EASTERN GOLDFIELDS LIMITED

ABN 69 100 038 266

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017
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
24 Mumford Place
Balcatta WA 6021

Telephone: (61-8) 6241 1802
Facsimile: (61-8) 6241 1811
E-mail: admin@easterngoldfields.com.au
Web-site: www.easterngoldfields.com.au

SHARE REGISTRY
Computershare Investor Services Pty Ltd
Level 11, 172 St. George's Terrace
Perth WA 6000

Telephone: (61-8) 9323 2000
Facsimile: (61-8) 9323 2033
E-mail: perth.services@computershare.com.au
Web-site: www.computershare.com.au

AUDITORS
Ernst & Young

SOLICITORS
Squire Patton Boggs

BANKERS
National Australia Bank Limited

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

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.

DIRECTORS' REPORT

The Directors of Eastern Goldfields 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 2017.

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

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

INFORMATION ON DIRECTORS & COMPANY SECRETARY

Director	Qualifications, experience and special responsibilities
Michael Fotios Executive Chairman	*BSc (Hons) MAusIMM* 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. Other current listed company directorships: Pegasus Metals Limited (from December 2009), Horseshoe Metals Limited (from May 2012), Redbank Copper Limited (from September 2012) and Oklo Resources Limited (from July 2016). Former directorships in the last three years: Northern Star Resources Limited (from September 2009 to October 2014), General Mining Corporation Limited (from June 2012 to November 2016) and Galaxy Resources Limited (from August 2016 to December 2016).
Alan Still Non-Executive Director	*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. Other current listed company directorships: Horseshoe Metals Limited (from June 2014) and Pegasus Metals Limited (from January 2015). Former directorships in the last three years: General Mining Corporation Limited (to August 2016).
Craig Readhead Non-Executive Director	*B Juris Lib* 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. Other current listed company directorships: Beadell Resources Limited (from October 2010), Western Areas Limited (from June 2014) and Redbank Copper Limited (from April 2013). Former directorships in the last three years: General Mining Corporation Limited (to October 2015) and Heron Resources Limited (to April 2015).

INFORMATION ON DIRECTORS & COMPANY SECRETARY (CONTINUED)

Shannon Coates Company Secretary	*LLB, CSA, GAICD* Appointed 23 October 2015, Ms Coates holds a Bachelor of Laws from Murdoch University and has over 20 years' experience in corporate law and compliance. She is a director of Perth based corporate advisory firm Evolution Corporate Services Pty Ltd, which specialises in the provision of corporate services to ASX, JSE and AIM listed companies. Ms Coates is a Chartered Secretary, an Associate Member of both the Institute of Chartered Secretaries & Administrators and the Governance Institute of Australia and a graduate of the Australian Institute of Company Directors.

OPERATING AND FINANCIAL REVIEW

This review provides to shareholders an overview of Eastern Goldfields' 2017 operations, financial position, business strategies and prospects.

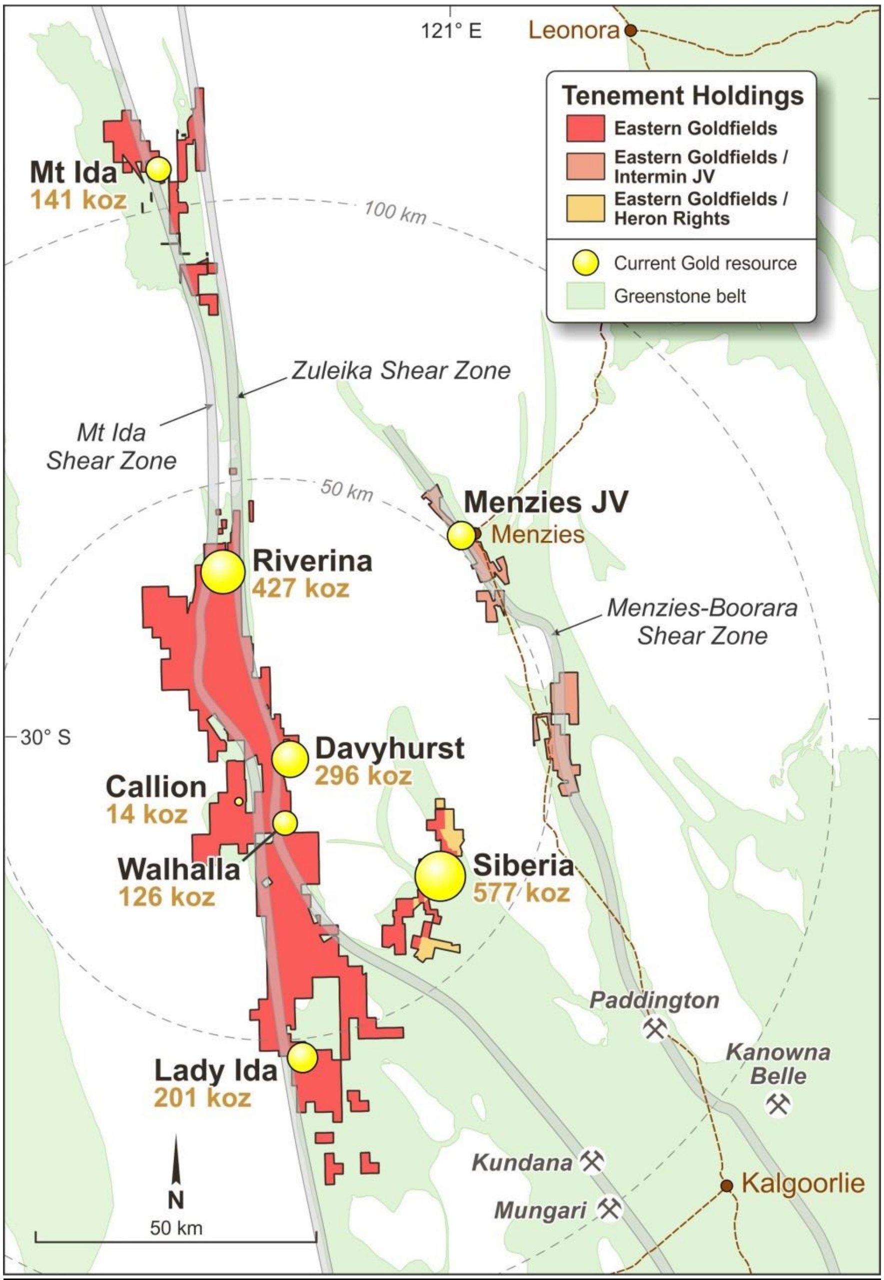
The review also provides contextual information, including the impact of key events that have occurred during 2017 and material business risks faced by the business so that shareholders can make an informed assessment of the results and prospects of the Group. The review compliments the financial report 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 (1,658 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, commencement of both open pit and underground gold mining combined with processing activities at the Davyhurst Gold Project. Care and maintenance of its historically producing gold mine at the Mt Ida Gold Project remained ongoing.

The Davyhurst Project includes both open cut and underground mining operations, combined with a number of development targets. Mining operations have commenced on open pit resources at 'Siberia' (as identified within the above tenement interest area diagram) 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.

Significant achievements for the financial year included:

- Siberia resource definition drill out complete – 15,300 metres drilled
- Advancement of resource development and exploration works – 19,000 metres drilled
- Siberia resource upgrade delivered - 498,000 ounces reported in accordance with JORC Code 2012, an increase of 88%
- Siberia maiden reserve delivered - 150,000 ounces reported in accordance with JORC Code 2012
- Completed refurbishment of 1.2Mtpa Davyhurst Processing Facility
- Commissioning activities well advanced, poured first gold post period end
- Mobilisation of open pit mining fleet and commencement of early works at Siberia
- Mobilised underground mining fleet and commencement of early works at Golden Eagle
- Formal Exploration Farm-In Joint Venture Agreement signed with Intermin Resources Limited (ASX.IRC) and its wholly owned subsidiary
- Most significant drilling intersections delivered for the year include:

Top 10 Significant Results						
Deposit	**Interval**			**Grade**		**ASX Release Date**
Sand King	11.0	m	@	22.31	g/t	15/12/2016
Missouri	4.3	m	@	41.65	g/t	22/09/2016
Sand King	8.0	m	@	20.16	g/t	23/11/2016
Missouri	13.0	m	@	9.79	g/t	6/12/2016
Sand King	20.3	m	@	4.97	g/t	13/09/2016
Sand King	6.1	m	@	13.14	g/t	22/09/2016
Callion	7.0	m	@	11.37	g/t	10/01/2017
Sand King	15.0	m	@	5.14	g/t	23/11/2016
Callion	7.0	m	@	10.68	g/t	20/02/2017
Callion	6.7	m	@	11.03	g/t	24/11/2016

Operations

Davyhurst Processing Facility

In September 2016 the Company announced that it had awarded a contract to GR Engineering Services Limited (GRES) to refurbish the Davyhurst Gold Processing Plant following on from the completion of a study by GRES. Refurbishment works commenced in October, following the mobilisation of contactors to site.

The scope of works was designed to refurbish and upgrade the processing facility to its nameplate capacity of 1.2Mtpa, and to secure process efficiency gains wherever possible. Significant works included:

- Refurbishment of all concrete and steel structures
- Installation of a grizzly on the ROM bin to eliminate oversize blockages in the primary crusher
- Installation of two new cone crushers (secondary and tertiary) and upsized electrical motors
- Installation of a new triple deck screen in the three stage crushing circuit
- Overhaul of all conveyors including new belts, guards, motors/gearboxes and rollers as required

- Installation of a new gravity circuit including two Nelson Concentrators and an Acacia reactor
- Installation of a new and dedicated electro-winning circuit for gravity gold
- Installation of a new control room including new control (PLC) systems and data fibre throughout the circuit
- Refurbishment of the leach and CIP absorption circuits
- Refurbishment of the elution circuit and gold room
- Installation of a new tailings thickener
- Installation of new liquid cyanide and oxygen tank facilities
- Completion of an upstream tailings lift on the TSF
- Refurbishment of the Battery Borefield and upgrade of pumping infrastructure telemetry
- Installation of new 5MW diesel fired power station with inbuilt expansion capability out to 7MW

Completion of the mill refurbishment was announced with the shift to commissioning activities in June 2017.

Post the reporting period, the first gold pour was completed on 25 July 2017. Since this time the operational team continues to work through the commissioning process and push the through-put rate up toward name-plate capacity.

Open Pit Mining

The Siberia mining centre is 37 kilometres south east of the Davyhurst Mill and has a current, recently upgraded Mineral Resource estimate of 5.7Mt @ 3.1g/t Au for 577,000 ounces. The two main deposits, namely Sand King and Missouri, achieved a mine-ready state as announced on 3 January 2017 and 15 December 2016 respectively. The project has a combined open pit mining Reserve for the Missouri and Sand King deposits of 2,025,000t @ 2.3g/t Au for 150,000 ounces, as announced to ASX 14 February 2017.

Key Siberia activities for the year included:

- Completion of 15,300m resource definition drilling program
- Delivered Siberia 498,000 ounce resource, reported in accordance with JORC Code 2012, an increase of 88%
- Delivered maiden Siberia 150,000 ounce reserve reported in accordance with JORC Code 2012
- Conclusion of mining study and delivery of Mining Reserve
- Regulatory approval received for the commencement of mining
- Site establishment and civil works relating to mining operations at Siberia
- Stockpiling of low grade ore at Siberia
- Commencement of surface haulage operations
- Construction commencement of Siberia bypass haul road nearing completion

Siberia Key Mining Characteristics		**Units**
Waste Tonnes Moved	7.7	M bcm
Ore Tonnes Processed	2,025	tonnes ('000)
Stripping Ratio	10.3	O:W
Average Head Grade	2.3	(g/t)
Total Metal Production	150.0	Oz ('000)

Resource definition and extensional drilling programs were conducted over both the Sand King and Missouri deposits. A high proportion of these programs utilised diamond core drilling methods, which provided superior geological and structural information to inform the resource estimate and mining models. The drilling statistics for the period are tabled below:

Project Area	Deposit	Drill Type	No. of Holes	Metres Drilled
Siberia	Sand King	RC	54	3,901
		DD	26	4,317
	Missouri	RC	49	5,573
		DD	12	1,530
Total			**141**	**15,321**

Mineral resource estimates were completed during the year and were the result of a thorough data validation and reinterpretation process that, along with additional confirmatory drilling, allowed a JORC Code 2012 upgrade for the deposits. The combined resource increased by 88% from 265,000 ounces to 498,000 ounces.

The resource upgrade then allowed the completion of a mining study to follow and the subsequent generation of a company maiden reserve for these two deposits. Entech Pty LTD, an independent international mining consultant specialising in mining engineering, was engaged to conduct the mining study and to generate the open pit mining reserve. The mining study was informed by additional specialised consultants.

Open pit mining contractor RJV Mining Service's mobilised the mining fleet to the Siberia open pit project, located 37 kilometres from the processing plant. Operations commenced focusing on site establishment and early works, progressing to the mining of the existing historic low grade stockpile created by Western Mining Corporation during the 1980s.

A grade control drilling rig arrived on site at period end to commence grade control drilling of the southern portion of the Sand King deposit.

Underground Mining

Following a resource definition drilling program that was completed prior to the reporting period, an underground mining study was successfully concluded on the Golden Eagle deposit. With a positive mining outcome determined, the decision to proceed to mining was made and PitnPortal Mining Services were engaged as the underground mining contractor.

The Golden Eagle deposit is hosted within a 10-20 metre wide mineralised (quartz, silica, pyrrhotite and pyrite), sub-vertical, siliceous biotite schist unit. Historically, mining in the Golden Eagle pit has focused on the Central and North Shoots. In the Central Shoot a hanging wall and a footwall lode were mined. In the North Shoot, mining focused on the Hanging Wall Shoot although drilling has intersected narrow high-grade mineralisation in the footwall position. Both shoots plunge north at between 20 and 30 degrees. Within the larger biotite schist unit, a high grade quartz-feldspar lode (QFL) association has developed in the hanging wall position of the North Shoot and is the target of the underground mining event. This same unit hosts the Lights of Israel Deposit (located 3 kilometres north along strike of the same structure) which has produced 4,000,000 tonnes @ 3.1 g/t for 400,000 ounces to date, through both open pit and underground mining.

Toward the end of the reporting period the mining contractor had mobilised to site and commenced site establishment, pit dewatering and portal access works. Establishment of the portal continued at period end.

Post the period end development had establish a drill platform on the 388 Level which will allow underground diamond drilling to commence, targeting the down plunge positions of the Golden Eagle central shoot. The decline continued on, cutting first ore on the 375 level during October 2017.

Significant exploration potential remains at the Golden Eagle deposit with the Central Shoot open directly below the open pit and the North Shoot open down plunge. Exploration success within this lode system has the potential to extend the current underground mine life.

Project Development

Overview

The Resource Development team successfully concluded the mining study and operational handover of the Siberia open pit mining project. Resource Development work continues on quantifying the following:

1. Siberia underground mining potential
2. Riverina open pit mining potential
3. Callion open pit and underground mining potential
4. Waihi open pit and underground mining potential
5. LOI Complex underground mining potential
6. Mt Ida underground mining potential

Siberia Project Area

The Siberia mining centre is 37 kilometres south east of the Davyhurst Mill and has a Mineral Resource estimate of 5.7Mt @ 3.1g/t Au for 577,000 ounces. The two main deposits, namely Sand King and Missouri, are at a mine-ready state.

The Company carried out and extensive Resource definition drilling program during the year, focusing on the Missouri and Sand King deposits with a total of 140 holes for 15,270 metres drilled. With the completion of drilling in December 2016, a JORC 2012 Mineral Resource and Reserve were completed on the Missouri and Sand King Deposits with subsequent open pit Reserves of 85,000 ounces and 65,000 ounces respectively. (Refer to ASX announcements dated 3 January 2017 and 15 December 2016 for more information).

During the reporting period, these deposits were handed over to the Operations team to proceed with open pit mining.

Mine evaluation work continues into the underground mining potential that exist below both the Sand King and Missouri open pits.

At Sandking a total of 3,901 reverse circulation percussion drilling metres and a further 4,317 diamond core drilling metres for 8,218 drilling metres were completed during the reporting period. This resulted in the reporting of 172 significant intersections, with the top ten tabled below.

