GOLDPHYRE RESOURCES LIMITED

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2016

CORPORATE INFORMATION

ABN 58 149 390 394

Directors

Matt Shackleton (Executive Chairman)

Brenton Siggs (Non-Executive Director)

Dean Goodwin (Non-Executive Director)

Company Secretary

John Ribbons

Principal Place of Business

31 Ord Street

WEST PERTH WA 6005

Telephone: +61 8 9322 1003

Facsimile: +61 8 9389 2199

Registered Office

Ground Floor, 20 Kings Park Road

WEST PERTH WA 6005

Solicitors

Steinepreis Paganin

Level 4, The Read Building

16 Milligan Street

PERTH WA 6000

Share Register

Security Transfer Registrars Pty Ltd

770 Canning Highway

APPLECROSS WA 6153

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace

PERTH WA 6000

Internet Address

www.goldphyreresources.com.au

Stock Exchange Listing

Goldphyre Resources Limited shares (ASX code GPH) and 8 cent options expiring on or before 30 September 2016 (ASX code GPHO) are listed on the Australian Securities Exchange.

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DIRECTOR'S REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Goldphyre Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

MATT SHACKLETON, *(Executive Chairman, member of the Audit Committee)*

Mr Shackleton is a Chartered Accountant with over 20 years' experience in senior management and board roles. Previously the Managing Director of ASX listed Western Australian gold developer Mount Magnet South NL, Mr Shackleton was a founding director of ASX listed and West African gold and bauxite explorer Canyon Resources Limited. He has also held senior roles with Bannerman Resources Limited, a uranium developer, Skywest Airlines, iiNet Limited and DRCM Global Investors in London. Mr Shackleton holds an MBA from The University of Western Australia, and is a Fellow of The Institute of Chartered Accountants, Australia and New Zealand and a Member of the Australian Institute of Company Directors.

Within the previous three years Mr Shackleton was a non-executive director of Canyon Resources Limited (resigned 29 May 2015).

BRENTON SIGGS, *(Non-Executive Director, member of the Audit and Remuneration committees)*

Mr Siggs is a geologist with over 25 years' experience in the Australian mineral exploration and mining industry and has worked on a range of gold, nickel, petroleum, mineral sands, coal and phosphate projects throughout Australia. He currently operates a successful geological contracting business which was established in Kalgoorlie in 1994 and is now based in Perth, Western Australia.

Mr Siggs has extensive experience in all stages of regional and near-mine exploration project management, particularly in Western Australia, from conceptual targeting and ground acquisition through to resource definition drilling programs and open cut mining geology. He has held Senior Geologist and Project Leader roles with a variety of Australian and major international companies including Newcrest Mining Ltd., Inco Australia, VALE, Sons of Gwalia Ltd, Central Norseman Gold Corporation Ltd and Belvedere Coal Management Pty Ltd.

Mr Siggs' exploration successes include senior geology roles in Western Australian gold discoveries at Racetrack, Golden Funnel and Black Lady (Mount Pleasant), Dingo Range, Norseman and Menzies (Lady Irene). Other technical highlights include senior roles in resource upgrades at significant nickel laterite (Ravensthorpe Project and Kalgoorlie Nickel Project, Western Australia) and coal projects (Belvedere Coal Project, Queensland).

Mr Siggs is a director of Goldphyre WA Pty Ltd.

DIRECTOR'S REPORT (continued)

Mr Siggs holds a Bachelor of Applied Science (Applied Geology) degree from the University of South Australia and is a Member of the Australian Institute of Geoscientists (AIG) and the Society of Economic Geologists (SEG).

DEAN GOODWIN, *(Non-Executive Director, Chairman of the Audit and Remuneration Committees)*

Mr Goodwin, BAppSc (Geology), MAIG is a geologist with over 26 years' exploration experience which has included acting as Head of Geology at Focus Minerals Limited and a six-year period as Managing Director of Barra Resources Ltd (2004-2010). Mr Goodwin also spent six years as an exploration geologist with Western Mining Corporation Ltd and was involved with discovering the Intrepid, Redoutable and Santa Anna gold deposits at Lake Lefroy with WMC. Whilst with WMC he worked closely with the nickel exploration team.

In 1994 he joined Resolute Ltd as Senior Exploration Geologist, spending five years in Kalgoorlie managing exploration for the Chalice, Higginsville, Bullabulling and Bulong projects. In 1999 Mr Goodwin was appointed as Senior Exploration Geologist with LionOre Limited and whilst at the Bounty Gold Mine operations he was responsible for the discovery of several small gold deposits. More recently, he has been working as an independent contract geologist exploring for nickel sulphides throughout Western Australia.

