EASTERN GOLDFIELDS LIMITED
AND ITS CONTROLLED ENTITIES
(IN ADMINISTRATION AND SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ABN 69 100 038 266

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

CORPORATE DIRECTORY AND CONTENTS

Director

Peter Mansell (Non-executive Director)

Administrators

Martin Jones and Andrew Smith
Ferrier Hodgson
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Perth WA 6000

Telephone: 1300 850 505
Facsimile: +61 8 9323 2033

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Securities Exchange Listing

Listed on the Australian Securities Exchange under the trading code **EGS**

DIRECTOR'S REPORT

The Director of Eastern Goldfields Limited (In Administration and subject to Deed of Company Arrangement) ("Eastern Goldfields" or "Company") presents his report on the results and state of affairs of the Group, being the Company and its controlled entities for the financial year ended 30 June 2018.

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. Directors were in office for the entire period unless otherwise stated:

Peter Mansell	Non-executive Director (appointed 22 June 2018)
Craig Readhead	Non-executive Director (appointed 27 March 2013 / resigned 22 February 2019)
Campbell Baird	Non-executive Director (appointed 15 May 2018 / resigned 22 February 2019)
Michael Fotios	Executive Director (appointed 17 September 2012 / resigned 28 August 2018)
Alan Still	Non-executive Director (appointed 31 March 2015 / resigned 28 August 2018)

INFORMATION ON DIRECTORS & COMPANY SECRETARY

Director	Qualifications, experience and special responsibilities
Peter Mansell	BCom, LLB, H. Dip. Tax, FAICD Mr Mansell has extensive experience in the mining, corporate and energy sectors, both as an advisor and independent Non-executive director of listed and unlisted companies. Mr Mansell practised law for a number of years as a partner in corporate and resources law firms in South Africa and Australia. *Other current ASX directorships:* • Energy Resources Australia Ltd *Former ASX directorships in the last three years:* • Tap Oil Ltd
Craig Readhead	BJuris, LLB Mr Readhead is a lawyer with over 33 years' experience specialising in the mining and resources sector, including the implementation of large scale mining projects both in Australia and overseas. *Other current ASX directorships:* • Beadell Resources Ltd • Redbank Copper Ltd • Western Areas Ltd *Former ASX directorships in the last three years:* • General Mining Corporation Ltd
Campbell Baird	BEng, MAusIMM, AICD Mr Baird has been involved in the mining industry for over 25 years. He has extensive international experience developing projects in Finland, and leading multiple feasibility studies across a range of commodities. *Other current ASX directorships:* • Nil *Former ASX directorships in the last three years:* • Artemis Resources Ltd • Indiana Resources Ltd

Michael Fotios	BSc (Hons), MAusIMM Mr Fotios is a geologist with over 25 years' extensive experience in exploration throughout Australia for gold, base metals, tantalum, tin and nickel and taking projects from exploration to feasibility. *Other current ASX directorships:* • Horseshoe Metals Ltd • Redbank Copper Ltd *Former ASX directorships in the last three years:* • Galaxy Resources Ltd • General Mining Corporation Ltd • Oklo Resources Ltd • Scorpion Minerals Ltd
Alan Still	AMIM Mr Still is a metallurgist with over 14 years' experience in steelmaking and a further 42 years' mining experience in a variety of commodities including a detailed knowledge of a number of African based rare metals projects. *Other current ASX directorships:* • Horseshoe Metals Ltd *Former ASX directorships in the last three years:* • General Mining Corporation Ltd • Scorpion Minerals Ltd

Company Secretary

Brendon Morton (Resigned 21 November 2018)	CA, GIA Mr Morton has significant experience in senior finance and company secretarial roles. He is a Chartered Accountant and Chartered Company Secretary.

OPERATING AND FINANCIAL REVIEW

This review provides an overview of the Company's operations, financial position, business strategies and prospects.

The review also provides contextual information, including the impact of key events that have occurred during the year and material business risks faced by the business to allow shareholders to make an informed assessment of the results and prospects of the Group.

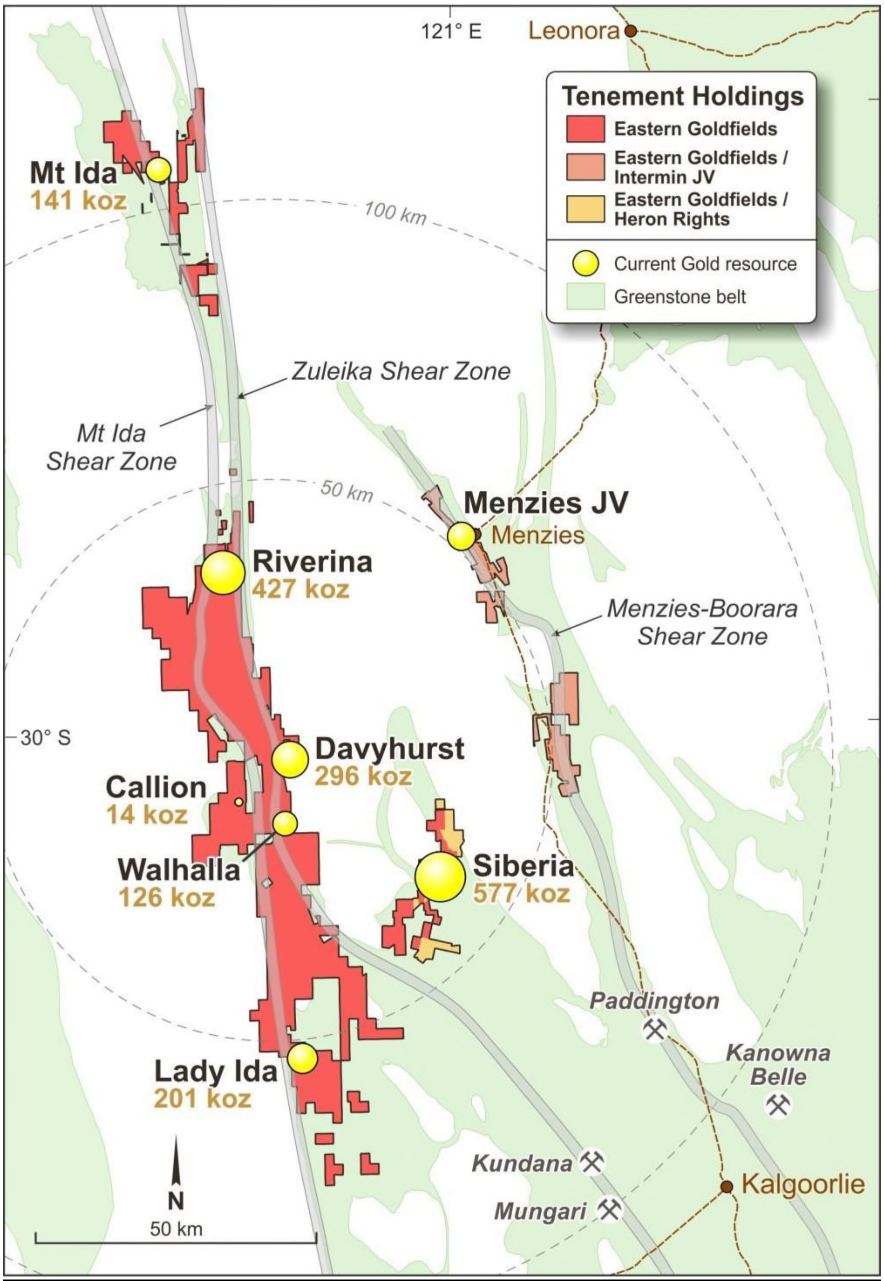
1. <u>Operating Review</u>

Core Business

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

The Group also holds a substantial tenement position that surrounds the existing infrastructure.

DIRECTOR'S REPORT



Principal Activities and Significant Changes in those Activities

The principal activity of the Group during the financial year was mineral exploration and evaluation, both open pit and underground gold mining combined with processing activities at the Davyhurst 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:

- First gold poured;
- Underground mine at the Golden Eagle established and producing ore;

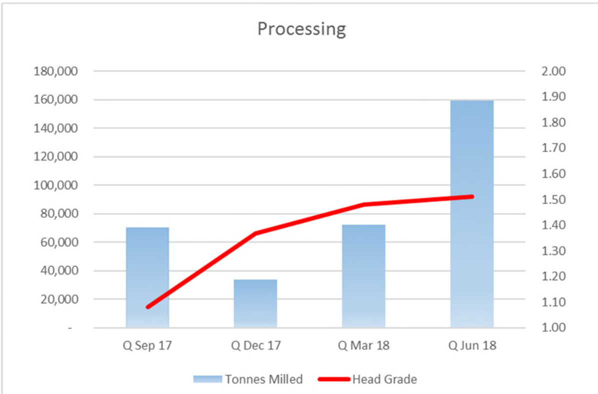
- Continued drilling success at Callion;
- Eastern Goldfields completes placement to raise $30.6 million;
- Further $2,804,260 raised through entitlement issue;
- Ore milled for the financial year of 340,000 tonnes at 1.4g/t for 15,232 ounces;
- Resource definition drilling conducted over:
    - Callion deposit;
    - Riverina deposit;
    - Waihi deposit;
    - Golden Eagle deposit;
- Exploration works conducted over:
    - Lady Irene and Yundaga deposits;
    - Bombay prospect;
    - Golden Wonder prospect;
    - Mystery prospect.

PROCESSING

The Davyhurst gold processing plant treated a total of 340,000 tonnes at 1.4g/t for 15,232 gold ounces.

The plant was negatively impacted by significant operational downtime during the year, the causes of which included extreme weather events, power failures, mechanical failures and supply chain issues.

In an attempt to improve plant availability, a third party independent review of the processing plant maintenance status and processes was completed. The review identified a number of business improvement projects that will be undertaken during the coming financial year.



Processing statistics

Improvements were seen in the plant performance during the fourth (June) quarter, with record through-put and gold production.

Siberia Open Pit Mine

The Siberia mining centre is located 37 kilometres southeast 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 to ASX on 15 December 2016 and 3 January 2017 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 on 14 February 2017. The Missouri and Sand King deposits have a combined mineral resource of 4,884,000 @ 3.2g/t Au for 498,000 ounces.

Open pit mining operations continued during the year. Activities conducted or completed included:

- Site establishment and civil works relating to mining operations at Siberia;
- Internal haul roads and ROM pad construction/upgrades were completed;
- Construction of the Siberia bypass haul road linking mining operations directly to the Ora Banda – Davyhurst road was completed, significantly reducing ore haulage times and distances;
- Stockpiling of low grade ore at Siberia;
- Commencement of surface haulage operations;
- Initial RC grade control drilling programme;
- Mining of near surface laterite mineralisation east of the Sand King open pit mine;
- Mining of bulk waste in the southern Sand King cut back.

DIRECTOR'S REPORT

Campaigned open pit mining operations were continued for the majority of the year, although temporary suspension of operations occurred during the second (December) and third (March) quarters. Mining operations focused on ore extraction from within the Sand King low grade stockpile, the newly identified near surface laterite mineralisation and the Stage 1 cut back of the southern high wall in the Sand King open pit.

Total material movement for each is as follows:

Stage 1 Cut back	218,480	bcm
Low grade stockpile	140,191	bcm
Near surface laterites	119,080	bcm
Total	477,751	bcm

Ore production for the year totalled 128,248 tonnes at 1.16g/t for 4,792 ounces, comprising near surface laterites and low grade tonnes extracted from the low-grade stockpile.

Open pit mining within the southern cut back of the Sand King pit progressed well, reaching approximately 15 metres below the surface, with the current pit floor at the 400 level. The first significant in-pit grade control event was conducted from the 402.5 level targeting the upper sections of the southern shoot array. A total of 85 holes were drilled form 2,200 metres during the year.

Additional grade control drilling was conducted over the near surface laterite ores situated east of the pit. This area has been targeted as a source of ore earlier in the year, all of which sat outside of the larger open pit Reserve model. A total of 154 grade control holes for 2,312 metres was completed on the near surface laterites.

On the low-grade stockpile, 199 holes for 3,851 metres were drilled to establish a 15 metre by 7.5 metre drill spacing. Mining commenced on the low-grade stockpile in June with a successful grade reconciliation of the high-grade material between the drill, stockpile and mill belt cuts.

The key characteristics of the proposed combined Missouri and Sand King mining project are tabled below.

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)

Golden Eagle Underground Mine

The Golden Eagle underground gold mine is located approximately 2.5 kilometres south of the Davyhurst Mill and 120 kilometres northwest of Kalgoorlie.

Development of the Golden Eagle decline commenced with portal access works, vent portal establishment and decline development being undertaken. Ore development was completed on the first three levels of the mine, namely the 395, 375 and 355 levels, and well established on the fourth (335). Production drilling and stoping was completed on the 395 level and continued on the 375 and 355 levels. Each level delivered solid results, with the main ore lode (Quartz-Feldspar Lode) maintaining consistency in grade and geometry.

A total of 684 capital development metres was completed for the period with a further 307 metres of advance achieved in ore development. Ore production for the period totalled 44,599 tonnes at 2.74g/t for 3,929 ounces.

An underground reverse circulation and diamond drilling programme targeting the Golden Eagle Central Shoot was completed during the year. A total of 23 holes were drilled for 2,838 metres, including 17 underground RC holes for 1,984 metres and a further six diamond holes for 854 metres. The programme successfully defined the down plunge continuation to the central shoot. An update to the mineral resource estimate for Golden Eagle was underway at year end.

A short surface exploration diamond drilling programme was completed targeting the potential South Shoot approximately 100 vertical metres below the Central Shoot. Two holes were drilled for 707 metres. Both holes successfully intersected the targeted structured. Although encouraging, further drilling is required to determine the potential of the South Shoot.

RESOURCE DEVELOPMENT

Resource development activities for the year primarily focussed on the Riverina, Callion and Waihi projects.

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 drilling targets within the Company's Davyhurst Project and is seen as the next open pit mining focus following on from Siberia.

Resource definition drilling activities progressed during the year with the completion of 29 holes for a total of 4,200 metres, comprising three RC holes for 275 metres and a further 26 holes for 3,925 metres. This drilling was designed to infill and upgrade the existing Resource to JORC 2012 compliance. The Company is pursuing numerous opportunities to expand and extend the known Resource into areas currently constrained by a lack of drilling coverage.

Drilling highlights returned during the year included:

- 11.2 m @ 22.4 g/t Au *East lode system*
- 9.0 m @ 5.45 g/t Au *East lode system*
- 1.0m @ 56.4 g/t Au *East lode system*
- 1.0m @ 41.2 g/t Au *East lode system*
- 26.0 m @ 1.30 g/t Au *East lode system*
- 19.0 m @ 2.41 g/t Au *East lode system*
- 20.0 m @ 1.37 g/t Au *East lode system*
- 27.0 m @ 1.00 g/t Au *East lode system*
- 20.0 m @ 1.00 g/t Au *East lode system*
- 18.0 m @ 1.94 g/t Au *East lode system*
- 18.0 m @ 1.47 g/t Au *East lode system*
- 4.0 m @ 7.54 g/t Au *Main Lode*

Refer to the Company's ASX announcements dated 26 October 2017 and 17 April 2018 for further information.

The identification of consistent broad zones of gold mineralisation present the Company with an exciting opportunity to significantly increase the tonnage potential of the Riverina Deposit.

Approximately 7,000 metres of RC drilling remains to complete the resource definition drilling programme. This drilling will continue to evaluate the shallow near surface low stripping ratio gold mineralisation (East Lode System), before shifting to the higher-grade underground mining potential (Main Lode).

Callion Project Area

The Callion Deposit is located 14 kilometres southwest of the Davyhurst processing plant and has a current Mineral Resource estimate of 169Kt @ 2.6g/t Au for 14,000 ounces. The Company has an exploration target of 350-450Kt @ 10-14g/t and considers this a high priority resource definition target.

Drilling at Callion has confirmed the presence of several high-grade areas within the historical underground mine, returning **6.0 m @ 5.64 g/t Au** (CNRC108) and **5.0 m @ 3.50 g/t Au** (CNRC107). These are supported by other previously announced results from within the historical mine area which include **2.0 m @ 17.25 g/t Au**, **5.0 m @ 6.68 g/t Au** and **4.0 m @ 3.22 g/t Au** (refer ASX announcement dated 31 August 2017). These results represent a critical step toward bringing this part of the Callion Mineral Resource in line with JORC 2012 standard.

In the northern part of the deposit drilling was successful in intercepting near surface (open pitable) mineralisation, with **4.0 m @ 4.54 g/t Au**, **4.0 m @ 2.27 g/t**, **2.0 m @ 1.73 g/t** and **2.0 m @ 2.18 g/t** all located within 20 metres from the base of the existing pit and only 50 metres from surface.

Work relating to a resource estimation upgrade for the Callion deposit commenced during the year.

Waihi Complex

The Waihi Complex is located approximately three kilometres from the Davyhurst Mill and has been identified as an area containing significant potential to provide high grade underground feed. The Waihi Complex consists of the historical Waihi and Golden Pole Deposits, and extends south to include the Dexy, Lady Eileen and Lady Eileen South deposits. Both the Waihi and Golden Pole deposits were initially mined from early 1890 to 1900 as high-grade underground mines to a maximum depth of 180 metres, targeting steeply dipping, north plunging shoots, producing 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 for an additional 56,000 ounces. The current mineral resource stands at 914,000 tonnes at 2.4g/t Au for 71,000 ounces.

The Company has recovered all of the available historical mining records for the Golden Pole underground mine. The survey plans and stoping records have been utilised in the reconstruction of the historical mine in three-dimensional space. This model has been integral in providing direction to the current exploration effort.

A surface diamond drilling programme comprising nine diamond holes 2,290 metres was completed during the year. An updated JORC 2012 Mineral Resource estimate for Waihi will be scheduled once the final results are returned from this drilling programme.

Mt Ida Project Area

The Mt Ida Project is located 126 kilometres north of the Company's Davyhurst operations. Historical production of 547,000t @ 17.2g/t Au for 302,000 ounces was derived through underground mining. The current Mineral Resource estimate stands at 318,000 tonnes at 13.8g/t Au for 141,000 ounces.

Project work continued on the Mt Ida trend, focussing on data validation and the development of geological models, as a precursor to drilling planning and resource updates.

Siberia

Additional drilling programmes were completed at Sand King, targeting potential in-situ mineralisation beneath the laterite mineralisation at Sand King and at the Palmerston prospect, testing structural targets emanating to the north from the Sand King open pit. In total, 19 RC holes were completed for 1,687 metres.

EXPLORATION

The exploration team continues to acquire, validate and examine base datasets for the region, including mapping, geophysical and geochemical data. Priority RC and diamond drill programmes were 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.

