ANNUAL REPORT

FOR THE YEAR ENDED
JUNE 2016

GOLDPHYRE
RESOURCES LIMITED

CORPORATE INFORMATION

ABN 58 149 390 394

Directors
Matt Shackleton (Executive Chairman)
Brenton Siggs (Non-Executive Director)
Dean Goodwin (Non-Executive Director)

Company Secretary
Leigh-Ayn Absolom

Principal Place of Business
31 Ord Street
WEST PERTH WA 6005
Telephone: +61 8 9322 1003

Registered Office
31 Ord Street
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) are listed on the Australian Securities Exchange.

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CHAIRMAN'S LETTER

Dear Shareholder,

I am delighted to report to you on what has been a highly successful year for your Company, and it is with great pleasure that I present to you the 2016 Annual Report.

Goldphyre entered the 2016 financial year with a new exploration strategy focusing on Lake Wells, with the Company allocating the majority of its exploration budget to what was ultimately the successful discovery of a significant potash deposit. The Lake Wells Potash Project became the management team's primary focus, culminating with the release in June 2016 of the Company's inaugural potash Mineral Resource estimate.

Your Directors believe this was an outstanding result and has set up Goldphyre to become a substantial potash producer. Management has been tasked with advancing an achievable project to capitalise on the Lake Wells Potash Project's ready access to key domestic markets.

Through the early months of exploration, the Lake Wells Potash Project went from concept to reality. By utilising and refining new passive geophysical technologies, the field team was able to quickly and successfully delineate the depth, breadth and length contours to the palaeochannel that is the central feature of the Lake Wells drainage system. This in turn permitted the accurate and efficient targeting of drill holes, and the subsequent collection of brine and lithological samples from the various strata present through the sediments.

In addition to enabling the estimation of a Mineral Resource, all of this physical data allowed the Company to commence a test production bore installation program in the September quarter of the 2017 financial year. We look forward to releasing test-pumping results from the test production bores by the end of the 2016 calendar year.

Your Company continues to enjoy the support of its strong shareholder base, which includes many successful and experienced investors. This support was highlighted by the strong rate at which the September 2016 8-cent options were exercised. In line with its conservative and prudent management of the Company's financial resources, Goldphyre negotiated the underwriting of the exercise of this options series, ensuring the Company has sufficient cash reserves to see through to completion its accelerated studies into the development of the Lake Wells Potash Project.

The high-grade core to the Project, proximity to potential domestic markets and simple proposed brine abstraction method give me the confidence to continue to recommend the Lake Wells Potash Project as an outstanding project opportunity.

The 2016 year was another very rewarding time to be involved with Goldphyre, and it is with some reticence that the directors have resolved to propose to shareholders that the Company change its name to reflect its new development focus. Without wishing to pre-empt the intentions of

shareholders, it is with the greatest sincerity that I look forward to updating you on the progress of Australian Potash Limited's Lake Wells Potash Project in the very near future.

On behalf of the Board, I would like to thank shareholders for their support during the year. It has been a pivotal time for your Company, putting us firmly on track to be a major supplier of Australian potash.

We look forward to capitalising on this exceptional growth opportunity over the coming year.

Yours sincerely,

Matt Shackleton
Executive Chairman
Goldphyre Resources Limited

HIGHLIGHTS

Maiden Sulphate of Potash (SOP) JORC Mineral Resource Estimate[1]

- Using total porosity[2] (for industry comparison purposes only), total in-situ Inferred Mineral Resource Estimate of 70 million tonnes of SOP at 8.05 kg/m^3 including a high-grade zone: 40 Mt of SOP at 9.03 kg/m^3

- Using specific yield[3] (drainable porosity), Inferred Mineral Resource Estimate of 18.4 million tonnes of SOP at 8.05 kg/m^3 including a high-grade zone: 10.5 Mt of SOP at 9.03 kg/m^3

Extensive, deep and broad palaeochannel identified over 55 kilometres length to date through passive seismic survey work, air core, mud rotary and diamond drilling campaigns[4].

Important highly permeable upper and lower, or basal, sand layers intersected in deep resource drilling.

The Lake Wells Project is located 160km north northeast of Laverton in the Eastern Goldfields and covers 1619 km^2 (Figure 1, Appendix 1). Lake Wells is the Company's flagship project and exploration and resource drilling campaigns (Figures 2 & 3) resulted in the successful definition of a maiden JORC Compliant brine sulphate of potash (SOP) mineral resource.

An auger pit sampling program and reconnaissance Air-core (AC) drilling program (Figure 2, Appendices 2, 3 & 5) conducted at Lake Wells in July 2015[5] identified high-grade potash mineralisation both beneath the lake and the low dune areas surrounding the lake. The drilling program generated wide intercepts of potash brine to and total depths of 141m, which was the depth capacity of the drill rig used.

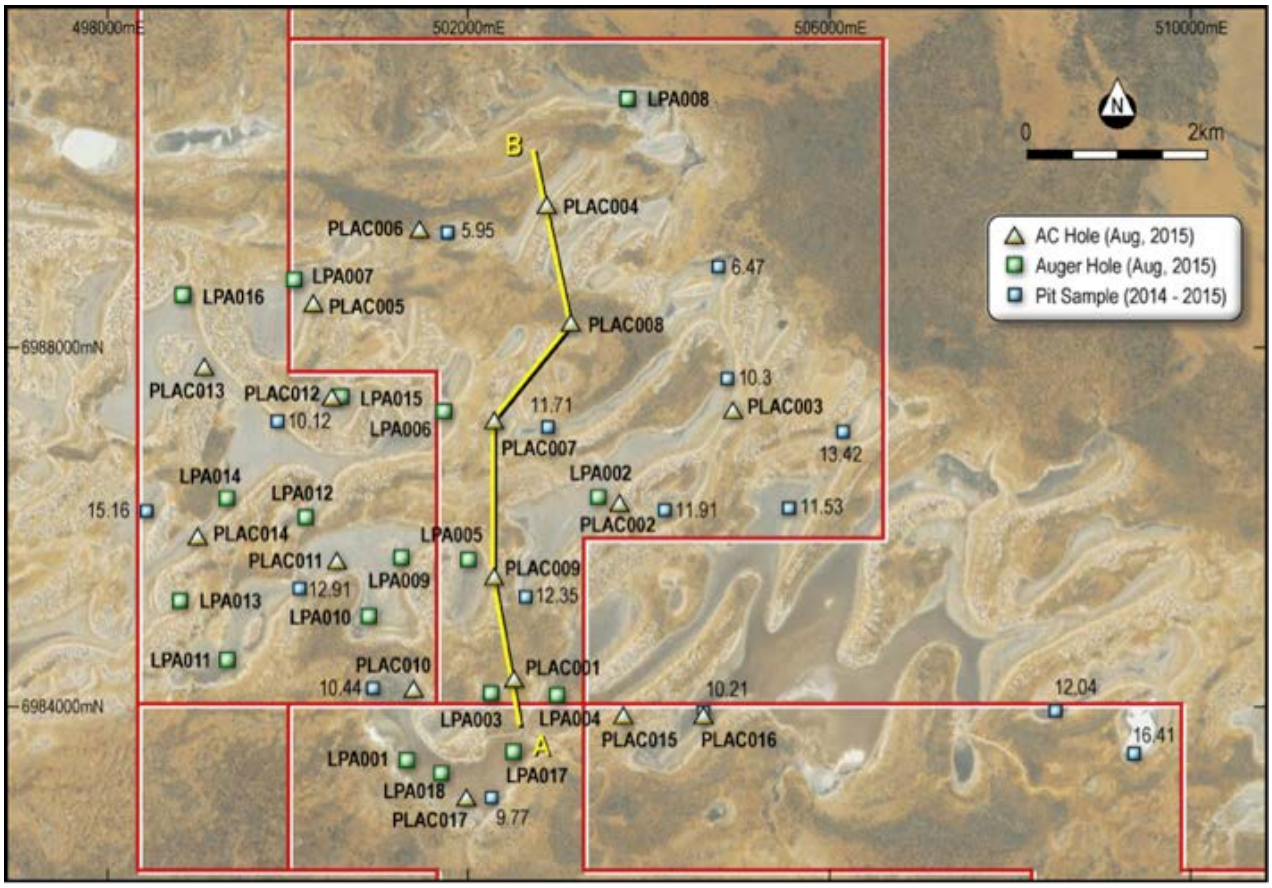
Passive seismic survey programs were then conducted[6,7] (Figure 4). This cost effective geophysical survey technique generated data that permitted the clear targeting of drill holes into the interpreted deeper parts of the palaeochannel. Unconsolidated sand-grit material often resides in the basal section of palaeovalleys and has a high permeability, which facilitates pumping from aquifers at this level, increasing drainage of the overlying hydrogeological units.