Mr Goodwin is currently Managing Director of Mount Ridley Mines Limited (since 8 September 2014).

COMPANY SECRETARY

JOHN RIBBONS

Mr Ribbons is an accountant who has worked within the resources industry for over 16 years in the capacity of company accountant, group financial controller or company secretary.

Mr Ribbons has extensive knowledge and experience with ASX listed production and exploration companies. He has considerable site based experience with operating mines and has also been involved with the listing of several exploration companies on ASX. Mr Ribbons has experience in capital raising, ASX and TSX compliance and regulatory requirements. Mr Ribbons has not held any former directorships in the last 3 years.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Goldphyre Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Matt Shackleton	3,948,863	5,676,136
Brenton Siggs	7,562,500	4,729,167
Dean Goodwin	1,696,136	3,676,136

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying potash and other economic mineral deposits.

DIVIDENDS

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

Finance Review

The Group began the year with available cash assets of $284,337. The Group raised funds during the year via a placement of 31,250,000 ordinary shares (with a 1 for 1 free attaching listed option) to sophisticated and professional investors in July/August 2015, a placement of 17,187,500 ordinary shares to sophisticated and professional investors in March/April 2016, and the conversion of 1,700,000 listed options. Total gross funds raised during the year were $2,236,000. Subsequent to the end of the reporting period, refer to note 17, the Group has issued 3,620,000 ordinary shares on conversion of listed options to raise total gross funds of $289,600.

During the year total exploration expenditure incurred by the Group amounted to $3,972,210 (2015: $224,098). In line with the Group's accounting policies, all exploration expenditure is written off as incurred. Net administration expenditure incurred amounted to $759,291 (2015: $430,324). This has resulted in an operating loss after income tax for the year ended 30 June 2016 of $4,731,501 (2015: $654,422).

At 30 June 2016 cash assets available totalled $495,173.

Operating Results for the Year

Summarised operating results are as follows:

	2016	
	Revenues	**Results**
	$	**$**
Revenues and loss from ordinary activities before income tax expense	103,586	(4,731,501)

Shareholder Returns

	2016	2015
Basic loss per share (cents)	(4.4)	(1.0)

DIRECTORS' REPORT (CONTINUED)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Report, no significant changes in the state of affairs of the Group occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 17, have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and will report any further developments in accordance with ASX continuous disclosure requirements.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

DIRECTORS' REPORT (CONTINUED)

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Goldphyre Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Goldphyre Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives (if any) of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors, was developed by the board. All executives receive a base salary or fee (which is based on factors such as length of service, performance and experience) and the equivalent statutory superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2016 financial year. Some individuals may choose to sacrifice part of their salary or fees to increase payments towards superannuation.

DIRECTORS' REPORT (CONTINUED)

All remuneration paid to key management personnel is valued at the cost to the company and expensed. Shares issued to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance based remuneration

The Group currently has no performance based remuneration component built into key management personnel remuneration packages.

Company performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced. For details of key management personnel interests in options at year end, refer to the 'Option holdings' section later in the Remuneration Report.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2016.

Voting and comments made at the Company's 2015 Annual General Meeting

The Company received 100% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

Details of remuneration

Details of the remuneration of the key management personnel of the Group are set out in the following table.

The key management personnel of the Group include the directors as per pages 3 and 4 above.

DIRECTORS' REPORT (CONTINUED)

Key management personnel of the Group

	Short-Term		Post-Employment		Share-based Payments		Total	Performance Related
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits	Shares	Options		
	$	$	$	$	$	$	$	%
Directors								
Matt Shackleton								
2016	**175,200**	**-**	**-**	**-**	**-**	**86,104**	**261,304**	**-**
2015	51,328	-	-	-	50,000	-	101,328	-
Brenton Siggs[(1)]								
2016	**170,749**	**-**	**1,742**	**-**	**-**	**43,052**	**215,543**	**-**
2015	105,879	-	1,900	-	-	-	107,779	-
Dean Goodwin								
2016	**21,800**	**-**	**-**	**-**	**-**	**43,052**	**64,852**	**-**
2015	20,452	-	-	-	-	-	20,452	-
Christopher Clegg (resigned 30 September 2014)								
2015	1,667	-	158	-	-	-	1,825	-
Ron Punch (resigned 23 July 2014)								
2015	1,290	-	-	-	-	-	1,290	-
Total key management personnel compensation								
2016	**367,749**	**-**	**1,742**	**-**	**-**	**172,208**	**541,699**	
2015	180,616	-	2,058	-	50,000	-	232,674	

(1) In addition to the remuneration included here, Reefus Geology Services (a business controlled by Brenton Siggs) was paid $4,304 (2015: $12,745) for the provision of other exploration services to the Group.