During the year the exploration team continued to progress the regional strategy, outlined below:

- Prioritise some 200+ prospects for drilling;
- Prioritise early diamond drilling of prospects to identify mineralisation controls;
- Acquire and compile detailed geophysical data;
- Compile regional 1:25000 solid geology mapping;
- Ongoing 1:5000 and 1:10000 geological project mapping for compilation;
- Ongoing historic drilling and geochemical sampling data acquisition and validation;
- Ongoing review of regolith and historical sampling efficacy;
- Ongoing auger geochemistry acquisition;
- Systematic pXRF and spectral data acquisition from all available archival material;
- Establish regional end-of-hole ('EOH'), top-of-fresh-rock ('TOFR'), and base of transported cover multi-element geochemistry;
- Establish regional fresh rock spectral dataset for alteration analysis;
- Complete structural and genetic model.

During the year exploration continued to progress its regional strategy, and undertook diamond and RC drilling at a number of prospects, including:

- Lady Irene and Yunndaga deposits (Menzies EGS/IRC Joint Venture);
- Bombay prospect at Mt Ida;
- Golden Wonder prospect, east of Giles;
- Mystery prospect, west of Lady Gladys.

The Company completed two diamond tail ('RCD') holes and one Reverse Circulation ('RC') hole at the Lady Irene prospect, nine kilometres northwest of Menzies, three diamond tail holes at the historic Yunndaga Mine, 6.5 kilometres south of Menzies, and two diamond tail holes at its Bombay prospect, 6.5 kilometres northwest of the Timoni Complex at its Mt Ida project as reported to ASX in its Regional Exploration update on 14 June 2018. It has since completed two diamond holes at the Golden Wonder prospect, 17.5 kilometres north-norwest of the Davyhurst mill, and one RC and one diamond tail hole at the Mystery prospect, 27 kilometres northwest of the Davyhurst Mill. Further planned drilling is currently in abeyance.

Samples from RC drilling have been submitted for assay, along with composite samples from precollars to the diamond tails. The Company's geologists are currently orienting, logging and processing core from these prospects ahead of sample selection for analysis.

2. Operating Financial Results

The Company's financial performance and result is attributable to its ongoing exploration, evaluation, development and corporate administration costs. The result includes $26.5 million in impairment charges against the mine properties asset.

The Group's net loss after tax for the year was $85,922,000 (2017: $18,103,000).

Financial Position

At 30 June 2018 total Group assets were $46,032,000 (2017: $66,911,000) and net liabilities were $35,977,000 (2017: net assets of $11,115,000).

Liquidity and Capital Resources

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2018:

Performance Measures	**FY 2018**	**FY 2017**	**FY 2016**	**FY 2015**	**FY 2014**
	$	**$**	**$**	**$**	**$**
Net assets/(liabilities)	(35,977,000)	11,115,000	4,164,000	(40,897,000)	(33,270,000)
Current assets	3,544,000	8,030,000	16,669,000	261,000	988,000
Cash	5,000	44,000	15,401,000	52,000	216,000
Contributed equity	287,168,000	251,282,000	228,343,000	168,040,000	167,965,000
Accumulated losses	(336,255,000)	(250,333,000)	(232,231,000)	(214,229,000)	(206,528,000)
Net loss before tax	(85,922,000)	(18,103,000)	(18,011,000)	(7,702,000)	(6,469,00)
Share price at start of year	0.37	0.43	0.15	0.15	0.15
Share price at end of year	0.11	0.37	0.43	0.15	0.15
Loss per share	(0.14)	(0.03)	(0.08)	(0.08)	(0.07)

DIRECTOR'S REPORT

3. **Key Developments**

Significant Changes in the State of Affairs

1. On 31 January 2018, the Company announced that it:

   - had signed a subscription agreement with Hawke's Point Holdings I Ltd ('Hawke's Point') for a subscription of $17.5 million as part of a wide placement to raise approximately $30.6 million ('Capital Raising');
   - had completed the first tranche of the Capital Raising to raise $13.1 million by issuing 65,350,000 fully paid ordinary shares to institutional investors at an issue price of $0.20 per share (with one free attaching option for each ordinary share acquired); and
   - proposes to raise a further $7.2 million by way of a non-renounceable rights issue to existing shareholders ('Rights Issue');

2. The Company announced that it had completed the second tranche of the Capital Raising on 5 February 2018 by raising $17.5 million by issuing 87,500,000 fully paid ordinary shares to Hawke's Point Holdings L.P. at an issue price of $0.20 per share (with one free attaching option for each ordinary share acquired);

3. On 21 February 2018 the Company closed its non-renounceable rights issue. The Company subsequently announced it had issued 14,021,303 fully paid ordinary shares at $0.20 per share (with one free attaching option for each ordinary share acquired) in connection with the Right Issue, raising $2,804,260 before costs;

4. On 15 May 2018, the Group appointed Mr Campbell Baird as Non-executive Director of the Company;

5. On 22 June 2018, the Group appointed Mr Peter Mansell as Non-executive Director of the Company.

SIGNIFICANT EVENTS AFTER REPORTING DATE

The following events have occurred since the end of the financial year and up to the date of this financial report:

1. On 8 August 2018 the Group entered into a repayment plan with the ATO in relation to a debt of $421,689. The final payment of $321,689 required under the plan was made on 31 August 2018;

2. On 13 August 2018 the Group announced a settlement had been agreed with GR Engineering Services Ltd ('GR') involving the payment of cash to GR and the issue of shares to the total value of $8.25 million inclusive of GST, payable in three tranches. On 4 November 2018 the Group reached agreement with GR that the final instalment would be paid on or before 30 November 2018. The payment was not made and, as a result, the settlement was cancelled/withdrawn;

3. On 16 August 2018 a Deed of Settlement was executed between the Group and Eureka Mine Constructions Pty Ltd, which required payment to Eureka of $150,000 by 20 September 2018. This payment was not made;

4. On 28 August 2018 Hawke's Point completed the acquisition of the outstanding debt owed by the Group to Investec, pursuant to the Investec Debt Facility, as well as the assignment of the Syndicated Facility Agreement (and associated security documents), from Investec;

5. On 3 September 2018 all mining and processing activities were suspended to mitigate spending, whilst a proposed recapitalisation plan was developed;

6. On 27 September 2018 the Group raised an additional $8.75 million from the issue of convertible notes to each of Hawke's Point, Donald Smith Value Fund LP, National Nominees Ltd (as nominee for Perennial Value Microcap Opportunities Fund) and Wyllie Group Pty Ltd;

7. On 28 September 2018 the Group announced a $75 million recapitalisation plan. This plan included a restructured board and leadership team, and a $5 million entitlements issue to existing shareholders. The $75 million recapitalisation plan included:

   a. $8.75 million interim funding via the issue of secured convertible loan notes;
   b. $36.8 million placement to sophisticated, professional and institutional investors;
   c. Up to $17.5 million of in-kind services to be performed by Adaman Resources Pty Ltd; and
   d. Conversion of the Syndicated Facility of $9.6 million and certain trade creditors of $2.5 million;

8. On 27 November 2018 the Group announced that the $75 million recapitalisation plan would no longer proceed;

9. On 29 November 2018 the Group resolved to appoint Martin Jones and Andrew Smith of Ferrier Hodgson as Joint and Several Administrators of the Group;

10. On 18 January 2019 the Administrators received a Deed of Company Arrangement ('DOCA') proposal from Hawke's Point. The proposed DOCA included the following key features:

Key Elements	DOCA Proposal
Purpose	• Ensure that creditors of the Companies receive a better return than in liquidation. • Facilitate a capital raising for the Companies of not less than $22 million, expected to comprise a rights issue, issue of convertible notes and placement of shares. • Minimise holding costs and reducing the further administrators' fees that may be incurred. • Ensure that, at the conclusion of the DOCA process, the Group is sufficiently funded to pursue a resource development and mine planning programme.
Creditors Trust	A creditors' trust will be established for the purposes of the DOCA, named 'Eastern Goldfields Creditors' Trust.'
Contributions	The funds available for distribution to creditors of the Companies out of the Creditors' Trust will be an amount of up to $7.3 million out of proceeds of the Capital Raising.
Capital raising	Not less than $22 million shall be raised to: satisfy the obligations of the Companies under the DOCA; and • provide the Companies with adequate working capital to advance its business post administration. It is intended that this amount shall be raised via any or all of the following (each carried out by EGS): • a one-for-one rights issue priced at one cent per share, which will be underwritten as to at least 25% (inclusive of its entitlement amount) by Hawke's Point or such lesser percentage as required to ensure it is fully underwritten (Rights Issue); • an offering of: o secured convertible notes ('New Convertible Notes'), to be converted at one cent per share; and o ordinary shares ('Placement Shares') to be issued via a placement. Capital Raising participants subscribing for Placement Shares, if any, shall escrow their subscription funds contemporaneous with the funding of the New Convertible Notes; and • such other equity and/or debt capital raising as the directors of EGS, the Deed Administrators and Hawke's Point agree, having regard to the objects of the DOCA. Finalisation of the Capital Raising will be subject to the Deed Administrators and the directors of EGS being satisfied that the events subsequent to completion of the DOCA will occur, including the passing of certain shareholder approvals for EGS.

Key Elements	DOCA Proposal
Position of Creditors	Creditors' claims are to be dealt with in the following categories of creditor: 1) Employee entitlements; 2) Debts due to government and statutory authorities; 3) Supporting Creditors; 4) PPSR Secured Creditors; 5) Non-Supporting Creditors – Pool A; 6) Non-Supporting Creditors – Pool B. To the extent that there are any arrears or other amounts due and payable to employees with respect to wages and other employee entitlements, the debts due to employees will be paid in full. To the extent that any government or statutory authority or regulator is a creditor, and the non-payment of the debt to that authority or regulator puts at risk any of the assets of the Companies, such debts will be paid in full. Supporting Creditors and PPSR Secured Creditors will not participate as creditors/beneficiaries under the Creditors' Trust. Supporting Creditors are defined as the creditors specified at 1 to 8 below with whom the Companies seek to have an ongoing commercial relationship and to whom offers of securities can be made without disclosure under Chapter 6D of the Act and who agree to accept: • a cash payment out of the Capital Raising equal to 22c/$ of 60% of each Supporting Creditor's agreed claim amount; and • to convert the remaining 40% of their respective agreed claims to equity in EGS fully paid ordinary shares at the rate of one cent per share, in full satisfaction of the respective debts owed to them by the Companies. (a) Aggreko Generator Rentals Pty Ltd – to the extent of $674,795.70; (b) GR Engineering Services Ltd – to the extent of $11,554,660.81; (c) Pit N Portal Mining Services Pty Ltd – to the extent of $14,482,318.50; (d) Ralmana Pty Ltd t/as R J Vincent & Co – to the extent of $3,461,378.19; (e) Squire Patton Boggs (AU) – to the extent of $1,930,300.29; (f) Gilbert & Tobin – to the extent of $1,190,932.45; (g) Seismic Drilling Pty Ltd – to the extent of $854,060.36; and (h) Junile Nominees Pty Ltd t/as Red Dirt Personnel Group – to the extent of $679,152. (together the Supporting Creditors). Supporting Creditors will be paid out of the Capital Raising proceeds and by the Deed Administrators at conclusion of the DOCA. PPSR secured creditors will be serviced in the ordinary way and will not participate under the Creditor's Trust.
Dividends and order of distribution	Other unsecured creditors will be split into Pool A and Pool B, subject to whether the claimed debt is greater or less than $50,000. Pool A creditors are those that are owed less than $50,000. They will be paid up to 100 cents in the dollar. Pool B creditors are those that are owed greater than $50,000. They will be paid $50,000 plus a pro-rata share of the funds available in the Creditors trust, which is estimated at $3.9 million.

Key Elements	DOCA Proposal
Secured Creditor	Hawke's Point will agree to: • take up its entitlements under the Rights Issue in full and underwrite the Rights Issue to the extent of at least 25% (inclusive of its entitlement) or such lesser percentage as required to ensure the Rights Issue is fully underwritten; • subscribe to at least 25% of the New Convertible Notes or such lesser percentage as required to ensure that the offering of New Convertible Notes is fully subscribed; and • subsequent to the Rights Issue closing, convert its secured debt (being both its loan facility and its holding of the convertible notes issued 28 September 2018 ('Existing Convertible Notes') into equity at the rate of one cent per share, subject to the approval of the shareholders of EGS at the shareholders meeting to be held after completion of the DOCA, with such conversion to occur simultaneously with the conversion of the New Convertible Notes and the issue of the Placement Shares. Wyllie Group Pty Ltd, National Nominees Ltd (as nominee for Perennial Value Microcap Opportunities Fund) and Donald Smith Value Fund LP (the Other Secured Creditors), who agree to convert the secured debt under their existing convertible notes into equity at the rate of one cent per share, subject to the approval of the EGS shareholders at the shareholders meeting to be held after completion of the DOCA, with such conversion to occur simultaneously with the conversion of the new convertible notes and the issue of the Placement Shares.
Termination	In the event that completion does not occur by 30 April 2019 or such other date as agreed between Hawke's Point and the Deed Administrators, the Deed Administrators may: • Cause the Companies to be placed into liquidation; and/or • Convene a meeting of creditors to vary or terminate the DOCA.
Key Conditions and Subsequent Events	The DOCA will complete on the date which is two business days after satisfaction of the last of the following Conditions Precedent: (a) That the creditors of the Companies approve the DOCA; (b) The creation of the Creditors' Trust; (c) The entry into any requisite new contracts or amendments to existing contracts, in each case to be negotiated in good faith, between Supporting Creditors (or any of their respective associated entities) and the Companies (or an associated entity) in respect of their ongoing commercial relationship on terms reasonably acceptable to both parties; (d) The appointment of the interim managing director; and (e) The receipt by the Companies of no less than: a. $22 million from the Capital Raising (other than the funds that are to be received in respect of the issue of Placement Shares, which shall be held in escrow pending shareholder approval); and b. $19 million (of that sum of $22 million) to be raised from the New Convertible Notes and Rights Issue; (f) The Conditions Precedent: a. at (a) above can be waived by Hawke's Point (ie: if entry into the DOCA is not approved by all of the Companies); b. at (e)(b) can be waived by agreement between Hawke's Point and the Administrators if they are satisfied that sufficient funds are available to the Companies to enable completion to occur; c. are otherwise for the benefit of Hawke's Point and the Administrators and may only be waived by mutual agreement between Hawke's Point and the Administrators in writing; (g) Upon completion occurring: a. the DOCA will terminate; b. the control of the Companies will return to the New Directors; c. the sum of $7.3 million out of the Capital Raising will be paid to the Trustee of the Creditors' Trust; d. the sums due to Supporting Creditors will be paid out of the Capital Raising by the Deed Administrators; and

Key Elements	DOCA Proposal
	e. the claims of all creditors except for the PPSR Secured Creditors against the Companies will be released, and creditors other than Supporting Creditors will only be entitled to participate as beneficiaries under the Creditors' Trust; (h) Events subsequent to completion: a. The shareholders of EGS will approve (to the extent required): (1) the conversion of debt to equity by the Supporting Creditors; (2) the conversion of the Proponent's Secured Debt and the secured debt of the Other Secured Creditors; (3) the conversion of the New Convertible Notes; (4) the issuance of the Placement Shares; (5) the effectuation of the Directors LEIP (if necessary); b. The Notice of Meeting seeking the shareholder approvals above will include an independent expert's report stating whether, in the expert's opinion, the conversion of Hawke's Point's Secured Debt to equity is fair and reasonable to shareholders; c. The Companies will change their name to a new name to be agreed by the directors to whom control is being returned at completion;

11. On 1 February 2019, at the second meeting of creditors of the Group, it was resolved that the DOCA proposal received on 18 January 2019 from Hawkes Point I Limited, be executed;

12. Settlement deeds have been executed in relation to critical tenements subject to plaints. It is intended plaint applications on non-critical tenements will be defended by the Group.

Apart from the above, no other matters have arisen since the end of the financial year that impact or are likely to impact the results of the Group in subsequent financial periods.

DIVIDENDS

No amounts were paid or declared by way of dividend since the end of the previous financial year. The Director does 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

As at the date of this report, the direct and indirect interests of the Director and his related parties in the Company's shares and options were:

Director	Fully paid shares	Unlisted options
Peter Mansell	-	-

DIRECTOR'S REPORT

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	Exercise price of options	Expiry date of the options
Various (i)	9,700,000	$0.189	8 March 2020
Various (i)	12,325,000	$0.189	8 March 2020 (subject to vesting conditions)
31 January 2018	32,675,000	$0.25	31 January 2023
31 January 2018	32,675,000	$0.275	31 January 2023
2 February 2018	7,642,500	$0.26	2 February 2021
2 February 2018	1,000,000	$0.465	2 February 2021
Various (ii)	57,822,944	$0.25	2 February 2023
Various (ii)	57,822,944	$0.275	2 February 2023

(i) Consists of options provided to employees, directors and as consideration for tenements acquired. The issue dates of these options were 30 December 2015, 4 April 2016 and 3 May 2016;

(ii) Consists of options issued to Hawke's Point, as participants under the rights issue (including pursuant to underwriting arrangements). The issue dates of these options were 9 February 2018, 27 February 2018 and 14 March 2018.

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
14 July 2017	324,030	Nil (i)
14 July 2017	250,000	$0.168
6 April 2018	12,950,000	$0.168
6 April 2018	2,135,851	Nil (i)
21 May 2018	250	$0.275
21 May 2018	250	$0.25
25 September 2018	5	$0.275
25 September 2018	7	$0.25

(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	3	3
Craig Readhead	3	3
Alan Still	3	2
Campbell Baird	3	3
Peter Mansell	1	1

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 Director's 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 throughout the financial year and up to the date of this report.

Directors

Peter Mansell	Non-executive Director (appointed 22 June 2018)
Craig Readhead	Non-executive Director (appointed 27 March 2013 / resigned 22 February 2019)
Campbell Baird	Non-executive Director (appointed 15 May 2018 / resigned 22 February 2019)
Michael Fotios	Executive Director (appointed 17 September 2012 / resigned 28 August 2018)
Alan Still	Non-executive Director (appointed 31 March 2015 / resigned 28 August 2018)

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 and are not linked to the performance of the Company.

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' interests with those of shareholders, 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 Directors' fees 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 at a general meeting of shareholders.

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.

Share-based payments

2018

During the 30 June 2018 financial year, no options were issued to Directors or Key Management Personnel under the Company's Employee Option Plan.

2017

During the 30 June 2017 financial year, no options were issued to Directors or Key Management Personnel under the Company's Employee Option Plan.

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 2018.

