4753	SIBERIA MINING CORPORATION PTY LTD	100/100	15-07-2013	11-02-2014	10-02-2018
P24/4754	SIBERIA MINING CORPORATION PTY LTD	100/100	15-07-2013	11-02-2014	10-02-2018
P29/2070	BLACK MOUNTAIN GOLD LTD	100/100	29-11-2007	19-12-2008	18-12-2016
P29/2073	BLACK MOUNTAIN GOLD LTD	100/100	04-12-2007	19-12-2008	18-12-2016
P29/2153	BLACK MOUNTAIN GOLD LTD	100/100	22-10-2009	22-07-2010	22-07-2018
P29/2154	BLACK MOUNTAIN GOLD LTD	100/100	22-10-2009	22-07-2010	22-07-2018
P29/2155	BLACK MOUNTAIN GOLD LTD	100/100	22-10-2009	22-07-2010	22-07-2018
P29/2156	BLACK MOUNTAIN GOLD LTD	100/100	22-10-2009	02-08-2010	01-08-2018
P29/2251	BLACK MOUNTAIN GOLD LTD	100/100	30-05-2012	14-02-2013	13-02-2017
P29/2252	BLACK MOUNTAIN GOLD LTD	100/100	30-05-2012	14-02-2013	13-02-2017
P29/2253	BLACK MOUNTAIN GOLD LTD	100/100	30-05-2012	14-02-2013	13-02-2017
P29/2254	BLACK MOUNTAIN GOLD LTD	100/100	30-05-2012	14-02-2013	13-02-2017
P29/2268	BLACK MOUNTAIN GOLD LTD	100/100	11-10-2012	17-06-2014	16-06-2018
P29/2269	BLACK MOUNTAIN GOLD LTD	100/100	11-10-2012	17-06-2014	16-06-2018
P29/2286	BLACK MOUNTAIN GOLD LTD	100/100	14-11-2012	14-08-2013	13-08-2017
P29/2287	BLACK MOUNTAIN GOLD LTD	100/100	14-11-2012	14-08-2013	13-08-2017
P29/2288	BLACK MOUNTAIN GOLD LTD	100/100	14-11-2012	14-08-2013	13-08-2017
P29/2289	BLACK MOUNTAIN GOLD LTD	100/100	14-11-2012	14-08-2013	13-08-2017
P29/2290	BLACK MOUNTAIN GOLD LTD	100/100	14-11-2012	14-08-2013	13-08-2017
P29/2291	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	26-07-2013	25-07-2017
P29/2292	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2293	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2294	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2295	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2296	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2297	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	01-04-2014	31-03-2018
P29/2298	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	26-07-2013	25-07-2017
P29/2299	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2300	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2301	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2302	WAYNE CRAIG VAN BLITTERSWYK	100/100	23-11-2012	27-06-2013	26-06-2017
P29/2303	WAYNE CRAIG VAN BLITTERSWYK	100/100	13-12-2012	25-07-2013	24-07-2017
P29/2304	WAYNE CRAIG VAN BLITTERSWYK	100/100	13-12-2012	25-07-2013	24-07-2017
P29/2305	WAYNE CRAIG VAN BLITTERSWYK	100/100	13-12-2012	25-07-2013	24-07-2017
P29/2307	BLACK MOUNTAIN GOLD LTD	100/100	17-01-2013	28-08-2013	27-08-2017
P29/2308	BLACK MOUNTAIN GOLD LTD	100/100	17-01-2013	28-08-2013	27-08-2017
P29/2310	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017
P29/2311	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
TENEMENT SCHEDULE**

TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST	APPLICATION DATE	GRANT DATE	EXPIRY DATE
P29/2312	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017
P29/2313	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017
P29/2314	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017
P29/2315	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017
P29/2316	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017
P29/2317	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017
P29/2318	MT IDA GOLD PTY LTD	100/100	18-03-2013	07-10-2013	06-10-2017
P29/2319	MT IDA GOLD PTY LTD	100/100	27-03-2013	04-11-2013	03-11-2017
P29/2320	MT IDA GOLD PTY LTD	100/100	27-03-2013	04-11-2013	03-11-2017
P29/2321	MT IDA GOLD PTY LTD	100/100	27-03-2013	04-11-2013	03-11-2017
P29/2322	MT IDA GOLD PTY LTD	100/100	27-03-2013	04-11-2013	03-11-2017
P29/2323	MT IDA GOLD PTY LTD	100/100	27-03-2013	05-11-2013	04-11-2017
P29/2324	MT IDA GOLD PTY LTD	100/100	27-03-2013	01-11-2013	31-10-2017
P29/2325	MT IDA GOLD PTY LTD	100/100	27-03-2013	01-11-2013	31-10-2017
P29/2326	MT IDA GOLD PTY LTD	100/100	27-03-2013	04-11-2013	03-11-2017
P29/2327	MT IDA GOLD PTY LTD	100/100	27-03-2013	04-11-2013	03-11-2017
P29/2328	MT IDA GOLD PTY LTD	100/100	28-03-2013	01-11-2013	31-10-2017
P29/2344	BLACK MOUNTAIN GOLD LTD	100/100	28-03-2014	17-11-2014	16-11-2018
P29/2345	BLACK MOUNTAIN GOLD LTD	100/100	28-03-2014	17-11-2014	16-11-2018
P30/1042	CARNEGIE GOLD PTY LTD	100/100	08-02-2007	01-04-2008	DGA ML APPL
P30/1043	CARNEGIE GOLD PTY LTD	100/100	08-02-2007	01-04-2008	DGA ML APPL
P30/1060	CARNEGIE GOLD PTY LTD	100/100	08-02-2007	21-04-2008	20-04-2016
P30/1074	CARNEGIE GOLD PTY LTD	100/100	22-10-2007	06-01-2010	05-01-2018
P30/1100	WAYNE CRAIG VAN BLITTERSWYK	100/100	26-11-2012	23-02-2015	22-02-2019
P30/1101	WAYNE CRAIG VAN BLITTERSWYK	100/100	26-11-2012	25-07-2013	24-07-2017
P30/1102	WAYNE CRAIG VAN BLITTERSWYK	100/100	26-11-2012	23-02-2015	22-02-2019
P30/1103	WAYNE CRAIG VAN BLITTERSWYK	100/100	26-11-2012	23-02-2015	22-02-2019
P30/1104	WAYNE CRAIG VAN BLITTERSWYK	100/100	26-11-2012	25-07-2013	24-07-2017
P30/1105	WAYNE CRAIG VAN BLITTERSWYK	100/100	26-11-2012	25-07-2013	24-07-2017
P30/1107	CARNEGIE GOLD PTY LTD	100/100	08-04-2013	04-12-2013	03-12-2017
P30/1108	CARNEGIE GOLD PTY LTD	100/100	08-04-2013	04-12-2013	03-12-2017
P30/1109	CARNEGIE GOLD PTY LTD	100/100	08-04-2013	04-12-2013	03-12-2017
P30/1110	CARNEGIE GOLD PTY LTD	100/100	18-04-2013	04-12-2013	03-12-2017
P30/1111	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1112	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1113	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1114	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1115	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1116	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1117	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1118	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1119	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1120	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1121	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017
P30/1122	CARNEGIE GOLD PTY LTD	100/100	29-04-2013	04-12-2013	03-12-2017

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
ANNUAL MINERAL RESOURCE STATEMENT**

In accordance with ASX Listing Rule 5.21, the Company reviews and reports its Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its Mineral Resources over the course of the year, the Company is required to promptly report these changes. The Company has previously reported the following Mineral Resources pursuant to the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) 2004 Edition:

JORC Category	Tonnes ('000)	Au (g/t)
Inferred	8,759	2.6
Indicated	9,962	2.4
Measured	236	2.8
Total	18,957	2.5

The Mineral Resource was first reported to the ASX on June 30 2008 and subsequently in the Company's Prospectus dated 11 July 2014. There has been no change to the Resource Statement reported in the Company's Prospectus to the review date of 30 June 2016, or to the date of this Annual Report.

In completing the annual review for the year ended 30 June 2016, the historical resource factors were reviewed and found to be relevant and current. No project area has been converted to an active operation yet and hence no resource depletion has occurred for the review period.