The passive seismic surveys were aimed at mapping interpreted depth of transported cover, the form of the interpreted palaeovalley system and if possible, to highlight the thalweg, or basal section of the palaeovalley. The seismic surveys were successful in vectoring in on the deepest sections of the palaeovalley, assisting deep drill targeting for potash.

1. Refer to ASX announcement 29 June 2016 'Maiden SOP Resource Estimate'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Goldphyre Resources Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 29 June 2016 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 29 June 2016 announcement continue to apply and have not materially changed.
2. Total porosity does not give any consideration to the recoverability of the brine containing the Sulphate of Potash minerals.
3. Specific yield reflects the amount of recoverable Sulphate of Potash, in compliance with NI43-101, the only CRIRSCO reporting code to include a brine standard.
4. Refer to ASX announcement 7 April 2016 'Drilling intersects substantial widths of key basal sands'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 7 April 2016 announcement.
5. Refer to ASX announcement 26 August 2015 'Lake Wells Potash Drilling Results'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, and in the ASX announcement 15 October 2015 'Quarterly Activities Report', Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 26 August 2015 announcement.
6. Refer to ASX announcement 15 December 2015 'Seismic Survey Defines Extensive, Deep Palaeovalley'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 15 December 2015 announcement.
7. Refer to ASX announcement 8 February 2016 'Second Seismic Survey Doubles Size of Deep Palaeovalley'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 8 February 2016 announcement.

Figure 1: Project location plan

Figure 2: First pass drill hole and auger location plan – 2015 campaign



The survey data was of excellent quality and once calibrated against existing drill holes with known depths to basement, allowed interpretive work to successfully delineate an approximately east-west trending palaeovalley extending through the project area, splitting into two significant palaeovalleys that trend to the north and south (Figure 4). The peak H/V (Horizontal/Vertical) frequencies show a good correlation coefficient with drill data and also show reasonable shear wave velocity in the palaeovalley fill.

Figure 3: Seismic program conducted on the LWE tenure contiguous and to the west of GPH's ground over which GPH has been granted potash rights

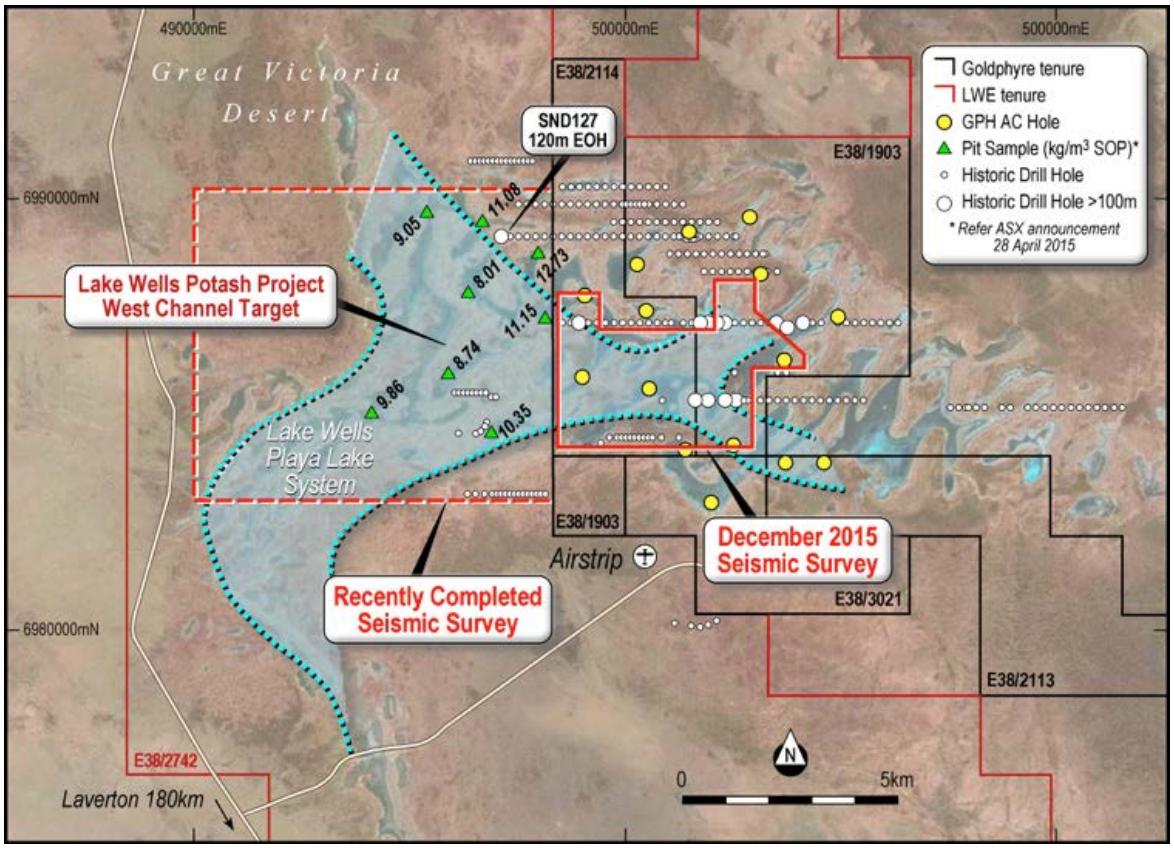
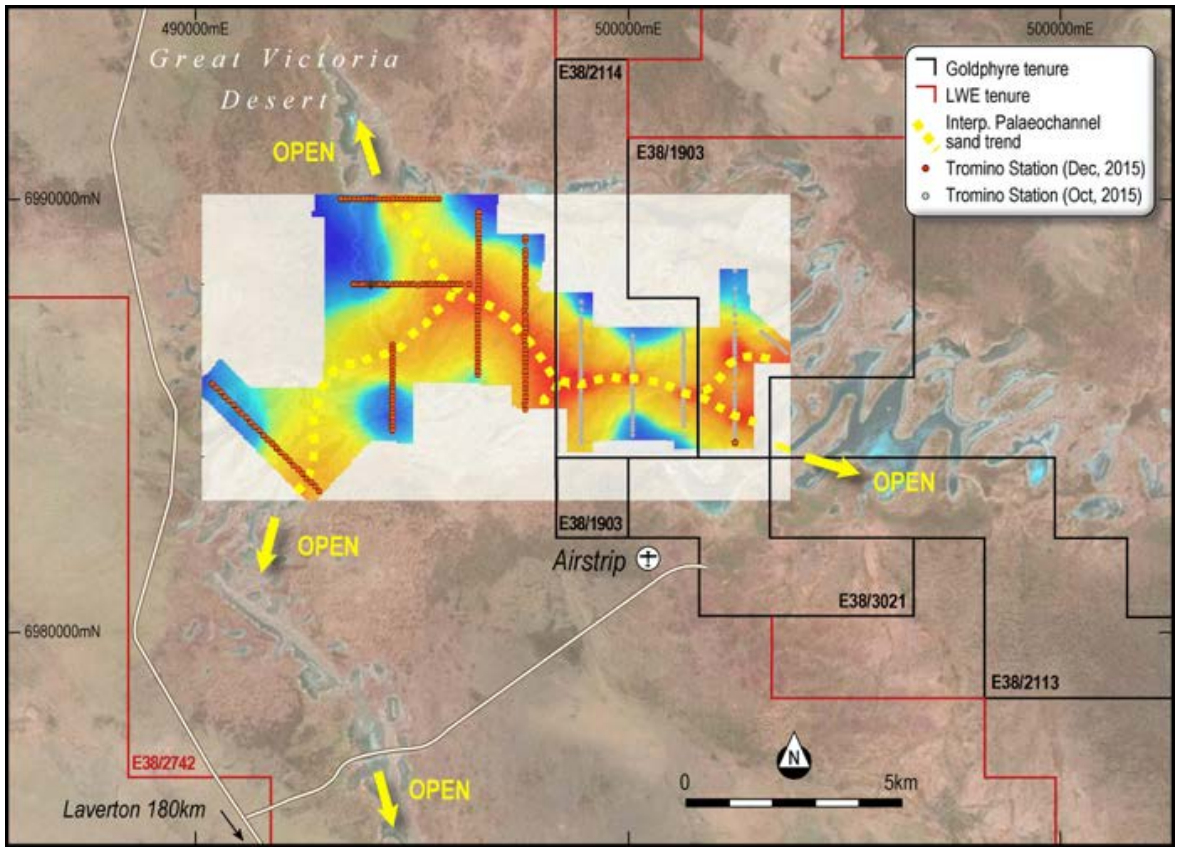


Figure 4: Extensive, deep palaeochannel with interpreted sand trend – Line LT06-07 two centrally located vertical traverses central



The seismic modelling on some sections indicated depths of up to 150m-170m (Figures 5 & 6) for the base of the palaeochannel. Several AC holes completed in the 2015 drill program reached considerable depths (up to 141m) but did not penetrate through the transported sediments to basement.