At Missouri, a total of 5,573 reverse circulation percussion drilling metres and a further 1,530 diamond core drilling metres for 7,103 drilling metres were completed during the reporting period. This resulted in the reporting of 188 significant intersections, with the top ten tabled below.

Sand King Top 10 Significant Results						Missouri Top 10 Significant Results					
Interval			Grade		ASX Release Date	Interval			Grade		ASX Release Date
11.0	M	@	22.31	g/t	15/12/2016	4.3	m	@	41.65	g/t	22/09/2016
8.0	M	@	20.16	g/t	23/11/2016	13.0	m	@	9.79	g/t	6/12/2016
20.3	M	@	4.97	g/t	13/09/2016	3.1	m	@	23.66	g/t	22/09/2016
6.1	M	@	13.14	g/t	22/09/2016	16.0	m	@	4.38	g/t	23/11/2016
15.0	M	@	5.14	g/t	23/11/2016	6.9	m	@	7.81	g/t	25/10/2016
5.0	M	@	13.71	g/t	15/12/2016	2.2	m	@	23.54	g/t	22/09/2016
16.5	M	@	3.92	g/t	23/11/2016	7.0	m	@	6.99	g/t	6/12/2016
6.0	M	@	10.63	g/t	23/11/2016	5.9	m	@	7.61	g/t	13/09/2016
13.0	m	@	4.45	g/t	15/12/2016	4.0	m	@	10.38	g/t	15/11/2016
8.7	m	@	6.6	g/t	2/11/2016	6.0	m	@	6.67	g/t	15/11/2016

Riverina Project Area

The Riverina Project area is located approximately 48 kilometres north of the Davyhurst Mill, and has a current Mineral Resource estimate of 2.6Mt @ 2.5g/t Au for 207,000 ounces. It is one of several high priority development targets within the Company's Davyhurst Project and is seen as the next open pit mining focus following on from Siberia.

Riverina is at an advanced stage, with considerable oxide tonnes already defined. The focus of the current drill program is to upgrade the existing Mineral Resource to a mine ready state, which will culminate in the generation of a higher confidence Resource model based on comprehensive 3D geological, structural and mineralisation models.

The Riverina deposit has a long history of underground mining (100Kt @ 15.8g/t Au), in addition to a more recent but brief shallow open pit mining event (22Kt @ 1.78g/t Au) that focused on the eastern footwall lodes. The planned drilling program is aimed at infill drilling of the eastern lodes, while also assessing the underground potential of the main lodes.

Drilling to date has intersected an intercollated series of mafic volcanics, fine grained sediments and ultramafic lithologies with mineralisation consistently related to an intense silicification. The sulphide assemblage associated with brecciated quartz veins in the Central Lode consists of Galena, Sphalerite, Arsenopyrite with abundant fine gold. Drilling of Reggies (east) lode showed an intensely silicified light grey shale with pyrite and pyrrhotite.

A total of 4,336 of reverse circulation percussion drilling metres and a further 3,379 of diamond core drilling metres for 8,309 drilling metres were completed during the reporting period. This resulted in the reporting of 83 significant intersections, with the top ten tabled below:

Riverina Significant Results					
Interval			Grade		ASX Release Date
12.0	m	@	4.94	g/t	12/01/2017
5.0	m	@	11.56	g/t	12/01/2017
4.0	m	@	10.78	g/t	12/01/2017
6.0	m	@	3.93	g/t	12/01/2017
2.0	m	@	9.78	g/t	20/02/2017
10.0	m	@	1.65	g/t	25/01/2017
3.0	m	@	5.26	g/t	12/01/2017
4.0	m	@	3.96	g/t	12/01/2017
7.0	m	@	2.21	g/t	12/01/2017
6.0	m	@	2.49	g/t	25/01/2017

Callion Deposit

Drilling at its Callion deposit (Callion), located 12 kilometres south west of the Davyhurst Mill, continued during the reporting period. Drilling successfully intersected strong gold mineralisation in the target horizon. Both reverse circulation and diamond core drilling remains ongoing.

Historically the deposit has produced in excess of 280,000 tonnes @ 10.2g/t Au for approximately 92,000 ounces. Callion was mined via both open pit and underground methods. In the past 2 years, significant time has been invested into historical data compilation of open pit grade control drilling and underground mining records including mine survey, geological and structural mapping, gold assay sampling and Resource and Reserve estimate plans. All historical hard copy information is now digitally captured and spatially located.

The Company's geologist commenced work on a detailed mineralisation model that will form the basis of an upcoming resource estimate. The development plan for this deposit will see a resource upgrade followed by reserve definition. The conceptual mine plan involves an open pit cut back to establish portal access, a remnant underground mining operation to reclaim large high grade pillars contained within the historical mine, prior to moving to virgin mining operations at depth and down plunge on the resource extensions.

Exploration drilling is planned to continue and is designed to define and expand the known extent of the mineralisation.

A total of 2,602 reverse circulation percussion drilling metres and a further 1,969 diamond core drilling metres for 4,571 drilling metres were completed during the reporting period. This resulted in the reporting of 37 significant intersections, with the top ten tabled below:

Callion Top 10 Significant Results					
Interval			Grade		ASX Release Date
7.0	m	@	11.37	g/t	10/01/2017
7.0	m	@	10.68	g/t	20/02/2017
6.7	m	@	11.03	g/t	24/11/2016
7.7	m	@	9.35	g/t	28/07/2016
3.9	m	@	16.04	g/t	10/01/2017
2.0	m	@	17.25	g/t	10/01/2017
5.0	m	@	6.68	g/t	10/01/2017
8.9	m	@	2.93	g/t	10/01/2017
4.0	m	@	3.22	g/t	10/01/2017
6.0	m	@	1.55	g/t	10/01/2017

Waihi Deposit

The Waihi Complex is located 3km west of the Davyhurst Mill. The first two diamond holes of a larger drilling program were completed at Waihi during the reporting period. These holes targeted a structural corridor at the interpreted intersection of the north and northwest trending controlling structures. The holes were successful in providing much needed lithological and structural data directly under the existing Waihi North and Homeward Bound open pits at a point of structural significance.

The Waihi Complex comprises the historical Waihi and Golden Pole deposits. Both deposits were initially mined in the early-to-mid 1900s as high grade underground mines to a maximum depth of 180 metres, targeting steeply dipping, north plunging shoots and produced approximately 95,500 ounces at an average grade of 27g/t Au. In the late 1990s, approximately 740,000 tonnes @ 2.40g/t Au was extracted via open pit methods at the Waihi deposit, to a maximum depth of 90 metres producing an additional 56,000 ounces.

The Company has recovered all available historical mining records for the Golden Pole underground mine. The survey plans and stoping records have been utilised to reconstruct the historical mine in a three dimensional model which has been integral in providing direction to the current resource definition and exploration effort.

A significant number of historical drill holes have been drilled at Waihi, mostly to a depth of less than 180 vertical metres below surface. The deepest of these intersected the lode surface at approximately 250 metres below the surface. A large number of these have returned outstanding results. Listed below are those results that have returned greater than 50 gram metres (gold grade (g/t) x down hole drill width = gram metres).

30m @ 18.46 g/t Au from 109m	10m @ 46.88 g/t Au from 60m
8m @ 32.75 g/t Au from 40m	5m @ 42.88 g/t Au from 48m
5m @ 40.61 g/t Au from 110m	44m @ 4.55 g/t Au from 0m
14m @ 12.99 g/t Au from 124m	3.4m @ 44.8 g/t Au from 49.6m
3m @ 50.58 g/t Au from 43m	2m @ 73.88 g/t Au from 36m
9m @ 12.81 g/t Au from 58m	9m @ 11.27 g/t Au from 0m
3m @ 30.97 g/t Au from 88m	4m @ 22.18 g/t Au from 30m
8m @ 10.69 g/t Au from 90m	13m @ 6.26 g/t Au from 123m
14m @ 5.65 g/t Au from 62m	3m @ 22.91 g/t Au from 37m
5m @ 13.21 g/t Au from 20m	6m @ 9.97 g/t Au from 98m
12m @ 4.7 g/t Au from 121m	10m @ 5.55 g/t Au from 167m
7m @ 7.93 g/t Au from 60m	7m @ 7.7 g/t Au from 85m
5m @ 10.76 g/t Au from 128m	13m @ 3.88 g/t Au from 53m
7m @ 7.19 g/t Au from 142m	

Note: These are calculated on down holes widths, not true width. These results were previously released on 22 February 2017.

A total of 332 diamond core drilling metres were completed during the reporting period. This resulted in the following significant intersections:

Waihi Complex Significant Results					
Interval			Grade		ASX Release Date
1.9	m	@	10.31	g/t	10/08/2016
2.6	m	@	3.45	g/t	10/08/2016
1.0	m	@	5.22	g/t	10/08/2016

LOI Mining Centre

Results were received for 3 confirmation drill holes on the Makai Lode while a further 5 holes were drilled on the Great Ophir lode system.

The LOI Complex is located within one kilometre of the Davyhurst processing plant. The deposit was first mined in 1906, then in the 1980s and again in the early 2000s. The LOI Complex contains three ore lodes, namely the LOI, Makai and Great Ophir shoots with previous mining extracting a total of 4,000,000 tonnes at 3.1g/t Au for approximately

400,000 ounces of gold. The current Mineral Resource stands at 2,300,000 tonnes at 2.2g/t Au for 171,000 ounces of gold, equating to a deposit endowment of 571,000 ounces of gold.

The Company has conducted several phases of drilling on the deposit, with confirmation holes drilled into the Makai Shoot along with several explorative holes assessing the potential of the Great Ophir Lode. Drilling of the Makai lode was successful in intercepting the mineralisation and was the final stage of bringing this Resource to a mine ready state. The drilling at Great Ophir was more exploratory in design, aiming to provide much needed geological data (diamond core) to assist in building an understanding on the control of mineralisation. Provided significant geological data along with several strong intersections.

A total of 1,892 diamond core drilling metres were completed at the LOI Complex during the reporting period. This resulted in the reporting of 30 significant intersections, with the top five tabled below:

LOI Complex Significant Results						
Deposit	**Interval**			**Grade**		**ASX Release Date**
Lights Of Israel	5.5	m	@	5.95	g/t	10/08/2016
Lights Of Israel	7.0	m	@	4.05	g/t	10/08/2016
Lights Of Israel	7.0	m	@	3.60	g/t	10/08/2016
Great Ophir	9.3	m	@	2.87	g/t	9/02/2017
Great Ophir	15.5	m	@	0.97	g/t	9/02/2017

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 last operated in 2007 as narrow vein mining operation via 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 continued to progress with project review and evaluation works, field mapping and drill planning during the reporting period. The intention is to drill out the system to identify additional mineral resource for inclusion in a feasibility study. This study will look at conventional decline access targeting multiple mineralised horizons and a standalone processing facility.

Regional Exploration

The Company is focused on the discovery of new and extensional resources, taking projects through to Inferred Resource category

A concerted regional exploration effort is now possible through several large consolidations of tenure over the past decade resulting in a massive, near-contiguous holding of tenements, covering 200km strike of extremely prospective greenstone belt, centred some 110km NW of Kalgoorlie. Utilising more sophisticated exploration methodologies the company has a clear plan to vector in on large gold-bearing systems, and to make significant gold discoveries. The Company currently has in excess of 200 targets for drilling prioritisation.

The Company is currently utilising the following strategies for review and target generation and ranking:

- Acquire and compile multiclient geophysical data
- Compile regional 1:25000 solid geology mapping
- Ongoing 1:5000 and 1:10000 geological mapping for later compilation
- Ongoing historic drilling and geochemical sampling data acquisition and validation
- Ongoing review of regolith and historical sampling effectiveness
- Ongoing auger geochemistry acquisition
- Systematic pXRF and spectral data acquisition from all available archival material
- Establish regional EOH, top of fresh rock, and base of transported cover multi-element geochemistry
- Establish regional fresh rock spectral dataset for alteration analysis
- Prioritise early diamond drilling of prospects to identify mineralisation controls
- Complete structural and genetic model review for implementation in respect of second-order targets

The Company considers that the current database, while of considerable size (1,880km of drilling, 145,000 geochemical samples), is very surface-focused (the average length of 21,600 RC drill holes is 43m; and the average length of 30,000 RAB/Aircore holes is 32m); and has been a very shallow and only partially-effective test of large gold-bearing systems within the tenure.

Given the significant continuity shown by drilled gold continuity from the database, considerable potential remains even at shallow depths, and only a tiny proportion have been tested at depths below 150m as high-grade underground targets. The Exploration team expects substantial advances in geological understanding will lead to significant discoveries being made in near-mine and extensional environments, particularly at depth along strike and down-plunge at known resources.

The Company currently has several priority RC and diamond drill programmes planned for the Peachtree-Young Australia, Siberia-Consols and the Timber Flats areas; the latter containing the poorly drilled-tested but historically rich Golden Wonder and Little Wonder workings, interpreted to lie proximal to the Zuleika Shear, north of the Lights of Israel Complex. The Company plans to drill test these opportunities at the earliest opportunity.

Exploration Joint Venture with Intermin Resources (ASX:IRC)– Menzies and Goongarrie Areas

On 5 September 2016, Eastern Goldfields Limited announced that it had signed a Heads of Agreement (HOA) for an Exploration Farm-in Joint Venture (JV) Agreement for certain tenements at the Menzies and Goongarrie projects with Intermin Resources Limited (ASX:IRC) (Intermin) and its wholly owned subsidiary Black Mountain Gold Ltd (BMG).

The Tenements contain nearly 200,000 oz Au in reported resources (refer ASX:IRC 8 March 2016 and 16 August 2016), with historic production in excess of 830,000 oz, primarily from underground sources. The Project areas lie approximately 50km northeast and east of the Davyhurst mill.

Subsequent to the HOA, the parties executed the formal arrangement on 1 June 2017.

Details of the earn-in JV include:

- EGS to earn 25% of the project areas by spending A$2m within a 2 year period
- EGS to earn a further 25% by spending A$2m over the following 2 year period
- EGS to earn a further 15% by solely contributing expenditure of A$1.5m inclusive of a Bankable Feasibility Study to support a mill installation in the Mt Ida / Menzies region during the total 4 year period
- EGS to invest A$1.5m in equity in Intermin (completed)

During the earn-in period, EGS will manage the exploration program and tenure with direction from the JV committee comprising representatives from both parties. Upon EGS satisfying the earn-in terms, each party will contribute to ongoing expenditure in accordance with their respective percentages.

The JV Tenements comprise the following:

- **Menzies Gold Project**
  M 29/410, M 29/14, M 29/88, M 29/153-154, M 29/184, P 29/2153-2156, P 29/2251-2254, P 29/2344-2345, L 29/42-44, ELA 29/966 and ELA 29/984.

- **Goongarrie Gold Project**
  E 29/419, E 29/922, L 29/109, P 29/2073, P 29/2269, P 29/2286-2290, P 29/2307-2308, M 29/420, P 29/2070 and P 29/2268.

ANNUAL RESOURCE AND RESERVES STATEMENT

In accordance with ASX Listing Rule 5.21, the Company reviews and reports its Mineral Resources and Ore Reserves 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 or Ore Reserves over the course of the year, the Company is required to promptly report these changes.

As at 30 June 2017, the Company has the following reported Mineral Resources and Ore Reserves:

- Total Mineral Resources are estimated of 21.0 Mt @ 2.6 g/t Au for 1.78 Moz of contained gold.
- Total Ore Reserves are estimated of 2.0 Mt @ 2.3 g/t Au for 150 Koz of contained gold.

Mineral Resources as at 30 June 2017

The Company's total Measured, Indicated and Inferred Mineral Resources as at 30 June 2017 are 21.0 million tonnes (Mt) @ 2.6 grams per tonne of gold (g/t Au) containing 1.78 million ounces of gold (Moz).

At 30 June 2016, the estimate of Mineral Resources was 19.0 Mt @ 2.5 g/t Au containing 1.5 Moz of gold as at 30 June 2016. The Mineral Resources were updated on 15 December 2016 and 3 January 2017 following exploration success at Davyhurst. No project area has been converted to an active operation yet and hence no resource depletion has occurred for the review period.