Service agreements

Matt Shackleton Executive Chairman, appointed 23 July 2014:

- Paid annual salary of $160,000 (plus statutory superannuation).
- The Company may terminate, without cause, the Executive's employment at any time by giving three calendar months' written notice to the Executive.
- The Executive shall be entitled to a payment equal to three calendar months at the base salary in the event of demotion from his position as Executive Chairman or if he is requested to assume responsibilities or perform tasks not reasonably consistent with his position as Executive Chairman.

DIRECTORS' REPORT (CONTINUED)

- In the event the Executive Chairman is terminated as a result of one of the following circumstances the Company will make a three calendar months Redundancy Payment to the Executive at the base salary:
  - the Executive's position is made redundant by the Board;
  - there is a material diminution in the responsibilities or powers assigned to the Executive by the Board; or
  - there is a material reduction in the remuneration payable to the Executive as determined by the Board.

Reefus Geology Services (a business controlled by Brenton Siggs) provides technical geological management services to the Group at a daily rate of $650 for field work and $550 for office based work, plus a four-wheel drive vehicle daily rate of $85 (excluding GST) with all fuel and oil costs invoiced directly to the Group.

Share-based compensation

Options

Options may be issued at no cost to key management personnel as part of their remuneration. The options are not issued based on performance criteria, but are issued to the key management personnel of Goldphyre Resources Limited to increase goal congruence between key management personnel and shareholders. The following options over ordinary shares of the Company were granted to or vesting with key management personnel during the year:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number
Directors							
Matt Shackleton	30/11/2015	2,000,000	(1)	30/11/2018	12.5	3.61	-
Matt Shackleton	30/11/2015	2,000,000	(1)	30/11/2018	17.5	3.29	-
Brenton Siggs	30/11/2015	1,000,000	(1)	30/11/2018	12.5	3.61	-
Brenton Siggs	30/11/2015	1,000,000	(1)	30/11/2018	17.5	3.29	-
Dean Goodwin	30/11/2015	1,000,000	(1)	30/11/2018	12.5	3.61	-
Dean Goodwin	30/11/2015	1,000,000	(1)	30/11/2018	17.5	3.29	-

(1) One third of the options granted vested immediately upon issue, one third will vest on 30 November 2016, and one third will vest on 30 November 2017.

DIRECTORS' REPORT (CONTINUED)

Equity instruments held by key management personnel

Share holdings

The numbers of shares in the company held during the financial year by each director of Goldphyre Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2016	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Goldphyre Resources Limited				
Ordinary shares				
Matt Shackleton	**3,636,363**	**-**	**312,500**	**3,948,863**
Brenton Siggs	**7,250,000**	**-**	**312,500**	**7,562,500**
Dean Goodwin	**1,383,363**	**-**	**312,500**	**1,696,136**

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Goldphyre Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2016	Balance at start of the year	Granted as compensa tion	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Goldphyre Resources Limited							
Matt Shackleton	**1,363,636**	**4,000,000**	**-**	**312,500**	**5,676,136**	**3,009,469**	**2,666,667**
Brenton Siggs	**2,416,667**	**2,000,000**	**-**	**312,500**	**4,729,167**	**3,395,834**	**1,333,333**
Dean Goodwin	**1,363,636**	**2,000,000**	**-**	**312,500**	**3,676,136**	**2,342,803**	**1,333,333**

Loans to key management personnel

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

DIRECTORS' REPORT (CONTINUED)

Other transactions with key management personnel

Services

Reefus Geology Services, a business controlled by Mr Brenton Siggs, is engaged through an executive service agreement to provide technical geological management services to the Group during the year. The amounts paid were at arms' length and are included as part of Mr Siggs' compensation. In addition to the remuneration for Mr Siggs' services, Reefus Geology Services was paid $4,304 (2015: $12,745) for the provision of other exploration services to the Group.

Acquisitions

Goldphyre WA Pty Ltd and the Company entered into a Tenement Sale Agreement dated on or about 13 June 2013 under which the Company would acquire a 100% interest in one tenement for the sum of $1,100 (GST inclusive).

Mr Brenton Siggs is a director of Goldphyre WA Pty Ltd and ultimately controls a 60% interest in Goldphyre WA Pty Ltd.

Goldphyre WA Pty Ltd and the Company are parties to a sale of Mining Tenements Agreement dated on or about 11 April 2011 under which the Company acquired a 100% interest in 9 Tenements. In consideration, the Company issued the Vendor 7,250,000 ordinary shares and 3,625,000 options (with an exercise price of 20 cents that expired on 30 June 2015) during the 2011 financial period. The Company will potentially issue further ordinary shares to the Vendor, refer to note 15.