The seismic results with interpreted depth ranges and clear trend directions over an extensive area of the playa lake system were instrumental in deeper AC drilling, targeting the basal palaeochannel sand potential.

Figure 5: Line LT06, the central survey line

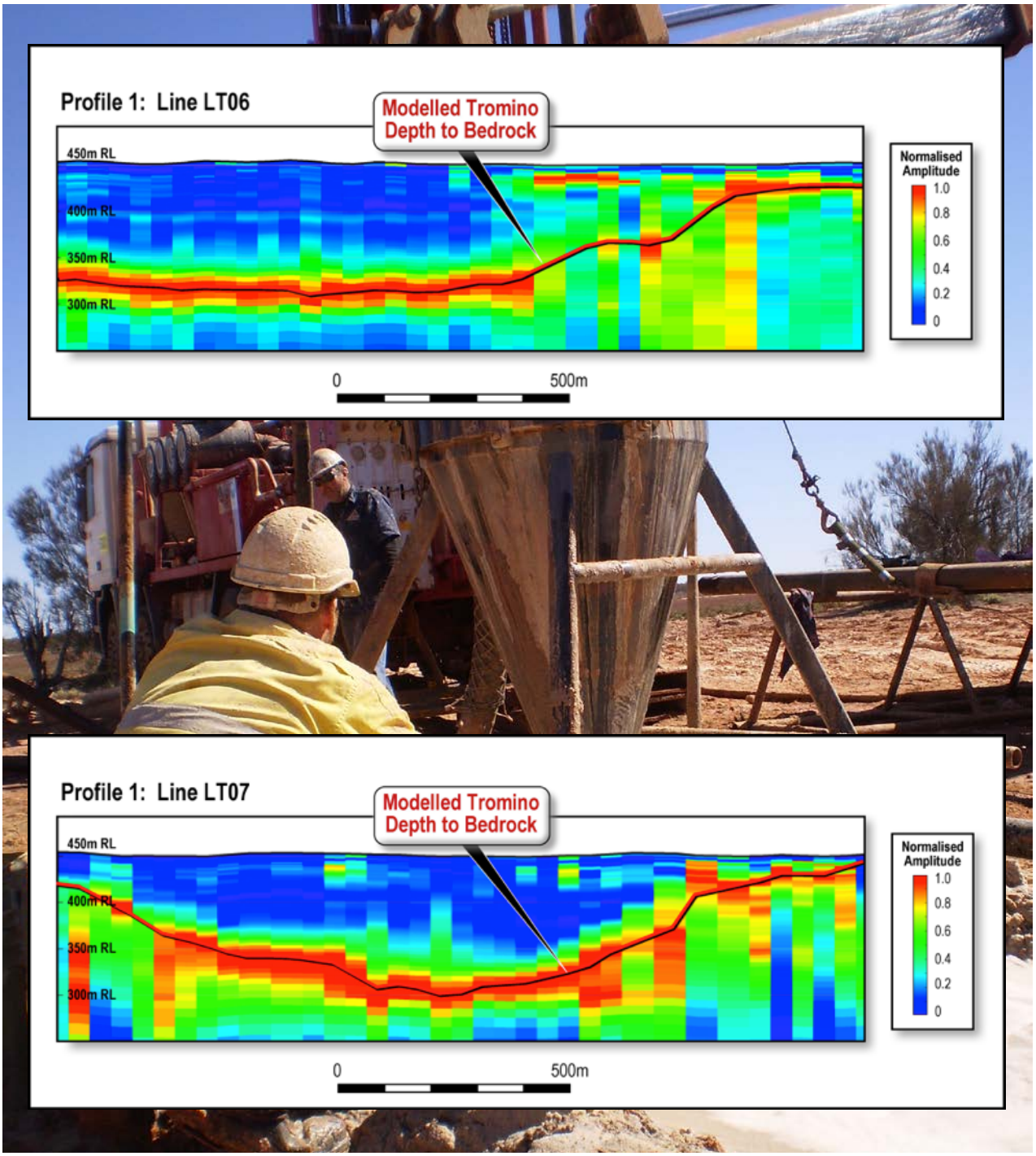
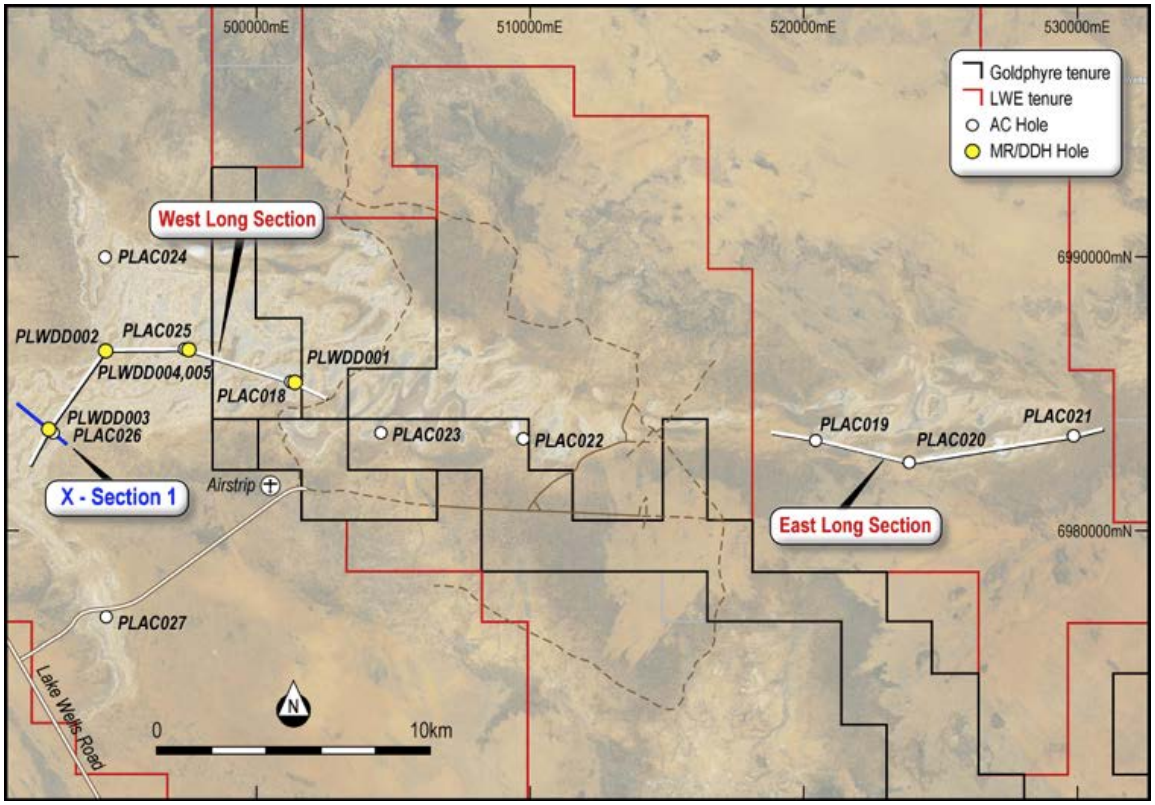


Figure 6: Line LT07, the central survey line

Figure 7: Resource drill hole location – 2016 campaign



The Company followed up first pass AC drilling and passive seismic programs with carefully selected deeper AC and Mud Rotary-Diamond drilling in 2016. This drilling successfully intersected upper sand and substantial basal sand units (Figures 7 & 9) and returned significant potassium and sulphate assay results.

The basal sand intersections were considered highly significant because it is from this layer of the palaeochannel sediments that the Company is proposing to abstract the largest volumes of the high-grade potash brines confirmed in resource drilling.[1]

In addition to confirming the significant and consistent potash grades at depth, the 2016 AC drill campaign intersected significant widths of the upper sand unit. This upper aquifer has returned consistent potash brine concentrations with the potential to improve the yield from the palaeochannel system.