Mineral Resource Table

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 U/G	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**	**3,209**	**2.2**	**753**	**2.6**	**3,962**	**2.3**	**296**
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
Sunraysia	0	0.0	175	2.1	318	2.0	493	2.0	32
Riverina-Mulline Subtotal	**0**	**0.0**	**3,515**	**2.1**	**2,607**	**2.3**	**6,122**	**2.2**	**427**
Sand King	0	0.0	1,773	3.3	680	3.7	2,453	3.4	272
Missouri	0	0.0	2,022	3.0	409	2.6	2,431	2.9	227
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	**0**	**0.0**	**3,913**	**3.1**	**1,765**	**3.2**	**5,678**	**3.1**	**577**
Callion	0	0.0	86	2.8	83	2.3	169	2.6	14
Callion Subtotal	**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
Walhalla Subtotal	**32**	**2.0**	**962**	**2.1**	**887**	**2.0**	**1,881**	**2.1**	**126**
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
Lady Ida Subtotal	**106**	**4.0**	**765**	**2.3**	**2,045**	**2.0**	**2,916**	**2.1**	**201**
Davyhurst Total	**138**	**3.5**	**12,441**	**2.5**	**8,187**	**2.4**	**20,728**	**2.4**	**1,641**
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	0	0.0	0

PROJECT	MEASURED		INDICATED		INFERRED		TOTAL MATERIAL		
	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000oz.)
Meteor	0	0.0	0	0.0	143	9.3	143	9.3	43
Whinnen	0	0.0	0	0.0	39	13.3	39	13.3	17
Mount Ida Total	**0**	**0.0**	**136**	**18.6**	**182**	**10.2**	**318**	**13.8**	**141**
Combined Total	**138**	**3.5**	**12,577**	**2.7**	**8,369**	**2.6**	**21,046**	**2.6**	**1,782**

1. All Resources listed above with the exception of the Missouri and Sand King Resources were prepared and first disclosed under the JORC Code 2004 (refer to ASX release "*Swan Gold Prospectus*", *13/2/2013)*. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
2. The Missouri, Sand King and low grade stockpile Mineral Resources has been updated and complies with all relevant aspects of the JORC code 2012, and initially released to the market on 15 December 2016 (Missouri), 3 January 2017 (Sand King).
3. The above table contains rounding errors.

Ore Reserves at 30 June 2017

The Company's total Proved and Probable Gold Ore Reserve as at 30 June 2017 are 2.0 million tonnes (Mt) @ 2.3 grams per tonne of gold (g/t Au) containing 150,000 ounces of gold (Koz). The maiden Ore Reserves for Missouri and Sand King were announced to ASX on 15 December 2016 and 14 February 2017 respectively and there was previously no publicly reported estimate of Gold Ore Reserves as at 30 June 2016. No project area has been converted to an active operation yet and hence no resource depletion has occurred for the review period.

Ore Reserve Table

Reserve	Proven		Probable		Total		
	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000oz.)
Missouri - Dec 2016	-	-	1,205	2.2	1,205	2.2	85
Sand King – Feb 217	-	-	820	2.5	820	2.5	65
Combined Total	-	-	2,025	2.3	**2,025**	**2.3**	**150**

Governance Arrangements and Internal Controls

Eastern Goldfields has ensured that the Mineral Resources and Ore Reserves quoted are subject to good governance arrangements and internal controls. The Mineral Resources and Ore Reserves 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 report that relates to Exploration Results and the Sand King and Missouri Mineral Resources is based on information compiled under the supervision of Mr Michael Thomson, a former employee of Eastern Goldfields Limited, who is Member of the Australian Institute of Mining and Metallurgy. 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the Competent Person's findings are presented have not been modified from the original 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.

The information in this report that relates to Mineral Resources (with the exception of the Sand King and Missouri Mineral Resources) is based on information compiled under the supervision of Mr Michael Thomson, a former employee of Eastern Goldfields Limited, who is Member of the Australian Institute of Mining and Metallurgy. 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 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been modified from the original 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. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Craig Mann, who is an independent mining engineering consultant and a full-time employee of Entech PTY LTD, and has sufficient relevant experience to advise Eastern Goldfields Limited on matters relating to mine design, mine scheduling, mining methodology and mining costs. Mr Mann is satisfied that the information provided in this statement has been determined to a PFS level of accuracy, based on the data provided by Eastern Goldfields Limited. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been modified from the original announcement and, in the case of estimates of Ore Reserves, all material assumptions and technical parameters underpinning the estimates in the initial announcement continue to apply and have not materially changed.

This Annual Resources and Reserves Statement has been compiled under the supervision of Mr Andrew Czerw, a permanent employee of Eastern Goldfields Limited, who is Member of the Australian Institute of Mining and Metallurgy. Mr Czerw 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Czerw consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Czerw also consents to the Annual Resources and Reserves Statement as a whole.

2. Operating Financial Results

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

The Group's net loss after tax for the year was $18,102,506 (2016: $18,001,267).

Financial Position

At 30 June 2017 total Group assets were $66,910,561 (2016: $21,327,243) and net assets were $11,114,734 (2016: $4,164,491).

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 2017.

Performance Measures	FY 2017 $	FY 2016 $	FY 2015 $	FY 2014 $	FY 2013 $
Net assets/(liabilities)	11,114,734	4,164,491	(40,896,509)	(33,269,842)	(27,143,125)
Current assets	8,029,816	16,669,018	260,877	988,457	5,836,151
Cash	43,791	15,401,037	52,366	215,699	235,603
Contributed equity	251,281,564	228,342,835	168,040,331	167,965,331	167,665,331
Accumulated losses	(250,333,227)	(232,230,721)	(214,229,454)	(206,527,787)	(200,101,070)
Net loss before tax	(18,102,506)	(18,011,267)	(7,701,667)	(6,469,017)	(24,886,641)
Share price at start of year	0.43	0.15*	0.15*	0.15*	0.15*
Share price at end of year	0.37	0.43	0.15*	0.15*	0.15*
Loss per share	(0.03)	(0.08)	(0.08)	(0.07)	(0.30)

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

3. Key Developments

Significant Changes in the State of Affairs

Capital Raising

As announced, 18 April 2017, the Company received firm commitments for an equity capital raising of $25 million to professional and sophisticated investors, through the issue of 80 million shares at an issue price of $0.35 per share (**Placement**). The Placement was to be completed in two tranches

As at 30 June 2017, the Company had issued approximately 64.1 million shares under the above raising (approximately 70 million shares in total were issued for the year) which raised approximately $22.4 million. Pursuant to the shareholder approval received on 30 May 2017, the Company had pre-approval to issue a further 45.9 million shares. Post the end of the period, the Company issued a further 674,030 shares to raise approximately $131,437.

Unmarketable Parcel Facility

During the period, the Company undertook an Unmarketable Parcel Sale Facility for holders of parcels of shares worth less than $500 (**Unmarketable Parcels**) in the Company (**UPS Facility**) as at 3 April 2017.

The Company offered this sale to assist holders of unmarketable parcels to sell shares without having to use a broker or pay brokerage. The Company values all its shareholders, however, it incurs significant administration costs maintaining such a large number of unmarketable parcels. By facilitating this sale, the Company expects to reduce the administrative costs associated with maintaining a large number of very small holdings.

The UPS Facility closed on 30 June 2017 and as a result there were 1,272,431 ordinary shares held by 2,773 shareholders to be sold (**Sale Shares**).

SIGNIFICANT EVENTS AFTER REPORTING DATE

On 11 July 2017 the Company received a writ of summons for proceedings in the Supreme Court of Western Australia commenced by GR Engineering Services Limited (GRES) in relation to the Davyhurst Gold Project refurbishment contract entered into by GRES and the Company on 22 September 2016 (Contract).

The Contract price is approximately $12.5 million, of which the Company has already paid the sum of $10.4 million to GRES.

GRES made further payment claims in April 2017 that did not comply with the Contract and have been disputed by the Company. The Company is of the view that GRES then wrongfully suspended work at the Davyhurst Mill in May 2017. On 15 June 2017 GRES represented to the Company that it would immediately and unconditionally recommence work towards commissioning the Davyhurst Mill, but has failed to do so. As a consequence, the Company has taken steps itself to complete the refurbishment of the Davyhurst Mill, during which it has discovered numerous defects and omissions by GRES. Rectifying those defects, GRES' wrongful suspension and GRES' failure to assist the Company to complete the refurbishment has delayed the recommencement of production. GRES now claims "liquidated damages in the sum of $9,940,991.59, or alternatively $5,000,000". The Company intends to vigorously defend the proceedings and will pursue by counterclaim its rights to damages and costs arising from GRES' breaches of contract, defective work and other conduct.

As announced by the Company on 14 July 2017, mechanical, electrical and water commissioning of the Davyhurst Mill, located approximately 120 kilometres north-west of Kalgoorlie, within the Davyhurst mining hub, is now complete. All circuits are now operational and continuous ore processing has commenced. The first gold pour from the gravity circuit occurred in July 2017 and the first leach circuit gold pour scheduled shortly after.

On 30 October 2017, the Company announced it's Annual General Meeting ('AGM') for the 30 June 2017 year which is to be held on 30 November 2017. Further information can be found within the Company's announcement on the ASX for this date

As announced on 1 November 2017, ore development has commenced at Golden Eagle and 1,400 tonnes of development ore has been delivered to the ROM. Once consistent ore production is achieved at Golden Eagle, it is planned to commence reopening of the existing Lights of Israel decline.

On 2 November 2016, the Board resolved to issue 4,500,000 fully paid ordinary shares to Stirling Resources Pty Ltd ('Stirling'). The shares issued were in accordance with the Settlement Deed entered into on 30 December 2015, which stipulated that the Company would issue shares to Stirling within 6 months of commencement of gold production at the Davyhurst gold operation.

On 9 November 2017 the Company announced that it had entered into a binding agreement with Hawke's Point Holding L.P ('Hawke's Point') for a cornerstone investment of $17.5 million. Under this agreement, the Company also procure an additional $12.5 million from sophisticated and institutional investors as. In total, the Company will issue between 137,500,000 and up to 150,000,000 fully paid ordinary shares in the Company at a price of $0.20 per share to provide up to $30 million. All shares issued under the placement will be issued with a corresponding 1 for 1 free attaching unlisted options. The options will be issued in two tranches in conjunction with shares, with one half of the options having an exercise price of $0.25 and the other half having an exercise price of $0.275. All options have an expiry of 5 years after issue with accelerated expiry should certain objective conditions be met.

42,000,000 shares and options will be issued to sophisticated and institutional investors in the first tranche on or around 27 November 2017 with second tranche to take place shortly afterwards after shareholder approval has been obtained at the Company's upcoming AGM. Up to 2,500,000 shares and options will be issued to Michael Fotios or his related parties subject to additional shareholder approval.

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.

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:

Director	Fully paid shares	Unlisted options
Michael Fotios	201,296,386	19,372,338
Alan Still	-	3,600,000
Craig Readhead	9,775,134	-

SHARES UNDER OPTION

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

Date options granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
24/03/2016 (i)	4,372,338	$1.000	24/03/2018
Various (ii)	20,250,000	$0.168	08/03/2018
Various (ii)	22,650,000	$0.189	08/03/2020
12/12/2016	9,578,544	$0.261	12/12/2018
15/03/2017	5,446,623	$0.459	15/03/2019

(i) Options granted in the previous period to Investmet Limited (a related party of Mr Fotios) over the shares held by MGMC Pty Ltd.

(ii) Consists of options provided to employees, directors and as consideration for tenements acquired. The issue date of these options were 30/12/15, 04/04/16 and 03/05/16. Further details of their issue are contained within Note 28 of this financial report.

The following ordinary shares of the Company were issued during or since the end of the financial year as a result of the exercise of an option:

Date issued	Number of ordinary shares issued	Amount paid per share
28/12/2016	1,800,000	$0.168
28/12/2016	1,800,000	$0.189
26/04/2017	750,000	$0.168
07/06/2017	416,666	NIL (i)
30/06/2017	600,000	$0.168
30/06/2017	600,000	$0.189
14/07/2017	324,030	NIL (i)
14/07/2017	250,000	$0.168

(i) Exercised utilising the cashless exercise facility outlined within the Employee Share Option Plan.

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:

	Number held whilst in office	Number attended
Michael Fotios	2	2
Craig Readhead	2	2
Alan Still	2	2

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	Executive Chairman
Alan Still	Non-executive Director
Craig Readhead	Non-executive Director

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.

REMUNERATION REPORT (audited)

Share based payments

2017
During the 30 June 2017 financial year, no options were issued under the Company's Employee Option Plan.

2016

The following unlisted options under the Company's Employee Option Plan were provided to Directors in 2016. The unlisted options were 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 2017.

30 June 2017	Primary (short-term)		Post-employment		Equity (share-based payments)
Name	Salary and Directors fees	Non-monetary benefits	Superannuation		Total [1]
	$	$	$	$	$
Executives & Directors					
Michael Fotios (Executive)[1]	60,000	-	-	-	60,000
Alan Still[1]	40,000	-	-	-	40,000
Craig Readhead[1]	40,000	-	-	-	40,000
	140,000	-	-	-	140,000

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

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

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.

REMUNERATION REPORT (audited)

Option holdings of key management personnel (consolidated)

30 June 2017	Balance at 1 July 2016	On the exercise of options	Options awarded and vested during the year	Balance at 30 June 2017	Award date	Vesting date
Directors						
Michael Fotios	19,372,338	-	-	19,372,338	-	-
Alan Still	3,600,000	-	-	3,600,000	-	-
Craig Readhead	3,600,000	(3,600,000)	-	-	-	-
	26,572,338	(3,600,000)	-	22,972,338		

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
Directors						
Michael Fotios	4,372,338	-	15,000,000	19,372,338	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
	4,372,338	-	22,200,000	26,572,338		

There were no Options granted to key management personnel during the year ended 30 June 2017 (2016: as disclosed). $642,600 was paid on the 14 December 2016 for the Options exercised by key management personnel during the year as outlined within the above and below schedules (2016: Nil). There were also no options issued to key management personnel that lapsed during the year (2016: Nil). The fair value of options on exercise that were issued to key management during 2016 was $0.168 (Series 1) and $0.152 (Series 2) per instrument. 1.8 million options were exercised for both Series of options(3.6 million in total).

Shareholdings of key management personnel (consolidated)

30 June 2017	Balance at 1 July 2016	On the exercise of options	Net change other	Balance at 30 June 2017
Directors				
Michael Fotios[1]	191,488,723	-	9,807,663	201,296,386
Alan Still	-	-	-	-
Craig Readhead[2]	1,653,332	3,600,000	4,521,802	9,775,134
	193,142,055	3,600,000	14,329,465	211,071,520

30 June 2016	Balance at 1 July 2015	On the exercise of options	Net change other	Balance at 30 June 2016
Directors				
Michael Fotios[1]	41,238,671	-	150,250,052	191,488,723
Alan Still	-	-	-	-
Craig Readhead[2]	166,667	-	1,486,665	1,653,332
	41,405,338	-	151,736,717	193,142,055

[1] 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).
[2] This includes shareholdings and on market share purchases by Mr Craig Readhead and entities he controlled (Hengolo Pty Ltd as trustee for CL Readhead Family Trust).

Shares issued during the year as a result of the exercise of options granted as part of remuneration are as highlighted above. 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 (2016: Nil).

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 ("Delta"), 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 $571,695 (inclusive of GST) (30 June 2016: $112,079). A total of $93,089 remains due and payable as at 30 June 2017 (30 June 2016: $25,705). $210,000 worth of services received were settled by way of shares issued (refer Note 28 of this report for further details) as approved at the general meeting of shareholders held on 30 May 2017. All charges are on commercial terms. A repayment of a working capital loan from Delta to the Company of $52,844 was made to repay in full the loan amount outstanding at 30 June 2017. No amount is payable on the loan balance as at 30 June 2017 (2016: $52,844). Delta received a loan of $12,766 which remains receivable at 30 June 2017.