End of audited Remuneration Report

DIRECTORS' MEETINGS

During the year the Company held ten meetings of directors. The attendance of directors at meetings of the board and committees were:

	Directors Meetings		Audit Committee Meetings	
	A	**B**	**A**	**B**
Matt Shackleton	10	10	2	2
Brenton Siggs	9	10	1	2
Dean Goodwin	9	10	2	2

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

DIRECTORS' REPORT (CONTINUED)

SHARES UNDER OPTION

Unissued ordinary shares of Goldphyre Resources Limited under option at the date of this report are as follows:

Date options issued	Expiry date	Exercise price (cents)	Number of options
September, November & December 2013, September & October 2014, August 2015	30 September 2016	8.0 Listed	70,250,937
30 November 2015	30 November 2018	12.5 Unlisted	4,500,000
30 November 2015	30 November 2018	17.5 Unlisted	4,500,000
2 May 2016	2 May 2019	12.5 Unlisted	5,000,000
22 April 2016	21 April 2021	10.0 Unlisted	3,430,000
22 April 2016	21 April 2021	15.0 Unlisted	3,430,000
Total number of options outstanding at the date of this report			**91,110,937**

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Goldphyre Resources Limited paid a premium of $6,081 to insure the directors and secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Bentleys, or associated entities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

Signed in accordance with a resolution of the directors.

Matt Shackleton

Executive Chairman

Perth, 29 July 2016

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Goldphyre Resources Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Doug Bell

DOUG BELL CA
Director

Dated at Perth this 29th day of July 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2016	Notes	2016 $	2015 $
Revenue	4(a)	**16,893**	16,917
Other income	4(b)	**86,693**	-
EXPENDITURE			
Administration expenses		**(448,368)**	(298,323)
Depreciation expenses		**-**	(551)
Employee benefits expenses		**(220,775)**	(98,367)
Exploration expenses		**(3,972,210)**	(224,098)
Share-based payments expense	20(e)	**(193,734)**	(50,000)
LOSS BEFORE INCOME TAX		**(4,731,501)**	(654,422)
INCOME TAX BENEFIT / (EXPENSE)	6	**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF GOLDPHYRE RESOURCES LIMITED		**(4,731,501)**	(654,422)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	19	**(4.4)**	(1.0)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016	Notes	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	7	**495,173**	284,337
Trade and other receivables	8	**351,981**	10,826
TOTAL CURRENT ASSETS		**847,154**	295,163
TOTAL ASSETS		**847,154**	295,163
CURRENT LIABILITIES			
Trade and other payables	9	**156,188**	127,869
TOTAL CURRENT LIABILITIES		**156,188**	127,869
TOTAL LIABILITIES		**156,188**	127,869
NET ASSETS		**690,966**	167,294
EQUITY			
Issued capital	10	**7,446,664**	3,148,896
Reserves		**957,405**	104,100
Accumulated losses		**(7,713,103)**	(3,085,702)
TOTAL EQUITY		**690,966**	167,294

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2016

	Notes	Issued Capital $	Share-Based Payments Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2014		2,756,326	883,405	(3,210,585)	429,146
Loss for the year		-	-	(654,422)	(654,422)
TOTAL COMPREHENSIVE LOSS		-	-	(654,422)	(654,422)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	10	445,026	-	-	445,026
Share issue transaction costs	10	(52,456)	-	-	(52,456)
Transfer on expiry of options		-	(779,305)	779,305	-
BALANCE AT 30 JUNE 2015		3,148,896	104,100	(3,085,702)	167,294
Loss for the year		**-**	**-**	**(4,731,501)**	**(4,731,501)**
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**(4,731,501)**	**(4,731,501)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	10	**4,676,646**	**-**	**-**	**4,676,646**
Share issue transaction costs	10	**(378,878)**	**-**	**-**	**(378,878)**
Issue of employee and supplier options	20	**-**	**957,405**	**-**	**957,405**
Transfer on expiry of options		**-**	**(104,100)**	**104,100**	**-**
BALANCE AT 30 JUNE 2016		**7,446,664**	**957,405**	**(7,713,103)**	**690,966**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

YEAR ENDED 30 JUNE 2016	Notes	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(670,357)**	(354,676)
Expenditure on mining interests		**(1,265,971)**	(232,046)
Interest received		**15,983**	11,971
Research and development tax incentive received		**86,693**	-
Payment of security deposit		**(5,444)**	-
Other income received		**-**	5,000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	18(a)	**(1,839,096)**	(569,751)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares and options		**2,180,000**	395,026
Payments of share issue costs		**(130,068)**	(16,741)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**2,049,932**	378,285
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**210,836**	(191,466)
Cash and cash equivalents at the beginning of the year		**284,337**	475,803
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**495,173**	284,337

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for Goldphyre Resources Limited. The financial statements are presented in the Australian currency. Goldphyre Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 29 July 2016. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Goldphyre Resources Limited is a for-profit entity for the purpose of preparing the financial statements. All amounts are presented in Australian dollars unless otherwise stated.