30 June 2018	**Primary (Short-term)**			**Post-employment**	**Total**
Name	**Salary & Directors' fees**	**Other fees[5]**	**Non-monetary benefits**	**Superannuation**	
	$	**$**	**$**	**$**	**$**
Executives & Directors					
Michael Fotios (Executive)[1]	65,000	356,250	-	-	421,250
Alan Still[2]	43,434	-	-	-	43,434
Craig Readhead[3]	43,434	160,600	-	-	204,034
Campbell Baird[4]	8,585	-	-	-	8,585
Peter Mansell	1,644	-	-	-	1,644
Total	**162,097**	**516,850**	**-**	**-**	**678,947**

Restated 30 June 2017	**Primary (Short-term)**			**Post-employment**	**Total**
Name	**Salary & Directors' fees**	**Other fees[5]**	**Non-monetary benefits**	**Superannuation**	
	$	**$**	**$**	**$**	**$**
Executives & Directors					
Michael Fotios (Executive)[1]	60,000	241,500	-	-	301,500
Alan Still[2]	40,000	-	-	-	40,000
Craig Readhead[3]	40,000	153,000	-	-	193,000
Total	**140,000**	**394,500**	**-**	**-**	**534,500**

1 Michael Fotios resigned on 28 August 2018
2 Alan Still resigned on 28 August 2018
3 Craig Readhead resigned on 22 February 2019
4 Campbell Baird resigned on 22 February 2019
5 Other fees represent consulting fees paid to the Directors for services provided to the Group
6 2017 remuneration table above has been restated to include the other fees paid to Directors to be consistent with the current year disclosures. These amounts were previously disclosed in the related party disclosures which have been updated to exclude the consulting fees included in the above table.

There were no proportions of any elements of Key Management Personnel remuneration that related to the Company's performance.

Option holdings of Key Management Personnel (consolidated)

30 June 2018	**Balance at 1 July 2017**	**On the exercise of options**	**Options issued during the year (a)**	**Balance at 30 June 2018**	**Award date**	**Vesting date**
Directors						
Michael Fotios	7,500,000	-	23,500,000	31,000,000	1/02/2018	1/02/2018
Alan Still	3,600,000	(1,800,000)	-	1,800,000	-	-
Craig Readhead	-	-	-	-	-	-
Campbell Baird	-	-	-	-	-	-
Peter Mansell	-	-	-	-	-	-
Total	11,100,000	(1,800,000)	23,500,000	32,800,000		

(a) Free attaching options issued as part of the entitlement issue and share placement undertaken by the group during the year.

There were no options granted to Key Management Personnel during the years ended 30 June 2018 and 30 June 2017 as part of their remuneration package. There were also no options issued to Key Management Personnel that lapsed during the years ended 30 June 2018 and 30 June 2017. All options on issue have fully vested and are exercisable.

Shareholdings of Key Management Personnel (consolidated)

30 June 2018	Balance at 1 July 2017	On the exercise of options	Net change other[1]	Balance at 30 June 2018
Directors				
Michael Fotios[1]	194,068,723	-	38,227,661	232,296,384
Alan Still	-	1,800,000	-	1,800,000
Craig Readhead[2]	9,775,134	-	750,000	10,525,134
Campbell Baird	-	-	-	-
Peter Mansell	-	-	-	-
Total	203,843,857	1,800,000	38,977,661	244,621,518

[1] Shares acquired as part the Company's share placement and entitlement issue

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]	184,261,060	-	9,807,663	194,068,723
Alan Still	-	-	-	-
Craig Readhead[2]	1,653,332	3,600,000	4,521,802	9,775,134
Total	185,914,392	3,600,000	14,329,465	203,843,857

[1] Includes shareholdings by Michael Fotios and entities he controlled (Michael Fotios Family A/C, Investmet Limited, Delta Resource Management Pty Ltd, Whitestone Minerals Limited)
[2] Includes shareholdings and on market share purchases by Craig Readhead and entities he controlled (Hengolo Pty Ltd as trustee for CL Readhead Family Trust).

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the year.

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year (2017: Nil).

Other transactions with Directors

The following transactions occurred during the year between the Group and Directors or their director-related entities. These amounts are not included in the Remuneration table in the preceding pages:

- Delta Resources Management Pty Ltd, a company in which Michael Fotios is a substantial shareholder and director, provided technical and administrative support to the Company to the value of $980,000 inclusive of GST (30 June 2017: $330,500). A total of $1,048,000 remains due and payable as at 30 June 2018 (30 June 2017: $93,000);

- Whitestone Minerals Pty Ltd, a company which is 100% owned by Investmet Ltd, a company in which Michael Fotios is a substantial shareholder and director, provided consulting services to the Company to the value of $2,704,000 inclusive of GST (30 June 2017: $12,021,000). $168,400 remains due and payable as at 30 June 2018 (30 June 2017: $2,671,000). $2,200,000 worth of services received were settled by way of shares issued as approved at a general meeting of shareholders held on 4 January 2018;

- Horseshoe Metals Limited, a company in which Michael Fotios is a substantial shareholder and director, received no consulting and administrative support from the Company (30 June 2017: $75,000). A total of $75,000 remains due and receivable by the Group as at 30 June 2018 (30 June 2017: $75,000). A loan of $36,000 is receivable (30 June 2017: Nil), however has been fully provided for. Interest has not been charged on the outstanding amounts;

- Scorpion Minerals Limited (formerly Pegasus Metals Limited), a company in which Michael Fotios is a substantial shareholder, received no consulting and administrative support from the Company (30 June 2017: $25,000). $4,000 remains due and receivable by the Group as at 30 June 2018 (2017: $25,000) which have been fully provided for in the financial statements. Interest has not been charged on the outstanding amount;

- Redbank Copper Limited, a company in which Michael Fotios is a substantial shareholder and director, received no consulting and administrative support from the Company (30 June 2017: $35,000). $35,000 remains due and receivable by the Group as at 30 June 2018 (30 June 2017: $35,000) and has been fully provided for (30 June 2017: $102,000). Interest has not been charged on the outstanding amount;

- Crixus Pty Limited, a company in which Michael Fotios is a substantial shareholder and director, converted 5,000,000 options valued at $840,000 (30 June 2017: Nil) which remains due and receivable by the Group as at 30 June 2018. A provision for doubtful debts has been included in these financial statements for the outstanding balance of $840,000;

- Apollo Corporation (WA) Pty Ltd, a related party company to Michael Fotios, converted 2,500,000 options valued at $420,000 (30 June 2017: Nil) which remains due and receivable by the Group as at 30 June 2018. A provision for doubtful debts has been included in these financial statements for the outstanding balance of $420,000;

- Allan Still converted 1,800,000 options valued at $302,400 (30 June 2017: Nil) which remains due and receivable by the Group as at 30 June 2018. A provision for doubtful debts has been included in these financial statements for the outstanding balance of $302,400;

- During the year the Group drew down on a loan with Investmet Limited ('Investmet'), a company in which Michael Fotios is a substantial shareholder and director. The interest rate applicable to the loan was 4.5% to 30 January 2018 and 19% thereafter. A total of $14,315,000 was drawn down on the loan, interest of $955,000 was incurred and repayments of $4,678,000 were made during the year (refer to Note 15 for further details). At 30 June 2018 the outstanding loan balance is $10,592,000 (30 June 2017: $Nil). Investmet also provided consulting services to the Group to the value of $372,000 inclusive of GST (30 June 2017: $17,000). $17,000 remains due and payable by the Company as at 30 June 2018 (30 June 2017: $15,000). Interest is not charged on the consulting services;

- During the year, the Group drew down on a loan with the Michael Fotios Family Trust. The interest rate applicable to the loan was 4.5% up to 30 January 2018 and 19% thereafter. A total of $828,000 was drawn down on the loan, interest of $77,000 was incurred and repayments of $56,000 were made during the year (refer to Note 15 for further details). At 30 June 2018 the outstanding loan balance was $849,000.

Terms and conditions of transactions with Director-related entities:

Outstanding balances at 30 June 2018 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. An impairment 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 2018. The principal terms of the executive service agreements existing at reporting date are set out below:

Michael Fotios
The Group and 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.

The terms of employment for executive Directors and specified executives were updated in service agreements on 13 August 2018. The principal terms of the executive service agreements existing at reporting date are set out below:

(a) a base fee of $100,000 per annum for acting as Executive Chairman; and
(b) a base fee of $66,667 per annum for acting as Non-executive Director.

The updated service agreements were to be effective retrospectively from 15 May 2018.

Company performance

The table below shows the performance of the Group as measured by its earnings per share and share price. 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 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Loss per share	(0.14)	(0.03)	(0.08)	(0.08)	(0.07)
Share price at end of year	0.11	0.37	0.43	0.15	0.15

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 Directors. No environmental breaches have been notified to the Group by any government agency during the year ended 30 June 2018.

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 Director is 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.

DIRECTOR'S REPORT

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 (2017: $Nil). Further details of remuneration of the auditors are set out at Note 19.

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 Director's Report and forms part of this Director's 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 Director's 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 clauses 2.4(a)(1) and 2.4(f) of the Deed of Company Arrangement.

Peter Mansell
Non-executive Director

Perth, Western Australia
1 April 2019

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 2018, 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 2018

The Company's total Measured, Indicated and Inferred Mineral Resources as at 30 June 2018 are 21.0 million tonnes (Mt) @ 2.6 grams per tonne of gold (g/t Au) containing 1.78 million ounces of gold (Moz).

As no active ore mining occurred within any project area listed below, 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 UNDERGROUND	0	0.0	74	4.3	180	4.2	**254**	**4.2**	**35**
MAKAI SHOOT	0	0.0	1,985	2.0	153	1.7	**2,138**	**2.0**	**136**
WAIHI	0	0.0	805	2.4	109	2.4	**914**	**2.4**	**71**
Central Davyhurst Subtotal	**0**	**0.0**	**3,209**	**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**
BEWICK 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**

ANNUAL RESOURCE AND RESERVES STATEMENT

Mineral Resource Table (Continued)

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**	**12,450**	**2.5**	**8,140**	**2.4**	**20,728**	**2.5**	**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**
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**	**12,586**	**2.7**	**8,322**	**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 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 numbers in the above table are rounded.

Ore Reserves at 30 June 2018

The Company's total Proved and Probable Gold Ore Reserve as at 30 June 2018 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. As no active ore mining has occurred in this project area hence no resource depletion has occurred for the year.

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.

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Auditor's Independence Declaration to the Directors of Eastern Goldfields Limited

As lead auditor for the audit of the financial report of Eastern Goldfields Limited for the financial year ended 30 June 2018, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Philip Teale
Partner
1 April 2019

TH:CT:EGS:011

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	30 June 2018 $'000	30 June 2017 $'000
Revenue – Gold sales		16,152	-
Cost of sales		(33,310)	-
Gross Loss		**(17,158)**	**-**
Other (expense)/income	4	(33)	-
General and administration	5	(54,079)	(6,316)
Other operating expenses	5	(12,379)	(11,010)
Operating loss		**(83,649)**	**(17,326)**
Finance income		2	5
Finance costs	5	(2,743)	(777)
Loss before income tax expense		**(86,390)**	**(18,103)**
Income tax (expense) benefit	6	468	-
Loss for the year		**(85,922)**	**(18,103)**
Other comprehensive income			
items that may be reclassified to profit and loss			
Changes in fair value of available-for-sale assets	18	1,666	(3)
Income tax relating to this item	18	(468)	-
Cash flow hedges	18	(271)	271
Other comprehensive income, net of income tax		927	268
Total comprehensive loss for the year		(84,995)	(17,835)
Total comprehensive loss attributable to:			
Equity holders of the Parent		(84,995)	(17,835)
Basic and diluted loss per share	29	**(0.14)**	**(0.03)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	NOTES	30 June 2018 $'000	30 June 2017 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	5	44
Trade and other receivables	8	1,481	7,986
Inventories	9	2,058	-
TOTAL CURRENT ASSETS		**3,544**	**8,030**
NON-CURRENT ASSETS			
Trade and other receivables	8	64	64
Mine properties	10	38,460	55,703
Capitalised exploration expenditure	11	-	585
Available-for-sale financial assets	12	3,845	2,199
Derivative financial instruments	13	119	330
TOTAL NON-CURRENT ASSETS		**42,488**	**58,881**
TOTAL ASSETS		**46,032**	**66,911**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	40,627	28,618
Loans and borrowings	15	21,543	15,060
Provisions	16	1,303	206
Derivative financial instruments	13	293	-
TOTAL CURRENT LIABILITIES		**63,766**	**43,384**
NON-CURRENT LIABILITIES			
Provisions	16	18,243	11,912
TOTAL NON-CURRENT LIABILITIES		**18,243**	**11,912**
TOTAL LIABILITIES		**82,009**	**55,796**
NET (LIABILITIES)/ASSETS		**(35,977)**	**11,115**
SHAREHOLDERS' (DEFICIT)/EQUITY			
Contributed equity	17	287,168	251,282
Accumulated losses		(336,255)	(250,333)
Reserves	18	13,110	10,166
TOTAL SHAREHOLDERS' (DEFICIT)/EQUITY		**(35,977)**	**11,115**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

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 2016		228,343	(232,230)	8,029	-	23	**4,165**
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)		22,939	-	-	-	-	**22,939**
Share-based payments		-	-	1,846	-	-	**1,846**
At 30 June 2017		**251,282**	**(250,333)**	**9,875**	**271**	**20**	**11,114**
Loss for the year		-	(85,922)	-	-	-	**(85,922)**
Other comprehensive income, net of income tax		-	-	-	(271)	1,198	**927**
Total comprehensive loss		-	(85,922)	-	(271)	1,198	**(84,995)**
Issue of ordinary shares (net of costs)	17	35,886	-		-	-	**35,886**
Share-based payments	18	-	-	2,017	-	-	**2,017**
At 30 June 2018		**287,168**	**(336,255)**	**11,892**	**-**	**1,218**	**(35,977)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	30 June 2018 $'000	30 June 2017 $'000
Cash flows from operating activities			
Receipts from customers		16,152	-
Payments to suppliers and employees		(40,413)	(18,159)
Interest received		2	5
Finance costs paid		(746)	(499)
Net cash flows used in operating activities	28	**(25,005)**	**(18,653)**
Cash flows from investing activities			
Payments for capitalised exploration expenses		(53)	-
Payments for mine properties		(10,887)	(27,754)
Payments for available-for-sale asset acquisition		(73)	(1,500)
Net cash flows used in investing activities		**(11,013)**	**(29,254)**
Cash flows from financing activities			
Proceeds from share issue		29,939	17,534
Payments for costs of raising capital		(1,387)	(456)
Proceeds from loan advances		14,974	17,627
Repayment of loans		(7,547)	(2,155)
Net cash flows from financing activities		**35,979**	**32,550**
Net decrease in cash and cash equivalents held		**(39)**	**(15,357)**
Cash and cash equivalents at the beginning of the year		44	15,401
Cash and cash equivalents at the end of the year	7	**5**	**44**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial report of Eastern Goldfields Limited ('the parent') and its Subsidiaries (In Administration and Subject to Deed of Company Arrangement) (collectively referred to as "the Group") for the year ended 30 June 2018 was authorised for issue in accordance with clauses 2.4(a)(1) and 2.4(f) of the Deed of Company Arrangement, on the date of signing of the Director's Report. Eastern Goldfields Limited is a for-profit company limited by shares that is incorporated and domiciled in Australia.

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

The principal activity of the Group during the financial year was mineral exploration and evaluation, 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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated 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 Interpretations issued by the Australian Accounting Standards Board ('AASB'). The financial report has been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured on a fair value basis. The consolidated financial report is presented in Australian dollars, which is the parent's and Group's functional and presentation currency.

Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2017. The adoption of these standards and amendments did not result in a material adjustment to the amounts or disclosures in the current or prior year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(b) Going concern

As at 30 June 2018, the Group's current liabilities exceeded its current assets by $60,222,000, and equity deficiency totalled $35,977,000. The Group recorded a consolidated loss after tax of $85,922,000 for the year to 30 June 2018 (30 June 2017: consolidated loss after income tax of $17,835,000).

As outlined in the Director's Report, the Directors of the Group appointed Voluntary Administrators on 29 November 2018. Following their appointment, the Administrators received a Deed of Company Arrangement ('DOCA') proposal from Hawkes Point I Limited (refer Note 31) which was put to creditors and approved on 1 February 2019. The DOCA was subsequently executed by the Group on 12 February 2019.

The ability of the Group to continue as a going concern is primarily dependent upon:

- The Group undertaking a capital raising to raise an amount of not less than $22 million, as contemplated by the DOCA;
- All terms and conditions of the DOCA being satisfied, including obtaining necessary regulatory and shareholder approvals, including from ASIC and ASX; and
- The Group's Davyhurst operations remaining on care and maintenance for 18 months from the date of the capital raising.

At the date of these financial statements, the Group has:

- Executed the DOCA whereby if the terms and conditions are satisfied all the Group's secured creditors will be issued shares to convert the entire value of their claim to equity; all supporting creditors will receive 22 cents in the dollar for 60% of each supporting creditor's claim, with 40% of their respective claims being converted into equity at a conversion price of one cent per share and all remaining creditors to be paid out of a separately established trust to be funded up to an amount of $7.3 million from the capital raising;

- Signed a mandate letter with Hartleys Limited in relation to the capital raising referred to above, to raise a minimum of $22 million; and
- As part of the DOCA, Hawke's Point I Limited will underwrite 25% of the capital raising.

The Director believes that at the date of signing the financial report, and with the Group's Davyhurst facility remaining on care and maintenance, there are reasonable grounds to believe that having regard to the matters set out above, the Group will be able to continue as a going concern.

However, should any of the matters detailed above not be successfully concluded, the Group may be unable to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business at the amounts stated in the financial report.