The sand units have been interpreted to comprise:

i. upper sand - typically medium to coarse-grained (0.5mm - 2mm) quartz sand with sub-angular to sub-rounded grains, and;

ii. basal sand - typically medium to coarse-grained (0.5mm - 2mm) quartz sand +/- minor well rounded quartz and lithic pebbles at the base.

Other potential aquifer units encountered in recent drilling include near surface coarse-grained evaporite and sand/silt, overlying friable and fragmental silcrete +/- laterite. Strong brine flows were commonly recorded in these lithology types.

1. Refer to ASX announcement 26 August 2015 'Lake Wells Potash Drilling Results'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, and in the ASX announcement 15 October 2015 'Quarterly Activities Report', Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 26 August 2015 announcement.

Several drill-holes also returned a minor but persistent sand component to the clay/silt dominated inter-beds lying between the upper and basal sand units and strong brine flows.

Figures 8 & 9 depict the lithology and sand aquifer units encountered at the various drill sites. The palaeochannel clays typically have a specific yield of 2% - 3%, meaning that only a small fraction of the brines held within them can be extracted. In contrast, the upper and basal sands typically have a specific yield of 23% - 28%[1], meaning that nearly ten times the brine held in the sand layers can be extracted compared to the clay layers. The higher permeability and high specific yield material present in the palaeochannel, the more brine can be recovered.

Figure 8: Long section of the western section of the project, showing basal and upper sand intersections

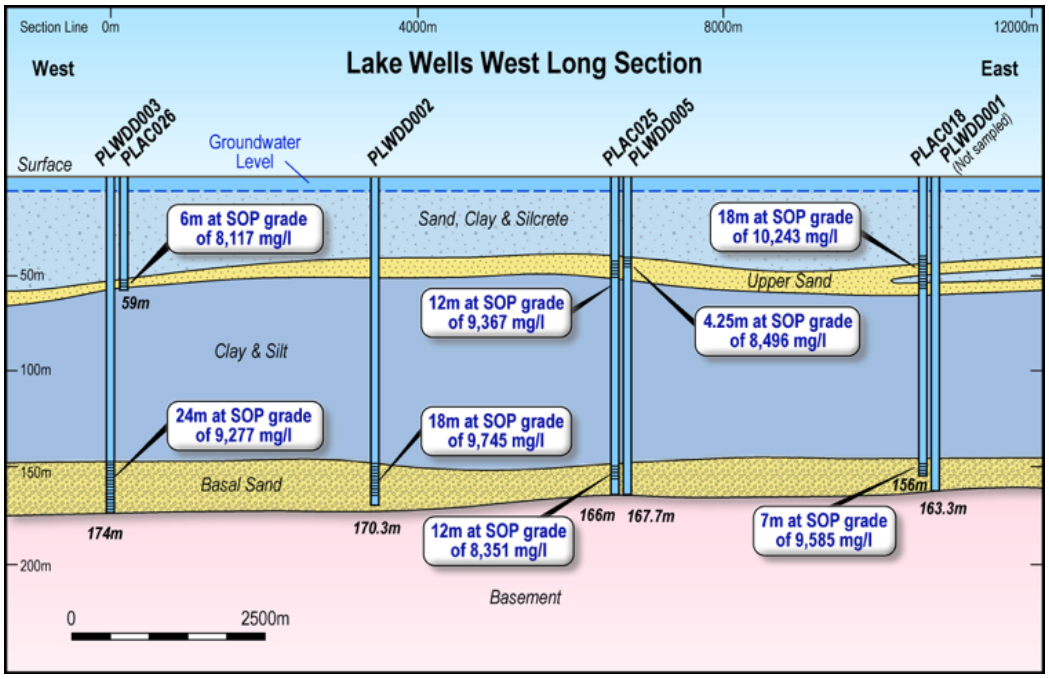
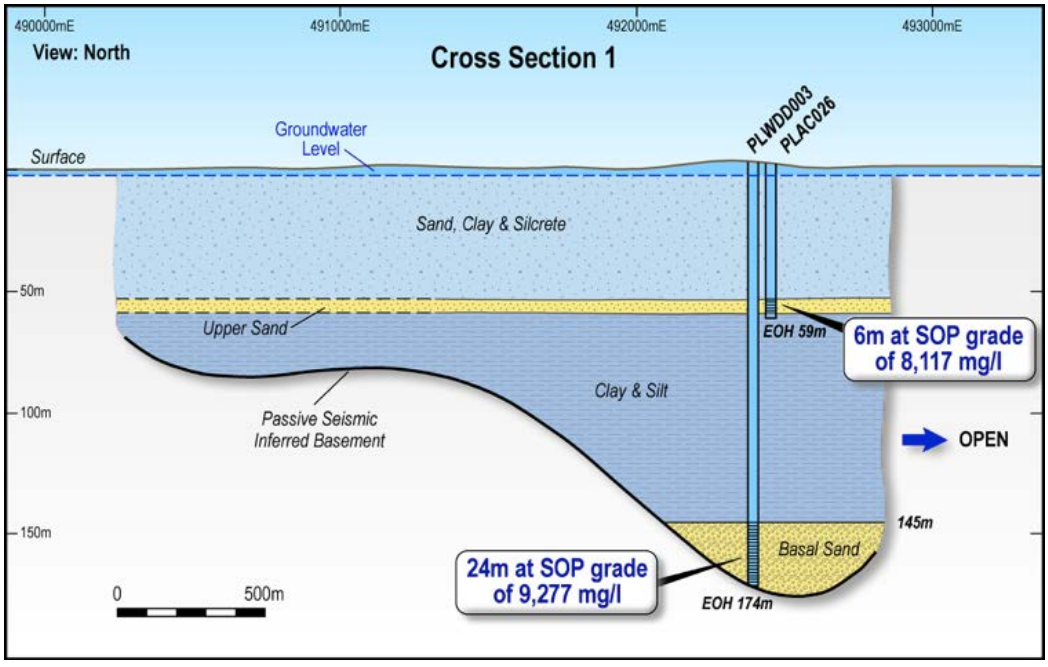


Figure 9: Cross section 1 showing drill holes PLWDD003 and PLAC026, western end of the Project



1. Johnson, D.J. 1967. Specific Yield. Compilation of specific yields for various materials. U.S. Geol.Survey. Water Supply Paper 1662-D, 74 pp.

LAKE WELLS POTASH PROJECT - MINERAL RESOURCE ESTIMATE

In compliance with internationally recognised reporting standards that include a brine standard, Goldphyre has reported its Resource estimate using **specific yield** (Appendices 4 and 5), or **drainable porosity**. The Company believes this is an accurate estimate of the amount of brine that can be abstracted from the aquifers.

Goldphyre has also reported its Resource estimate using total porosity, which estimates the total amount of in-situ brine in the aquifer. This allows observers to more easily make a comparison between Goldphyre's Resource estimate and estimates made by other companies that choose not to disclose their resource estimates using specific yield.

The Mineral Resource (JORC 2012 Code compliant), which has been measured taking into account potential future economic abstraction, has been classified as Inferred (Table 1, Figure 10) and is estimated at 18.4 Mt at 8,050 mg/L (8.050 kg/m3) Sulphate of Potash (SOP). A high-grade zone occupying the western part of the Lake Wells Potash Project (LWPP), has an Inferred estimate of 10.5 Mt at 9,028 mg/L (9.028 kg/m3) SOP.