(i) Compliance with IFRS

The financial statements of Goldphyre Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

(v) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group incurred a loss for the year of $4,731,501 (2015: $654,422) and net cash inflows of $210,836 (2015: $191,466 outflows). The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

Subsequent to the end of the reporting period, refer to note 17, the Group has issued 3,620,000 ordinary shares on conversion of listed options to raise total gross funds of $289,600.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. Included in the cashflow forecast are expected net funds raised of $5,682,934 from the exercise of options with an exercise price of $0.08 expiring on 30 September 2016. Should the options not be exercised the Company will be required to raise capital and manage discretionary expenditure according to available funds.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured 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 activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Goldphyre Resources Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(e) Income tax

The income tax expense or revenue for the year is the tax payable on the current year’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(i) Exploration and evaluation costs

Exploration and evaluation costs for each area of interest in the early stages of project life are expensed as they are incurred.

(j) Investments and financial instruments

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the profit or loss as gains and losses from investment securities.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Profit or loss.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(l) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables 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.

(m) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 20.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Options over ordinary shares have also been issued as consideration for the acquisition of interests in tenements and other services. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

(n) Issued capital

Ordinary shares are classified as equity.

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

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 dilutive potential ordinary shares

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) New accounting standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

Notes to the Consolidated Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share-based payments

Share-based payment transactions, in the form of options to acquire ordinary shares, are valued using the Black-Scholes option pricing model. This model uses assumptions and estimates as inputs.

Notes to the Consolidated Financial Statements (continued)

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Executive Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia, the Group is not exposed to any material foreign exchange risk.

(ii) Commodity price risk

Given the current level of operations the Group is not exposed to commodity price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group $495,173 (2015: $284,337) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 2.2% (2015: 2.8%).

Sensitivity analysis

At 30 June 2016, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been $7,667 lower/higher (2015: $4,266 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

Notes to the Consolidated Financial Statements (continued)

2. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date. Financial assets mature within 3 months of balance date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying amount of all financial assets and financial liabilities of the Group at the balance date approximate their fair value due to their short term nature.

3. SEGMENT INFORMATION

For management purposes, the Group has identified only one reportable segment being exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in this geographic location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

Notes to the Consolidated Financial Statements (continued)

	2016	2015
	$	$

4. REVENUE AND OTHER INCOME

(a) Revenue from continuing operations

	2016	2015
Other revenue		
Interest	**16,893**	11,917
Other revenue	**-**	5,000
	16,893	16,917

(b) Other income

	2016	2015
Research and development grant refund	**86,693**	-

5. EXPENSES

Loss before income tax includes the following specific expenses:

	2016	2015
Minimum lease payments relating to operating leases	**10,888**	-
Defined contribution superannuation expense	**1,742**	2,058

6. INCOME TAX

(a) Income tax expense

	2016	2015
Current tax	**-**	-
Deferred tax	**-**	-
	-	-

Notes to the Consolidated Financial Statements (continued)

	2016	2015
	$	$

6. INCOME TAX (cont'd)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2016 $	2015 $
Loss from continuing operations before income tax expense	**(4,731,501)**	(654,422)
Prima facie tax benefit at the Australian tax rate of 30%	**(1,419,450)**	(196,327)
Tax effect of entertainment not deductible in calculating taxable income	**254**	120
Movements in unrecognised temporary differences	**887,268**	(24,398)
Tax effect of current period tax losses for which no deferred tax asset has been recognised	**531,928**	220,605
Income tax expense	**-**	-

(c) Unrecognised temporary differences

Deferred Tax Assets (at 30%)	2016 $	2015 $
On Income Tax Account		
Accruals	**27,594**	-
Depreciation variances	**139**	-
Capital raising costs	**36,522**	37,454
Carry forward tax losses	**1,664,103**	1,202,774
	1,728,358	1,240,228
Set off of deferred tax liabilities	**(937,744)**	(42,204)
Net deferred tax assets	**790,614**	1,198,024
Less deferred tax assets not recognised	**(790,614)**	(1,198,024)
	-	-

Deferred Tax Liabilities (at 30%)	2016 $	2015 $
Tenement acquisition costs	**937,744**	41,961
Depreciation variances	**-**	243
	937,744	42,204
Set off against deferred tax assets	**(937,744)**	(42,204)
	-	-