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) New Accounting Standards and Interpretations issued but not yet effective or early adopted

The following Accounting Standards and Interpretations have been issued by the AASB but are not yet effective for the year ended 30 June 2018. The Group has not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Title of Standard	**Nature of Change**	**Impact**	**Mandatory Application date / Date of Adoption by Group**
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018: • Equity instruments, which are currently classified as available-for-sale financial assets, are measured at fair value, with movements in fair value being recognised in an Available-for-sale Reserve. Under AASB 9, these assets will continue to be measured at fair value, however the Group will make an irrevocable election to recognise all fair value movements through OCI. Accordingly, the Group does not expect the new standard to have a significant impact on the classification and measurement of its equity instrument financial assets; • The requirements applicable to financial liabilities carried at fair value through profit or loss are not expected to have a material impact on the operating results of the Group due to minimal holdings of such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed; • The hedging requirements under the new standard are not expected to have a material impact on the operating results of the Group due to minimal hedging arrangements in place;	Financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Title of Standard	Nature of Change	Impact	Mandatory Application date / Date of Adoption by Group
		• The new impairment model requires the recognition of impairment provisions based on expected credit losses ('ECL') rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 *Revenue from Contracts with Customers,* lease receivables, loan commitments and certain financial guarantee contracts. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. However, due to the nature of the Group's receivables at 30 June 2018, the new standard is not considered to have a material impact on the recognition of impairment provisions under the ECL model.	
AASB 15 *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 the 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 retrospective or a modified retrospective approach for the adoption.	During the current year, the Group completed its assessment of the impact of the new AASB 15 on its consolidated financial statements. Under AASB 15, revenue from the sale of gold bullion is recognised when control is transferred to Perth Mint. This occurs when Perth Mint accepts the product which is on the out-turn of the gold and the Group has agreed to sell the gold to Perth Mint. All performance obligations are also satisfied at this time. With these arrangements, there are no advance payments received from Perth Mint. A transaction price is determined at outturn by virtue of a deal confirmation received from Perth Mint and there are no further adjustments to this price. For the Group's principal revenue stream, the nature and timing of satisfaction of the performance obligations, and, hence, the amount and timing of revenue recognised under AASB 15, is the same as that under AASB 118. As a result of the above, no impacts on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, consolidated statement of cashflows or earnings per share ('EPS') are expected.	Financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2018. The Group plans to use the full retrospective approach to apply the new standard.
AASB 16 *Leases*	AASB 16 was issued in January 2016. It will result in almost all leases being recognised on the	Although the Group has yet to commence its impact assessment, during the year ended 30 June 2019, it will focus on reviewing contracts, aggregating	Financial years commencing on or after 1 January

Title of Standard	Nature of Change	Impact	Mandatory Application date / Date of Adoption by Group
	balance sheet, as the distinction between operating and finance 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.	data to support the evaluation of the accounting impacts and identifying where key policy decisions are required. At the date of this report all major contracts have been terminated. Hence, the impact is not expected to be material.	2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption. Expected date of adoption by the Group: 1 July 2019.
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	This Standard amends AASB 2 *Share-based Payments*, that addresses three main areas: the effects of vesting conditions on the measurement of a cash settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.	The Group has no share-based payment transactions with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transactions. Therefore, these amendments do not have a material impact on the Group's consolidated financial statements.	Financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2018.
AASB 3 *Business Combinations*	The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously	These amendments are currently not applicable to the Group but may apply in future transactions.	Financial years commencing on or after 1 January 2019. Expected date of adoption by the

Title of Standard	Nature of Change	Impact	Mandatory Application date / Date of Adoption by Group
	held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation		Group: 1 July 2019
AASB 111 *Joint Arrangements*	A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in AASB 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.	These amendments are currently not applicable to the Group but may apply in future transactions.	Financial years commencing on or after 1 January 2019. Expected date of adoption by the Group: 1 July 2019
AASB 112 *Income Taxes*	The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.	These amendments are currently not applicable to the Group but may apply in future transactions.	Financial years commencing on or after 1 January 2019. Expected date of adoption by the Group: 1 July 2019
AASB 123 *Borrowing Costs*	The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.	These amendments are currently not applicable to the Group but may apply in future transactions.	Financial years commencing on or after 1 January 2019. Expected date of adoption by the Group: 1 July 2019
IFRIC Interpretation 23 Uncertainty over Income Tax treatment	The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.	Although the Group does not operate in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements in future periods. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.	Financial years commencing on or after 1 January 2019. Expected date of adoption by the Group: 1 July 2019

Title of Standard	Nature of Change	Impact	Mandatory Application date / Date of Adoption by Group
	The Interpretation specifically addresses the following: • Whether an entity considers uncertain tax treatments separately; • The assumptions an entity makes about the examination of tax treatments by taxation authorities; • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; • How an entity considers changes in facts and circumstances; An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.		

(d) Principles of consolidation

The consolidated financial statements comprise the financial statements of Eastern Goldfields Limited and its subsidiaries (as outlined in Note 25) as at 30 June 2018.

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 its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Specifically, the Group controls an entity if, and only if, the Group has all of the following:

- Power over the entity (ie: existing rights that give it the current ability to direct the relevant activities of the entity);
- Exposure, or rights, to variable returns from its involvement with the entity; and
- The ability to use its power over the entity to affect its returns.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests ('NCIs').

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to the NCIs, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non- controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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

Sales

Revenue from the sale of gold bullion is recognised when the risks and rewards of ownership have passed to the buyer (Perth Mint). There are no revenue amounts recognised on a provisional basis, as all revenue is recognised on the basis of final pricing, which is determined at outturn by Perth Mint.

The point at which risk and rewards passes to Perth Mint which is on the out-turn of the gold when the Group agrees to sell the gold to Perth Mint. That is, once the gold has been refined and the Group and Perth Mint have agreed to sale.

(f) Mine properties (plant & equipment, construction in progress, mine development)

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. Upon completion of the construction phase, all assets are transferred to Mine Properties at cost.

Plant and equipment located on a mine site (and carried forward mine development costs) is carried at cost less accumulated depreciation and any accumulated impairment losses. All such assets are depreciated over the estimated remaining economic life of the mine, using a units-of-production ('UOP') basis. The UOP rate calculation for depreciation/amortisation of plant & equipment located on the mine site (and carried forward mine development costs) takes into account expenditures incurred to date, together with future development expenditure, as well as economically recoverable reserves (comprising proven and probable reserves).

All other plant and equipment is carried at cost less accumulated depreciation and impairment losses. These items are depreciated on a straight-line basis over the assets estimated useful life which is three to eight years. Depreciation commences from the time the asset is held ready for use. All 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 (at 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 de-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.

Asset residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if deemed appropriate.

(g) Financial Instruments

Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity or available-for-sale financial assets. 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 are recognised when the entity becomes a party to the contractual provisions of the instrument. This is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie: trade date accounting is adopted). Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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 financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are recognised in the available-for-sale reserve in equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised or impaired, at which time the cumulative gain or loss held in equity is reclassified from equity to profit or loss.

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

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

On initial recognition non-derivative financial liabilities are recognised at fair value less any transaction costs and then subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, in which case, they are classified as non-current.

A financial liability is derecognised when the associated obligation is discharged, cancelled or it expires.

Derivative financial instruments

The Group holds derivative financial instruments to mitigate its risk exposures from commodity price movements. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging item, and if so, the nature of the item being hedged. 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.

(g) Financial instruments (Continued)

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 Group documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The Group 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 hedges
Cashflow hedges are used to cover the Group's exposure to variability in cashflows that is attributable to particular risks associated with a recognised asset of liability or a firm commitment which could affect the profit or loss. To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI and accumulated 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. The ineffective portion of the gain or loss is recognised in profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity unit the forecast transaction occurs.

Impairment
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 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 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, estimated impairment losses are recognised in a separate provision for impairment.

The Group applies the following criteria as objective evidence that a loss event 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;
- payments more than 90 days overdue;
- it is probable the debtor will enter bankruptcy or other financial reorganisation; or
- the Group, 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 Group will not recover the net carrying amount (gross carrying amount less impairment provisions) of an impaired receivable, 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.

(h) Exploration and evaluation expenditure

The Group applies the area-of-interest method when accounting for exploration and evaluation costs. Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred unless the Group concludes that a future economic benefit is more likely than not to be realised. Exploration and evaluation costs include the acquisition of rights to explore, studies, exploratory drilling, sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Capitalised exploration and evaluation costs related to areas of interest are carried forward to the extent that the rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred, and

a) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, or
b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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. These include:

a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If impairment indicators exist, the Group determines the recoverable amount of the capitalised exploration and evaluation expenditure. An impairment loss exists when the carrying amount exceeds the recoverable amount. In this instance, the capitalised exploration and evaluation expenditure is written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

Any impairment loss in relation to capitalised exploration and evaluation expenditure, recognised in accordance with AASB 6, is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. However, such reversals do not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

(i) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's FVLCD and its VIU. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. Management has assessed its CGU as being the Davyhurst Project, which is the lowest level for which cash inflows are largely independent of those of other assets.

In calculating VIU, 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/ CGU. In determining FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets/CGUs, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the consolidated statement of profit or loss and other comprehensive income as other income.

(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 (being those that significantly affect the returns of the arrangement) 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 liabilities 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.

All such amounts are measured in accordance with the terms of the arrangement which are in proportion to the Group's interest in each asset, liability, income and expense item of the joint operation.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(l) Inventories

Inventories include consumable stores, ore stockpiles, gold in circuit and finished goods (dore). Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct purchase costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

Net realisable value represents estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

Consumable stores are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

(m) Income tax

Current tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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; or
- 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:

- Where 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; or
- 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.

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 by the end of the reporting period.

Deferred tax relating to items recognised in other comprehensive income or equity, is recognised in other comprehensive income and not in profit or loss.

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.

(n) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received and is classified as equity. The incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) 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.

(p) 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(q) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits – Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits and other benefits expected to be settled wholly within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits – Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. Long-term employee benefits are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Rehabilitation costs
Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine.

Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 116.

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.

Onerous lease contracts
A provision for onerous leases is recognised when the expected benefits (expected lease inflows) to be derived by the Group from a lease are exceeded by the unavoidable costs of meeting the obligations under existing lease contracts. The provision is measured as the present value of the of the lower of the expected cost of terminating the lease and the expected net cost of continuing the lease. Prior to the establishment of a provision for onerous leases, the Group recognises any impairment loss that has occurred on assets associated with the lease.

(r) 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. A distinction is made between financial leases, which effectively transfer from the lessor to the lessee, substantially all the risks and benefits incidental to the ownership of the leased asset, and operating leases, under which the lessor effectively retains such risks and benefits.

Assets acquired under a finance lease arrangement are capitalised. A lease asset and lease liability are established at the fair value of the leased assets, or if lower, the present value of future minimum lease payments. Leased assets are depreciated over the shorter of the lease term or the asset's useful life.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

The Group is not a lessor in any transactions, it is only a lessee.

(s) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, net of any outstanding bank overdrafts.

(t) Rounding of amounts

The Group has 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 director's report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(u) Comparative figures

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

(v) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method and 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.

(w) Share-based payments

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, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into account in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity settled awards are modified, as a minimum an expense is recognised as if the modification had not been made. An additional expense is recognised over the remaining vesting period for any modification that increases the fair value of the share-based compensation benefit at the date of the modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense of the award is recognised over the remaining vesting period, unless the award is forfeited.

For awards with non-market vesting conditions that are forfeited the accumulated vesting expense is reversed at the date of forfeiture.

If equity settled awards are cancelled, it is treated as if the award had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(x) Fair value measurement

The Group measures certain assets and liabilities at fair value at each reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or CGU at fair value less costs of disposal.

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 at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group 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. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. For derivative hedging instruments, the inputs used are forward gold prices.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable

market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(y) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalent, unless restricted from being exchanged or used, to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required, as described below:

Significant Judgements

Production start date
The Group assesses the stage of each mine under development/construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/ construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Mines under construction' to 'Property, plant and equipment'. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate;
- Completion of a reasonable period of testing of the mine plant and equipment;
- Ability to produce metal in saleable form (within specifications); and
- Ability to sustain ongoing production of metal.

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases, and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

During the year ended 30 June 2018, the Group considered the Davyhurst mine had met the abovementioned criteria to support the commencement of ‘commercial production’.

Deferred tax assets
Deferred tax assets, including those arising from unutilised tax losses, require the Group to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management’s estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets could be impacted. At 30 June 2018, 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.

Significant Estimates and Assumptions

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. At 30 June 2018, the capitalised exploration and evaluation expenditure was written down to nil, as it was assessed that it was unlikely future economic benefits would be realised for the areas of interest that the expenditure relates to.

Net realisable value of inventories
Gold dore, gold in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Consumable stores are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

At 30 June 2018, the Group recognised a provision against consumable stores of $549,000 for consumable store items identified as obsolete.

Provision for rehabilitation
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, currently proposed to be 2025 (2017: 2024), 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. At 30 June 2018, the provision of $15.6 million represents management’s best estimate of the rehabilitation costs required and represents a $3.24 million increase over the 30 June 2017 provision. Refer to Note 16 for further details.

Ore reserve and mineral resource estimates
Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group’s mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group’s reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties and plant and equipment, may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the units of production method, or where the useful life of the related assets change;
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.
The Group estimates and reports ore reserves and mineral resources in line with the principles contained in the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (December 2012 Edition).

As the economic assumptions used may change and as additional geological information is produced during the Group's operations, estimates of ore reserves and mineral resources may change.

Impairment of mine properties
Assets, including plant and equipment, 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 'air value less costs to sell'. 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 at the measurement date. Assessments of the recoverable amounts require the use of estimates and assumptions such as reserves, mine lives, discount rates, exchange rates, commodity prices, grade of ore mined, recovery percentage, operating performance, costs and capital estimates.

After consideration of potential indicators of impairment, the Group concluded that there were indicators of impairment present in relation to the Group's cash generating unit ('CGU') at 30 June 2018. In accordance with the Accounting Standards, the recoverable amount of the CGU was determined to be its fair value of $39.66 million less costs of disposal of $1.2 million. As a result, an amount of $26.46 million was recognised as an impairment loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018. Refer to Note 10 for further details.

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 the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, they are measured using valuation techniques including the discounted cash flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. At 30 June 2018, the fair value of the Group's derivative financial instruments (financial liability) based on observable inputs, other than quoted prices, was $293,000 (30 June 2017: financial asset $271,000).

When the fair values of non-financial assets/CGUs need to be determined, ie: for the purposes of calculating FVLCD or VIU for impairment testing purposes, they are measured using valuation techniques including a DCF model. Further information about the significant judgements, estimates and assumptions impacting impairment testing is contained in Note 10.

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.

During the year, the Group recognised share-based payments expenses of $1.09 million (30 June 2017: $1.19 million) in the consolidated statement of profit or loss and other comprehensive income. Refer to Note 30 for details of the key estimates and assumptions used.

Onerous contracts
The Group has identified it has an onerous contract in relation to a property subject to a non-cancellable lease agreement that was vacated by the group during the year. The Group has estimated the economic benefits that it is likely to receive from sub-leasing the property over the remaining lease term based on an annual rate of between $80/sqm to $90/sqm. As the estimated economic benefits from subleasing the property are less than the obligations under the lease arrangement an onerous lease provision of $3.6 million was recognised in the consolidated statement of financial position at 30 June 2018 with a corresponding expense being recognised in the consolidated statement of profit or loss and other comprehensive income. Refer to Note 16.

The calculation of the onerous lease provision is most sensitive to estimated sublease annual rental rates, when the property is subleased, and any lease incentives included in the subleased.

Annual Subleasing Rates – If the annual rate to sub-lease the property decreased to $80/sqm, the onerous lease provision would increase by $212,000. If the annual rate to sub-lease the property increased to $90/sqm, the onerous lease provision would decrease by $212,000.

Sublease dates and incentives – If the property was sub-let in December 2019 with a 12 month rent free period, the onerous lease provision would increase by $267,000.

	30 June 2018 $'000	30 June 2017 $'000
4. OTHER (EXPENSE)/INCOME		
Loss on sale of investment	(33)	-

	30 June 2018 $'000	30 June 2017 $'000
5. OPERATING PROFIT(LOSS)		
Loss from continuing operations before income tax has been determined after the following specific expenses:		
Depreciation and amortisation	4,912	310
Impairment of mine properties	26,460	-
Exploration and evaluation expensed	4,154	9,261
Exploration and evaluation written off	637	-
Realised hedging loss	602	-
Operating lease expenses	1,144	167
Onerous lease provision	3,602	-
Share-based payments	1,088	1,194
Employee benefits expense	10,438	1,157
Directors' fees	109	136
Consulting fees	1,130	2,629
Mining costs	12,784	-
Processing costs	15,614	-
Site contractors and consultants	5,602	-
NRV write-down	549	-
Finance costs expensed:		
- Accretion of rehabilitation provision	441	403
- Interest bearing loans and borrowings	2,301	-
- Other parties	-	374

6. INCOME TAX

(a) Components of tax expense:		
Current tax benefit	(468)	-
Deferred tax	-	-
Under/(over) provision in prior years	-	-
	(468)	-
(b) Deferred income tax related to items recognised directly to equity		
Gain on Available-for-sale investment	468	-
(c) Prima facie income tax expense		
The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax expense on loss before income tax at 30% (2017: 30%).	(25,917)	(5,430)
Tax effect of:		
- expenses not deductible in determining taxable profit/loss	1,477	559
- items which are non-assessable in determining taxable profit/loss	-	(64)
- losses and other deferred tax balances not recognised during the period	23,972	4,935
Income tax benefit attributable to loss	(468)	-

Deferred tax assets are recognised for the carry-forward of unused tax losses to the extent that it is probable that taxable profits will be available in the future against which unused tax losses can be utilised. The deductible carry-forward 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.

Given the current status of the Group's operating activities and the nature of its future plans, it is uncertain as to the extent to which the carried forward unused tax losses will continue to be available to it in future periods. At the date of this report, the Group has yet to complete its assessment of the availability or otherwise of its carry forward unused tax losses.

(d) Tax consolidation

Eastern Goldfields Limited and its wholly owned Australian resident subsidiary have formed a tax consolidated Group with effect from 1 July 2002. Eastern Goldfields is the head entity of the tax consolidated Group.

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

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*.

7. CASH AND CASH EQUIVALENTS

	30 June 2018 $'000	30 June 2017 $'000
Cash at bank and on hand	5	44
	5	44

For the purposes of the consolidated statement of cashflow, cash and cash equivalents comprise:

Cash at bank and on hand	5	44
	5	44

8. TRADE AND OTHER RECEIVABLES

	30 June 2018 $'000	30 June 2017 $'000
CURRENT		
Trade receivables	-	3
GST Receivables	1,156	6,612
Security deposits (ii)	250	400
Related party receivables (iii)	1,217	232
Other receivables	1,801	432
less provision for doubtful debts	(3,268)	(208)
	1,156	7,471
Prepayments (i)	325	515
	1,481	7,986
NON-CURRENT		
Security deposits (iv)	64	64

(i) Prepayments consist of expenses paid in advance.

(ii) Security deposits relate to amounts paid to secure the services of contractors. These amounts are not available to finance the Group's day-to-day operations and have therefore been excluded from cash and cash equivalents in the Group's consolidated statement of cashflows.

(iii) These receivables relate to outstanding amounts for shares issued to related parties during the year and advances provided to related parties for the recharges of certain costs incurred by the Group on behalf of the related party. There are no interest charges on these amounts.