Whitestone Minerals Pty Ltd ("Whitestone"), 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 $12,020,789 (inclusive of GST) (30 June 2016: $3,803,409). $2,670,524 remains due and payable as at 30 June 2017 (30 June 2016: $1,809,675). $3,500,000 worth of services received were settled by way of shares issued (refer Note 15 of this report for further details) as approved at the general meeting of shareholders held on 30 May 2017. All charges are on commercial terms.

Horseshoe Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of $74,916 (inclusive of GST) (30 June 2016: $24,974). A total of $74,916 remains due and receivable by the Company as at 30 June 2017 (30 June 2016: $55,866). All charges are on commercial terms. Interest is not charged.

Pegasus Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of $25,079 (inclusive of GST) (30 June 2016: $45,848). $25,079 remains due and receivable by the Company as at 30 June 2017 (2016: $0). All charges are on commercial terms. Interest is not charged.

Redbank Copper Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of $35,473 (inclusive of GST) (30 June 2016: $116,324). $35,473 remains due and receivable by the Company as at 30 June 2017 (30 June 2016: $120,039). All charges are on market terms. At 30 June 2017, a loan of $101,744 remains receivable (30 June 2016: $0). Interest is not charged.

During the year, the Company drew down on a loan with Investmet Limited ("Investmet"), a company which Mr Michael Fotios is a substantial shareholder and Chairman, The interest rate of the loan is the BBR rate plus a margin of 4% until production at the Davyhurst Project commences and then 3% after production has commenced. A total of $2,620,000 was drawn down on the loan during the year, of which $350,000 was repaid via the issue of shares (refer Note 15 of this report for further details), as approved at the general meeting of shareholders held on 30 May 2017. At 30 June 2017 the outstanding loan balance is $115,353 at 30 June 2017 (30 June 2016: nil). Investmet also provided consulting services to the Company to the value of $17,097 (inclusive of GST) (30 June 2016: nil). $15,296 remains due and payable by the Company as at 30 June 2017 (30 June 2016: nil). All charges are on commercial terms and interest is not charged.

Readhead Legal, a company which Mr Craig Readhead is a substantial shareholder in, charged $204,000 (30 June 2016: $84,000) for consulting fees to the Company. $89,400 of consulting fees were not invoiced during the period and remain unpaid as at 30 June 2017 (30 June 2016: $37,400).

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 settlement occurs in cash unless agreed otherwise. There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 2017, 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 formalised in service agreements during the year ended 30 June 2017. The principal terms of the executive service agreements existing at reporting date are set out below:

Mr Michael Fotios
The Group and Mr Michael Fotios entered into an executive services agreement on 20 October 2016 for his role as Executive Chairman which commenced on 14 September 2012. The principal terms of this agreement are as follows

(a) a base fee of $60,000 per annum for acting as Executive Chairman; and
(b) Termination is upon written resignation being presented to the Group or if Mr Fotios is not re-elected by shareholders as and when required by the Corporations act and the ASX listing rules.

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 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Loss per share	(0.03)	(0.08)	(0.08)	(0.07)	(0.30)

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 2017.

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. There were no proceedings against any subsidiary that could bring into doubt whether the Company controlled any of its subsidiaries within the Group.

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.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. The Directors consider the general standard of independence for auditors imposed by the Corporations Act 2001 before any engagements are agreed.

During the year, no non-audit services were provided by Ernst & Young as the external auditors (2016: $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 sum). No payment has been made to indemnify Ernst & Young during or since the financial year end.

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 bought 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.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of the Directors.

Michael Fotios
Executive Chairman

Perth, Western Australia
22 November 2017

Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 2017, 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
22 November 2017

GHM:JT:EGS:012

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	NOTES	30 June 2017 $'000	30 June 2016 $'000
Revenue			
Other income	4	-	3,410
Expenses			
Exploration costs expensed	5	(9,261)	(8,282)
Share based payments		(1,194)	(2,407)
Depreciation and amortisation expense	9	(310)	-
General and administration	5	(5,122)	(8,890)
Other operating expenses	5	(1,444)	(124)
Operating loss		**(17,331)**	**(16,293)**
Finance income	4	5	8
Finance costs	5	(777)	(1,726)
Loss before income tax expense		**(18,103)**	**(18,011)**
Income tax expense		-	10
Loss for the year		**(18,103)**	**(18,001)**
Other comprehensive income			
items that may be reclassified to profit and loss			
Changes in fair value of available for sale assets	16	(3)	33
Income tax relating to this item	16	-	(10)
Cash flow hedges	16	271	-
Other comprehensive income, net of income tax		**(268)**	**23**
Total comprehensive loss for the year		(17,835)	(17,978)
Total comprehensive loss attributable to:			
Equity holders of the Parent		(17,835)	(17,978)
Basic and diluted loss per share		**(0.03)**	**(0.08)**

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

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
AS AT 30 JUNE 2017
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30 June 2017 $'000	30 June 2016 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	44	15,401
Trade and other receivables	8	7,986	1,268
TOTAL CURRENT ASSETS		**8,030**	**16,669**
NON-CURRENT ASSETS			
Trade and other receivables	8	64	64
Mine properties	9	55,703	3,607
Capitalised exploration expenditure	10	585	454
Available for sale financial assets	11	2,258	533
Derivative financial instruments	16	271	-
TOTAL NON-CURRENT ASSETS		**58,881**	**4,658**
TOTAL ASSETS		**66,911**	**21,327**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	28,618	7,666
Loans and borrowings	13	15,060	53
Provisions	14	206	63
TOTAL CURRENT LIABILITIES		**43,884**	**7,782**
NON-CURRENT LIABILITIES			
Provision for rehabilitation	14	11,912	9,380
TOTAL NON-CURRENT LIABILITIES		**11,912**	**9,380**
TOTAL LIABILITIES		**55,796**	**17,162**
NET ASSETS		**11,115**	**4,164**
EQUITY			
Contributed equity	15	251,282	228,343
Accumulated losses	16	(250,333)	(232,231)
Reserves	16	10,166	8,052
TOTAL EQUITY		**11,115**	**4,164**

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

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated	NOTES	Contributed equity $'000	Accumulated losses $'000	Share based payments reserve $'000	Cash flow hedge reserve $'000	Available for sale reserve $'000	Total equity / (shareholders' deficit) $'000
At 1 July 2015		168,040	(214,229)	5,293	-	-	**(40,897)**
Loss for the year		-	(18,001)	-	-	-	**(18,001)**
Other comprehensive income, net of income tax		-	-	-	-	23	**23**
Total comprehensive loss		-	(18,001)	-	-	23	**(17,978)**
Issue of ordinary shares (net of costs)		60,303	-	-	-	-	**60,303**
Options issued for tenement acquisition		-	-	329	-	-	**329**
Share based payments		-	-	2,407	-	-	**2,407**
At 30 June 2016		**228,343**	**(232,231)**	**8,029**	**-**	**23**	**4,164**
Loss for the year		-	(18,103)	-	-	-	**(18,103)**
Other comprehensive income, net of income tax		-	-	-	271	(3)	**(268)**
Total comprehensive loss		-	(18,103)	-	271	(3)	**(17,835)**
Issue of ordinary shares (net of costs)	15	22,939	-	-	-	-	**22,939**
Share based payments	28	-	-	1,846	-	-	**1,846**
At 30 June 2017		**251,282**	**(250,333)**	**9,875**	**271**	**20**	**11,115**

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

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017
CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Receipts from customers		-	8
Payments to suppliers and employees		(10,551)	(8,435)
Payments for exploration and evaluation expenditure		(7,608)	(125)
Interest received		5	8
Finance costs paid		(499)	(139)
Net cash flows used in operating activities	26	**(18,653)**	**(8,684)**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		-	-
Payments for mine properties		(27,754)	(607)
Payments for available for sale asset acquisition		(1,500)	(500)
Net cash flows (used in) / from investing activities		**(29,254)**	**(1,107)**
Cash flows from financing activities			
Proceeds from share issue		17,534	28,220
Payments for costs of raising capital		(456)	(1,328)
Proceeds from loan advances		17,627	1,179
Repayment of loans		(2,155)	(2,932)
Net cash flows (used in) / from financing activities		**32,550**	**25,139**
Net (decrease)/increase in cash and cash equivalents held		**(15,357)**	**15,349**
Cash and cash equivalents at the beginning of the financial period		15,401	52
Cash and cash equivalents at the end of the financial period	7	**44**	**15,401**

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

1. CORPORATE INFORMATION

The financial report of Eastern Goldfields for the year ended 30 June 2017 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 2017, the Group had cash and cash equivalents of $43,791 (2016: cash and cash equivalents $15,401,037), its current liabilities exceeded its current assets by $35,854,448 (2016: Net Current Assets of $8,886,200) and total equity of $11,114,734 (2016: $4,164,491). The Group recorded a loss after tax of $18,102,506 (2016: $18,001,267) for the year ended 30 June 2017 and its net cash used in operating activities for the same period totalled $18,653,217 (2016: cash outflows of $8,683,621).

During the 30 June 2017, the Group has initiated the refurbishment works of the 1.2Mtpa Davyhurst Processing Plant and recently commenced production at the plant. Mining of the open pit resources at Siberia and underground resources within the Davyhurst area is scheduled to begin in November 2017. The Group also undertook project development and ongoing explorations works which resulted in significant cash used in investing activities of $29,254,416 (2016: cash outflows of $1,106,778).

The ability of the Group to operate as a going concern and meet it's debts and when they fall due is primarily dependent upon on:

- The continuance of it's operations and generation of free cash flows from mining activities;
- Further capital raising initiatives as announced to the ASX on 12 October 2017;
- Utilisation of debt facilities currently in place that have been provided by Investec Australia Limited ('Investec')
- Ongoing support from Investmet Limited ('Ínvestmet')

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 support to continue to discharge it's liabilities as and when they fall due. As announced on 9 November 2017, the Company reached an agreement with a cornerstone investor to raise $17.5m and a further $12.5m from sophisticated and institutional investors. Refer to Note 29 of this report for further details.

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 2016 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:

(c) Statement of compliance (continued)

— **AASB 2014-4:** Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.

This Amending Standard amends AASB 116: Property, Plant and Equipment and AASB 138: Intangible Assets to:

— establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; and

— clarify the limited circumstances in which revenue-based methods may be used for measuring the consumption of the economic benefits embodied in an intangible asset.

— **AASB 2015-1**: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.

This Amending Standard amends a number of Australian Accounting Standards arising from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle by the International Accounting Standards Board (IASB), including:

— AASB 5: Non-current Assets Held for Sale and Discontinued Operations to clarify the accounting treatment of an asset held for sale that is reclassified as held for distribution to owners, and the reclassification of assets no longer held for distribution to owners;

— AASB 7: Financial Instruments: Disclosures to clarify: (a) what 'continuing involvement' means in the context of a transferred financial asset; and (b) the circumstances in which the offsetting disclosures in AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities apply to interim statements;

— AASB 119: Employee Benefits to clarify that the discount rates used to measure defined benefit obligations should be determined based on the currency in which the obligations are denominated, rather than the country where the obligation is located; and

— AASB 134: Interim Financial Reporting to clarify that certain disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.

— **AASB 2015-2**: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.

This Amending Standard makes a number of narrow-focus amendments that address concerns regarding the application of some of the presentation and disclosure requirements in AASB 101: Presentation of Financial Statements. These amendments include clarification that:

— an entity discloses its significant accounting policies (not a summary of those policies);

— specific line items in the statement of profit or loss and other comprehensive income and statement of financial position can be disaggregated;

— materiality applies in respect of items specifically required to be presented or disclosed, even when AASB 101 contains a list of specific requirements or describes them as minimum requirements;

— entities have flexibility in relation to the order in which they present their notes; and

— the requirements that apply when additional subtotals are presented in the statement of profit or loss and other comprehensive income and statement of financial position

(c) Statement of compliance (continued)

— **AASB 2015-5**: Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.

This Amending Standard amends AASB 10: Consolidated Financial Statements, AASB 12: Disclosure of Interests in Other Entities and AASB 128: Investments in Associates and Joint Ventures to:

— confirm that the exemption from preparing consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that produces financial statements for public use, subject to the investment entity measuring all of its subsidiaries at fair value;

— clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides investment services is consolidated, and all other subsidiaries are measured at fair value; and

— clarify the applicability of AASB 12 to the financial statements of an investment entity.

— **AASB 2014-3**: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.

This Amending Standard amends AASB 1: First-time Adoption of Australian Accounting Standards and AASB 11: Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the joint activity constitutes a business.

The following Accounting Standards and Interpretations have been issued by the AASB but are not yet effective for the year ending 30 June 2017. 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.

Title of Standard	**Nature of Change**	**Impact**	**Mandatory Application date / Date of Adoption by Group**
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB107	The amendments to AASB 107 Statement of Cash Flows are part of the IASB's Disclosure initiative and help users of financial statements better understand change in an entity's debt/ The amendments require entities to provide disclosures about changes to their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gain or losses).	Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2017 but available for early adoption. Expected date of adoption by the Group: 1 July 2017
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share Based Payment Transactions	This Standard amends AASB2 Shares Based Payment, clarifying how to account for certain types of share based payment transactions. The amendments provide requirements on the accounting for vesting and non-vesting conditions on cash settled share based payments, withholding tax obligations with net settlement and modifications to the terms and conditions of share based payment transactions from cash to equity settled.	Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018 but available for early adoption. Expected date of adoption by the Group: 1 July 2018
IFRS 23 Uncertainty over Income Tax Treatments	This interpretation clarifies the application of recognition and measurement criteria for IAS 12 Income Taxes when there is uncertainty over income tax treatments, including assumptions made and determining taxable profit/loss or changes in facts and circumstance	Management will assess the effects of applying this new interpretation once an Australian Equivalent has been finalised. The Group will make more detailed assessments of the effect over the next 12 months.	Mandatory for financial years commencing on or after 1 January 2019 but available for early adoption. Expected date of adoption by the Group: 1 July 2019

(c) Statement of compliance (continued)

Title of Standard	**Nature of Change**	**Impact**	**Mandatory Application date / Date of Adoption by Group**
AASB 15, AASB2014-5, AASB2015-8, AASB 2016-3 AASB2016-7 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full or a modified retrospective approach for the adoption	Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018 but available for early adoption. Expected date of adoption by the Group: 1 July 2018
AASB 16 Leases	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between finance and operating leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The exceptions are short term and low value leases.	Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2019. At this stage the Group does not intend to adopt the standard before it's issue date.
AASB 9, AASB 2014-7, AASB2014-8, AASB2016-6 Financial Instruments	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Debt instruments are subsequently measured at fair value through the profit and loss ('FVTPL') or other comprehensive income on the basis of their contractual cash flows. There is a fair value option that allows financial assets to be designated as FVTPL if that eliminates or reduced accounting mismatch. The incurred credit model of AASB139 has also been replaced by an expected credit loss model under AASB9, along with amendments made to hedge accounting to align with risk management and to address inconsistencies in hedge accounting models.	Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018. At this stage the Group does not intend to adopt the standard before it's issue date.

(d) Principles of consolidation

The consolidated financial statements comprise the financial statements of Eastern Goldfields Limited and its subsidiaries (as outlined in Note 23) (the Group) as at and for the year ended 30 June each year 2017.

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 it's 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.

(d) Principles of consolidation (continued)

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 Limited 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.

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

(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.

(g) Financial Instruments

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.

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

(g) Financial Instruments (continued)

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

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.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories or are designated as such on initial recognition. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is reclassified from equity to profit or loss as a reclassification adjustment.

Non-listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments

The consolidated entity holds derivative financial instruments to mitigate its risk exposures from foreign currency and interest rate movements.

Derivatives that are not designated in a qualifying hedge relationship are subsequently measured at fair value through profit or loss. Derivatives designated as hedging instruments are accounted for as described below.

Some financial instruments have embedded derivatives within them. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events (‘loss events’) having occurred and which have an impact on the estimated future cash flows of the financial assets.

For loans and receivables and held-to-maturity investments carried at amortised cost, impairment losses are measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate.

Individual receivables and held-to-maturity investments that are known to be uncollectible are written off to profit or loss by reducing the carrying amount of the asset directly. For other receivables and held-to-maturity investments, estimated impairment losses are recognised in a separate provision for impairment.