Table 1: Inferred Mineral Resource estimate measured using Specific Yield (drainable porosity)[1]

Inferred Resource for GPH Lake Wells Potash Brine (JORC compliant, taking account of Potential Future Economic Abstraction)						
Hydrogeological Unit	Volume of Aquifer	Specific Yield	Drainable Brine Volume	K Concentration (mg/L)	SOP Grade (mg/L) (K * 2.23)	SOP Resource
	Mm^3	Mean	Mm^3	Weighted Mean Value	Weighted Mean Value	Mt
Western High Grade Zone						
Surficial Aquifer	5,207	16%	833	3842	8568	7.1
Clay Aquitard	4,947	6%	297	4,244	9464	2.8
Basal Sand Aquifer	222	23%	51	4,539	10121	0.5
Sub Total (Mm3/Mt)	***10,376***		***1181***	***4049***	***9028***	***10.5***
Eastern Zone						
Surficial Aquifer	3,435	16%	550	3428	7644	4.2
Clay Aquitard	2,833	6%	170	3,329	7423	1.3
Basal Sand Aquifer	231	23%	53	3,330	7426	0.4
Sub Total (Mm3/Mt)	***6,499***		***773***	***3381***	***7540***	***5.9***
Southern Zone						
Surficial Aquifer	1,296	16%	207	2742	6115	1.3
Clay Aquitard	1,901	6%	114	2,620	5842	0.7
Basal Sand Aquifer	82	23%	19	2,871	6401	0.1
Sub Total (Mm3/Mt)	***3,279***		***340***	***2674***	***5963***	***2.1***
Total						
Surficial Aquifer	9,937	16%	1383	3555	7929	12.6
Clay Aquitard	9,682	6%	467	3657	8155	4.7
Basal Sand Aquifer	535	23%	123	3761	8387	1.0
Total (Mm^3/Mt)	**20,154**		**1972**	**3610**	**8050**	**18.4**

Inferred Resource based on modelled aquifer volume, mean specific yield and weighted mean K concentrations (derived from modelling)

1. Rounding may affect sub-totals and totals in all tables

Figure 10: Inferred Resource Model Outline with hole & auger collar plan

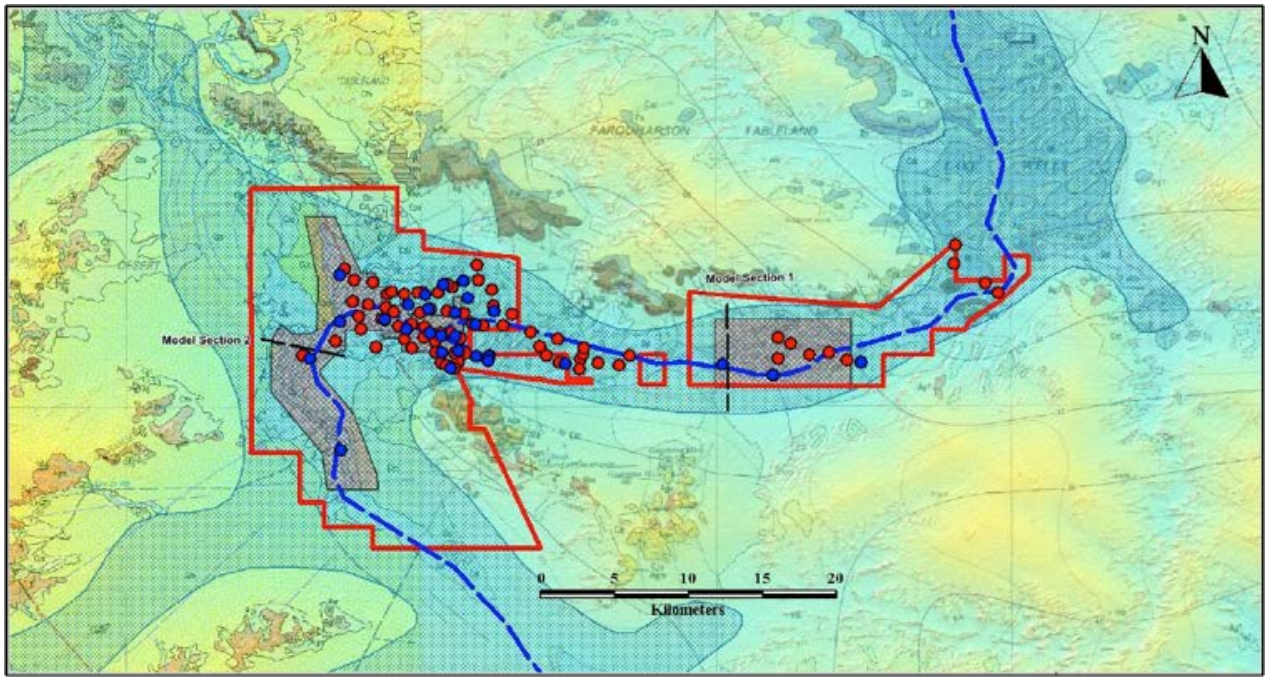
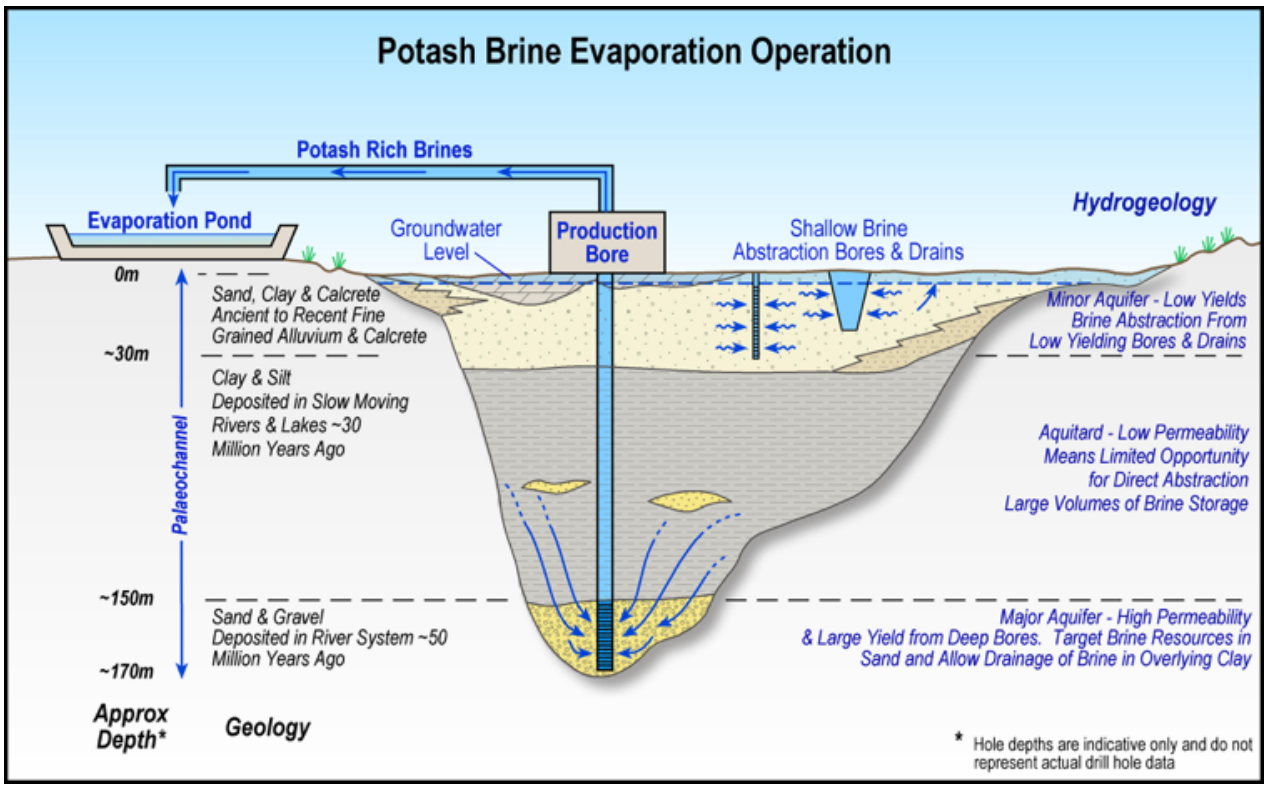


Figure 11 below shows how the Company proposes to recover brines from the palaeochannel, using a bore field network. This is a tried and proven brine abstraction technique used in Australia, and is prevalent in many eastern goldfields and Pilbara mining operations as a source of process water. The brines are evaporated, leaving a residue of salts that are harvested and processed into the highly sought after, premium potassium fertiliser, sulphate of potash.