(iv) Security deposits consist of bank guarantees held for the Group's credit card arrangements. Amounts cannot be released until such time as any outstanding amounts for these items have been met. These amounts are not available to finance the Group's day-to-day operations and have therefore been excluded from cash and cash equivalents in the Group's consolidated statement of cashflows.

The carrying amount of trade and other receivables, which is the gross receivable less provisions for doubtful debts, approximates their fair value. No collateral is held by the Group in relation to any amounts included above.

Impairment of receivables

During the year ended 30 June 2018, the Group recognised expenses of $3,060,000 in relation to provisions for doubtful debts for related party receivables, other receivables and security deposits that have been fully provided for. The prior year provisions for doubtful debts relate to other receivables.

	30 June 2018 $'000	30 June 2017 $'000
8 TRADE AND OTHER RECEIVABLES (Continued)		
Reconciliation of provision for doubtful debts		
Carrying amount at beginning of year	208	-
Arising during the year	3,060	208
Carrying amount at the end of year	3,268	208

Past due but not impaired

Receivables with balances that are past due but not impaired amount to nil (30 June 2017: Nil).

	30 June 2018 $'000	30 June 2017 $'000
9 INVENTORIES		
CURRENT		
Consumables (net of provision for obsolescence)	-	-
Ore stockpiles	9	-
Gold in circuit at NRV	1,561	-
Finished goods – dore at NRV	488	-
Total inventories - lower of cost or NRV	2,058	-

	30 June 2018 $'000	30 June 2017 $'000
10. MINE PROPERTIES		
Plant and equipment		
Gross carrying amount – at cost	49,315	14,628
Accumulated depreciation and impairment	(35,585)	(11,455)
	13,730	3,173
Construction in progress		
Gross carrying amount – at cost	-	35,197
Mine development		
Gross carrying value at cost	42,777	17,333
Accumulated depreciation and impairment	(18,047)	-
	24,730	17,333
Total mine properties		
Gross carrying value at cost	92,092	67,158
Accumulated depreciation and impairment	(53,632)	(11,455)
	38,460	55,703

Refer to Note 15 for encumbrances against these assets

10. MINE PROPERTIES (Continued)

Reconciliations

Reconciliations of the carrying amounts of mine properties at the beginning and end of the current financial year

	30 June 2018 $'000	30 June 2017 $'000
Plant and Equipment		
Carrying amount at beginning of year	3,173	3,000
Additions	197	483
Transfers in from construction in progress	34,477	-
Depreciation	(4,274)	(310)
Impairment expense	(19,843)	-
Carrying amount at the end of year	13,730	3,173
Construction in Progress		
Carrying amount at beginning of year	35,197	607
Additions	101	34,590
Transfers	(35,298)	-
Carrying amount at the end of year	-	35,197
Mine Development		
Carrying amount at beginning of year	17,333	-
Additions (i)	13,744	17,333
Transfers in from construction in progress	908	-
Depreciation	(638)	-
Impairment	(6,617)	-
Carrying amount at the end of year	24,730	17,333

(i) A total of $3.24 million 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 16 for further details.
(ii). Refer to Note 15 for details on asset encumbrances.

Impairment testing

In accordance with its accounting policies and processes, each asset or CGU is evaluated annually at 30 June, to determine whether there are any indications of impairment or whether there are any circumstances justifying the reversal of previously recognised impairment losses. Factors, such as changes in assumptions in future commodity prices, exchange rates, production rates and input costs, are monitored to assess for indications of impairment or reversal of previously recognised impairments. If any such indications of impairment or impairment reversals exist, a formal estimate of the recoverable amount is performed. In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount, which is the higher of fair value less cost to dispose ('FVLCD') and value-in-use ('VIU').

The operating performance of the Group during the year to 30 June 2018, was considered to be an indicator of impairment. Accordingly, the Group has determined the recoverable value of its CGU. Given the current status of the Group's operations, the calculation of the recoverable value on a VIU basis is not considered appropriate. Accordingly, the recoverable value of the Group's CGU is on the basis of FVLCD. The fair value has been determined based on the highest and best use. The highest best and use was determined on the basis that a market participant would acquire the entire Davyhurst CGU rather than the individual assets within the CGU. The fair values were determined by external valuers.

10. MINE PROPERTIES (Continued)

Cash generating units

CGUs represent a grouping of assets at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This results in the Group evaluating its CGUs as individual mining operations. As the Group has one mining operation, being the Davyhurst Project, this is considered to be the only CGU, which is consistent with the Group's presentation of its operating segments. There has been no change in the determination of the Group's CGUs since the previous financial year.

In determining the fair value of the Davyhurst CGU separate valuation were performed for plant and equipment and mine property assets.

Plant and Equipment

Valuation Methodology

The FVLCD was determined using a combination of the following valuation methods:

- Depreciated Replacement Cost – involves the determination of the costs of new plant and equipment and the establishment of reasonable estimates of applicable depreciation;
- Comparable Transactions – involves reviewing recent transactions for the sale of plant & equipment on an appropriate basis.

The valuation is on the basis that the plant and equipment would remain in its current location for continued use, representing the highest and best use of the asset.

Recoverable Values

The recoverable value of the plant & equipment of $13.73 million, was determined based on its estimated fair value of $14.16 million less estimated costs of disposal of $0.43 million as at 30 June 2018.

The key assumption in determining recoverable value under the Depreciated Replacement Cost method, which was the primary method used for determining the fair value, is the age of the plant and equipment. Items of plant and equipment were categorised into two broad categories based on the age of the items, being: Category 1 items, which were items between 23 and 33 years old had an estimated remaining useful life of three to four years; and Category 2 items, which were items that were replaced or refurbished in 2016 and 2017 were considered to have remaining useful live based on 90% of their original estimated useful life.

Mine Development

Valuation Methodology

The fair value of mine development assets was determined based on comparable market transactions. Comparable transactions included recent transactions of mineral asset that were comparable in location and commodity to the Group's Davyhurst project and were considered to be arm's length transactions. Based on the consideration paid and the types of tenements/resources acquired in the comparable transactions a range of values were determined for the group's resources, tenements and exploration prospects.

Recoverable Values

Due to the operational history of the Davyhurst project, the lower end of the range was considered most appropriate in determining the recoverable value of $24.73 million which includes estimated disposal costs of $0.77 million.

The fair value of the Group's resources make up more than 80% of the recoverable value. The fair value was determined by multiplying the Group's resource by resource multiples from comparable transactions. The resource multiples from comparable transactions ranged from A$8/oz to A$12/oz for Inferred Resources, and A$12/oz to A$36/oz for Indicated Resources. The value assigned to the Group's resource was dependent on when the resource was initially determined with lower value resource multiples being applied against resources that were not reported under the JORC 2012 code. In future reporting periods, should there be a change in the resource multiple, based on new comparable transactions, or a revision to the Davyhurst resources this will impact in the fair value.

10. MINE PROPERTIES (Continued)

For the Group's mining, prospecting and exploration tenements fair values were determined based on the size of these tenements and the consideration price paid in comparable transactions for similar types of tenements.

FAIR VALUE HIERARCHY

The fair value estimates are considered to be Level 3 fair value measurements (as defined by accounting standards – refer Note 2(x)) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

SUMMARY OF IMPAIRMENTS

The following impairment losses were recognised during the period:

	30 June 2018 $'000	30 June 2017 $'000
Mine Development	6,617	-
Plant & Equipment	19,843	-
	26,460	-

11. CAPITALISED EXPLORATION EXPENDITURE

	30 June 2018 $'000	30 June 2017 $'000
Exploration and evaluation assets		
Carrying amount at beginning of year	585	454
Expenditure incurred during the year	52	131
Capitalised exploration written off	(637)	-
Carrying amount end of year	-	585

During the year, $4,154,000 of exploration costs incurred were immediately expensed to 'Other Operating Expenses' in the consolidated statement of profit or loss and other comprehensive income. This amount related 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 consolidated 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.

As at the reporting date, in light of the Group's revised operating strategy, it was assessed that future economic benefits would not be realised in relation to this expenditure and the expenditure was written off.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2018 $'000	30 June 2017 $'000
NON-CURRENT		
At fair value (Note 24(a)):		
Shares in Orion Gold NL	1,697	1,061
Shares in Intermin Resources Limited	2,148	1,138
Total available-for-sale financial assets at fair value	3,845	2,199

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)	30 June 2018 $'000	30 June 2017 $'000
Reconciliation of fair values at the beginning at the end of the current and previous financial year:		
Opening fair value	2,199	533
Additions	24	1,669
Disposals	(44)	-
Revaluation increments(decrements)	1,666	(3)
Closing fair value	3,845	2,199

13. DERIVATIVE FINANCIAL INSTRUMENTS	30 June 2018 $'000	30 June 2017 $'000
NON-CURRENT ASSETS		
At fair value (Note 24(a)):		
Listed options in Intermin Resources Limited	119	59
Cashflow hedging instruments	-	271
	119	330
NON-CURRENT LIABILITIES		
At fair value:		
Forward gold contract derivatives	293	-
	293	-

14. TRADE AND OTHER PAYABLES	30 June 2018 $'000	30 June 2017 $'000
CURRENT		
Trade payables	36,324	24,447
Accruals	2,860	1,304
Other Payables	1,443	2,867
	40,627	28,618

Trade payables and accruals are non-interest bearing and are ordinarily settled within 30 to 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 $1,233,400 (2017: $1,918,000).

15. LOANS AND BORROWINGS

	30 June 2018 $'000	30 June 2017 $'000
CURRENT		
Secured – interest bearing		
Revolving Loan Facility – Investec (a)	10,102	15,060
	10,102	15,060

	Investec $'000
Reconciliation:	
Opening balance	15,060
Interest charged	959
Interest paid	(434)
Repayments – cashflows	(5,535)
Drawdowns	52
Closing balance	10,102

	30 June 2018 $'000	30 June 2017 $'000
CURRENT		
Unsecured – interest bearing		
Investmet (b)	10,592	-
Michael Fotios Family Trust (b)	849	-
	11,441	-

Reconciliation:

	Investmet $'000	MFFT $'000	Total $'000
Opening balance	-	-	-
Interest Charged	955	77	1,032
Advances	14,315	828	15,143
Repayments – cashflows	(2,178)	(56)	(2,234)
Repayments – other[1]	(2,500)	-	(2,500)
Closing balance	10,592	849	11,441

1. This represents shares issued in lieu of repayment of the outstanding loan balance.

Terms and conditions for loans and borrowings:

(a) 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 under a Syndicated Facilities Agreement. 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:

15. LOANS AND BORROWINGS (Continued)

(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 is to be of a sufficient number to repay up to $2.5 million of the RLF;
(v) Other conditions precedent for facilities typical of those being provided.

The Group has provided security for the RLF as follows:

(i) General security agreements over all of their current and future assets;
(ii) Specific security agreements over the ordinary shares in the capital of each of the guarantors;
(iii) Other security of the Company as required by Investec, acting reasonably in the context of financing transactions of this nature.

As outlined in the Syndicated Facility Agreement, interest payable on the RLF and ELF is determined as follows:

- RLF – 4% margin plus BBR
- ELF – 1.5% margin plus BBR

At 30 June 2018, the Group had fully drawn its available facilities under the RLF of $10 million ($5 million having been repaid during February 2018, in accordance with the terms of the RLF). The facility maturity date was 1 February 2019 with $5 million required to be repaid by 1 August 2018 with any remaining principal and accrued interest repaid by 1 February 2019. At 30 June 2018, the Group had $10 million undrawn in relation to the ELF.

During the year, conditions outlined in the syndicated facility agreement were breached whereby Investec could require the outstanding facility balance to be repaid immediately.

On 28 August 2018 Hawke's Point Holdings I Ltd ('Hawke's Point') completed the acquisition of the outstanding debt owed by the Group to Investec, pursuant to the Investec Debt Facility, as well as the assignment of the Syndicated Facility Agreement (and associated security documents), from Investec. Refer to Note 31 for further information.

(b) Investmet Limited, Michael Fotios Family Trust

The terms of the Investmet standby and Michael Fotios Family Trust loan facilities are:

(i) Principal amount not to exceed $15 million;
(ii) Maturity date of 6 months after the Investec RLF is closed out;
(iii) Interest is charged at 19% whilst the facility is unsecured; 10% whilst the facility is secured but ranking second in priority and distribution to the Syndicated Facilities Agreement or 3% above BBR whilst the facility is secured and first ranking in priority and distribution. As at 30 June 2018 the Investmet standby and Michael Fotios Family Trusts facilities were unsecured with an interest rate of 19% being charged on outstanding balances.

	30 June 2018 $'000	30 June 2017 $'000
16. PROVISIONS		
CURRENT		
Employee Benefits	349	206
Onerous Lease	954	-
Total	1,303	206
NON-CURRENT		
Provision for rehabilitation	15,595	11,912
Onerous lease	2,648	-
	18,243	11,912

	30 June 2018 $'000	30 June 2017 $'000
16. PROVISIONS (Continued)		
(a) Provision for rehabilitation		
Carrying amount at beginning of year	11,912	9,380
Movement as a result of re-assessment of provision	3,242	2,129
Accretion	441	403
Carrying amount at the end of year	15,595	11,912

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 for 2018, have been based on estimates provided by an external consultant, who was commissioned by the Group in June 2018. Key inclusions and pertinent matters underpinning the provision are:

- The provision covered the four Project Areas, being Carnegie, Siberia, Mt Ida and Heron;
- Project Areas (apart from the Davyhurst Project site) have undergone limited scale exploration activities and have been on care and maintenance;
- Costing estimates at 30 June 2018 for the four Project Areas, included actual mining contractor and equipment rates and average industry contracting rates;
- The provision incorporates costs for the demolition and cartage of fixed infrastructure to the nearest nominated waste disposal area;
- No allowance has been made for decommissioning of assets not owned by the Group but are located on Group owned leases;
- The rehabilitation costs being incurred over an eight-year period;
- A 15% contingency has been included in the provision calculation; and
- An allowance has been made within the Contingency, for post-closure maintenance and reworking of environmental rehabilitation.

Assumptions, which are based on the current economic environment, have been made which the Company 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.

During the financial year ended 30 June 2018, management undertook a detailed review of the Group's future rehabilitation obligations in relation to the mine. This re-assessment resulted in a $3.24 million increase in provisions (2017 increase: $2.13 million). This amount was capitalised to mine property assets during the year.

(b) Provision for onerous lease

	30 June 2018 $'000	30 June 2017 $'000
Carrying amount at beginning of year	-	-
Arising during the year	3,602	-
Carrying amount at the end of year	3,602	-

The onerous lease provision represents the unavoidable costs discounted to present value for an onerous property lease arrangement. The unavoidable costs represent the minimum lease payment over the remaining lease term of eight years less any estimated benefits expected to be received from being able to sublease the property.

17. CONTRIBUTED EQUITY

	30 June 2018 No.	30 June 2018 $'000	30 June 2017 No.	30 June 2017 $'000
Issued and Paid up capital	761,784,738	287,168	559,778,054	251,282

The fully paid ordinary shares have no par value.

(a) Movements in share capital

		No.	$'000
Balance at 1 July 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 EGM on 29 May 17	11,600,000	4,060
	Cost of Capital Raising	-	(487)
Balance at 30 June 2017		**559,778,054**	**251,282**
14/07/2017	Shares at issue price of $0.35 per share – portion of tranche 2 placements	100,000	35
14/07/2017	Shares at an issue price of $0.168 per share – exercise of 650,000 options utilising the cashless exercise facility	324,030	-
14/07/2017	Shares issue at $0.168 – exercise of options	250,000	42
02/11/2017	Shares issued pursuant to Stirling Settlement Deed as announced 30 December 2015	4,500,000	-
01/02/2018	Shares issued at issue price of $0.20 per share	65,350,000	13,070
01/02/2018	Shares issue at a deemed issue price of $0.20 per share	750,000	150
02/02/2018	Shares issued to Hawkes Point under tranche 2 of placement at issue price of $0.20 per share	87,500,000	17,500
28/02/2018	Shares issued at issue price of $0.20 per share – non-renounceable rights issue	14,021,303	2,804
15/03/2018	Issue of shares at issue price of $0.20 per share pursuant to underwriting agreement entered in relation to the Company's non-renounceable rights issue.	11,000,000	2,200
06/04/2018	Shares issued on conversion of 12,950,000 options at exercise price of $0.168 expiring 8 March 2018	12,950,000	2,176
06/04/2018	2,135,851 shares issued on conversion of 6,975,000 options exercisable at $0.168 expiring 8 March 2018 using cashless exercise facility	2,135,851	-
21/05/2018	Shares issued at $0.20 per share, pursuant to shortfall offer in relation to non-renounceable rights issue	3,125,000	625
21/05/2018	Shares issued on conversion of 250 options at conversion price of $0.25 expiring 2 February 2023	250	-
21/05/2018	Shares issued on conversion of 250 options at conversion price of $0.275 expiring 2 February 2023	250	-
	Cost of Capital Raising	-	(2,716)
Balance at 30 June 2018		**761,784,738**	**287,168**

17. CONTRIBUTED EQUITY (Continued)

Non-cash equity transactions during the year comprised:
(i) Shares issued to settle related party loans in the amount of $2,500,000 (2017: Nil);
(ii) Shares for which payment has not been received at 30 June 2018 in the amount of $2,591,000 (2017: Nil);
(iii) Shares issued to settle supplier invoices and salaries in the amount of $3,172,000 (2017: $5,810,000); and
(iv) Shares issued for services provided as part of capital raising for the amount of $400,000 (2017: Nil).

(b) 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.

(c) 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 Group. Refer to Note 30 for further information.

(d) 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.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets its obligations attached to its interest-bearing loans and borrowings that form part of its capital structure, as well as its obligations to its trade creditors. Subsequent to 30 June 2018, the Group entered into repayment arrangements with certain trade creditors and restructured its existing interest-bearing loans and borrowings. While a number of the repayment plans with trade creditors have been adhered to, a number have not. Following an unsuccessful attempt to recapitalise the Group during September 2018, the Group entered Voluntary Administration on 29 November 2018. Subsequently, a Deed of Company Arrangement was approved at a meeting of creditors on 1 February 2019. Refer to Note 31 for further information.

(e) Dividends paid or proposed

No dividends were paid or proposed during the current or previous financial year. No dividends have been proposed subsequent to the end of the current financial year.