(g) Other financial assets (continued)

The consolidated entity applies the following criteria as objective evidence that an impairment loss has occurred:

- significant financial difficulties of the debtor;
- payments more than 30 days overdue and failure by the debtor to adequately respond to a follow-up request for payment;
- payment more than 90 days overdue;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the consolidated entity, for reasons relating to the debtor's financial difficulty, granting to the debtor a concession the entity would not otherwise consider.

When it is concluded that it is probable the consolidated entity will not recover the net carrying amount (gross carrying amount less impairment provisions) of an impaired receivable or held-to-maturity investment, the allowance amount attributable to the asset is written off directly against the gross carrying amount of the asset.

An available-for-sale financial asset is considered impaired if there has been a significant or prolonged decline in its fair value below its original cost. If an available-for-sale financial asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. For impaired equity investments, subsequent increases in the fair value of the investment are not reversed through profit or loss. For impaired debt investments, subsequent increases in the fair value of the investment are treated as a reversal of the impairment loss and recognised in profit or loss if the subsequent fair value increase can be objectively related to the previous impairment event.

Hedge accounting

Certain derivatives are designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction, the consolidated entity documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge

To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity in the cash flow hedging reserve (net of tax). This gain or loss is released to profit or loss in the same periods when the forecast transactions occur, thereby offsetting any exchange fluctuations that would have been recognised in the absence of the hedge.

(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 loss 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.

(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 is has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(k) Income tax (continued)

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.

(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.

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.

(s) 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.

(t) 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.

(u) 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.

(v) Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(w) Comparative figures

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(x) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance arrangements. Borrowing costs are expensed as incurred except for borrowing costs incurred as part of the cost of construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

(y) Share-Based payment arrangements

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted using a Black-Scholes option pricing model.

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:

Fair value measurements

For financial reporting purposes, ‘fair value’ is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Exploration and evaluation costs carried forward

The future recoverability of capitalised exploration and evaluation expenditure is dependent on several 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.

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

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

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 much 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. 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.

Share Based Payments

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

	30 June 2017 $'000	30 June 2016 $'000
4. REVENUE AND OTHER INCOME		
Other revenue		
Management fees	-	7
Profit on sale of investment	-	3,403
Interest	5	8
	5	3,418

5. LOSS FROM CONTINUING OPERATIONS

Loss from continuing operations before income tax has been determined after the following specific expenses:

	30 June 2017 $'000	30 June 2016 $'000
Employee benefits included within expenses		
Directors fees	136	140
Share-based payments (refer **Note 28**)	1,194	2,407
Superannuation guarantee contributions	77	88
Other employee benefits	1,080	652
	2,487	3,287
Exploration and evaluation expenditures		
Total amount expensed during the current year	9,261	8,282
General & Administration expense		
Consulting fees	2,629	2,181
Travel and accommodation	133	179
Regulatory expenses	118	127
Changes in rehabilitation provision	-	5,144
Other general & administration expenses	2,242	1,259
	5,122	8,890
Finance costs expensed		
Interest accretion in relation to rehabilitation provisions	403	88
Other loans	374	1,638
	777	1,726
Other operating expenses		
Site contractors & consultants	301	80
Mobilisation costs	205	-
Site administration & maintenance	160	32
Other operating expenses	778	12
	1,444	124

	30 June 2017 $'000	30 June 2016 $'000
6. INCOME TAX		
(a) Components of tax expense:		
Current tax	-	(10)
Deferred tax	-	-
Under/(over) provision in prior years	-	-
	-	(10)
(b) Prima facie tax payable		
The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on loss before income tax at 30% (2016: 30%)	(5,430)	(5,403)
Tax effect of:		
- expenses not deductible in determining taxable profit	559	722
- items which are non-assessable in determining taxable profit	(64)	(1,021)
- other non-allowable items	-	-
- losses and other deferred tax balances not recognised during the period	4,935	5,692
Income tax expense attributable to loss	-	(10)
(c) Reconciliation of deferred income tax related to items charged or credited directly to equity		
Tax expense (benefit) in relation to components of comprehensive income		
Available-for-sale financial assets	-	10
(d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
Available for sale asset	-	-
Tax losses carried forward	-	(10)
	-	(10)
Deferred tax liabilities		
Available for sale asset	-	10
Net deferred tax assets/(liabilities)	-	10

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.

(e) 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.*

	30 June 2017 $'000	30 June 2016 $'000
7. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	44	15,401
	44	15,401

8. TRADE AND OTHER RECEIVABLES

CURRENT		
Trade receivables	3	3
GST Receivables	6,612	950
Prepayments (i)	515	-
Security deposits (ii)	400	-
Related party receivables (iii)	232	221
Other receivables (iii)	432	93
less provision for non-recovery of other receivables	(209)	-
	7,986	1,268
NON-CURRENT		
Security deposits (iv)	64	64

8. TRADE AND OTHER RECEIVABLES (continued)

(i) Prepayments consist of expenses paid in advance and inventory stores on site as at year end
(ii) Security deposits relate to amounts paid to secure the services of contractors
(iii) These receivables relate to advances provided to related parties as well as the recharge of costs incurred from suppliers. There are no interest charges on these amounts
(iv) Security deposits consist of bank guarantees held for credit card of the Group. Amounts cannot be released until such time as any outstanding amounts for these items have been met.

Financial assets that are neither past due nor impaired are expected to be received in accordance with their credit terms or have been provided for at year end. The carrying amount of trade and other receivables approximates their fair value. No collateral is held by the Group in relation to any amounts included above. Trade and other Receivables including those from related parties which are past due have not been impaired as the Group has not called upon amounts due and expects to receive settlement of amounts in full.

	30 June 2017 $'000	30 June 2016 $'000
9. MINE PROPERTIES		
Plant and equipment		
At cost	14,628	14,145
Accumulated depreciation and impairment	(11,455)	(11,145)
	3,173	3,000
Construction in progress		
At cost	35,197	607
Mine development		
At cost	17,333	-
Accumulated depreciation and impairment	-	-
	17,333	-
Total mine properties		
At cost	67,158	14,752
Accumulated depreciation and impairment	(11,455)	(11,145)
	55,703	3,607

Impairment of Plant and Equipment
The processing plant is under construction. During the 2015 year, 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 was 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. Since performing a valuation in the previous year, depreciation charges have been recognised for some items of Plant & Equipment based on their expected useful lives.

	30 June 2017 $'000	30 June 2016 $'000
9. MINE PROPERTIES (continued)		
(a) Reconciliations		
Reconciliations of the carrying amounts of mine properties at the beginning and end of the current financial year		
Plant and equipment		
Carrying amount at beginning of year	3,000	3,000
Additions	483	4
Disposals	-	-
Transfers in from construction in progress	-	-
Depreciation/Impairment expense	(310)	(4)
Carrying amount at the end of year	3,173	3,000
Construction in progress		
Carrying amount at beginning of year	607	-
Additions	34,590	607
Transfers to Plant and Equipment	-	-
Carrying amount at the end of year	35,197	607
Mine development		
Carrying amount at beginning of year	-	-
Additions (i)	17,333	5,144
Less amount written off to the profit and loss	-	(5,144)
Carrying amount at the end of year	17,333	-

(i) A total of $2.129m is included above for reassessment of rehabilitation provisions during the year. This amount was attributed directly to mine properties as the Group at the time of reassessment was not in production. Refer to Note 14 for further details.

Within the prior year, the Group impaired mine development expenditure incurred prior to the development decision for the refurbishment of the Davyhurst Plant in July 2016, in accordance with the accounting policy.
+

10. CAPITALISED EXPLORATION EXPENDITURE

	30 June 2017 $'000	30 June 2016 $'000
Exploration and evaluation assets		
Carrying amount at beginning of year	454	-
Expenditure incurred during the year	131	454
Amortisation/Impairment expense	-	-
Carrying amount end of year	585	454

During the 30 June 2017 year, $9.261m of exploration costs incurred were expensed in the Statement of Profit and Loss, relating to works carried out on the Davyhurst project. In accordance with the Group's accounting policy for 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 capitalised during the year related to the acquisition of the rights to gold as part of the Siberia Gold Tenement region, as announced by the Company on 23 January 2017.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent upon successful development and commercial exploitation.

11. AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2017 $'000	30 June 2016 $'000
NON-CURRENT		
At fair value:		
Shares in Orion Gold NL	1,061	533
Shares in Intermin Resources Limited	1,138	-
Listed options in Intermin Resources Limited	59	-
Total available for sale financial assets at fair value	2,258	533

12. TRADE AND OTHER PAYABLES

	30 June 2017 $'000	30 June 2016 $'000
CURRENT		
Trade payables	24,447	3,985
Accruals	1,304	3,530
Payable to Stirling Resources Pty Ltd	-	150
Other Payables	2,867	1
	28,618	7,666

Trade payables and accruals are non-interest bearing and generally settled within 30-90 day terms. The carrying amount of trade payables approximate their fair values.

Included within trade and other payables are balances to related parties totalling $2,967,536 (2016: $1,885,280)

13. LOANS AND BORROWINGS

	30 June 2017 $'000	30 June 2016 $'000
Unsecured		
RLF - Investec	15,060	-
Delta Resources Pty Ltd – Unsecured	-	53
	15,060	53
Total loans and borrowings	15,060	53

	Investec $'000	Delta $'000	Total $'000
Carrying amount at beginning of year	-	53	53
Advances	15,060	-	15,060
Repayments	-	(53)	(53)
Closing balance	15,060	-	15,060

13. LOANS AND BORROWINGS (continued)

(a) Terms and conditions for loans and borrowings

Investec Australia Limited
As announced on the ASX by the Company on 14 December 2016, Investec Australia Limited ('Investec') agreed to provide debt facilities totalling $25 million. These consisted of:
(i) Revolving Loan Facility of $15 million ('RLF');
(ii) Equity Linked Facility of $10 million ('ELF'); and
(iii) Gold Hedging Facility of 40,000 ounces, half of which the Company is required to undertake and the other half at their own discretion.

The RLF was subject to the following conditions precedent:
(i) Completion of legal documentation;
(ii) Confirmation of a committed $10 million standby facility by Investmet Limited (a company controlled by Michael Fotios);
(iii) Satisfactory review of various technical matters in respect of the Davyhurst Gold Project;
(iv) Issue of two equal tranches of call options to Investec. The options were exercisable at a 25% premium to the Volume Weighted Average Price ('VWAP') of the Company 11 days prior to the commitment letter date for the first tranche and the date that the aggregate amount drawn under the RLF exceeds $5 million for the second tranche. Each tranche of call options are to be of a sufficient number to repay up to $2.5 million of the RLF; and
(v) Other conditions precedent for facilities typical of those being provided.

On 10 March 2017, the Company, after previously securing the price for 20,000 ounces of gold through forward sales contracts, drew down the full amount of the RLF upon successful completion of all conditions precedent. The majority of these funds were used for costs associated with the refurbishment of the Davyhurst Gold Mine.

The RLF is available for a period of 24 months from February 2017 on a scheduled reduction basis, reducing to maximum of $10 million in available funds by February 2018 and a further reduction to $5 million in available funds from August 2018.

During the year, approximately $275,000 in interest and line fees were incurred by the Group with a further $300,000 in establishment costs paid. $200,000 of these costs has been capitalised within Mine Properties with the remaining attributed to the Statement of Profit and Loss. This allocated was based on the Directors best estimate as to the use of funds.

Investec is aware of non-compliance with certain debt covenants in relation to the Facility Agreement with EGS, particularly since the end of the reporting period. Investec continue to support EGS during its current capital raising, however, it has reserved its rights in respect of these matters in the event the capital raising is unsuccessful.

	30 June 2017 $'000	30 June 2016 $'000
14. PROVISIONS		
CURRENT		
Employee benefits	206	63
NON-CURRENT		
Provision for rehabilitation	11,912	9,380

(a) Reconciliations
Reconciliations of the carrying amounts of provisions at the beginning and end of the current financial year

Provision for rehabilitation		
Carrying amount at beginning of year	9,380	4,148
Movement as a result of re-assessment of provision	2,129	5,144
Accretion	403	88
Carrying amount at the end of year	11,912	9,380

14. PROVISIONS (continued)

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 2017, management undertook a detailed review of the Group's future rehabilitation obligations in relation to the mine. This re-assessment resulted in a $2.129m increase in provisions (2016 increase: $5.144m). This amount was capitalised into mine properties during the 2017 year as the Group had not commenced production by year end.

	30 June 2017	30 June 2016
15. CONTRIBUTED CAPITAL		
(a) Issued and paid up capital		
Ordinary shares fully paid	559,778,054	489,597,819
Shares to be issued for Stirling Loan settlement (i)	4,500,000	4,500,000

i) As part of a settlement deed with Stirling Resources Limited the company will issue Stirling Resources Pty Ltd, 4,500,000 shares recognised at a value of $675,000. Refer to note 29 for further details.

(b) Movements in shares on issue

		Share No.	$'000
Balance 1 July 2015		**91,850,223**	**168,040**
27/11/2015	Shares issued at $0.15 per share - Sophisticated Investor placement	10,666,667	1,600
8/03/2016	Shares issued at $0.15 per share - Sophisticated Investor placement	66,666,667	10,000
8/03/2016	Shares issued deemed at $0.15 per share - conversion of debt/loans	202,478,114	30,372
8/03/2016	Shares issued deemed at $0.15 per share - conversion of debt/loans	1,493,082	224
8/03/2016	Shares issued deemed at $0.15 per share - in lieu of fees owing for services provided	7,980,000	1,197
8/03/2016	Shares issued at $0.15 per share - Placement per the Prospectus issued 24/12/15	33,333,333	5,000
8/03/2016	Shares issued deemed at $0.15 per share - conversion of debt/loans	420,221	63
21/03/2016	Shares issued at $0.15 per share - Placement per the Prospectus issued 24/12/15	66,666,667	10,000
23/03/2016	Shares buy back - part settlement with Stirling Resources Pty Ltd	(8,632,822)	(0)
13/04/2016	Shares issued at $0.15 per share - Oversubscribed issues per Prospectus 24/12/15	16,666,667	2,500
	Shares for Stirling Loan settlement at $0.15 per share to be issued	-	675
	Cost of Capital Raising	-	(1,328)

15. CONTRIBUTED CAPITAL (continued)

(b) Movements in shares on issue

		Share No.	$'000
Balance 30 June 2016		**489,597,819**	**228,343**
28/12/2016	Shares issued upon exercise of options	3,600,000	643
26/04/2017	Shares issued at $0.35 per share - Tranche 1 of placement shares	34,985,205	12,245
26/04/2017	Shares issued at $0.168 per share - Exercise of options	750,000	126
26/04/2017	Shares issued at $0.15 per share - Relating to March 2016 capital raising	100,000	15
30/05/2017	Shares issued at $0.35 per share - Tranche 1 of placement shares	8,571,429	3,000
30/05/2017	Shares issued at $0.35 per share – Conversion of debt	5,000,000	1,750
7/06/2017	Shares issued at $0.35 per share - Tranche 2 of placement shares	3,956,935	1,385
7/06/2017	Shares issued - Conversion of ESOP Options to shares using cashless exercise facility	416,666	-
30/06/2017	Shares issued at $0.168 per share - Exercise of options	1,200,000	202
30/06/2017	Shares issued - Conversion of Michael Fotios debt as approved at the EGM 29 May 17	11,600,000	4,060
	Cost of Capital Raising		(487)
Balance 30 June 2017		**559,778,054**	**251,282**

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

(d) Share Options

Options over ordinary shares:

Employee share scheme

The Group continued to offer employee participation in short-term and long-term incentive schemes as part of the remuneration packages for the employees of the consolidated entity. Refer to Note 28: Share Based Payments for detailed disclosures.

(e) Capital Management

When managing capital, management's objective is to ensure the Group continues to maintain optimal returns to shareholders and benefits for other stakeholders, whilst also trying to safeguard the Group’s ability to continue as a going concern.

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.