Notes to the Consolidated Financial Statements (continued)

	2016	2015
	$	$

6. INCOME TAX (cont'd)

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and in hand	**219,695**	57,654
Short-term deposits	**275,478**	226,683
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**495,173**	284,337

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
GST receivable	**344,686**	9,885
Other receivables	**7,295**	941
	351,981	10,826

9. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade payables	**54,565**	79,370
Other payables and accruals	**101,623**	48,499
	156,188	127,869

Notes to the Consolidated Financial Statements (continued)

10. ISSUED CAPITAL

	Notes	2016 Number of securities	2016 $	2015 Number of securities	2015 $
(a) Share capital					
Ordinary shares fully paid	10(c), 10(e)	**147,583,276**	**7,429,753**	68,415,004	3,131,985
(b) Other equity securities					
Options	10(f)	**16,910,670**	**16,911**	16,910,670	16,911
Total issued capital			**7,446,664**		3,148,896

	2016 Number of securities	2016 $	2015 Number of securities	2015 $
(c) Movements in ordinary share capital				
Beginning of the financial year	**68,415,004**	**3,131,985**	50,732,010	2,739,415
Issued during the year:				
– Issued as part consideration for tenement acquisition	**29,030,772**	**2,496,646**	-	-
– Issued for cash at 8 cents per share upon exercise of listed options	**1,700,000**	**136,000**	-	-
– Issued for cash at 6.4 cents per share	**17,187,500**	**1,100,000**	-	-
– Issued for cash at 3.2 cents per share[(1)]	**31,250,000**	**944,000**	-	56,000
– Issued for cash at 2.2 cents per share	**-**	**-**	15,410,267	339,026
– Issued in lieu of fees at 2.2 cents per share	**-**	**-**	2,272,727	50,000
Transaction costs	**-**	**(378,878)**	-	(52,456)
End of the financial year	**147,583,276**	**7,429,753**	68,415,004	3,131,985

(1) Funds were received in the 2015 financial year in advance of share placement, with shares issued on 3 July 2015.

Notes to the Consolidated Financial Statements (continued)

10. ISSUED CAPITAL (cont'd)

(d) Movements in options on issue

	Number of options	
	2016	**2015**
Beginning of the financial year	**45,320,937**	50,300,470
Issued, exercisable at 8 cents, on or before 30 September 2016 (listed)	**31,250,000**	15,410,267
Issued, exercisable at 10 cents, on or before 21 April 2021 (unlisted)	**3,430,000**	-
Issued, exercisable at 12.5 cents, on or before 30 November 2018 (unlisted)	**4,500,000**	-
Issued, exercisable at 12.5 cents, on or before 2 May 2019 (unlisted)	**5,000,000**	-
Issued, exercisable at 15 cents, on or before 21 April 2021 (unlisted)	**3,430,000**	-
Issued, exercisable at 17.5 cents, on or before 30 November 2018 (unlisted)	**4,500,000**	-
Exercised at 8 cents, expiry 30 September 2016 (listed)	**(1,700,000)**	-
Expired on 29 May 2016, exercisable at 19.5 cents	**(1,000,000)**	-
Expired on 30 June 2015, exercisable at 20 cents	**-**	(20,389,800)
End of the financial year	**94,730,937**	45,320,937

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(f) Paid options

During December 2013 a total of 16,910,670 options were issued at 0.1 cents each.

Notes to the Consolidated Financial Statements (continued)

10. ISSUED CAPITAL (cont'd)

(g) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2016 and 30 June 2015 are as follows:

	2016	2015
	$	$
Cash and cash equivalents	**495,173**	284,337
Trade and other receivables	**351,981**	10,826
Trade and other payables	**(156,188)**	(127,869)
Working capital position	**690,966**	167,294

11. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

12. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Goldphyre Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 13.

Notes to the Consolidated Financial Statements (continued)

12. RELATED PARTY TRANSACTIONS (cont'd)

(c) Key management personnel compensation

	2016	2015
	$	$
Short-term benefits	**367,749**	180,616
Post-employment benefits	**1,742**	2,058
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**172,208**	50,000
	541,699	232,674

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 12.

(d) Transactions and balances with other related parties

Services

Reefus Geology Services, a business controlled by Mr Brenton Siggs, is engaged via a letter agreement to provide technical geological management services to the Group during the year. The amounts paid were at arms' length and are included as part of Mr Siggs' compensation. In addition to the remuneration for Mr Siggs' services, Reefus Geology Services was paid $4,304 (2015: $12,745) for the provision of other exploration services to the Group.

Acquisitions

Goldphyre WA Pty Ltd and the Company entered into a Tenement Sale Agreement dated on or about 13 June 2013 under which the Company would acquire a 100% interest in one tenement for the sum of $1,100 (GST inclusive).