	Notes	30 June 2018 $'000	30 June 2017 $'000
18. RESERVES			
Available-for-sale financial asset reserve	(a)	1,218	20
Cash flow hedge reserve	(b)	-	271
Share-based payment reserve	(c)	11,892	9,875
		13,110	10,166

(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

	30 June 2018 $'000	30 June 2017 $'000
Balance at beginning of year	20	23
Change in fair value of available-for-sale financial assets, net of tax	1,198	(3)
Balance at end of year	1,218	20

	Notes	30 June 2018 $'000	30 June 2017 $'000
18. RESERVES (Continued)			

(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

	30 June 2018 $'000	30 June 2017 $'000
Balance at beginning of year	271	-
Charge for the year due to ineffective hedge	-	
Reclassification to profit and loss net of tax	(271)	271
Balance at end of year	-	271

As the hedge no longer meets the criteria for hedge accounting the gain has been reclassified to profit and loss.

(c) Share-based payments reserve

(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 2018 $'000	30 June 2017 $'000
Balance at beginning of year	9,875	8,029
Share-based payments expense	1,088	1,846
Options issued in lieu of payment for share raising costs	929	-
Balance at end of year	11,892	9,875

19. REMUNERATION OF AUDITORS

	30 June 2018 $'000	30 June 2017 $'000
Amounts paid or due and payable to:		
Ernst & Young		
- Auditing and reviewing the financial reports	248	171
	248	171

No non-assurance services (2017: Nil) were provided during the financial year.

20. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	30 June 2018 $'000	30 June 2017 $'000
- Short-term employee benefits	644	557
- Post-employment	-	-
- Share-based payments (refer note 30)	-	-
	644	557

21. EXPENDITURE COMMITMENTS

Under the terms of mineral tenement licences held by the Group, minimum annual expenditure obligations of $4,447,237 (2017: $5,284,798) 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.

Any additional expenditure commitments to those amounts detailed above, will be addressed as part of the implementation of Deed of Company Arrangement. Refer to Note 31 for further information.

22. SEGMENT INFORMATION

For the year ended 30 June 2018, 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 Australia.

Group performance is evaluated based on the financial position and operating profit or loss and is measured on a consistent basis with the information contained in the consolidated financial statements. As such, no additional information is provided to that already contained in the consolidated financial statements.

Major Customer
During the year ended 30 June 2018, all of the Group's revenue of $16,152,000 was derived from sales to one customer, being Perth Mint. For the year ended 30 June 2017, the Group generated no revenue.

23. RELATED PARTY TRANSACTIONS

(a) A list of Controlled entities can be found at Note 25 of this financial report.

(b) Directors who held office for any time during the period are disclosed in the Director's Report.

(c) Terms and conditions of transactions with related parties:

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.

(d) Transactions with related parties:

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

- Delta Resources Management Pty Ltd, a company in which Michael Fotios is a substantial shareholder and director, provided technical and administrative support to the Company to the value of $980,000 inclusive of GST (30 June 2017: $330,500). A total of $1,048,000 remains due and payable as at 30 June 2018 (30 June 2017: $93,000);

- Whitestone Minerals Pty Ltd, a company which is 100% owned by Investmet Ltd, a company in which Michael Fotios is a substantial shareholder and director, provided consulting services to the Company to the value of $2,704,000 inclusive of GST (30 June 2017: $12,021,000). $168,400 remains due and payable as at 30 June 2018 (30 June 2017: $2,671,000). $2,200,000 worth of services received were settled by way of shares issued as approved at a general meeting of shareholders held on 4 January 2018;

- Horseshoe Metals Limited, a company in which Michael Fotios is a substantial shareholder and director, received no consulting and administrative support from the Company (30 June 2017: $75,000). A total of $75,000 remains due and receivable by the Group as at 30 June 2018 (30 June 2017: $75,000). A loan of $36,000 is receivable (30 June 2017: Nil), however has been fully provided for. Interest has not been charged on the outstanding amounts;

23. RELATED PARTY TRANSACTIONS (Continued)

- Scorpion Minerals Limited (formerly Pegasus Metals Limited), a company in which Michael Fotios is a substantial shareholder, received no consulting and administrative support from the Company (30 June 2017: $25,000). $4,000 remains due and receivable by the Group as at 30 June 2018 (2017: $25,000) which have been fully provided for in the financial statements. Interest has not been charged on the outstanding amount;

- Redbank Copper Limited, a company in which Michael Fotios is a substantial shareholder and director, received no consulting and administrative support from the Company (30 June 2017: $35,000). $35,000 remains due and receivable by the Group as at 30 June 2018 (30 June 2017: $35,000) and has been fully provided for (30 June 2017: $102,000). Interest has not been charged on the outstanding amount;

- Crixus Pty Limited, a company in which Michael Fotios is a substantial shareholder and director, converted 5,000,000 options valued at $840,000 (30 June 2017: Nil) which remains due and receivable by the Group as at 30 June 2018. A provision for doubtful debts has been included in these financial statements for the outstanding balance of $840,000;

- Apollo Corporation (WA) Pty Ltd, a related party company to Michael Fotios, converted 2,500,000 options valued at $420,000 (30 June 2017: Nil) which remains due and receivable by the Group as at 30 June 2018. A provision for doubtful debts has been included in these financial statements for the outstanding balance of $420,000;

- Allan Still converted 1,800,000 options valued at $302,400 (30 June 2017: Nil) which remains due and receivable by the Group as at 30 June 2018. A provision for doubtful debts has been included in these financial statements for the outstanding balance of $302,400;

- During the year the Group drew down on a loan with Investmet Limited ('Investmet'), a company in which Michael Fotios is a substantial shareholder and director. The interest rate applicable to the loan was 4.5% to 30 January 2018 and 19% thereafter. A total of $14,315,000 was drawn down on the loan, interest of $955,000 was incurred and repayments of $4,678,000 were made during the year (refer to Note 15 for further details). At 30 June 2018 the outstanding loan balance is $10,592,000 (30 June 2017: $Nil). Investmet also provided consulting services to the Group to the value of $372,000 inclusive of GST (30 June 2017: $17,000). $17,000 remains due and payable by the Company as at 30 June 2018 (30 June 2017: $15,000). Interest is not charged on the consulting services;

- During the year, the Group drew down on a loan with the Michael Fotios Family Trust. The interest rate applicable to the loan was 4.5% up to 30 January 2018 and 19% thereafter. A total of $828,000 was drawn down on the loan, interest of $77,000 was incurred and repayments of $56,000 were made during the year (refer to Note 15 for further details). At 30 June 2018 the outstanding loan balance was $849,000.

24. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise trade payables, secured and unsecured loans and borrowings. The main purpose of these financial instruments is to manage cash flow and assist the Group in its daily operational requirements. The Group's principal financial assets, other than derivatives, comprise trade and other receivables, available-for-sale equity investments and cash that arises directly from its operations.

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:

- Equity price risk;
- Interest rate risk;
- Credit risk;
- Liquidity risk; and
- Commodity price risk.

The Directors have overall responsibility for identifying and managing operational and financial risks.

24. FINANCIAL RISK MANAGEMENT (Continued)

(a) Equity price risk

At reporting date, the Group owned 42,433,333 (2017: 42,433,333) listed shares in Orion Gold NL, 12,258,151 (2017: 6,250,000) listed shares in Intermin Resources Limited and 6,250,000 (2017: 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 $3.96 million (2017: $2.26 million). A decrease of 10% in the price of securities on reporting date would have an impact of $396,100 (2017: $225,800) on the 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 impact equity and would have an immaterial impact on profit or loss.

(b) Commodity price risk

The Group is exposed to commodity price risk through the gold bullion it produces from its Davyhurst operations. Contracts for the sale and physical delivery of gold are executed on a pricing basis intended to achieve a relevant index target. The pricing is determined by the Group's sole customer, being Perth Mint. Where pricing terms deviate from the index, derivative commodity contracts may be used when available to return realised prices to the index. Gold future markets and economic forecasts are constantly monitored to determine whether to implement a hedging programme.

(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 effective weighted average interest rates for each class of financial asset and liability is set out below.

An increase/decrease of 1% in the interest rate applicable to the loans on the reporting date would result in an increase/decrease in net loss of $101,000 (2017: $151,000).

30 June 2018

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount
	$'000	$'000	$'000
Financial assets			
Cash	-	5	5
Related party receivables	-	1,217	1,217
Other receivables (Note 8)	-	1,801	1,801
Total financial assets	-	3,023	3,023

30 June 2018

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount
	$'000	$'000	$'000
Financial liabilities			
Loans – variable interest	10,102	-	10,102
Loans – fixed interest	11,441		11,441
Trade/Other Payables	-	40,627	40,627
Derivatives	-	293	293
Total financial liabilities	21,543	40,920	62,463

24. FINANCIAL RISK MANAGEMENT (Continued)

30 June 2017

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**
	$'000	**$'000**	**$'000**
Financial assets			
Cash	-	44	44
Trade/Other Receivables	-	1,374	1,374
Derivatives	-	271	271
Total financial assets	-	1,689	1,689

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**
	$'000	**$'000**	**$'000**
Financial liabilities			
Loans – variable interest	15,060	70	15,130
Trade/Other Payables	-	28,530	28,530
Total financial liabilities	15,060	28,600	43,660

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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 2018. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2018.

Maturity analysis

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

Year ended 30 June 2018	**< 6 months**	**6-12 months**	**1-5 years**	**Total contractual cash flows**	**Carrying amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Loans	5,022	18,997	-	24,019	21,543
Creditors	40,627	-	-	40,627	40,627
Derivatives	293	-	-	293	293
Net maturities	45,942	18,997	-	64,939	62,463

Year ended 30 June 2017	**< 6 months**	**6-12 months**	**1-5 years**	**Total contractual cash flows**	**Carrying amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Loans	-	10,950	5,568	16,518	15,060
Creditors	28,530	-	-	28,530	28,530
Net maturities	28,530	10,950	5,568	45,048	43,590

(e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables). Exposure to credit risk associated with its financing activities arising from deposits with banks and financial institutions, foreign exchange transactions and other financial instruments is not considered to be significant.

24. FINANCIAL RISK MANAGEMENT (Continued)

The Group trades only with recognised creditworthy third parties. The Group's only customer is Perth Mint and at 30 June 2018, the exposure to credit risk associated with this customer and trade receivables is not significant.

The maximum exposure to credit risk for trade and other receivables at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Group does not hold collateral as security.

(f) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is not significant as all its sales are to Perth Mint and are denominated in Australian Dollars. At reporting date, the Group has no monetary assets or liabilities denominated in currencies other than the Australian Dollar.

(g) Fair values versus carrying values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2018:

	30 June 2018 Carrying Amount $'000	30 June 2018 Fair Value $'000
Financial Assets		
Cash and cash equivalents	5	5
Derivative financial instruments	119	119
Financial Assets	3,845	3,845
Total	**3,969**	**3,969**
Financial Liabilities		
Loans and borrowings (i)	21,543	17,835
Trade and other payables (i)	40,627	27,848
Total	**62,170**	**45,683**

The carrying values of financial assets and financial liabilities as at 30 June 2018 which are not measured at fair value, approximate their fair values as a result of their short maturity, except as disclosed as follows:

- The fair values have been estimated using inputs that are based on the Group's net liability position. The fair value estimate first allocates the total assets of the Group of $46.03 million less employee benefits provisions of $1.2 million to the secured loans and borrowings, statutory payables and unpaid employee accruals, after which any residual amount was allocated to the remaining unsecured loans and borrowings and trade and other creditors. The fair values were determined using level 3 inputs.

At 30 June 2017, the carrying values of financial assets and financial liabilities which are not measured at fair value, but for which fair values should be disclosed, approximate to their fair values as a result of their short maturity.

24. FINANCIAL RISK MANAGEMENT (Continued)

(h) Fair value measurements

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

Year ended 30 June 2018	Level 1	Level 2	Level 3	Total
Recurring fair value measurements (Note 2(x))	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Available-for-sale financial assets at fair value	3,845	-	-	3,845
Derivatives – listed options	119	-	-	119
Financial liabilities				
Derivative – hedging instruments	-	(293)	-	(293)
Totals	3,964	(293)	-	3,671

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	2,199	-	-	2,199
Derivatives – listed options	59	-	-	59
Derivatives – hedging instruments	-	271	-	271
Totals	2,258	271	-	2,529

There were no transfers between the fair value hierarchy measurement levels during the current or previous financial year.

25. INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding 2018	Equity holding 2017
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
Eastern Goldfields Mining Services Pty Ltd	Australia	Ordinary	100	-
Controlled entities of Siberia Mining Corporation Pty Ltd				
Mt Ida Gold Operations Pty Ltd	Australia	Ordinary	100	100
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 (2017: Nil).

Holding Company

The ultimate holding company of the Group is Eastern Goldfields Limited (In Administration and Subject to Deed of Company Arrangement), which is based and listed in Western Australia.

26. INTERESTS IN JOINT 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 and funds 100% of the joint operations expenditure. The Group entitled to recover the contributions it has made from future gold production.

As at 30 June 2018 funding in excess of the Group's working interest in the project amounts to $6,534,637 (2017: $6,534,637). An applicable notional interest rate of 30% will be charged on these contributions, subject to an interest free period of 20 months commencing when Eastern Goldfields recommences mining operations. The Group's expenditure in respect of the joint operation is brought to account initially as exploration and evaluation expenditure in the consolidated statement of profit or loss and other comprehensive income.

The joint operation has no contingent liabilities or capital commitments.

27. CONTINGENT LIABILITIES

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 Company has legal representation in respect of these plaints. The Director does not believe the plaints have a reasonable prospect of success and the plaints will be vigorously defended by the Group.

		30 June 2018 $'000	30 June 2017 $'000
28.	**CASH FLOW STATEMENT**		
(a)	**Reconciliation of cash and cash equivalents**		
	Cash balances comprise:		
	Cash and cash equivalents	5	44
	For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.		
(b)	**Reconciliation of net cash outflow from operating activities to loss after income tax**		
	Loss after income tax	(85,922)	(18,103)
	Adjusted for non- cash items:		
	Depreciation of property, plant and equipment	4,912	310
	Impairment writedown	27,097	-
	Interest expense – capitalised against loan	1,556	200
	Accretion of rehabilitation provision	441	403
	Share-based payments	1,088	1,194
	Payments to suppliers made via equity settlement	3,172	5,810
	Loss on sale of investments	33	-
	Loss on fair value hedge	293	-
	Income tax benefit	(468)	-
	Changes in operating assets and liabilities:		
	Decrease/(Increase) in receivables	9,096	(7,196)
	Increase in inventories	(2,058)	-
	Increase/(decrease) in payables (excluding capital items)	12,009	(1,414)
	Increase of provisions	3,746	143
	Net cash outflow from operating activities	(25,005)	(18,653)

29. EARNINGS (LOSS) PER SHARE

Loss used in the calculation of basic loss per share	(85,922)	(18,103)
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	628,219,995	503,722,482
Effect of dilution:	-	-
Weighted average number of ordinary shares on issue adjusted for the effect of dilution	628,219,995	503,722,482
Loss per share (basic and diluted)	**(0.14)**	**(0.03)**

A total of 226,688,555 options were on issue as at 30 June 2018 (2017: 57,258,501) 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 Director's Report for the year.

30. 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.

Movements during the year

	2018	**2018**	**2017**	**2017**
	Nos.	*WAEP ($)*	*Nos.*	*WAEP ($)*
At 1 July	57,258,501	0.1996	48,200,000	0.1785
Granted during the year	189,638,388	0.2567	15,025,167	0.3328
Forfeited during the year	-	-	-	-
Exercised /expired during year	(20,208,334)	0.1680	(5,966,666)	0.1647
At 30 June	**226,688,555**	**0.2608**	**57,258,501**	**0.1996**

The fair value of options granted during the 2018 year was calculated at the date of grant using the Black-Scholes option pricing model. The valuation model inputs used to determine the fair value at the grant dates, were as follows:

Option Series	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7
Fair value per option	$0.0774	$0.1114	$0.0250	$0.0380	$0.0483	$0.0218	$0.0184
Grant date	2/2/2018	2/2/2018	1/5/2018	1/5/2018	1/5/2018	1/5/2018	1/5/2018
Number of options	1,000,000	7,642,500	4,000,000	4,000,000	4,000,000	1,000,000	1,000,000
Expiry date	2/2/2021	2/2/2021	1/5/2019	1/5/2020	1/5/2021	1/5/2019	1/5/2019
Exercise price	$0.465	$0.26	$0.23	$0.271	$0.308	$0.25	$0.275
Price of shares on grant date	$0.233	$0.233	$0.15	$0.15	$0.233	$0.15	$0.15
Estimated volatility	76%	76%	76%	76%	76%	76%	76%
Risk-free interest rate	2.12%	2.12%	1.80%	1.80%	1.80%	1.80%	1.80%
Dividend yield	0%	0%	0%	0%	0%	0%	0%

A share-based payment expense of $1,088,000 was recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2018 and $929,000 was recognised as a share-based payment expense that was offset against share capital.