15. CONTRIBUTED CAPITAL (continued)

The following shares were issued during the financial year in order to settle amounts owing to trade creditors. All issues were made based on the fair value of equity instruments granted in order to settle liabilities:

Beneficiary	Expense	Shares	Options	Value
		Nos.	*Nos.*	*$*
2017				
Pit N Portal Group Pty Ltd	Shares in lieu of services rendered	5,000,000	-	1,750,000
Whitestone Mining Services Pty Ltd (i)	Shares in lieu of services rendered	10,000,000	-	3,500,000
Investmet Limited (i)	Shares in lieu of services rendered	1,000,000	-	350,000
Delta Resources Management Pty Ltd (i)	Shares in lieu of services rendered	600,000	-	210,000
		16,600,000	-	5,810,000

(i) Shares issued to related parties of Mr Fotios, as approved at the general meeting of shareholders on 30 May 2017.

	Notes	30 June 2017 $'000	30 June 2016 $'000
16. RESERVES AND ACCUMULATED LOSSES			
Available for sale financial asset reserve	(a)	20	23
Cash flow hedge reserve	(b)	271	-
Share-based payment reserve	(c)	9,875	8,029
		10,166	8,052
Accumulated losses	(d)	(250,333)	(232,231)

(a) Available for sale financial asset reserve

(i) Nature and purpose of reserve

This reserve is used to record unrealised movements in fair values of financial assets classified as available-for-sale and not distributable.

(ii) Movements in reserve

Balance at beginning of year	23	-
Change in fair value of available for sale financial assets, net of tax	(3)	23
Balance at end of year	20	23

The Group holds listed shares and options in Orion Gold NL and Intermin Resources Limited. The change in fair value of these securities is believed to be temporary and accordingly, the decline in fair value has been recognised in the statement of comprehensive income during the current year.

The fair value of securities is monitored by the Group and the Directors will reassess the classification of these securities should the downtown in price continue for a prolonged period.

(b) Cash flow hedge reserve

(i) Nature and purpose of reserve

This reserve is used to record gains or losses on derivatives that are designed and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit and loss when the associated hedged transaction affects profit or loss.

(ii) Movements in reserve

Balance at beginning of year	-	-
Revaluations, net of tax	271	-
Balance at end of year	271	-

	30 June 2017 $'000	30 June 2016 $'000

16. RESERVES AND ACCUMULATED LOSSES (continued)

(i) Nature and purpose of reserve

This reserve is used to record the fair value of shares or options issued to employees and directors as part of their remuneration. The balance is transferred to share capital when options are granted and balance is transferred to retained earnings when options lapse.

(ii) Movements in reserve

	30 June 2017 $'000	30 June 2016 $'000
Balance at beginning of year	8,029	5,293
Fair value of options issued for tenement acquisition	-	329
Share based payments issued during the year	1,846	2,407
Balance at end of year	9,875	8,029

(d) Accumulated losses

	30 June 2017 $'000	30 June 2016 $'000
Balance at the beginning of year	232,230	214,229
Net loss attributable to members of Eastern Goldfields Ltd	18,103	18,001
Balance at end of year	250,333	232,230

17. REMUNERATION OF AUDITORS

	30 June 2017	30 June 2016
Amounts paid or due and payable to:		
Ernst & Young		
- Auditing and reviewing the financial reports	170,864	159,500
	170,864	159,500

18. KEY MANAGEMENT PERSONNEL

	30 June 2017 $'000	30 June 2016 $'000
<u>Aggregate Remuneration</u>		
- Short-term	140	140
- Post-employment	-	-
- Share based payments (refer note 28)	-	1,323
	140	**1,463**

19. EXPENDITURE COMMITMENTS

Under the terms of mineral tenement licences held by the Group, minimum annual expenditure obligations of $5,284,798 (2016: $4,973,393) 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.

20. 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.

21. RELATED PARTY TRANSACTIONS

(a) Subsidiaries of the Company can be found at Note 23 of this financial report.

(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 settlement occurs in cash unless agreed otherwise. There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 2017, 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 ("Delta"), 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 $571,695 (inclusive of GST) (30 June 2016: $112,079). A total of $93,089 remains due and payable as at 30 June 2017 (30 June 2016: $25,705). $210,000 worth of services received were settled by way of shares issued (refer Note 28 of this report for further details) as approved at the general meeting of shareholders held on 30 May 2017. All charges are on commercial terms. A repayment of a working capital loan from Delta to the Company of $52,844 was made to repay in full the loan amount outstanding at 30 June 2017. No amount is payable on the loan balance as at 30 June 2017 (2016: $52,844). Delta received a loan of $12,766 which remains receivable at 30 June 2017.

Whitestone Minerals Pty Ltd ("Whitestone"), 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 $12,020,789 (inclusive of GST) (30 June 2016: $3,803,409). $2,670,524 remains due and payable as at 30 June 2017 (30 June 2016: $1,809,675). $3,500,000 worth of services received were settled by way of shares issued (refer Note 15 of this report for further details) as approved at the general meeting of shareholders held on 30 May 2017. All charges are on commercial terms.

Horseshoe Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of $74,916 (inclusive of GST) (30 June 2016: $24,974). A total of $74,916 remains due and receivable by the Company as at 30 June 2017 (30 June 2016: $55,866). All charges are on commercial terms. Interest is not charged.

Pegasus Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of $25,079 (inclusive of GST) (30 June 2016: $45,848). $25,079 remains due and receivable by the Company as at 30 June 2017 (2016: $0). All charges are on commercial terms. Interest is not charged.

21. RELATED PARTY TRANSACTIONS (continued)

Redbank Copper Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of $35,473 (inclusive of GST) (30 June 2016: $116,324). $35,473 remains due and receivable by the Company as at 30 June 2017 (30 June 2016: $120,039). All charges are on market terms. At 30 June 2017, a loan of $101,744 remains receivable (30 June 2016: $0). Interest is not charged.

During the year, the Company drew down on a loan with Investmet Limited ("Investmet"), a company which Mr Michael Fotios is a substantial shareholder and Chairman, The interest rate of the loan is the BBR rate plus a margin of 4% until production at the Davyhurst Project commences and then 3% after production has commenced. A total of $2,620,000 was drawn down on the loan during the year, of which $350,000 was repaid via the issue of shares (refer Note 15 of this report for further details), as approved at the general meeting of shareholders held on 30 May 2017. At 30 June 2017 the outstanding loan balance is $115,353 at 30 June 2017 (30 June 2016: nil). Investmet also provided consulting services to the Company to the value of $17,097 (inclusive of GST) (30 June 2016: nil). $15,296 remains due and payable by the Company as at 30 June 2017 (30 June 2016: nil). All charges are on commercial terms and interest is not charged.

Readhead Legal, a company which Mr Craig Readhead is a substantial shareholder in, charged $204,000 (30 June 2016: $84,000) for consulting fees to the Company. $89,400 of consulting fees were not invoiced during the period and remain unpaid as at 30 June 2017 (30 June 2016: $37,400).

Zedsee Enterprises Pty Ltd, a company which Mr Alan Still is a substantial shareholder in, charged $32,037 (30 June 2016: $40,000) for Directors fees to the Company. $7,963 of director fees were not invoiced during the period and remain unpaid as at 30 June 2017 (30 June 2016: $12,500).

22. FINANCIAL RISK MANAGEMENT

The Group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- Market price risk (Equity and Other Price risk)
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

	30 June 2017 $'000	30 June 2016 $'000
Financial assets		
Cash and cash equivalents	44	15,401
Trade & other receivables	1,374	318
Available for sale financial assets	2,257	533
Derivative financial instruments	271	-
	3,946	16,252
Financial liabilities		
Bank and other loans	15,060	53
	15,060	53

(a) Equity price risk

At reporting date the Group owned 42,433,333 (2016: 33,333,333) listed shares in Orion Gold NL, 6,250,000 listed shares in Intermin Resources Limited and 3,125,000 listed options in Intermin Resources Limited. 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 $2.258 million (2016: $0.53 million). A decrease of 10% in the price of securities on reporting date would have an impact of $225,800 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.

22. FINANCIAL RISK MANAGEMENT (continued)

(b) Other price risk

Other price risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group is exposed to commodity price risk through its operations of its Davyhurst and Mt Ida Gold Projects. Contracts for the sale and physical delivery of gold are executed on a pricing basis intended to achieve a relevant index target. Where pricing terms deviate from the index, derivative commodity contracts may be used when available to return realised prices to the index. Contracts for the physical delivery of gold are generally not financial instruments and are carried in the statement of financial position at cost. Gold future markets and economic forecasts are constantly monitored to determine whether to implement a hedging program. There is currently a cash flow hedging program in place at the end of the reporting period. Refer to Note 16 (b) for details of movement in cash flow hedge arrangements during the year.

There were no reclassifications from the cash flow hedge reserve to profit or loss during the period.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

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.

30 June 2017

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	$'000	$'000	$'000	
Financial assets				
Cash	-	44	44	0.00%
Debtors	-	1,374	1,374	0.00%
Total financial assets	-	1,418	1,418	

22. FINANCIAL RISK MANAGEMENT (continued)

30 June 2017

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
	$'000	**$'000**	**$'000**	
Financial liabilities				
Bank and other loans	15,060	70	15,130	5.51%
Creditors	-	28,530	28,530	0.00%
Total financial liabilities	15,060	28,600	43,660	

30 June 2016

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
	$'000	**$'000**	**$'000**	
Financial assets				
Cash	-	15,401	15,401	0.00%
Debtors	-	1,268	1,268	0.00%
Total financial assets	-	16,669	16,669	

30 June 2016

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
	$'000	**$'000**	**$'000**	
Financial liabilities				
Bank and other loans	53	-	53	0.00%
Creditors	-	7,666	7,666	0.00%
Total financial liabilities	53	7,666	7,719	

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	30-Jun-17	**30-Jun-16**
	$'000	**$'000**
+ / - 100 basis points		
Impact on profit after tax	+/- 151	+/- 0.529
Impact on equity	+/- 151	+/- 0.529
Net financial assets subject to changes in interest rates	*(15,060)*	*(53)*

22. FINANCIAL RISK MANAGEMENT (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 2017. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2017.

Maturity analysis
The tables below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

Year ended 30 June 2017	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Bank and other loans	-	15,655		15,655	15,030
Creditors	28,530	-	-	28,530	28,530
Net maturities	28,530	10,378	5,277	44,185	43,590

Year ended 30 June 2016	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Bank and other loans	53	-	-	53	53
Creditors	7,666	-	-	7,666	7,666
Net maturities	7,719	-	-	7,719	7,719

(e) Fair value measurements

The following table provides the fair value classification of those assets and liabilities held by the Group that are measured either on a recurring basis at fair value.

Year ended 30 June 2017	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Available for sale financial assets at fair value	2,258	-	-	2,258
Hedging instruments	-	271	-	271
Total financial assets	2,258	271	-	2,529

(f) Fair value of financial assets & 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 (2016: net fair values).

23. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding 2017	2016
Monarch Nickel Pty Ltd	Australia	Ordinary	100	100
Monarch Gold Pty Ltd (i)	Australia	Ordinary	80	80
Carnegie Gold Pty Ltd	Australia	Ordinary	100	100
Siberia Mining Corporation Pty Ltd	Australia	Ordinary	100	100
Controlled entities of Siberia Mining Corporation Pty Ltd				
Mt Ida Gold Operations Pty Ltd	Australia	Ordinary	100	100
Controlled entities of Siberia Mining Corporation Pty Ltd				
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

(i) This entity is in the process of being deregistered and has no assets or liabilities no operating results for the year (2016: Nil).

24. 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 2017 is $6,534,637 (2016: $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 2017 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.

25. CONTINGENT LIABILITIES

As at 30 June 2017 the Group had no contingent liability (2016: nil).

26. CASH FLOW STATEMENT

	30 June 2017 $'000	30 June 2016 $'000
(a) Reconciliation of cash and cash equivalents		
Cash balances comprise:		
Cash and cash equivalents	**44**	**15,401**

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.

	30 June 2017 $'000	30 June 2016 $'000
(b) Reconciliation of net cash outflow from operating activities to loss after income tax		
Loss after income tax	(18,103)	(18,001)
Adjusted for non- cash items:		
Depreciation of property, plant and equipment	310	-
Mine development expense	-	5,144
Interest expense – capitalised against loan	200	1,504
Accretion	403	88
Gain on loan relinquishment	-	(3,403)
Share based payments	1,194	2,407
Payments for exploration and evaluation expenditure	-	125
Payments to suppliers made via equity settlement	5,810	1,260
Income tax expense (benefit) recognised	-	(10)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(7,196)	(1,070)
Increase/(decrease) in payables	(1,414)	3,501
Increase/(decrease) of provisions	143	11
(Increase)/decrease of inventory	-	11
Net cash outflow from operating activities	(18,653)	(8,684)

27. LOSS PER SHARE

	30 June 2017	30 June 2016
Loss per share (basic and diluted)	**(0.03)**	**(0.08)**
Loss used in the calculation of basic loss per share	18,102,506	18,001,267
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	503,722,482	215,057,645
Effect of dilution:	-	-
Weighted average number of ordinary shares on issue adjusted for the effect of dilution	503,722,482	215,057,645

A total of 62,397,505 options were on issue as at 30 June 2017 and have not been accounted for in the above diluted loss per share calculations, as the Group was in a loss position for the year ended. Further disclosure of options on issue is included within the Directors Report for the year.

28. SHARE BASED PAYMENTS

Share based payments are provided to directors, consultants and other advisors. The issue to each individual director, consultant or advisor is controlled by the Board and the ASX Listing Rules. Terms and conditions of the payments are determined by the Board, subject to approval where required.

The following share-based payments were made during the financial year:

Beneficiary	**Expense**	**Shares**	**Options**	**Value**
		Nos.	*Nos.*	*$*
2017				
Investec Australia Limited	Tranche 1 Options issued in accordance with the RLF debt facility	-	9,578,544	702,107
Investec Australia Limited	Tranche 2 Options issued in accordance with the RLF debt facility	-	5,446,623	491,830
		-	15,025,167	1,193,937

Movements during the year
The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

	2017	**2017**	**2016**	**2016**
	Nos.	*WAEP ($)*	*Nos.*	*WAEP ($)*
Outstanding at 1 July	48,200,000	0.1785	-	-
Granted during the year	15,025,167	0.3328	48,200,000	0.1785
Forfeited during the year	-	-	-	-
Exercised during the year (i)	5,966,666	0.1647	-	-
Expired during the year	-	-	-	-
Outstanding at 30 June	**57, 258,501**	**0.1996**	**48,200,000**	**0.1785**

(i) The weighted average share price at the date of exercise of these options was $0.2603.
The weighted average remaining contractual life for the share options outstanding as at 30 June 2017 was 10 months (2016: 32 months)
The weighted average fair value of options granted during the year was $0.1000 (2016: $0.1785)
The range of exercise values for options outstanding at the end of the year was $0.1680 to $0.4590 (2016: $0.1680 to $0.1890)

Valuation

The fair value of options granted during the 2017 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	Investec Options Tranche 1	Investec Options Tranche 2
Fair value per option	$0.0785	$0.1377
Grant date	12/12/2016	15/03/2017
Number of options	9,578,544	5,446,623
Expiry date	12/12/2018	15/03/2019
Exercise price	$0.26	$0.46
Price of shares on grant date	$0.21	$0.37
Estimated volatility	80%	80%
Risk-free interest rate	1.88%	1.79%
Dividend yield	0%	0%

28. SHARE BASED PAYMENTS (continued)

The share based payment of $1,193,937 was recognised in the statement of profit or loss relating to the above options.

During the 30 June 2017 year, a total of $652,416 was recorded as share based payments relating to options issued to employees in 2016.

$339,561 of the above was recognised as part of capitalised mine development costs for the 30 June 2017 year end with the remaining $312,855 included in exploration and evaluation expenses.

The share based payments of $2,407,477 as recognised in the statement of profit or loss and other comprehensive income incurred during the 30 June 2016 year relates to the following options issued:

2016	**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 2016 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%

28. SHARE BASED PAYMENTS (continued)

The share based payments of $328,953 as recognised as part of capitalised exploration expenditure (refer Note 10) relates to the following options issued:

In May 2016, Eastern Goldfields paid $125,000 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.