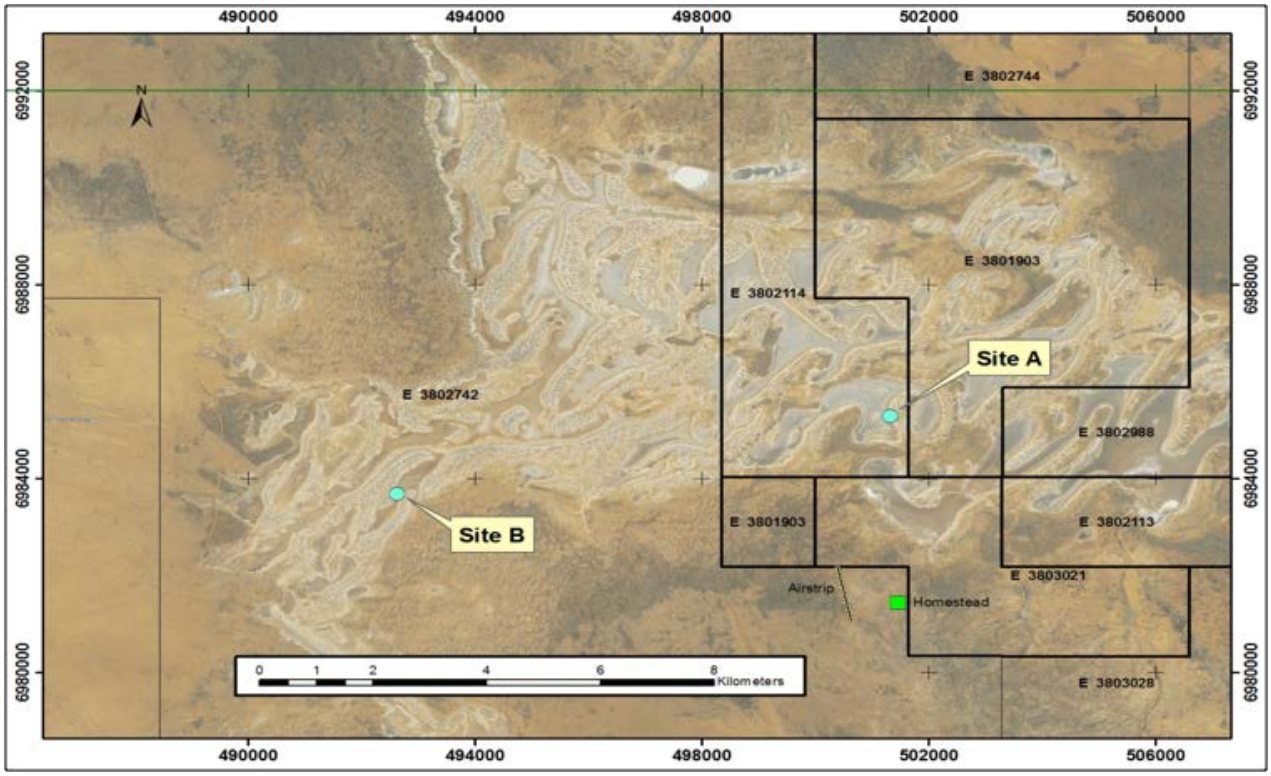
Figure 11: The Lake Wells Potash Project is targeting highly permeable upper and basal sands via potential bore-hole abstraction methods



NEXT STEPS - AQUIFER TESTING

Four (4) test-production bores are planned at two sites, A and B as shown in Figures 12 –14.

Figure 12: Test-production bore location plan



The installation of the simple, low-cost test production bores will be followed by test pumping, with the aim of confirming Lake Wells' status as a leading potash brine resource project, building on its superior high-grade mineral resource and close proximity to infrastructure.

Figure 13: Site A, bore location with view south to lake surface

Figure 14: Site B, bore location with view east across salt lake surface

The four test-production bores will be installed at two sites (Figure 12), with a shallow bore into the upper sand aquifer and a deeper bore into the basal sand aquifer at each site. The Company is reviewing consultant proposals to conduct the test-pumping program, scheduled to commence upon the completion of the bore installation program, with results expected in the December 2016 quarter.

APPENDIX 1 - TENEMENT SCHEDULE

Project	Tenement	Interest at 1 April 2016	Action	Interest at 30 June 2016
Lake Wells Potash Project	E38/1903	100%	-	100%
	E38/2901	100%	-	100%
	E38/2505	100%	-	100%
	E38/3021	100%	-	100%
	E38/3039	100%	-	100%
	E38/2113	100%	-	100%
	E38/2114	100%	-	100%
	E38/2744[1]	100%		100%
	E38/2742[2]	100%		100%
	ELA38/3109	0%	Application	0%
Laverton Downs	E38/2724	100%	-	100%
	E38/3014	100%	-	100%
Mailman Hill	E37/990	100%	-	100%
Hack Well	E38/2945	100%	-	100%

1. Goldphyre holds the rights to explore for and extract all potash minerals contained within brine from the tenement. Lake Wells Exploration Pty Ltd remains the holder of the tenement.
2. Goldphyre holds the rights to explore for and extract all potash minerals contained within brine from the tenement. Lake Wells Exploration Pty Ltd remains the holder of the tenement.

APPENDIX 2 - COLLAR TABLE

Hole	Hole Type	Northing (m)	Easting (m)	RL (m)	Dip	Azimuth	Hole Depth (m)
PLAC001	AC	6984310	502503	447	-90	0	89
PLAC002	AC	6986265	503667	451	-90	0	125
PLAC003	AC	6987290	504936	448	-90	0	27
PLAC004	AC	6989581	502865	448	-90	0	69
PLAC005	AC	6988482	500271	449	-90	0	30
PLAC006	AC	6989304	501464	448	-90	0	21
PLAC007	AC	6987185	502280	450	-90	0	105
PLAC008	AC	6988271	503135	448	-90	0	62
PLAC009	AC	6985447	502287	449	-90	0	141
PLAC010	AC	6984202	501394	446	-90	0	31
PLAC011	AC	6985628	500540	448	-90	0	138
PLAC012	AC	6987435	500480	446	-90	0	27
PLAC013	AC	6987782	499069	451	-90	0	18
PLAC014	AC	6985903	499000	446	-90	0	84
PLAC015	AC	6983905	503707	454	-90	0	141
PLAC016	AC	6983910	504600	448	-90	0	107
PLAC017	AC	6982990	501984	447	-90	0	12
PLAC018	AC	6985429	501345	449	-90	0	156
PLAC019	AC	6983282	520417	452	-90	0	149
PLAC020	AC	6982466	523824	446	-90	0	137
PLAC021	AC	6983435	529841	450	-90	0	101
PLAC022	AC	6983325	509759	456	-90	0	29
PLAC023	AC	6983556	504517	452	-90	0	131
PLAC024	AC	6989993	494462	449	-90	0	10
PLAC025	AC	6986621	497503	455	-90	0	166
PLAC026	AC	6983714	492431	449	-90	0	59
PLAC027	AC	6976879	494504	448	-90	0	101.9
PLWDD001	MR/DDH	6985400	501330	449	-90	0	163.3
PLWDD002	MR	6986505	494440	453	-90	0	170.3
PLWDD003	MR	6983715	492410	449	-90	0	174
PLWDD004	MR	6986592	497518	452	-90	0	59.1
PLWDD005	MR	6986645	497517	451	-90	0	167.7

NOTE: Co-ordinates MGA94 Zone 51

APPENDIX 3 - AUGER TABLE

Hole ID	Northing (m)	Easting (m)	RL (m)	Depth to WT (m)	Hole Depth (m)
LPA001	6983400	501320	446	0.40	1.10
LPA002	6986332	503446	449	1.00	1.50
LPA003	6984140	502251	448	0.70	1.20
LPA004	6984121	502986	444	0.50	1.50
LPA005	6985629	502007	447	0.50	1.20
LPA006	6987280	501737	446	0.50	0.50
LPA007	6988742	500071	450	0.50	0.80
LPA008	6990754	503773	449	0.53	0.90
LPA009	6985655	501258	454	0.40	1.20
LPA010	6985001	500898	455	0.40	1.20
LPA011	6984515	499330	455	0.40	1.20
LPA012	6986106	500198	461	0.55	1.30
LPA013	6985172	498807	457	0.80	1.20
LPA014	6986315	499328	462	0.40	1.00
LPA015	6987443	500588	460	0.35	1.20
LPA016	6988567	498839	465	0.50	1.20
LPA017	6983498	502499	461	0.40	1.40
LPA018	6983252	501700	461	0.30	1.00