THE MINERAL RESOURCE STATEMENT

PROJECT	MEASURED		INDICATED		INFERRED		TOTAL MATERIAL		
	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000oz.)
GOLDEN EAGLE	0	0.0	345	2.5	311	2.6	656	2.5	54
LIGHTS OF ISRAEL UNDERGROUND	0	0.0	74	4.3	180	4.2	254	4.2	35
MAKAI SHOOT	0	0.0	1,985	2.0	153	1.7	2,138	2.0	136
WAIHI	0	0.0	805	2.4	109	2.4	914	2.4	71
Central Davyhurst Subtotal	0	0.0	3,200	2.2	800	2.6	4,000	2.3	300
LADY GLADYS	0	0.0	1,858	1.9	190	2.4	2,048	1.9	128
RIVERINA AREA	0	0.0	941	2.4	1,644	2.5	2,585	2.5	205
FOREHAND	0	0.0	386	1.7	436	1.9	822	1.8	48
SILVER TONGUE	0	0.0	155	2.7	19	1.3	174	2.5	14
Mulline Subtotal	0	0.0	3,300	2.1	2,300	2.4	5,600	2.2	390
SAND KING	0	0.0	516	3.1	935	3.0	1,451	3.0	142
MISSOURI	98	1.7	831	2.0	909	2.2	1,838	2.1	123
PALMERSTON / CAMPERDOWN	0	0.0	118	2.3	174	2.4	292	2.4	22
BERWICK MOREING	0	0.0	0	0.0	50	2.3	50	2.3	4
BLACK RABBIT	0	0.0	0	0.0	434	3.5	434	3.5	49
THIEL WELL	0	0.0	0	0.0	18	6.0	18	6.0	3
Siberia Subtotal	98	1.7	1,500	2.4	2,500	2.8	4,100	2.6	340
CALLION	0	0.0	86	2.8	83	2.3	169	2.6	14
FEDERAL FLAG	32	2.0	112	1.8	238	2.5	382	2.3	28
SALMON GUMS	0	0.0	199	2.8	108	2.9	307	2.8	28
WALHALLA	0	0.0	448	1.8	216	1.4	664	1.7	36
WALHALLA NORTH	0	0.0	94	2.4	13	3.0	107	2.5	9
MT BANJO	0	0.0	109	2.3	126	1.4	235	1.8	14
MACEDON	0	0.0	0	0.0	186	1.8	186	1.8	11
IGUANA	0	0.0	690	2.1	2,032	2.0	2,722	2.0	177
LIZARD	106	4.0	75	3.7	13	2.8	194	3.8	24
Davyhurst Regional Subtotal	138	3.5	1,800	2.2	3,000	2.0	5,000	2.1	340
Davyhurst Total	236	2.8	9,800	2.2	8,600	2.4	18,700	2.3	1,370
BALDOCK	0	0.0	136	18.6	0	0.0	136	18.6	81
BALDOCK STH	0	0	0	0	0	0	0	0	0
METEOR	0	0.0	0	0.0	143	9.3	143	9.3	43
WHINNEN	0	0	0	0	39	13.3	39	13.3	17
Mount Ida subTotal	0	0.0	140	18.6	180	10.2	320	13.8	140
Combined Total	236	2.8	9,900	2.4	8,800	2.5	19,000	2.5	1,510

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
ANNUAL MINERAL RESOURCE STATEMENT**

Material Changes and Resource Statement Comparison

There have been no material changes to the Mineral Resource during the review period from 1 July 2015 to 30 June 2016, and to and including the date of this report.

Governance Arrangements and Internal Controls

Eastern Goldfields has ensured that the Mineral Resources quoted are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by internal Company geologists, who are experienced in best practice in modelling and estimation methods. The competent person has also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, Eastern Goldfields management carry out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

Competent Person Statement

The information in this presentation that relates to Mineral Resources, Exploration Results and Exploration Targets is based on, and fairly represents, information and supporting documentation compiled by or under the supervision of Mr Michael Thomson, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy, a 'Recognised Professional Organisation' ('RPO') included in a list that is posted on the ASX website from time to time. Mr Thomson 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 and 2012 Editions of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Eastern Goldfields confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the initial announcement continue to apply and have not materially changed. Eastern Goldfields confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Thomson consents to the form and context in which the Mineral Resources, Exploration Results and Exploration Target appears and the content of this Annual Mineral Resource Statement as a whole.

The Exploration Targets are based upon a comprehensive geological and mineralisation review conducted by Eastern Goldfields. This modelling utilised a combination of exploration drilling data, underground sampling along with detailed geologic observations. A high proportion of the LOI deposit was drilled with diamond core and as such there has been significant data available to compile geologic models and justify the projection of mineralisation down plunge.

Historical survey, geology and assay records reviewed, validated and were utilised to create a 3-dimensional geological and mineralisation model. RC drill diameter was 5 ½ inch and diamond core size was NQ. RC drill sample were collected at 1m intervals and diamond core was cut to geological intervals. Assay methods of drill hole samples was by aqua regia or fire assay using accredited laboratories.

The grades of these Exploration Targets has been assigned by detailed assessment of previous production from the LOI and Great Ophia Deposits along with detailed statistical modelling (ID₂ and Ordinary Kriging) of sample grades from within the mineralised systems. In areas where there is little or no existing data the grade has been derived from the geological investigations into continuity of existing mineralisation and geology (projecting down plunge) and are conceptual in nature with confirmatory RC and DD drilling required to validate these targets which is scheduled for completion in 2016. Samples will be submitted to accredited laboratories for gold assay (fire assay) with a full suite of QAQC samples (blanks, standards and field duplicates).