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%

29. SUBSEQUENT EVENTS

On 11 July 2017 the Company received a writ of summons for proceedings in the Supreme Court of Western Australia commenced by GR Engineering Services Limited (GRES) in relation to the Davyhurst Gold Project refurbishment contract entered into by GRES and the Company on 22 September 2016 (Contract).

The Contract price is approximately $12.5 million, of which the Company has already paid the sum of $10.4 million to GRES.

GRES made further payment claims in April 2017 that did not comply with the Contract and have been disputed by the Company. The Company is of the view that GRES then wrongfully suspended work at the Davyhurst Mill in May 2017. On 15 June 2017 GRES represented to the Company that it would immediately and unconditionally recommence work towards commissioning the Davyhurst Mill, but has failed to do so. As a consequence, the Company has taken steps itself to complete the refurbishment of the Davyhurst Mill, during which it has discovered numerous defects and omissions by GRES. Rectifying those defects, GRES' wrongful suspension and GRES' failure to assist the Company to complete the refurbishment has delayed the recommencement of production. GRES now claims "liquidated damages in the sum of $9,940,991.59 alternatively $5,000,000". The Company intends to vigorously defend the proceedings and will pursue by counterclaim its rights to damages and costs arising from GRES' breaches of contract, defective work and other conduct.

As announced by the Company on 14 July 2017, mechanical, electrical and water commissioning of the Davyhurst Mill, located approximately 120 kilometres north-west of Kalgoorlie, within the Davyhurst mining hub, is now complete. All circuits are now operational and continuous ore processing has commenced. The first gold pour from the gravity circuit occurred in July 2017 and the first leach circuit gold pour scheduled shortly after.

As announced on 1 November 2017, ore development has commenced at Golden Eagle and 1,400 tonnes of development ore has been delivered to the ROM. Once consistent ore production is achieved at Golden Eagle, it is planned to commence reopening of the existing Lights of Israel decline.

As announced on 17 August 2017, EGS' securities were suspended from official quotation on 15 August 2017 pursuant to ASX Listing Rule 17.3, following an order by the Supreme Court of Western Australia that the Company be wound up and a liquidator appointed to it (Order). The Order followed an application by Genalysis Laboratory Services Pty Ltd (Genalysis) to wind up the Company on account of non-payment of moneys for services rendered to EGS by Genalysis. The Order was set aside on the basis that the moneys claimed by Genalysis had been paid, that EGS was solvent and that the Company's creditors and shareholders would be prejudiced if the winding up was not terminated.

29. SUBSEQUENT EVENTS (continued)

On 2 November 2016, the Board resolved to issue 4,500,000 fully paid ordinary shares to Stirling Resources Pty Ltd ('Stirling'). The shares issued were in accordance with the Settlement Deed entered into on 30 December 2015, which stipulated that the Company would issue shares to Stirling within 6 months of commencement of gold production at the Davyhurst gold operation.

On 9 November 2017 the Company announced that it had entered into a binding agreement with Hawke's Point Holding L.P ('Hawke's Point') for a cornerstone investment of $17.5 million. Under this agreement, the Company also procure an additional $12.5 million from sophisticated and institutional investors as. In total, the Company will issue between 137,500,000 and up to 150,000,000 fully paid ordinary shares in the Company at a price of $0.20 per share to provide up to $30 million. All shares issued under the placement will be issued with a corresponding 1 for 1 free attaching unlisted options. The options will be issued in two tranches in conjunction with shares, with one half of the options having an exercise price of $0.25 and the other half having an exercise price of $0.275. All options have an expiry of 5 years after issue with accelerated expiry should certain objective conditions be met.

42,000,000 shares and options will be issued to sophisticated and institutional investors in the first tranche on or around 27 November 2017 with second tranche to take place shortly afterwards after shareholder approval has been obtained at the Company's upcoming AGM. Up to 2,500,000 shares and options will be issued to Michael Fotios or his related parties subject to additional shareholder approval.

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.

30. PARENT ENTITY INFORMATION

(a) Financial Position	30 June 2017 $'000	30 June 2016 $'000
Assets		
Current assets	8,003	15,196
Non-current assets	36,515	-
Total assets	**44,518**	**15,196**
Liabilities		
Current liabilities	43,870	11,205
Non-current liabilities	656	-
Total liabilities	**44,526**	**11,205**
Equity/(Deficit)		
Contributed equity	251,282	228,318
Accumulated losses	(261,455)	(232,380)
Reserves	10,166	8,052
Total equity / (deficit)	**(7)**	**3,991**

(b) Financial performance

	30 June 2017 $'000	30 June 2016 $'000
Loss for the year	(29,075)	(49,749)
Other comprehensive income	268	23
Total comprehensive loss for the year	**(28,807)**	**(49,726)**

30. PARENT ENTITY INFORMATION (continued)

(a) Contingent Liabilities and Commitments

Contingent liabilities identified are as per those detailed within Note 25 of this report (2016: $NIL)

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017
DIRECTORS DECLARATION

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

1. In the opinion of the Directors:

   a. The consolidated financial statements and accompanying notes set out on pages 26 to 65 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 2017 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.

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 2017.

On behalf of the Board

Michael Fotios
Executive Chairman

Perth, Western Australia
22 November 2017

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Report on the audit of the financial report

Qualified opinion

We have audited the financial report of Eastern Goldfields Ltd (the Company) and its subsidiaries (collectively the Group) , which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

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 was recognised as an expense in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016. Our audit opinion on the 30 June 2016 financial report was qualified as we were unable to determine whether the opening balance of the rehabilitation provision as at 1 July 2015 was accurately stated and therefore we were unable to determine whether the expense recognised in consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016 was appropriate.

The 30 June 2016 consolidated statement of profit or loss and other comprehensive income is included in the 30 June 2017 financial report for comparison.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Building a better working world

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section and *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Capitalisation of costs to Mine Properties

Why significant	How our audit addressed the key audit matter
During the year the Group undertook a number of major capital projects including the refurbishment of the Davyhurst processing plant and the development of mine site infrastructure required to mine the Group's resources. Total expenditure capitalised to Mine Properties during the year was $52.406 million. Determining whether expenditure should be capitalised to Mine Properties or expensed, in accordance with the Group's accounting policy, can involve significant judgement. Accordingly, the capitalisation of costs to Mine Properties was considered to be a key audit matter.	Our audit procedures included: ▶ Understanding the nature of capital projects undertaken during the year ▶ Analysing a sample of capitalised expenditure and its supporting documentation to assess whether the expenditure was capital in nature ▶ For certain indirect costs, such as salaries and wages, assessing the appropriateness of the allocation of these costs between capital and operating expenditure.

Building a better working world

2. Completeness of trade and other payables

Why significant	How our audit addressed the key audit matter
The Group's increased expenditure during the year and the settlement of certain trade and other payables being deferred beyond normal credit terms has led to a significant increase in trade creditors and other payables as at 30 June 2017 in comparison to the prior year. The Group has also been the subject to a number of legal claims due to non-payment of certain amounts being claimed by trade creditors. Accordingly, the completeness of trade creditors and other payables was a key audit matter.	In considering the completeness of trade and other payables balances our procedures included: ▶ For a sample of payments made to suppliers subsequent to 30 June 2017, we assessed whether the payments related to financial obligations that existed as at 30 June 2017 and had been appropriately accrued for as at 30 June 2017 ▶ For a sample of outstanding trade creditors as at 30 June 2017, we compared the outstanding amounts to statements received from the relevant supplier ▶ Obtained representation from external solicitors engaged by the Group to assess the adequacy of provisions recorded in respect of legal claims made against the Group by trade creditors for non-payment.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Eastern Goldfields Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

G H Meyerowitz
Partner
Perth
22 November 2017

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017
TENEMENT SCHEDULE

Tenement ID	Registered Holder	Registered Interest
E 16/332	Carnegie Gold PTY LTD	100/100
E 16/337	Carnegie Gold PTY LTD	100/100
E 16/344	Siberia Mining Corporation PTY LTD	100/100
E 16/347	Siberia Mining Corporation PTY LTD	100/100
E 16/456	Siberia Mining Corporation PTY LTD	100/100
E 16/473	Carnegie Gold PTY LTD	100/100
E 16/475	Carnegie Gold PTY LTD	100/100
E 16/480	Goldstar Resources (WA) PTY LTD	100/100
E 16/484	Goldstar Resources (WA) PTY LTD	100/100
E 29/419	Black Mountain Gold LTD	100/100
E 29/640	Mt Ida Gold PTY LTD	100/100
E 29/641	Mt Ida Gold PTY LTD	100/100
E 29/895	Mt Ida Gold PTY LTD	100/100
E 29/922	Black Mountain Gold LTD	100/100
E 29/955	Siberia Mining Corporation PTY LTD	100/100
E 29/964	Goldstar Resources (WA) PTY LTD	100/100
E 29/966	Black Mountain Gold LTD	100/100
E 30/333	Carnegie Gold PTY LTD	100/100
E 30/334	Carnegie Gold PTY LTD	100/100
E 30/335	Carnegie Gold PTY LTD	100/100
E 30/336	Carnegie Gold PTY LTD	100/100
E 30/338	Carnegie Gold PTY LTD	100/100
E 30/449	Delta Resource Management PTY LTD	100/100
E 30/454	Carnegie Gold PTY LTD	100/100
L 15/224	Siberia Mining Corporation PTY LTD	100/100
L 16/58	Siberia Mining Corporation PTY LTD	100/100
L 16/62	Siberia Mining Corporation PTY LTD	100/100
L 16/72	Carnegie Gold PTY LTD	100/100
L 16/73	Carnegie Gold PTY LTD	100/100
L 16/77	Ida Gold Operations PTY LTD (Siberia)	100/100
L 16/103	Siberia Mining Corporation PTY LTD	100/100
L 24/85	Siberia Mining Corporation PTY LTD	100/100
L 24/101	Carnegie Gold PTY LTD	96/96
L 24/115	Siberia Mining Corporation PTY LTD	96/96
L 24/123	Siberia Mining Corporation PTY LTD	96/96
L 24/124	Siberia Mining Corporation PTY LTD	96/96
L 24/170	Carnegie Gold PTY LTD	100/100
L 24/174	Carnegie Gold PTY LTD	100/100
L 24/188	Siberia Mining Corporation PTY LTD	100/100
L 24/189	Siberia Mining Corporation PTY LTD	100/100
L 24/224	Siberia Mining Corporation PTY LTD	100/100
L 29/34	Carnegie Gold PTY LTD	96/96
L 29/38	Carnegie Gold PTY LTD	96/96
L 29/40	Carnegie Gold PTY LTD	96/96
L 29/42	Black Mountain Gold LTD	100/100
L 29/43	Black Mountain Gold LTD	100/100
L 29/44	Black Mountain Gold LTD	100/100
L 29/74	Mt Ida Gold PTY LTD	100/100
L 29/109	Black Mountain Gold LTD	100/100
L 30/35	Carnegie Gold PTY LTD	96/96
L 30/37	Carnegie Gold PTY LTD	100/100
L 30/43	Carnegie Gold PTY LTD	100/100
M 16/220	Carnegie Gold PTY LTD	100/100
M 16/262	Siberia Mining Corporation PTY LTD	100/100
M 16/263	Siberia Mining Corporation PTY LTD	100/100
M 16/264	Siberia Mining Corporation PTY LTD	100/100
M 16/268	Carnegie Gold PTY LTD	100/100
M 16/470	Carnegie Gold PTY LTD	100/100
M 24/39	Charles Robert Gardner	96/96
M 24/51	Siberia Mining Corporation PTY LTD	96/96
M 24/115	Siberia Mining Corporation PTY LTD	96/96
M 24/159	Siberia Mining Corporation PTY LTD	100/100
M 24/208	Siberia Mining Corporation PTY LTD	96/96
M 24/290	Siberia Mining Corporation PTY LTD	96/96
M 24/352	Siberia Mining Corporation PTY LTD	96/96
M 24/376	Siberia Mining Corporation PTY LTD	100/100
M 24/427	Siberia Mining Corporation PTY LTD	96/96
M 24/633	Siberia Mining Corporation PTY LTD	100/100
M 24/754	Siberia Mining Corporation PTY LTD	96/96
M 24/755	Siberia Mining Corporation PTY LTD	96/96
M 24/830	Siberia Mining Corporation PTY LTD	100/100
M 24/845	Siberia Mining Corporation PTY LTD	100/100
M 24/846	Siberia Mining Corporation PTY LTD	100/100
M 24/847	Siberia Mining Corporation PTY LTD	100/100
M 24/848	Siberia Mining Corporation PTY LTD	100/100

Tenement ID	Registered Holder	Registered Interest
M 30/108	Carnegie Gold PTY LTD	100/100
M 30/109	Carnegie Gold PTY LTD	100/100
M 30/111	Carnegie Gold PTY LTD	100/100
M 30/122	Carnegie Gold PTY LTD	100/100
M 30/123	Carnegie Gold PTY LTD	100/100
M 30/126	Carnegie Gold PTY LTD	100/100
M 30/127	Carnegie Gold PTY LTD	96/96
M 30/129	Carnegie Gold PTY LTD	100/100
M 30/131	Carnegie Gold PTY LTD	96/96
M 30/132	Carnegie Gold PTY LTD	96/96
M 30/133	Carnegie Gold PTY LTD	100/100
M 30/135	Carnegie Gold PTY LTD	100/100
M 30/137	Carnegie Gold PTY LTD	100/100
M 30/148	Carnegie Gold PTY LTD	100/100
M 30/150	Carnegie Gold PTY LTD	100/100
M 30/157	Carnegie Gold PTY LTD	96/96
M 30/159	Carnegie Gold PTY LTD	100/100
M 30/178	Carnegie Gold PTY LTD	100/100
M 30/182	Carnegie Gold PTY LTD	100/100
M 30/187	Carnegie Gold PTY LTD	100/100
P 16/2514	Carnegie Gold PTY LTD	100/100
P 16/2774	Siberia Mining Corporation PTY LTD	100/100
P 16/2775	Siberia Mining Corporation PTY LTD	100/100
P 16/2921	Goldstar Resources (WA) PTY LTD	100/100
P 16/2922	Goldstar Resources (WA) PTY LTD	100/100
P 24/4182	Siberia Mining Corporation PTY LTD	100/100
P 24/4750	Siberia Mining Corporation PTY LTD	100/100
P 24/4751	Siberia Mining Corporation PTY LTD	100/100
P 24/4752	Siberia Mining Corporation PTY LTD	100/100
P 24/4753	Siberia Mining Corporation PTY LTD	100/100
P 24/4754	Siberia Mining Corporation PTY LTD	100/100
P 29/2070	Black Mountain Gold LTD	100/100
P 29/2073	Black Mountain Gold LTD	100/100
P 29/2153	Black Mountain Gold LTD	100/100
P 29/2154	Black Mountain Gold LTD	100/100
P 29/2155	Black Mountain Gold LTD	100/100
P 29/2156	Black Mountain Gold LTD	100/100
P 29/2251	Black Mountain Gold LTD	100/100
P 29/2252	Black Mountain Gold LTD	100/100
P 29/2253	Black Mountain Gold LTD	100/100
P 29/2254	Black Mountain Gold LTD	100/100
P 29/2268	Black Mountain Gold LTD	100/100
P 29/2269	Black Mountain Gold LTD	100/100
P 29/2286	Black Mountain Gold LTD	100/100
P 29/2287	Black Mountain Gold LTD	100/100
P 29/2288	Black Mountain Gold LTD	100/100
P 29/2289	Black Mountain Gold LTD	100/100
P 29/2290	Black Mountain Gold LTD	100/100
P 29/2291	Wayne Craig Van Blitterswyk	100/100
P 29/2292	Wayne Craig Van Blitterswyk	100/100
P 29/2293	Wayne Craig Van Blitterswyk	100/100
P 29/2294	Wayne Craig Van Blitterswyk	100/100
P 29/2295	Wayne Craig Van Blitterswyk	100/100
P 29/2296	Wayne Craig Van Blitterswyk	100/100
P 29/2297	Wayne Craig Van Blitterswyk	100/100
P 29/2298	Wayne Craig Van Blitterswyk	100/100
P 29/2299	Wayne Craig Van Blitterswyk	100/100
P 29/2300	Wayne Craig Van Blitterswyk	100/100
P 29/2301	Wayne Craig Van Blitterswyk	100/100
P 29/2302	Wayne Craig Van Blitterswyk	100/100
P 29/2303	Wayne Craig Van Blitterswyk	100/100
P 29/2304	Wayne Craig Van Blitterswyk	100/100
P 29/2305	Wayne Craig Van Blitterswyk	100/100
P 29/2307	Black Mountain Gold LTD	100/100
P 29/2308	Black Mountain Gold LTD	100/100
P 29/2310	Mt Ida Gold PTY LTD	100/100
P 29/2311	Mt Ida Gold PTY LTD	100/100
P 29/2312	Mt Ida Gold PTY LTD	100/100
P 29/2313	Mt Ida Gold PTY LTD	100/100
P 29/2314	Mt Ida Gold PTY LTD	100/100
P 29/2315	Mt Ida Gold PTY LTD	100/100
P 29/2316	Mt Ida Gold PTY LTD	100/100
P 29/2317	Mt Ida Gold PTY LTD	100/100
P 29/2318	Mt Ida Gold PTY LTD	100/100
P 29/2319	Mt Ida Gold PTY LTD	100/100