NOTE: Co-ordinates MGA94 Zone 51

APPENDIX 4 - PSD TABLE

Sample ID	Hole ID	Northing	Easting	From	To	Hydro Unit	Comments
LWPS1014	PLAC019	6983282	520417	60	70	Basal Sand	
LWPS1026	PLAC020	6982466	523824	124	126	Basal Sand	
LWPS1018	PLAC019	6983282	520417	136	138	Basal Sand	
LWPS1017	PLAC019	6983282	520417	130	131	Basal Sand	
LWPS1009	PLAC018	6985429	501345	152	156	Basal Sand	
LWPSD1508	PLAC011	6985628	500540	105	108	Clay	grey brown white clay
LWPSD1504	PLAC002	6986265	503667	110	112	Clay	lt brown green clay
LWSF002	PLAC009	6985447	502287	38	39	Clay	puggy lacustrine clay
LWPSD1507	PLAC011	6985628	500540	78	80	Clay	clay and fg sand
LWPSD1503	PLAC002	6986265	503667	88	90	Clay	lacustrine clay
LWSF004	PLAC009	6985447	502287	139	140	Clay	dk grey puggy lacustrine clay
LWPSD1502	PLAC002	6986265	503667	58	60	Clay	lacustrine clay/min silt
LWPSD1501	PLAC002	6986265	503667	28	30	Clay	laterite/mottled clay/grit zone
LWPSD1506	PLAC011	6985628	500540	29	32	Clay	clay and fg sand component
LWPS1006	PLAC018	6985429	501345	61	65	Clay	
LWPS1015	PLAC019	6983282	520417	95	105	Clay	
LWPS1023	PLAC020	6982466	523824	90	100	Clay	
LWPS1007	PLAC018	6985429	501345	97	100	Clay	
LWPSD1505	PLAC011	6985628	500540	3	12	Surficial	Evap and clay
LWSF005	PLAC001	6984310	502503	26	27	Surficial	laterite/mottled clay/grit zone
LWSF001	PLAC009	6985447	502287	14	15	Surficial	clay/sand
LWSF009	PLAC004	6989581	502865	47	49	Surficial	medium grained granitic saprolite with lithic fragments
LWSF011	PLAC012	6987435	500480	16	17	Surficial	saprolitic mafic rock
LWSF006	PLAC001	6985447	502287	35	36	Surficial	pisolitic laterite minor silcrete
LWSF008	PLAC004	6989581	502865	10	12	Surficial	friable silcrete/mottled zone
LWSF003	PLAC009	6985447	502287	49	50	Surficial	sand and minor clay - interbed within clay
LWSF010	PLAC004	6989581	502865	66	68	Surficial	Transitional medium
LWPS1004	PLAC018	6985429	501345	47	49	Surficial	grained granite saprock

APPENDIX 4 - PSD TABLE

	Particle Size Analysis					Derived Aquifer Parameters		
Sample ID	Sand	Silt	Clay	Gravel	Major Lith	Permeability (m/d)	Sy (%)	Porosity (%)
LWPS1014	29%	37%	33%	1%	Sand, Silt and Clay	0.05	0.09	0.43
LWPS1026	68%	12%	11%	9%	Sand	0.81	0.24	0.38
LWPS1018	73%	9%	8%	10%	Sand	1.20	0.27	0.39
LWPS1017	86%	7%	6%	2%	Sand	2.08	0.32	0.40
LWPS1009	88%	6%	5%	1%	Sand	2.42	0.34	0.41
LWPSD1508	14%	42%	43%	1%	Sandy Clay	0.04	0.04	0.43
LWPSD1504	10%	28%	62%	0%	Clay	0.04	0.04	0.51
LWSF002	13%	48%	39%	0%	Clay	0.005	0.04	0.41
LWPSD1507	6%	60%	34%	0%	Clayey Silt	0.04	0.04	0.41
LWPSD1503	6%	26%	68%	0%	Clay	0.05	0.05	0.54
LWSF004	20%	58%	22%	0%	Clay	0.02	0.06	0.35
LWPSD1502	14%	84%	1%	1%	Silt	0.06	0.06	0.29
LWPSD1501	21%	32%	44%	3%	Clay	0.07	0.07	0.47
LWPSD1506	13%	42%	44%	1%	Clay	0.08	0.08	0.48
LWPS1006	5%	35%	61%	0%	Silty Clay	0.04	0.09	0.56
LWPS1015	1%	32%	66%	0%	Silty Clay	0.05	0.10	0.59
LWPS1023	2%	29%	69%	0%	Silty Clay	0.05	0.10	0.60
LWPS1007	1%	32%	67%	0%	Silty Clay	0.05	0.10	0.59
LWPSD1505	14%	37%	49%	0%	Clay	0.08	0.08	0.50
LWSF005	17%	48%	26%	8%	Laterite	0.06	0.10	0.43
LWSF001	36%	40%	20%	4%	Sandy Clay	0.16	0.13	0.40
LWSF009	29%	49%	9%	13%	Saprolite	0.26	0.15	0.38
LWSF011	26%	59%	1%	13%	Saprolite	0.57	0.16	0.36
LWSF006	32%	14%	7%	47%	Laterite with silcrete	0.20	0.16	0.37
LWSF008	29%	9%	1%	61%	Silcrete	0.30	0.17	0.36
LWSF003	68%	21%	10%	1%	Sandy Clay	0.50	0.20	0.32
LWSF010	48%	0%	1%	52%	Saprock	0.68	0.23	0.37
LWPS1004	84%	5%	6%	5%	Sand	1.93	0.32	0.40

NOTE: Co-ordinates MGA94 Zone 51

APPENDIX 5 - REPORTING OF EXPLORATION RESULTS JORC (2012) REQUIREMENTS

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• Brine sampling was completed via Mud Rotary-Diamond (MR-DDH) cased with PVC and Air core (AC) drilling technique. Auger holes completed using handheld (unpowered) auger. • AC Drilling - Groundwater (brine) and selective mineral (lithological) samples collected. Brine sample recovery procedure included collecting brine sample through the cyclone in a clean 9l bucket at the start of drilling each rod. Where possible, flow rate data was logged via air lifting using a stop watch and 9l bucket beneath the cyclone. Not every rod may produce a brine sample depending upon formation characteristics. Flow rate information collected using compressed air drill technique is considered indicative. Regolith samples from AC drilling were collected from the cyclone and laid out in rows of 10 or 20 for geological logging and (where applicable) mineral sampling. Particle size distribution (PSD) samples (28 lithological samples, weight 1-2 kg) were collected over representative sample intervals representing the surficial aquifer, confining clay and basal sand aquifer and analysed at Soilwater Group (Perth). The PSD samples have been used to estimate permeability, specific yield and porosity. 28 PSD sample results are summarised in the accompanying report and Appendix 3. Mud Rotary Drilling - 50mm PVC cased Mud Rotary drill holes were airlifted for 1-2 hours using a 180cfm trailer-mounted compressor to remove remnant drilling fluids introduced at time of drilling. A

Criteria	JORC Code Explanation	Commentary
		pressure transducer was then placed in the borehole to measure water levels, while a small 40mm submersible pump pumped brine to the surface. After 30 minutes, the brine was sampled and the transducer data downloaded to allow estimation of hydraulic parameters. Auger holes- brine samples collected via bailer or by hand with 250 or 500ml bottles. • Selective triple tube PQ core was logged on site, sealed in plastic and transported in plastic trays to Perth office for further processing.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Mud Rotary-Diamond Drilling (MR-DDH) (5 holes, Appendix 1) was completed by Terra Drilling, Kalgoorlie, using a Hanjin Powerstar 7000 track-mounted diamond rig. Selective PQ Triple tube Core (diameter 85mm, no orientation) used to penetrate hard regolith zones and basement was collected with core recovery generally over 90%. • 2016 Air core (AC) drilling using Schramm 685 with 125mm vacuum blade bit (10 holes, Appendix 1) was completed by Austral Drilling, Perth. 2015 Air core (AC) drilling completed by Raglan Drilling, Kalgoorlie. • All holes vertical.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/ coarse material.	• See Sampling Techniques. • AC Drilling - Drilling with care (eg. clearing hole at start of rod, regular cyclone cleaning) but majority of lithological samples moist/wet due to primary aim of targeting brine samples. Mud Rotary Drilling – Lithological sample recovery and quality was generally low due to poor development of wall cake and mixing with drill cuttings from entire hole column. • Sample recovery/grade relationship not applicable to groundwater brine sampling. Brine samples collected in 80ml or 250 ml bottles.