31. SUBSEQUENT EVENTS

The following events have occurred since the end of the financial year up to the date of this financial report and are summarised below:

1. On 1 July 2018, the Company appointed Brendon Morton as Company Secretary following the resignation of Shannon Coates, effective as at 30 June 2018;

2. On 8 August 2018 the Group entered a repayment plan with the ATO in relation to a debt of $421,689. The final payment under the plan of $321,689 was made on 31 August 2018;

3. On 13 August 2018 the Group announced a settlement had been agreed with GR Engineering Services Ltd ('GR') involving the payment of cash to GR and the issue of Eastern Goldfields shares to the total value of $8.25 million (inclusive of GST), payable in three tranches. On 4 November 2018 the Group reached agreement with GR that the final instalment would be paid on or before 30 November 2018. This payment has not been made and as a result, the settlement was withdrawn/cancelled;

4. On 16 August 2018 a Deed of Settlement was executed between the Group and Eureka Mine Constructions Pty Ltd, which required payment to Eureka of $150,000 by 20 September 2018. This payment was not made;

5. On 28 August 2018 Hawke's Point Holdings Ltd ('Hawke's Point') completed the acquisition of the outstanding debt owed by the Group to Investec, pursuant to the Investec Debt Facility, as well as the assignment of the Syndicated Facility Agreement (and associated security documents), from Investec;

6. On 3 September 2018 all mining and processing activities were suspended to mitigate spending, whilst a proposed recapitalisation plan was developed;

7. On 27 September 2018 the Group raised an additional $8.75 million from the issue of convertible notes to each of Hawke's Point, Donald Smith Value Fund LP, National Nominees Ltd (as nominee for Perennial Value Microcap Opportunities Fund) and Wyllie Group Pty Ltd;

8. On 28 September 2018 the Group announced a $75 million recapitalisation plan. This plan included a restructured board and leadership team, and a $5 million entitlements issue to existing shareholders. The $75 million recapitalisation plan was to comprise:
   a. $8.75 million interim funding via the issue of secured convertible loan notes;
   b. $36.8 million placement to sophisticated, professional and institutional investors;
   c. Up to $17.5 million of in-kind services to be performed by Adaman Resources Pty Ltd; and
   d. Conversion of the Syndicated Facility of $9.6 million and certain trade creditors of $2.5 million;

9. On 27 November 2018 the Group announced that the $75 million recapitalisation plan would no longer proceed;

10. On 29 November 2018 the Group resolved to appoint Martin Jones and Andrew Smith of Ferrier Hodgson as Joint and Several Administrators of the Group;

31. SUBSEQUENT EVENTS (Continued)

11. On 18 January 2019 the Administrators received a Deed of Company Arrangement ('DOCA') proposal from Hawke's Point Holdings I Limited ('Hawke's Point'). The proposed DOCA included the following key features:

<table>
<tr><th>Key Elements</th><th>DOCA Proposal</th></tr>
<tr><td>Purpose</td><td>Ensure that creditors of the Companies receive a better return than in liquidation.
Facilitate a capital raising for the Companies of not less than $22 million, expected to comprise a rights issue, issue of convertible notes and placement of shares.
Minimise holding costs and reducing the further administrators' fees that may be incurred.
Ensure that, at the conclusion of the DOCA process, the Group is sufficiently funded to pursue a resource development and mine planning programme.</td></tr>
<tr><td>Creditors Trust</td><td>A creditors' trust will be established for the purposes of the DOCA, named 'Eastern Goldfields Creditors' Trust.'</td></tr>
<tr><td>Contributions</td><td>The funds available for distribution to creditors of the Companies out of the Creditors' Trust will be an amount of up to $7.3 million out of proceeds of the Capital Raising.</td></tr>
<tr><td>Capital raising</td><td>Not less than $22 million shall be raised to:
satisfy the obligations of the Companies under the DOCA; and
provide the Companies with adequate working capital to advance its business post administration.
It is intended that this amount shall be raised via any or all of the following (each carried out by EGS):
a one-for-one rights issue priced at 1.0 cent per share, which will be underwritten as to at least 25% (inclusive of its entitlement amount) by Hawke's Point or such lesser percentage as required to ensure it is fully underwritten (Rights Issue);
an offering of:
secured convertible notes ('New Convertible Notes'), to be converted at 1.0 cent per share; and
ordinary shares ('Placement Shares') to be issued via a placement. Capital Raising participants subscribing for Placement Shares, if any, shall escrow their subscription funds contemporaneous with the funding of the New Convertible Notes; and
such other equity and/or debt capital raising as the directors of EGS, the Deed Administrators and Hawke's Point agree, having regard to the objects of the DOCA.
Finalisation of the Capital Raising will be subject to the Deed Administrators and the directors of EGS being satisfied that the events subsequent to completion of the DOCA will occur, including the passing of certain shareholder approvals for EGS.</td></tr>
<tr><td>Position of Creditors</td><td>Creditors' claims are to be dealt with in the following categories of creditor:
1) Employee entitlements;
2) Debts due to government and statutory authorities;
3) Supporting Creditors;
4) PPSR Secured Creditors;
5) Non-Supporting Creditors – Pool A;
6) Non-Supporting Creditors – Pool B.

To the extent that there are any arrears or other amounts due and payable to employees with respect to wages and other employee entitlements, the debts due to employees will be paid in full. To the extent that any government or statutory authority or regulator is a creditor, and the non-payment of the debt to that authority or regulator puts at risk any of the assets of the Companies, such debts will be paid in full.

Supporting Creditors and PPSR Secured Creditors will not participate as creditors/beneficiaries under the Creditors' Trust. Supporting Creditors are defined as the creditors specified at 1 to 8 below with whom the Companies seek to have an ongoing commercial relationship and to whom offers of securities can be made without disclosure under Chapter 6D of the Act and who agree to accept:
a cash payment out of the Capital Raising equal to 22c/$ of 60% of each Supporting Creditor's agreed claim amount; and
to convert the remaining 40% of their respective agreed claims to equity in EGS fully paid ordinary shares at the rate of 1 cent per share,
in full satisfaction of the respective debts owed to them by the Companies.</td></tr>
</table>

Key Elements	DOCA Proposal
	7) Aggreko Generator Rentals Pty Ltd – to the extent of $674,795.70; 8) GR Engineering Services Ltd – to the extent of $11,554,660.81; 9) Pit N Portal Mining Services Pty Ltd – to the extent of $14,482,318.50; 10) Ralmana Pty Ltd t/as R J Vincent & Co – to the extent of $3,461,378.19; 11) Squire Patton Boggs (AU) – to the extent of $1,930,300.29; 12) Gilbert & Tobin – to the extent of $1,190,932.45; 13) Seismic Drilling Pty Ltd – to the extent of $854,060.36; and 14) Junile Nominees Pty Ltd t/as Red Dirt Personnel Group – to the extent of $679,152. (together the Supporting Creditors). Supporting Creditors will be paid out of the Capital Raising proceeds and by the Deed Administrators at conclusion of the DOCA. PPSR secured creditors will be serviced in the ordinary way and will not participate under the Creditor's Trust.
Dividends and order of distribution	Other unsecured creditors will be split into Pool A and Pool B, subject to whether the claimed debt is greater or less than $50,000. Pool A creditors are defined as those creditors with debts of less than $50,000. They will be paid upto 100 cents in the dollar. Pool B creditors are defined as those creditors with debts greater than $50,000. They will be paid $50,000 plus a pro-rata share of the funds available in the Creditors Trust which is estimated at $3.9 million.
Secured Creditor	Hawke's Point will agree to: • take up its entitlements under the Rights Issue in full and underwrite the Rights Issue to the extent of at least 25% (inclusive of its entitlement) or such lesser percentage as required to ensure the Rights Issue is fully underwritten; • subscribe to at least 25% of the New Convertible Notes or such lesser percentage as required to ensure that the offering of New Convertible Notes is fully subscribed; and • subsequent to the Rights Issue closing, convert its secured debt (being both its loan facility and its holding of the convertible notes issued 28 September 2018 ('Existing Convertible Notes') into equity at the rate of 1.0 cent per share, subject to the approval of the shareholders of EGS at the shareholders meeting to be held after completion of the DOCA, with such conversion to occur simultaneously with the conversion of the New Convertible Notes and the issue of the Placement Shares. Wyllie Group Pty Ltd, National Nominees Ltd (as nominee for Perennial Value Microcap Opportunities Fund) and Donald Smith Value Fund LP (the Other Secured Creditors), who agree to convert the secured debt under their existing convertible notes into equity at the rate of 1.0 cent per share, subject to the approval of the EGS shareholders at the shareholders meeting to be held after completion of the DOCA, with such conversion to occur simultaneously with the conversion of the new convertible notes and the issue of the Placement Shares.
Termination	In the event that completion does not occur by 30 April 2019 or such other date as agreed between Hawke's Point and the Deed Administrators, the Deed Administrators may: • Cause the Companies to be placed into liquidation; and/or • Convene a meeting of creditors to vary or terminate the DOCA.
Key Conditions and Subsequent Events	The DOCA will complete on the date which is two business days after satisfaction of the last of the following Conditions Precedent: a. That the creditors of the Companies approve the DOCA; b. The creation of the Creditors' Trust; c. The entry into any requisite new contracts or amendments to existing contracts, in each case to be negotiated in good faith, between Supporting Creditors (or any of their respective associated entities) and the Companies (or an associated entity) in respect of their ongoing commercial relationship on terms reasonably acceptable to both parties; d. The appointment of the interim managing director; and e. The receipt by the Companies of no less than: i. $22 million from the Capital Raising (other than the funds that are to be received in respect of the issue of Placement Shares, which shall be held in escrow pending shareholder approval); and ii. $19 million (of that sum of $22 million) to be raised from the New Convertible Notes and Rights Issue; f. The Conditions Precedent: i. at (a) above can be waived by Hawke's Point (ie: if entry into the DOCA is not approved by all of the Companies);

Key Elements	DOCA Proposal
	ii. at (e)(b) can be waived by agreement between Hawke's Point and the Administrators if they are satisfied that sufficient funds are available to the Companies to enable completion to occur; iii. are otherwise for the benefit of Hawke's Point and the Administrators and may only be waived by mutual agreement between Hawke's Point and the Administrators in writing; g. Upon completion occurring: i. the DOCA will terminate; ii. the control of the Companies will return to the New Directors; iii. the sum of $7.3 million out of the Capital Raising will be paid to the Trustee of the Creditors' Trust; iv. the sums due to Supporting Creditors will be paid out of the Capital Raising by the Deed Administrators; and v. the claims of all creditors except for the PPSR Secured Creditors against the Companies will be released, and creditors other than Supporting Creditors will only be entitled to participate as beneficiaries under the Creditors' Trust; h. Events subsequent to completion: i. The shareholders of EGS will approve (to the extent required): 1. the conversion of debt to equity by the Supporting Creditors; 2. the conversion of the Proponent's Secured Debt and the secured debt of the Other Secured Creditors; 3. the conversion of the New Convertible Notes; 4. the issuance of the Placement Shares; 5. the effectuation of the Directors LEIP (if necessary); ii. The Notice of Meeting seeking the shareholder approvals above will include an independent expert's report stating whether, in the expert's opinion, the conversion of Hawke's Point's Secured Debt to equity is fair and reasonable to shareholders; iii. The Companies will change their name to a new name to be agreed by the directors to whom control is being returned at completion;

12. On 1 February 2019 at the concurrent second meeting of creditors of the Group, it was resolved that the Deed of Company Arrangement ('DOCA') proposal received on 18 January 2019 from Hawkes Point I Limited, be executed.

13. Settlement deeds have been signed in relation to critical tenements subject to plaints. It is intended plaint applications on non-critical tenements will be defended by the Group.

Apart from the above, no other matters have arisen since the end of the financial year that impact or a likely to impact the results of the Group in subsequent financial periods.

32. PARENT ENTITY INFORMATION

(a) Financial Position	30 June 2018 $'000	30 June 2017 $'000
Assets		
Current assets	179	8,003
Non-current assets	2,423	36,515
Total assets	**2,602**	**44,518**
Liabilities		
Current liabilities	35,773	43,870
Non-current liabilities	2,648	656
Total liabilities	**38,421**	**44,526**
Equity/(Deficit)		
Contributed equity	287,168	251,282
Accumulated losses	(335,687)	(261,455)
Reserves	12,700	10,166
Total equity / (deficit)	**(35,819)**	**(7)**

(b) Financial performance

	30 June 2018 $'000	30 June 2017 $'000
Loss for the year	(79,405)	(29,075)
Other comprehensive income	927	268
Total comprehensive loss for the year	**(78,478)**	**(28,807)**

(c) Contingent Liabilities and Commitments

Commitments and Contingent liabilities identified are as per those detailed within Notes 21 and 27 of this report (2017: $Nil).

(d) Deed of Cross Guarantee

Eastern Goldfields Limited and the following entities are parties to a deed of cross guarantee (which was executed on 26 June 2018 and lodged with the Australian Securities and Investments Commission) under which each Company guarantees the debts of the others:

- Monarch Nickel Pty Ltd;
- Carnegie Gold Pty Ltd;
- Siberia Mining Corporation Pty Ltd;
- Mt Ida Gold Operations Pty Ltd;
- Ida Gold Operations Pty Ltd;
- Pilbara Metals Pty Ltd;
- Siberia Gold Operations Pty Ltd; and
- Mt Ida Gold Pty Ltd.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Eastern Goldfields Limited, they also represent the 'Extended Closed Group'. As the Extend Closed Group includes all material subsidiaries of Eastern Goldfields Limited, there is no difference between the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the Eastern Goldfields Limited consolidated entity and the extended closed group.

DIRECTOR'S DECLARATION

1. In the opinion of the Director of Eastern Goldfields Limited and its controlled entities (Subject to Deed of Company Arrangement):

   (a) the Group's financial statements and notes set out on pages 30 to 74 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 2018 and of its performance, for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
   (b) the financial report also complies with International Financial Reporting Standards as set out in Note 2;
   (c) subject to the matters disclosed in note 2(b), there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
   (d) subject to the matters disclosed in note 2(b), as at the date of this declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 32, will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries.

2. the Director has been given the declarations required by Section 295A of the Corporations Act 2001 from the Interim Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.

Signed in accordance with clauses 2.4(a)(1) and 2.4(f) of the Deed of Company Arrangement.

Peter Mansell
Non-executive Director

Perth, Western Australia
Dated this 1st day of April 2019

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Eastern Goldfields Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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, 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 consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

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

Basis for opinion

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 opinion.

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 judgment, 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 matter described in the Material Uncertainty Related to Going Concern 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.

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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.

Impairment assessment of mine properties and development

Why significant	How our audit addressed the key audit matter
The group's mine properties of $64,920,000, before impairment write-downs, represents capitalised costs primarily relating to the Davyhurst project. At the end of each reporting period, the Group exercises judgment in determining whether there is any indication of impairment or indication that an impairment loss recognised in prior periods should be reversed. If any such indicators exist, the Group estimates the recoverable amount of the asset. The Davyhurst project not achieving forecasted production targets and being loss making was identified as an indicator of impairment. Accordingly, the recoverable value of the project was determined and a resulting impairment loss of $26,460,000 was recognised, as disclosed in note 10. We focused on this matter because of the significant estimation involved in determining the recoverable value of the project.	Our audit procedures included: ▶ Assessing, in conjunction with our valuation specialists, the appropriateness of the valuation methodologies used by independent valuers, to determine the fair value of the Davyhurst project. ▶ Assessing the qualifications and expertise of independent valuers used in determining the recoverable value of the project. ▶ Considering whether the recoverable value of the project was determined at the higher of its value in use and fair value less cost of disposal. ▶ Assessing the appropriateness of estimated disposal costs to determine the fair value less cost of disposal of the project. ▶ Reviewing legal confirmations regarding the status of the Davyhurst tenements to understand how any potential legal claims against these tenements were considered in the fair value assessment. ▶ Assessing the appropriateness of financial statement disclosures.

Completeness of trade and other payables

Why significant	How our audit addressed the key audit matter
On 29 November 2018, the Directors of the Group appointed Voluntary Administrators. Subsequent to their appointment, a Deed of Company Arrangement (DOCA) was approved at a meeting of creditors convened by the Administrators on 1 February 2019. As a result of the events leading to the appointment of Voluntary Administration, the completeness of trade creditors and other payables as at 30 June 2018 was a key audit matter. Trade and other payables of $40,627,000 was recorded by the Group as at 30 June 2018, as disclosed in Note 14 of the financial report.	In considering the completeness of trade and other payables balances, our procedures included: ▶ For a sample of outstanding trade creditors as at 29 November 2018, we obtained reconciliations for movements in balances between 30 June 2018 and 29 November 2018, which was when the Company's Administrators were appointed and amounts were confirmed through proof of debt claims. We tested any reconciling items to assess whether the trade and other payables balance was appropriate as at 30 June 2018. ▶ For a sample of payments made to creditors subsequent to 30 June 2018, we assessed whether the payments related to financial obligations that existed as at 30 June 2018 and whether they had been appropriately accrued for as at 30 June 2018. ▶ We obtained representations from external solicitors engaged by the Group to assess the adequacy of provisions recorded in respect of legal claims made against the Group for non-payment of trade creditors.

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Provision for decommissioning rehabilitation

Why significant	How our audit addressed the key audit matter
As disclosed in Note 16 of the financial report, the Group recorded a provision for rehabilitation of $15,595,000 as at 30 June 2018. The determination of the provision involves certain judgements and estimates to be made in assessing the areas of disturbance at the Davyhurst mine site that are required to be rehabilitated, the expected costs to undertake the required rehabilitation activities, and the timing as to when these activities will be performed. We focused on this matter due to estimation uncertainties involved in the determination of the provision for rehabilitation.	Our procedures included: ▶ Understanding the Group's process for determining the rehabilitation provision. ▶ Testing a sample of costs inputs used in calculating the provision to external data. ▶ Considering the competency, and objectivity of the Group's external experts involved in reviewing the cost inputs and areas of disturbance. ▶ Considering the appropriateness of management's estimates regarding the timing of rehabilitation activities. ▶ Confirming the mathematical accuracy of the calculations and the appropriateness of the discount rates. ▶ Considering the adequacy of the disclosures made in the financial statements.

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 2018 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 judgment 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.

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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 2018.