EASTERN GOLDFIELDS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017
TENEMENT SCHEDULE

Tenement ID	Registered Holder	Registered Interest
M 29/2	Mt Ida Gold PTY LTD	100/100
M 29/14	Black Mountain Gold LTD	96/96
M 29/88	Black Mountain Gold LTD	96/96
M 29/153	Black Mountain Gold LTD	100/100
M 29/154	Black Mountain Gold LTD	100/100
M 29/165	Mt Ida Gold PTY LTD & Stuart Leslie Hooper	95/100 5/100
M 29/184	Black Mountain Gold LTD	100/100
M 29/212	Black Mountain Gold LTD	100/100
M 29/410	Wayne Craig Van Blitterswyk	100/100
M 29/420	Black Mountain Gold LTD	100/100
M 29/422	Mt Ida Gold PTY LTD	100/100
M 30/1	Carnegie Gold PTY LTD	96/96
M 30/5	Carnegie Gold PTY LTD	96/96
M 30/7	Carnegie Gold PTY LTD	96/96
M 30/16	Carnegie Gold PTY LTD	100/100
M 30/21	Carnegie Gold PTY LTD	100/100
M 30/34	Carnegie Gold PTY LTD	100/100
M 30/39	Carnegie Gold PTY LTD	100/100
M 30/42	Carnegie Gold PTY LTD	96/96
M 30/43	Carnegie Gold PTY LTD	100/100
M 30/44	Carnegie Gold PTY LTD	100/100
M 30/48	Carnegie Gold PTY LTD	100/100
M 30/59	Carnegie Gold PTY LTD	100/100
M 30/60	Carnegie Gold PTY LTD	100/100
M 30/63	Carnegie Gold PTY LTD	100/100
M 30/72	Carnegie Gold PTY LTD	100/100
M 30/73	Carnegie Gold PTY LTD	100/100
M 30/74	Carnegie Gold PTY LTD	100/100
M 30/75	Carnegie Gold PTY LTD	100/100
M 30/80	Carnegie Gold PTY LTD	100/100
M 30/84	Carnegie Gold PTY LTD	100/100
M 30/97	Carnegie Gold PTY LTD	100/100
M 30/98	Carnegie Gold PTY LTD	100/100
M 30/100	Carnegie Gold PTY LTD	100/100
M 30/102	Carnegie Gold PTY LTD	100/100
M 30/103	Carnegie Gold PTY LTD	100/100
M 30/106	Carnegie Gold PTY LTD	100/100
M 30/107	Carnegie Gold PTY LTD	100/100

Tenement ID	Registered Holder	Registered Interest
P 29/2320	Mt Ida Gold PTY LTD	100/100
P 29/2321	Mt Ida Gold PTY LTD	100/100
P 29/2322	Mt Ida Gold PTY LTD	100/100
P 29/2323	Mt Ida Gold PTY LTD	100/100
P 29/2324	Mt Ida Gold PTY LTD	100/100
P 29/2325	Mt Ida Gold PTY LTD	100/100
P 29/2326	Mt Ida Gold PTY LTD	100/100
P 29/2327	Mt Ida Gold PTY LTD	100/100
P 29/2328	Mt Ida Gold PTY LTD	100/100
P 29/2344	Black Mountain Gold LTD	100/100
P 29/2345	Black Mountain Gold LTD	100/100
P 30/1042	Carnegie Gold PTY LTD	100/100
P 30/1043	Carnegie Gold PTY LTD	100/100
P 30/1060	Carnegie Gold PTY LTD	100/100
P 30/1074	Carnegie Gold PTY LTD	100/100
P 30/1100	Wayne Craig Van Blitterswyk	100/100
P 30/1101	Wayne Craig Van Blitterswyk	100/100
P 30/1102	Wayne Craig Van Blitterswyk	100/100
P 30/1103	Wayne Craig Van Blitterswyk	100/100
P 30/1104	Wayne Craig Van Blitterswyk	100/100
P 30/1105	Wayne Craig Van Blitterswyk	100/100
P 30/1107	Carnegie Gold PTY LTD	100/100
P 30/1108	Carnegie Gold PTY LTD	100/100
P 30/1109	Carnegie Gold PTY LTD	100/100
P 30/1110	Carnegie Gold PTY LTD	100/100
P 30/1111	Carnegie Gold PTY LTD	100/100
P 30/1112	Carnegie Gold PTY LTD	100/100
P 30/1113	Carnegie Gold PTY LTD	100/100
P 30/1114	Carnegie Gold PTY LTD	100/100
P 30/1115	Carnegie Gold PTY LTD	100/100
P 30/1116	Carnegie Gold PTY LTD	100/100
P 30/1117	Carnegie Gold PTY LTD	100/100
P 30/1118	Carnegie Gold PTY LTD	100/100
P 30/1119	Carnegie Gold PTY LTD	100/100
P 30/1120	Carnegie Gold PTY LTD	100/100
P 30/1121	Carnegie Gold PTY LTD	100/100
P 30/1122	Carnegie Gold PTY LTD	100/100

<u>Tenement Applications:</u>

- Application for L 24/232 – L 24/233 were made on 21/10/2016
- Application for L 30/66 was made on 13/4/2017

<u>Tenement grants:</u>

- L 16/103 was granted on 05/7/2016
- L 24/224 was granted on 06/7/2016
- E 16/484 was granted on 25/8/2016
- E 29/966 was granted on 06/9/2016
- P 24/5073 – P 24/5075 were granted on 03/10/2016
- E 16/482 was granted on 07/11/2016
- E 16/483, E 16/486 – E 16/487 were granted on 08/11/2016
- M 24/960 was granted on 02/12/2016
- E 16/474 was granted on 27/1/2017
- E 29/984 and E 30/468 were granted on 24/2/2017
- M 30/253 was granted on 03/3/2017
- L 24/233 was granted on 21/3/2017
- L 24/232 was granted on 21/4/2017

<u>Tenement acquisitions:</u>

- The company entered in an earn-in JV with Intermin Resources Ltd's tenements (through tenements held in their subsidiary entity, Black Mountain Gold Ltd) on or around September 2016; L 29/42 – L 29/44, L 29/109, M 29/153 – M 29/154, M 29/184, M 29/212, M 29/410, P 29/2153 – P 29/2156, P 29/2251 – P 29/2254, P 29/2268 – P 29/2269, P 29/2344 – P 29/2345

- The company acquired the following tenements from Heron Resources Ltd on or around January 2017; E 24/203 (application), E 29/889, M 24/634, M 24/660, M 24/663 – M 24/665, M 24/683, M 24/686, M 24/757, M 24/772, M 24/797, M 24/915 – M 24/916, P 24/4395 – P 24/4396, P 24/4400 – P 24/4403

Annual Rents (in 2017, the DMIRS updated its policies and as a result tenements under plaint/forfeiture actions are still obligated to pay its rents and other dues even after the tenement is relinquished):

- M 16/262 – M 16/264, M 24/208 due to third party plaint in place, the 2015-2016, 2016-2017, 2017-2018 annual rents have yet to be paid – DMIRS issued request for payment of outstanding amounts by end October 17
- E 30/335, M 30/102 due to third party plaint in place, the 2015-2016, 2016-2017 annual rents have yet to be paid – DMIRS issued request for payment of outstanding amounts by end October 17
- M 16/470 due to third party plaint in place, the 2016-2017 annual rents have yet to be paid – DMIRS issued request for payment of outstanding amounts by end October 17
- No DMIRS issued notices of intention to forfeit tenement/s for breach of rental payment obligations recorded as at 30 June 2017 against any titles held/beneficially held by the Group

Form 5 reports:

- No DMIRS compliance issue/s recorded as at 30 June 2017 against any titles held/beneficially held by the Group

Extension of Term/Expiries/relinquishments/forfeitures:

- E 30/464 was surrendered 23/8/2016
- P 29/1938 – P 29/1940, P 30/1020 were surrendered 31/8/2017
- E 30/332, P 29/1942 – P 29/1944, P 29/1946 – P 29/1950, P 30/1017 – P 29/1018, P 30/1021, P 30/1023 – P 30/1027, P 30/1033 – P 30/1034, P 30/1038, P 30/1040, P 30/1051 were surrendered 01/9/2016
- P 30/1012 – P 30/1016 were surrendered 15/9/2016
- E 30/478 was surrendered 28/10/2016
- P 29/2291 – P 29/2302, P 30/1100 – P 30/1105, were returned to Wayne van Blitterswyk on 30/1/2017
- M 24/51, M 24/290, M 24/352, M 24/427, M 24/633, M 24/754 – M 24/755, M 24/830, P 24/4182, P 24/4752 – P 24/4753 were conditionally surrendered in favour of M 24/960 on 22/12/2016
- M 16/220, M 30/1, M 30/5, M 30/39, M 30/42, M 30/44, M 30/63, M 30/72 – M 30/74, M 30/80, M 30/100, M 30/106 – M 30/108, M 30/129, M 30/131 – M 30/132, M 30/135, M 30/137, P 30/1042 – P 30/1043 were conditionally surrendered in favour of M 30/255 on 10/1/2017
- M 30/7, M 30/16, M 30/21, M 30/34, M 30/43, M 30/48, M 30/59, M 30/60, M 30/75, M 30/84, M 30/97 – M 30/98, M 30/109, M 30/122, M 30/148, M 30/150, M 30/159, M 30/178, P 30/1111 and part of M 30/157 were conditionally surrendered in favour of M 30/256 on 21/4/2017
- Extension of Term submitted on E 16/332 – pending DMIRS assessment

Applications of Forfeiture/Plaints/DMIRS Notices of Intention to forfeit;

- M 16/262 – M 16/264 Application for forfeiture #371015 - #371017 made by Michael Allen Thompson
- E 30/335, M 16/470, M 30/102 and M 30/103 Application for forfeiture #460237 - #460240 made by Gerard Francis Brewer
- M 24/846 – M 24/848 Application for forfeiture #469309, #469308 and #469310 made by Gerard Francis Brewer and Glenn Alan Haythornthwaite jointly
- M 24/208 Application for forfeiture #469423 made by Michael John Photios
- M 24/376 Application for forfeiture 460290 made by Glenn Alan Haythornthwaite. Case dismissed 12/7/2016

All Shire rates due and payable for the 2016-2017 financial year were outstanding as at 30/6/2017.

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below, current as at 9 November 2017:

SHAREHOLDINGS (as at 9 November 2017)

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
Orion Gold NL[1]	42,433,333	8.76
Mr Michael Fotios + his controlled entities Michael Fotios Family A/C, Investmet Limited, Delta Resource Management, Whitestone Minerals Limited[2]	191,548,719	39.77
Wyllie Group Pty Ltd[3]	27,270,150	5.57
Mr Hendricus Indrisie + controlled entity Perth Select Seafoods Pty Ltd[4]	26,000,000	5.31
Industry Super Holdings Pty Ltd[5]	24,570,811	5.02

1. *As provided to the Company on 22 September 2016.*
2. *As provided to the Company on 9 June 2016.*
3. *As provided to the Company on 15 June 2016.*
4. *As provided to the Company on 3 June 2016.*
5. *As provided to the Company on 25 May 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	284	127,966
1,001-5,000	1,173	2,945,314
5,001-10,000	307	2,399,120
10,001-100,000	645	26,919,566
100,001-9,999,999,999	245	532,560,118
Total	**2,654**	**564,952,084**

Distribution of Unquoted Security holders

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	5	300,000
100,001-9,999,999,999	23	19,950,000
Total	**28**	**20,250,000**

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

Category	Number of Holders	Shares
1-1,000	-	-
1,001-5,000	-	-
5,001-10,000	-	-
10,001-100,000	5	300,000
100,001-9,999,999,999	31	22,350,000
Total	**36**	**22,650,000**

Unlisted Options exercisable at $0.261 each on or before 12 December 2018

Category	Number of Holders	Options
1-1,000	-	-
1,001-5,000	-	-
5,001-10,000	-	-
10,001-100,000	-	-
100,001-9,999,999,999	1[1]	9,578,544
Total	**1**	**9,578,544**

1. Investec Bank PLC holds 9,578,544 Options comprising 100.00% of this class.

Unlisted Options exercisable at $0.459 each on or before 15 March 2019

Category	Number of Holders	Shares
1-1,000	-	-
1,001-5,000	-	-
5,001-10,000	-	-
10,001-100,000	-	-
100,001-9,999,999,999	1[1]	5,446,623
Total	1	**5,446,623**

1. Investec Bank PLC holds 5,446,623 Options comprising 100.00% of this class.

On market buy-back

There is not currently any on market buy-back.

Quoted Securities on issue

Category	Number
Ordinary Shares	564,885,416
Escrowed (indefinitely)	66,668
Total	**564,952,084**

Unmarketable parcels

There were 861 holders of less than a marketable parcel of ordinary shares, which as at 9 November 2017 was 2,128 shares based on a price of $0.2350 per share.

Corporate Governance Statement

The Company's Corporate Governance Statement for the 2017 financial year can be accessed at:
http://easterngoldfields.com.au/corporate-governance-2/

Twenty largest shareholders as at 9 November 2017

Rank	Name	Number of Shares	% Interest
1	INVESTMET LIMITED	106,438,370	18.84
2	DELTA RESOURCE MANAGEMENT PTY LIMITED	57,691,527	10.21
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,477,161	5.39
4	PERTH SELECT SEAFOODS PTY LTD	29,550,000	5.23
5	WYLLIE GROUP PTY LTD	27,270,150	4.83
6	DONALD SMITH VALUE FUND LP	20,000,000	3.54
7	MR MICHAEL GEORGE FOTIOS <MICHAEL FOTIOS FAMILY A/C>	16,986,487	3.01
8	JP MORGAN NOMINEES AUSTRALIA LIMITED	16,457,069	2.91
9	WHITESTONE MINING SERVICES PTY LTD	16,000,000	2.83
10	SOUTHERN CROSS CAPITAL PTY LTD	10,000,000	1.77
11	CITICORP NOMINEES PTY LIMITED	9,058,725	1.60
12	MR DONALD JEFFREY SMITH + MRS PATTY SUSAN SMITH <GFC SUPERANNUATION FUND A/C>	8,700,000	1.54
13	CARPE DIEM ASSET MANAGEMENT PTY LTD <LOWE FAMILY A/C>	7,808,061	1.38
14	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	6,744,455	1.19
15	LIDO TRADING LTD	6,666,667	1.18
16	TARNEY HOLDINGS PTY LTD <DP & FL WADDELL FAMILY A/C>	5,127,015	0.91
17	BOTSIS HOLDINGS PTY LTD	5,100,000	0.90
18	NATIONAL NOMINEES LIMITED	5,058,489	0.90
19	PIT N PORTAL MINING SERVICES	5,000,000	0.89
20	MR PHILIP COLIN HAMMOND + MS BETTY JEANETTE MOORE <MGB SUPER FUND A/C>	4,633,333	0.82
	TOTAL	**394,767,509**	**69.88**