Mr Brenton Siggs is a director of Goldphyre WA Pty Ltd and ultimately controls a 60% interest in Goldphyre WA Pty Ltd.

Goldphyre WA Pty Ltd and the Company are parties to a sale of Mining Tenements Agreement dated on or about 11 April 2011 under which the Company acquired a 100% interest in 9 Tenements. In consideration, the Company issued the Vendor 7,250,000 ordinary shares and 3,625,000 options (with an exercise price of 20 cents that expired on 30 June 2015) during the 2011 financial period. The Company will potentially issue further ordinary shares to the Vendor, refer to note 15.

(e) Loans to related parties

There were no loans to related parties, including key management personnel, during the year.

Notes to the Consolidated Financial Statements (continued)

13. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding[1]	
			2016	2015
			%	%
Lake Wells Potash Pty Ltd	Australia	Ordinary	**100**	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

14. REMUNERATION OF AUDITORS

	2016	2015
	$	$

During the year the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

Audit services		
Bentleys Audit & Corporate (WA) Pty Ltd – audit and review of financial reports	**18,909**	16,638
Total remuneration for audit services	**18,909**	16,638

Notes to the Consolidated Financial Statements (continued)

15. CONTINGENCIES

Tenement Acquisition Agreement

Goldphyre WA Pty Ltd and the Company are parties to a sale of Mining Tenements Agreement dated on or about 11 April 2011 under which the Company acquired a 100% interest in 9 Tenements. In consideration, the Company issued the Vendor 7,250,000 ordinary shares and 3,625,000 options (with an exercise price of 20 cents that expired on 30 June 2015) during the 2011 financial period. The Company will also issue the Vendor with further ordinary shares in the following circumstances, subject to any necessary regulatory or shareholder approvals:

a) 2,000,000 ordinary shares upon the Company delineating 250,000 ounces of JORC measured gold or equivalent (as a single commodity) that can be verified as an economic deposit by an independent expert, on a tenement acquired from the Vendor;

b) 2,000,000 ordinary shares upon the Company delineating a further 250,000 ounces of JORC measured gold or equivalent (as a single commodity) that can be verified as an economic deposit by an independent expert, on a tenement acquired from the Vendor; and

c) 3,000,000 ordinary shares upon the Company completing a bankable feasibility study in any of the tenements acquired from the Vendor.

Subject to the grant of a waiver in writing from ASX from Condition 10 of Chapter 1 of the Listing Rules the Company agrees to pay the Vendor a 2% net smelter royalty on any mineral won from the tenements acquired from the Vendor.

16. COMMITMENTS

	2016	2015
	$	$
(a) Exploration commitments		
The Group has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
within one year	**895,500**	395,700
later than one year but not later than five years	**1,507,000**	498,400
	2,402,500	894,100
(b) Lease commitments: Group as lessee		
Operating leases (non-cancellable):		
Minimum lease payments		
within one year	**21,776**	-
	21,776	-

The Company has entered into a non-cancellable property lease with a 12-month term, with rent payable monthly in advance. There is a contingent rent review to occur effective 30 September 2016, based on the level of conversion of the Company's listed options.

Notes to the Consolidated Financial Statements (continued)

17. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the end of the reporting period the Group has issued 3,620,000 ordinary shares on conversion of listed options to raise total gross funds of $289,600.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

18. CASH FLOW INFORMATION

	2016 $	2015 $
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(4,731,501)**	(654,422)
Non-Cash Items		
Depreciation of non-current assets	**-**	551
Shares and options issued as consideration for tenement acquisition	**2,975,817**	-
Share-based payments expense	**193,734**	50,000
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(341,155)**	7,106
Increase in trade and other payables	**64,009**	27,014
Net cash outflow from operating activities	**(1,839,096)**	(569,751)

(b) Non-cash investing and financing activities

On 22 April 2016 the Company issued 29,030,772 ordinary shares at a deemed cost of $2,496,646, and 6,860,000 options with a deemed cost of $479,171, to Yandal Investments as part consideration for tenement acquisition. This amount was included in ‘Exploration expenses’ on the statement of profit or loss and other comprehensive income of the Group.

On 3 May 2016 the Company issued 5,000,000 options with a deemed cost of $284,500 to Hartleys Limited as part consideration for capital raising fees. This amount was included in ‘Share issue transaction costs’ on the statement of changes in equity of the Group.