In our opinion, the Remuneration Report of Eastern Goldfields Limited for the year ended 30 June 2018, 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

Ernst & Young

Philip Teale
Partner
Perth
1 April 2019

TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST
E16/0337	CARNEGIE GOLD PTY LTD	100/100
E16/0344	SIBERIA MINING CORPORATION PTY LTD	100/100
E16/0456	SIBERIA MINING CORPORATION PTY LTD	100/100
E16/0473	CARNEGIE GOLD PTY LTD	100/100
E16/0474	CARNEGIE GOLD PTY LTD	100/100
E16/0475	CARNEGIE GOLD PTY LTD	100/100
E16/0480	GOLDSTAR RESOURCES (WA) PTY LTD	100/100
E16/0482	GOLDSTAR RESOURCES (WA) PTY LTD	100/100
E16/0483	GOLDSTAR RESOURCES (WA) PTY LTD	100/100
E16/0484	GOLDSTAR RESOURCES (WA) PTY LTD	100/100
E16/0486	GOLDSTAR RESOURCES (WA) PTY LTD	100/100
E16/0487	GOLDSTAR RESOURCES (WA) PTY LTD	100/100
E24/0203	ATRIPLEX PTY LIMITED	100/100
E29/0640	MT IDA GOLD PTY LTD	100/100
E29/0641	MT IDA GOLD PTY LTD	100/100
E29/0889	HERON RESOURCES LIMITED	100/100
E29/0895	MT IDA GOLD PTY LTD	100/100
E29/0955	SIBERIA MINING CORPORATION PTY LTD	100/100
E29/0964	GOLDSTAR RESOURCES (WA) PTY LTD	100/100
E29/0966	BLACK MOUNTAIN GOLD LTD	100/100
E29/0984	BLACK MOUNTAIN GOLD LTD	100/100
E30/0333	CARNEGIE GOLD PTY LTD	100/100
E30/0334	CARNEGIE GOLD PTY LTD	100/100
E30/0335	CARNEGIE GOLD PTY LTD	100/100
E30/0336	CARNEGIE GOLD PTY LTD	100/100
E30/0338	CARNEGIE GOLD PTY LTD	100/100
E30/0449	DELTA RESOURCE MANAGEMENT PTY LTD	100/100
E30/0454	CARNEGIE GOLD PTY LTD	100/100
E30/0468	CARNEGIE GOLD PTY LTD	100/100
L15/0224	SIBERIA MINING CORPORATION PTY LTD	100/100
L16/0058	SIBERIA MINING CORPORATION PTY LTD	100/100
L16/0062	SIBERIA MINING CORPORATION PTY LTD	100/100
L16/0072	CARNEGIE GOLD PTY LTD	100/100
L16/0073	CARNEGIE GOLD PTY LTD	100/100
L16/0103	SIBERIA MINING CORPORATION PTY LTD	100/100
L24/0085	SIBERIA MINING CORPORATION PTY LTD	100/100
L24/0101	CARNEGIE GOLD PTY LTD	96/96
L24/0115	SIBERIA MINING CORPORATION PTY LTD	96/96

TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST
M24/0665	HERON RESOURCES LIMITED IMPRESS ENERGY PTY LTD	90/100 10/100
M24/0683	HERON RESOURCES LIMITED	100/100
M24/0686	HERON RESOURCES LIMITED	100/100
M24/0757	HERON RESOURCES LIMITED	100/100
M24/0772-I	HERON RESOURCES LIMITED	100/100
M24/0797	HERON RESOURCES LIMITED	100/100
M24/0845	SIBERIA MINING CORPORATION PTY LTD	100/100
M24/0846	SIBERIA MINING CORPORATION PTY LTD	100/100
M24/0847	SIBERIA MINING CORPORATION PTY LTD	100/100
M24/0848	SIBERIA MINING CORPORATION PTY LTD	100/100
M24/0915-I	HERON RESOURCES LIMITED	100/100
M24/0916	HERON RESOURCES LIMITED	100/100
M24/0960	SIBERIA MINING CORPORATION PTY LTD	100/100
M29/0002	MT IDA GOLD PTY LTD	100/100
M29/0014	BLACK MOUNTAIN GOLD LTD	96/96
M29/0088	BLACK MOUNTAIN GOLD LTD	96/96
M29/0153	BLACK MOUNTAIN GOLD LTD	100/100
M29/0154	BLACK MOUNTAIN GOLD LTD	100/100
M29/0165	MT IDA GOLD PTY LTD & STUART LESLIE HOOPER	95/100 5/100
M29/0184	BLACK MOUNTAIN GOLD LTD	100/100
M29/0212	BLACK MOUNTAIN GOLD LTD	100/100
M29/0410	WAYNE CRAIG VAN BLITTERSWYK	100/100
M29/0420	BLACK MOUNTAIN GOLD LTD	100/100
M29/0422	MT IDA GOLD PTY LTD	100/100
M30/0102	CARNEGIE GOLD PTY LTD	100/100
M30/0103	CARNEGIE GOLD PTY LTD	100/100
M30/0111	CARNEGIE GOLD PTY LTD	100/100
M30/0123	CARNEGIE GOLD PTY LTD	100/100
M30/0126	CARNEGIE GOLD PTY LTD	100/100
M30/0127	CARNEGIE GOLD PTY LTD	96/96
M30/0133	CARNEGIE GOLD PTY LTD	100/100
M30/0157	CARNEGIE GOLD PTY LTD	96/96
M30/0182	CARNEGIE GOLD PTY LTD	100/100
M30/0187	CARNEGIE GOLD PTY LTD	100/100
M30/0253	CARNEGIE GOLD PTY LTD	100/100
M30/0255	CARNEGIE GOLD PTY LTD	100/100
M30/0256	CARNEGIE GOLD PTY LTD	100/100
P16/2921	GOLDSTAR RESOURCES (WA) PTY LTD	100/100

TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST
L24/0123	SIBERIA MINING CORPORATION PTY LTD	96/96
L24/0124	SIBERIA MINING CORPORATION PTY LTD	96/96
L24/0170	CARNEGIE GOLD PTY LTD	100/100
L24/0174	CARNEGIE GOLD PTY LTD	100/100
L24/0188	SIBERIA MINING CORPORATION PTY LTD	100/100
L24/0189	SIBERIA MINING CORPORATION PTY LTD	100/100
L24/0224	SIBERIA MINING CORPORATION PTY LTD	100/100
L24/0233	CARNEGIE GOLD PTY LTD	100/100
L29/0042	BLACK MOUNTAIN GOLD LTD	100/100
L29/0043	BLACK MOUNTAIN GOLD LTD	100/100
L29/0044	BLACK MOUNTAIN GOLD LTD	100/100
L29/0074	MT IDA GOLD PTY LTD	100/100
L29/0109	BLACK MOUNTAIN GOLD LTD	100/100
L30/0035	CARNEGIE GOLD PTY LTD	96/96
L30/0037	CARNEGIE GOLD PTY LTD	100/100
L30/0066	CARNEGIE GOLD PTY LTD	100/100
M16/0262	SIBERIA MINING CORPORATION PTY LTD	100/100
M16/0263	SIBERIA MINING CORPORATION PTY LTD	100/100
M16/0264	SIBERIA MINING CORPORATION PTY LTD	100/100
M16/0268	CARNEGIE GOLD PTY LTD	100/100
M16/0470	CARNEGIE GOLD PTY LTD	100/100
M24/0039	CHARLES ROBERT GARDNER	96/96
M24/0115	SIBERIA MINING CORPORATION PTY LTD	96/96
M24/0159	SIBERIA MINING CORPORATION PTY LTD	100/100
M24/0208	SIBERIA MINING CORPORATION PTY LTD	96/96
M24/0376	SIBERIA MINING CORPORATION PTY LTD	100/100
M24/0634	HERON RESOURCES LIMITED	100/100
M24/0660	HERON RESOURCES LIMITED	100/100
M24/0663	HERON RESOURCES LIMITED	100/100
M24/0664	HERON RESOURCES LIMITED	100/100

TENEMENT	REGISTERED HOLDER	REGISTERED INTEREST
P16/2922	GOLDSTAR RESOURCES (WA) PTY LTD	100/100
P24/4395	HERON RESOURCES LIMITED	100/100
P24/4396	HERON RESOURCES LIMITED	100/100
P24/4400	HERON RESOURCES LIMITED	100/100
P24/4401	HERON RESOURCES LIMITED	100/100
P24/4402	HERON RESOURCES LIMITED	100/100
P24/4403	HERON RESOURCES LIMITED	100/100
P24/4750	SIBERIA MINING CORPORATION PTY LTD	100/100
P24/4751	SIBERIA MINING CORPORATION PTY LTD	100/100
P24/4754	SIBERIA MINING CORPORATION PTY LTD	100/100
P24/5073	SIBERIA MINING CORPORATION PTY LTD	100/100
P24/5074	SIBERIA MINING CORPORATION PTY LTD	100/100
P24/5075	SIBERIA MINING CORPORATION PTY LTD	100/100
P29/2153	BLACK MOUNTAIN GOLD LTD	100/100
P29/2154	BLACK MOUNTAIN GOLD LTD	100/100
P29/2155	BLACK MOUNTAIN GOLD LTD	100/100
P29/2156	BLACK MOUNTAIN GOLD LTD	100/100
P29/2251	BLACK MOUNTAIN GOLD LTD	100/100
P29/2252	BLACK MOUNTAIN GOLD LTD	100/100
P29/2253	BLACK MOUNTAIN GOLD LTD	100/100
P29/2254	BLACK MOUNTAIN GOLD LTD	100/100
P29/2328	MT IDA GOLD PTY LTD	100/100
P29/2344	BLACK MOUNTAIN GOLD LTD	100/100
P29/2345	BLACK MOUNTAIN GOLD LTD	100/100
P30/1107	CARNEGIE GOLD PTY LTD	100/100
P30/1108	CARNEGIE GOLD PTY LTD	100/100
P30/1109	CARNEGIE GOLD PTY LTD	100/100
P30/1110	CARNEGIE GOLD PTY LTD	100/100
P30/1116	CARNEGIE GOLD PTY LTD	100/100
P30/1117	CARNEGIE GOLD PTY LTD	100/100
P30/1122	CARNEGIE GOLD PTY LTD	100/100

Tenement Applications

- Applications for P29/2428-2430 were made on 28 July 2017
- Application for M24/973 was made on 10 August 2017
- Application for M29/430 was made on 20 July 2018
- Application L30/69 was made on 3 May 2018

Tenement Grants

- E24/203 was granted on 8 August 2017
- L30/66 was granted on 2 March 2018

TENEMENT SCHEDULE

Tenement Acquisitions
- No third party acquisitions, JV, Farm-in arrangements, or other registrable interests were made during the year ending 30 June 2018

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)
- M16/262 – M16/264, M24/208 due to a third party plaint in place, the 2015-2016, 2016-2017, 2017-2018, 2018-2019 annual rents have yet to be paid
- M24/208 due to a third party plaint in place, the 2015-2016, 2016-2017, 2018-2019 annual rents have yet to be paid
- E30/335, M30/102 due to a third party plaint in place, the 2015-2016, 2017-2018 annual rents have yet to be paid
- E30/468, M16/470, M30/103, M30/255, M30/256, M30/111 due to a third party plaint in place, the 2018-2019 annual rents have yet to be paid
- DMIRS issued notices of intention to forfeit the following tenements for breach of rental payment obligations recorded as at 30 June 2018 against any titles held/beneficially held by the Group: E16/337; E16/344; E29/895; E30/334; E30/449; L24/232; and M24/665

Form 5 Reports
- No DMIRS compliance issue/s recorded as at 30 June 2018 against any titles held/beneficially held by the Group

Extension of Term/Expiries/Relinquishments/Forfeitures
- E16/332 was relinquished on 12 October 2017
- L16/77, L29/34, L29/38, L29/40, L30/43 were relinquished on 4 August 2017
- P29/2311, P29/23/2315-2318 were relinquished on 6 October 2017
- P29/2324-2325 were relinquished on 31 October 2017
- P29/2327 was relinquished on 3 November 2017
- P30/1112-1115, P30/1119-1121 were relinquished on 3 December 2017
- P30/1074 was relinquished on 5 January 2018
- P29/2310, P29/2312-2314 were relinquished on 26 February 2018
- E16/347 was relinquished on 11 March 2018
- E29/419, E29/922, P29/2268-2269, P29/2286-2290 were relinquished on 27 March 2018
- P29/2307-2308 were relinquished on 9 April 2018
- P29/2319-2323, P29/2326 expired on 18 May 2018
- P30/1118 expired on 15 June 2018
- Extension of Term submitted on L24/85, L24/101, L24/174, L30/35 – each tenement was granted an extension of term of a further five years
- Extension of Term submitted on P24/4751, P24/4754, P29/2328, P30/1122 – each tenement was granted an extension of term of a further four years
- Extension of Term submitted on M29/184 – each tenement was granted an extension of term of a further 21 years
- Extension of Term submitted on E16/337, E16/344, E29/640, E29/641, E30/333-334, E30/336, E30/338, E30/449, L24/115 – pending DMIRS assessment

Applications of Forfeiture/Plaints/DMIRS Notices of Intention to forfeit
- M16/262 – M16/264 Application for forfeiture #371015 – #371017 made by Michael Allen Thompson
- E30/335, M16/470, M30/102 and M30/103 Application for forfeiture #460237 – #460240 made by Gerard Francis Brewer
- M24/846 – M24/848 Application for forfeiture #469309, #469308 and #469310 made by Gerard Francis Brewer and Glenn Alan Haythornthwaite jointly
- M24/208 Application for forfeiture #469423 made by Michael John Photios
- M24/376 Application for forfeiture #460290 made by Glenn Alan Haythornthwaite. Case dismissed 12 July 2016
- E30/336, E30/338, E30/454, E30/468, M30/253, M30/255, M30/256 Application for forfeiture #512647, #512648, #512649, #512660, #512663, #512652, #512653 made by Nu-Fortune Gold Pty Ltd
- E30/468, M30/253 Plaint #513566, #513565 made by Tasex Geological Services Pty Ltd

ADDITIONAL SHAREHOLDER INFORMATION
AS AT 18 MARCH 2019

The following information is provided, in accordance with Listing Rule 4.10:

CORPORATE GOVERNANCE
The Company's corporate governance plan is available on the Company's website at **www.easterngoldfields.com.au**.

SECURITY HOLDERS

SUBSTANTIAL SHAREHOLDERS
The Company has the following substantial shareholders as at 18 March 2019:

	Shares Held
• Hawke's Point	91,875,000
• IOOF Holdings Ltd (Perennial Value Management Ltd)	50,565,973
• Donald Smith Value Fund	51,061,817
• Investmet Limited[1]	129,688,370
• Delta Resource Management Pty Limited[1]	58,371,527
• Whitestone Mining Services Pty Ltd[1]	19,750,000
• Mr Michael George Fotios <Michael Fotios Family A/C>[1]	16,986,487
• Crixus Pty Ltd <Crixus Superannuation Fund A/C>[1]	5,000,000
• MGMC Pty Ltd <Group A/C>[1]	4,372,339
• Apollo Corporation (WA) Pty Ltd <Apollo Investment A/C>[1]	2,500,000

1 Michael Fotios and his controlled entities

NUMBER OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES AND THE VOTING RIGHTS ATTACHED (AS AT 18 MARCH 2019)

ORDINARY SHARES
There are 5,344 holders of ordinary shares as at 18 March 2019. Each shareholder is entitled to one vote per share. In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

OPTIONS
There are 441 holders of unlisted options. There are no voting rights attaching to the options. A total of 211,663,376 options are on issue. The 211,663,376 options if exercised, will convert into 211,663,376 ordinary shares.

The options have the following exercise prices and expiry dates:

No. of holders	No. of Options	Exercise Price	Expiry Date
32	22,025,000	$0.189	08/03/2020
1	7,642,500	$0.260	02/02/2021
1	1,000,000	$0.465	02/02/2021
60	32,675,000	$0.250	31/01/2023
59	32,675,000	$0.275	31/01/2023
355	57,822,937	$0.250	02/02/2023
355	57,822,939	$0.275	02/02/2023

ADDITIONAL SHAREHOLDER INFORMATION
AS AT 18 MARCH 2019

DISTRIBUTION SCHEDULE OF THE NUMBER OF HOLDERS IN EACH CLASS OF EQUITY SECURITY AS AT 18 MARCH 2019

ORDINARY SHARES

Range	Total holders	Units	% Units
1 - 1,000	2,873	1,190,096	0.16
1,001 - 5,000	1,281	2,977,262	0.39
5,001 - 10,000	297	2,269,092	0.30
10,001 - 100,000	597	23,194,039	3.04
100,001 Over	296	732,154,261	96.11
Total	**5,344**	**761,784,750**	**100.00**

RESTRICTED SECURITIES

Class	Number	Latest date that voluntary escrow period ends
Shares	66,668	Indefinite

UNQUOTED EQUITY SECURITY ISSUES

UNLISTED OPTIONS EXPIRING 08/03/2020 @ $0.189

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	4	275,000	1.25
100,001 Over	28	21,750,000	98.75
Total	**32**	**22,025,000**	**100.00**

UNLISTED OPTIONS EXPIRING 02/02/2021 @ $0.26

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	1	7,642,500	100.00
Total	**1**	**7,642,500**	**100.00**

UNLISTED OPTIONS EXPIRING 02/02/2021 @ $0.465

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	1	1,000,000	100.00
Total	**1**	**1,000,000**	**100.00**

ADDITIONAL SHAREHOLDER INFORMATION
AS AT 18 MARCH 2019

UNLISTED OPTIONS EXPIRING 31/01/2023 @ $0.25

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	31	1,665,000	5.10
100,001 Over	29	31,010,000	94.90
Total	**60**	**32,675,000**	**100.00**

UNLISTED OPTIONS EXPIRING 31/01/2023 @ $0.275

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	29	1,550,000	4.74
100,001 Over	30	31,125,000	95.26
Total	**59**	**32,675,000**	**100.00**

UNLISTED OPTIONS EXPIRING 02/02/2023 @ $0.25

Range	Total holders	Units	% Units
1 - 1,000	153	39,652	0.07
1,001 - 5,000	100	255,862	0.44
5,001 - 10,000	16	111,395	0.19
10,001 - 100,000	75	2,309,215	3.99
100,001 Over	11	55,106,813	95.30
Total	**355**	**57,822,937**	**100.00**

UNLISTED OPTIONS EXPIRING 02/02/2023 @ $0.275

Range	Total holders	Units	% Units
1 - 1,000	154	39,654	0.07
1,001 - 5,000	100	255,862	0.44
5,001 - 10,000	16	111,395	0.19
10,001 - 100,000	73	2,184,340	3.78
100,001 Over	12	55,231,688	95.52
Total	**355**	**57,822,939**	**100.00**

MARKETABLE PARCEL

There are 1,296 shareholders with less than a marketable parcel, based on the closing price of $0.115 on 18 March 2019.

ADDITIONAL SHAREHOLDER INFORMATION
AS AT 18 MARCH 2019

TWENTY LARGEST HOLDERS OF EACH CLASS OF QUOTED SECURITY

The names of the 20 largest holders of each class of quoted security, the number of equity securities each holds and the percentage of issued capital each holds (as at 18 March 2019) are set out below:

Rank	Name	Units	%of Units
1.	INVESTMET LIMITED	126,188,370	16.56
2.	CITICORP NOMINEES PTY LIMITED	94,548,561	12.41
3.	DELTA RESOURCE MANAGEMENT PTY LIMITED	57,691,527	7.57
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	51,062,417	6.70
5.	PERTH SELECT SEAFOODS PTY LTD	34,550,000	4.54
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	34,062,868	4.47
7.	WYLLIE GROUP PTY LTD	27,270,150	3.58
8.	WHITESTONE MINING SERVICES PTY LTD	19,750,000	2.59
9.	NATIONAL NOMINEES LIMITED	17,459,109	2.29
10.	MR MICHAGE GEORGE FOTIOS <MICHAEL FOTIOS FAMILY A/C>	16,986,487	2.23
11.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	11,838,185	1.55
12.	SOUTHERN CROSS CAPITAL PTY LTD	11,000,000	1.44
13.	KESLI CHEMICALS PTY LTD <RUANE S/F A/C>	10,448,984	1.37
14.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,686,489	1.14
15.	BNP PARIBAS NOMS PTY LTD <DRP>	8,684,637	1.14
16.	MR DONALD JEFFREY SMITH + MRS PATTY SUSAN SMITH <GFC SUPERANNUATION FUND A/C>	8,000,000	1.05
17.	PIT N PORTAL MINING SERVICES	7,500,000	0.98
18.	LIDO TRADING LTD	6,666,667	0.88
19.	BOTSIS HOLDINGS PTY LTD	5,800,000	0.76
20.	HENGOLO PTY LTD <C L READHEAD SUPER A/C>	5,271,802	0.69
	TOP TWENTY SHAREHOLDERS	**563,466,253**	**73.97**
	TOTAL REMAINING SHAREHOLDERS	**198,318,497**	**26.03**
	TOTAL SHAREHOLDERS	**761,784,750**	**100.00**