Planned Exploration work:

In the short term (2016) Eastern Goldfields plans to drill RC and diamond holes to evaluate the geology, grade and width of the target. Drilling will target remnant pillars and areas below current mining depths. Samples will be submitted to accredited laboratories for gold assay with a full suite of QAQC samples (blanks, standards and field duplicates). If this drill program is deemed successful a geological and resource model will be produced. The resource model will be classified as inferred/indicated as deemed appropriate.

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
ASX ADDITIONAL INFORMATION**

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below, current as at 14 September 2016:

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number of ordinary shares	% of issue capital
Wyllie Group Pty Ltd ¹	27,270,150	5.57
Mr Michael Fotios + his controlled entities Michael Fotios Family A/C, Investmet Limited, Delta Resource Management, Whitestone Minerals Limited ²	191,488,723	39.77
Mr Hendricus Indrisie + controlled entity Perth Select Seafoods Pty Ltd ³	26,000,000	5.31

1. As provided to the Company on 15 June 2016.

2. As provided to the Company on 9 June 2016.

3. As provided to the Company on 3 June 2016.

Voting Rights

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting every shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and on a poll, one vote for each share held.

Distribution of equity security holders

Ordinary Shares

Category	Number of Holders	Shares
1-1,000	2,935	1,237,609
1,001-5,000	1,340	3,091,908
5,001-10,000	261	2,045,133
10,001-100,000	430	16,459,462
100,001-9,999,999,999	184	466,763,707
	5,150	489,597,819

Unlisted Options exercisable at \$0.168 each on or before 8 March 2018

Category	Number of Holders	Options
1-1,000	-	-
1,001-5,000	-	-
5,001-10,000	-	-
10,001-100,000	3	200,000
100,001-9,999,999,999	31	23,900,000
	34	24,100,000

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
ASX ADDITIONAL INFORMATION**

Distribution of equity security holders (continued)

Unlisted Options exercisable at \$0.189 each on or before 8 March 2020

Category	Number of Holders	Options
1-1,000	-	-
1,001-5,000	-	-
5,001-10,000	-	-
10,001-100,000	4	250,000
100,001-9,999,999,999	30	23,850,000
	34	24,100,000

On market buy-back

There is not currently any on market buyback.

Quoted Securities on issue

Category	Number
Ordinary Shares	489,531,151
Escrowed (indefinitely)	66,668
	489,597,819

Unmarketable parcels

There were 3,148 holders of less than a marketable parcel of ordinary shares, which as at 14 September 2016 was 1,334 shares based on a price of \$0.375 per share.

Corporate Governance Statement

The Company's Corporate Governance Statement for the 2016 financial year can be accessed at:

<http://easterngoldfields.com.au/corporate-governance-2/>

**EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2016
ASX ADDITIONAL INFORMATION**

Twenty largest shareholders as at 14 September 2016

Rank	Name	Number of Shares	% Interest
1	Investmet Limited	106,438,370	21.74
2	Delta Resource Management Pty Limited	57,691,527	11.78
3	HSBC Custody Nominees (Australia) Limited	29,430,260	6.01
4	Wyllie Group Pty Ltd	27,270,150	5.57
5	Perth Select Seafoods Pty Ltd	25,000,000	5.11
6	JP Morgan Nominees Australia Limited	23,167,278	4.73
7	Mr Michael George Fotios <Michael Fotios Family A/C>	19,986,487	3.47
8	National Nominees Limited	15,121,979	3.09
9	UBS Nominees Pty Ltd	11,193,245	2.29
10	Tarney Holdings Pty Ltd <DP & FL Waddell Family A/C>	8,327,015	1.70
11	HSBC Custody Nominees (Australia) Limited – GSCO ECA	8,314,605	1.70
12	Morgan Stanley Australia Securities (Nominee) Pty Ltd <No 1 Account>	7,052,806	1.44
13	Lido Trading Limited	6,666,667	1.36
14	Southern Cross Capital Pty Ltd	6,419,751	1.31
15	Whitestone Minerals Pty Limited	6,000,000	1.23
16	Mr Donald Jeffrey Smith + Mrs Patty Susan Smith <GFC Superannuation Fund A/C>	5,700,000	1.16
17	Botsis Holdings Pty Ltd	5,000,000	1.02
18	Citicorp Nominees Pty Ltd	4,763,893	0.97
19	MGMC Pty Ltd <Group A/C>	4,372,339	0.89
20	Mr Philip Colin Hammond + Mrs Betty Jeanette Moore <MGB Super Fund A/C>	4,133,333	0.84