Notes to the Consolidated Financial Statements (continued)

19. LOSS PER SHARE

	2016	2015
	$	$
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(4,731,501)**	(654,422)

	Number of shares	
	2016	2015
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**108,333,561**	65,056,156

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2016, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

20. SHARE-BASED PAYMENTS

(a) Director Options

The Group has provided benefits to directors of the Company in the form of options as approved at a General Meeting of the Company, constituting a share-based payment transaction. The exercise prices of the options granted ranges from 12.5 to 17.5 cents per option. All options granted have an expiry date of 30 November 2018.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Notes to the Consolidated Financial Statements (continued)

20. SHARE-BASED PAYMENTS (cont'd)

Fair value of options granted

The weighted average fair value of the options granted during the year was 3.45 cents (2015: N/A). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2016	2015
Weighted average exercise price (cents)	15.0	-
Weighted average life of the option (years)	3.0	-
Weighted average underlying share price (cents)	5.8	-
Expected share price volatility	126.44%	-
Risk free interest rate	2.05%	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

(b) Supplier Options

The Group has granted options to suppliers in accordance with the terms of a tenement acquisition agreement and a corporate advice and capital raising agreement. The exercise prices of the options granted ranges from 10 to 15 cents, with expiry dates ranging from 2 May 2019 to 21 April 2021.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the company with full dividend and voting rights.

Fair value of options granted

The weighted average fair value of the options granted during the year was 6.44 cents (2015: N/A). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2016	2015
Weighted average exercise price (cents)	12.5	-
Weighted average life of the option (years)	4.2	-
Weighted average underlying share price (cents)	8.6	-
Expected share price volatility	122.85%	-
Risk free interest rate	2.14%	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

Notes to the Consolidated Financial Statements (continued)

20. SHARE-BASED PAYMENTS (cont'd)

Set out below are summaries of the share-based payment options granted per (a) and (b):

	2016		2015	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**1,000,000**	**19.5**	7,764,800	19.9
Granted	**20,860,000**	**13.6**	-	-
Forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**(1,000,000)**	**19.5**	(6,764,800)	20.0
Outstanding at year-end	**20,860,000**	**13.6**	1,000,000	19.5
Exercisable at year-end	**14,860,000**	**13.0**	1,000,000	19.5

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.3 years (2015: 0.9 years), and the exercise prices range from 10 to 17.5 cents.

(c) Shares issued to the Executive Chairman

In accordance with the terms of his Executive Service Agreement, during the 2015 financial year Matt Shackleton was remunerated to the value of $50,000 via the issue of 2,272,727 ordinary shares in the Company. Shareholders approved this transaction at a general meeting of the Company held on 30 September 2014 and the shares were issued on 1 October 2014. The issue price of 2.2 cents per share was the same as the issue price of a placement to sophisticated and professional investors that was approved at the same general meeting.

(d) Shares issued to suppliers

On 22 April 2016 Goldphyre issued 29,030,772 ordinary shares to Yandal Investments as part consideration for tenement acquisition, as approved by shareholders at a General Meeting held on 22 April 2016. The shares were valued at the closing price on the date of issue, being 8.6 cents each, for a total expense of $2,496,646.

Notes to the Consolidated Financial Statements (continued)

20. SHARE-BASED PAYMENTS (cont'd)

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2016 $	2015 $
Shares and options included in exploration expenses	**2,975,817**	-
Options included as share issue transaction costs	**284,500**	-
Shares and options included in share-based payments expense	**193,734**	50,000
	3,454,051	50,000

21. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Goldphyre Resources Limited, at 30 June 2016. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2016 $	2015 $
Current assets	**847,154**	295,163
Non-current assets	**100**	100
Total assets	**847,254**	295,263
Current liabilities	**156,188**	127,869
Total liabilities	**156,188**	127,869
Issued capital	**7,446,664**	3,148,896
Reserves	**957,405**	104,100
Accumulated losses	**(7,713,003)**	(3,085,602)
Total equity	**691,066**	167,394
Loss for the year	**(4,731,501)**	(654,322)
Total comprehensive loss for the year	**(4,731,501)**	(654,322)

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes set out on pages 16 to 45 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the financial period ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations required by section 295A of the *Corporation Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Matt Shackleton

Executive Chairman

Perth, 29 July 2016

Independent Auditor's Report

To the Members of Goldphyre Resources Limited

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We have audited the accompanying financial report of Goldphyre Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

a. The financial report of Goldphyre Resources Limited is in accordance with the *Corporations Act 2001*, including:

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

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(a)(v) in the financial report which indicates that the Consolidated Entity incurred a net loss of $4,731,501 during the year ended 30 June 2016. This condition, along with other matters as set forth in Note 1(a)(v), indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

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

Opinion

In our opinion, the Remuneration Report of Goldphyre Resources Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Doug Bell

DOUG BELL CA
Director

Dated at Perth this 29th day of July 2016