Criteria	JORC Code Explanation	Commentary
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• AC Drilling - Qualitative lithological logging completed by inspection of washed Air–core drill cuttings at time of drilling with end-of-hole (EOH) samples and 1m chip samples collected in plastic chip trays for future reference. Flow rate data was collected where possible along with Magnetic Susceptibility data (Fugro RT-1 unit). Mud Rotary-Diamond Core drilling - Triple tube PQ core lithologically logged and photographed. Logging is qualitative in nature.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• PQ Triple tube core awaiting core cutting for processing. • AC Drilling - Brine water samples were collected with a clean bucket from the rig cyclone. 80ml and 250ml plastic sterile sample bottles were used to collect sample. At the end of each rod, air turned on and brine (if present) flows through cyclone and sample collected after initial discharge flow of brine. Mud Rotary Drilling – Brine samples collected from small submersible pump in 50mm PVC cased holes after sufficient airlifting to remove traces of drilling fluids. • Reference brine solution provided by independent laboratory (Intertek Genalysis, Perth) used for QA/QC analysis with a sample ratio of approx. 1:10. Duplicate samples (approx. 1:20) were also collected for QA/QC analysis and despatched to laboratory for brine analysis. Archive brine sample collected for each laboratory sample. A small sample batch (~10%) despatched to umpire lab for comparison purposes and these results pending. • Once collected, brine samples were kept in cool to cold, dark storage and delivered to laboratory within 7 days

Criteria	JORC Code Explanation	Commentary
		of field collection. Major cations were analysed using either ICP-AES or ICP-MS techniques. Analysis of Cations in brine solution by Mohr Titration. Sulphate was determined by either: ICP-AES Determination or dissolved sulphate in a 0.45um filtered sample with sulphate ions converted to a barium sulphate suspension in an acetic acid medium with barium chloride. Light absorbance of the $BaSO_4$ suspension measured by a photometer and the SO_4^{-2} concentration is determined by comparison of the reading with a standard curve. Specific Gravity (SG) calculated using Pycnometric method. Total Dissolved Solids (TDS) calculated by Gravimetric method. • Sample size (80 and 250 ml plastic bottles) appropriate for brine being sampled.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• The samples were collected for major cation (Ca, K, Na, Mg) and anions (Cl, sulphate), alkalinity, Specific Gravity, Total Dissolved Solids (TDS) and selective multi-element (dissolved metals) analysis. Drill samples (2016) were completed at Bureau Veritas Laboratory, Perth. These samples were analysed with Lab Codes GC006, GC026, GC033, GC004, and SO101 and SO102 methods. Reference brine solution samples dispatched to laboratory reported an average error of <10%. Drill samples (2015) were assayed at ALS Laborotary (Perth) with Lab Codes ED093F, ED041G, ED045G, EA050, ED037-P,EG020A-F. Duplicate and reference brine samples were submitted to MPL Laboratory (Perth) and ALS Metallurgy Laboratory (Perth). • Potash brine results calculated with primary potassium (K) values and K_2SO_4 equivalent. No upper and lower cuts applied. For multi-element suite - (Bureau Veritas Lab Code SO101 and

Criteria	JORC Code Explanation	Commentary
		SO102) elements included (but not limited to): Al, As, Cr, Co, Fe, Pb, Ni, U, Th, Zn, V). No anomalous or significant multi-element results recorded in brine samples. • Quality control process and internal laboratory checks demonstrate acceptable levels of accuracy. • Further Data QA/QC checks undertaken include: -Database QA/QC reporting including box and whisker plots -Primary laboratory duplicate comparison and interlaboratory duplicate comparison -Charge balance check -Ionic ratio analysis • These checks demonstrate acceptable levels of accuracy and consistency in the dataset.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• QA/QC procedures included reference solution and duplicate samples collected and analysed at both the primary and independent umpire laboratory to evaluate analytical consistency. Internal laboratory standards and instrument calibration are completed as a matter of course. • Sample data was captured in the field and digital data entry completed both in the field and in the Company's Perth office. All drill and sample data was then loaded into the Company's DATASHED database and validation checks completed to ensure data accuracy. Analytical results as csv and pdf files were received from the laboratory.

Criteria	JORC Code Explanation	Commentary
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Drill collars were surveyed by handheld Garmin 60 GPS with horizontal accuracy (Easting and Northing values) of +-5m. • Grid System – MGA94 Zone 51. • Topographic elevation using published GSWA geological maps and hand held GPS with Z range +-15m suitable for relatively flat salt lake/dune terrain.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Hole spacing on approximate 1-6 km drill pattern targeted upper and basal sand paleochannel zones with 3 - 6m sample intervals (where possible) across the targeted salt lake system and meets SEG and Bench mark standards for Inferred Brine Resource classification (Houston, Butcher, Ehren, Evans, Godfrey (2012) The Evaluation of Brine Prospects and the Requirement for Modification to Filing Standards. Economic Geology v106, pp1225-1239). The data spacing is considered sufficient to establish the degree of geological and grade continuity appropriate for mineral resource estimation procedures. • Samples taken from intervals downhole are considered indicative due to groundwater seepage below the static water table level (SWL) and it is difficult to estimate the degree of down-hole brine 'mixing' using the Air-core drilling technique. Brine samples collected at end of rod (every 3 or 6m) where possible, are to some extent, naturally composited due to the nature of the sample medium and compressed air drill technique.

Criteria	JORC Code Explanation	Commentary
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Vertical drill holes targeted the deepest sections of the palaeovalley system within interpreted flat lying transported sedimentary profile and weathered-transitional basement rocks. • Vertical drill orientation not considered to have introduced any sampling bias with regard to sampling relatively flat lying regolith units.
Sample security	• The measures taken to ensure sample security.	• Samples collected from the field airfreighted to Perth laboratories with sealed eskies or delivered by Company personnel to laboratory direct.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Data reviews are summarised under QA/QC of data above.

SECTION 2: REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• The LAKE WELLS POTASH PROJECT, located 140 km northeast of Laverton, Western Australia consists of tenements: E38/1903, E38/2113, E38/2114, E38/3021, E38/3039, E38/2742 and E38/2744. All tenements held 100% by Goldphyre Resources Limited (GPH) except E38/2742 and E38/2744 held by Lake Wells Exploration Pty. Ltd. (LWE). GPH has entered into a Sale and Split Commodity Agreement (dated on or about 11th December, 2015) with LWE. All tenements are in good standing. There is no Native Title Claim registered in respect of the project tenure. Accordingly, there is no requirement for a Regional Standard Heritage Agreement to be signed. • At time of writing, the tenements have expiry dates ranging between 1/5/2017 and 9/8/2020.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Previous reconnaissance AC and Goldphyre AC/RC drilling has been completed in the Lake Wells area. Companies that have completed previous exploration in the region include WMC Ltd, Gold Partners Ltd, Kilkenny Gold NL, Anglogold Ashanti Australia Ltd, Croesus Mining NL and Terra Gold Mining Ltd.
Geology	• Deposit type, geological setting and style of mineralisation.	• Targets include: Brine hosted potash mineralisation associated with the Lake Wells playa lake system.

Criteria	JORC Code Explanation	Commentary

Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
	  • easting and northing of the drill hole collar
	  • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
	  • dip and azimuth of the hole
	  • down hole length and interception depth
	  • hole length.
	
	• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.
		• Air-core drilling, auger holes and Mud Rotary-Diamond drill data completed by Goldphyre Resources Limited included in report with collar information for drill holes included in Appendix 1-2.

Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All analytical results previously reported and referenced in accompanying report with no minimum and/or maximum grade truncations applied. • Average Sulphate of Potash (SOP) values were previously reported from brine samples collected in a particular interval although several drill holes returned sample intervals in which groundwater was present but insufficient brine sample was available for sampling and analysis. • No metal equivalent values or formulas used.

Criteria	JORC Code Explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• The brine deposit is understood to be essentially a flat resource hosted within a sedimentary aquifer and the underlying weathered basement. Vertical drill hole intercepts are interpreted to represent the true thickness of the deposit.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Appropriate summary diagrams with Scale and North Point shown along with cross section figures are included in the accompanying report.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All previously reported K, SO4, and Mg brine results for the samples collected are referenced in the accompanying report.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• AC drilling in 2015 provided encouragement for further potash brine exploration. Geophysical data (TMI, FVD, Gravity and passive seismic survey) processing along with extensive previous explorers' drill data has contributed further to the understanding of the salt lake system and palaeotopography on the project area.

Criteria	JORC Code Explanation	Commentary
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Based on results returned **and Other Substantive Exploration data** summarised above, the design of follow up drilling program(s) (including test bore drilling and pump testing) are under preparation. • Extension and infill target areas around current drilling as shown in diagram(s) included in the accompanying report will be assessed.

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	JORC Code Explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	• Digital data loaded into DATASHED database then extracted and checked for errors to ensure drilling, lithology and assay data are correct. • Dropdown menus used for digital data capture. • Data points plotted in ARCGIS to check location. • Database extracts for resource modelling work and GIS compilation work checked for accuracy.
Site Visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• Competent Person for information regarding Exploration Results and consultant hydrogeologist conducted in-field management and supervision for exploration drill programs.

Criteria	JORC Code Explanation	Commentary
Geological Interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology.	• Confidence in the geological interpretation is strong as the brine resource is contained within extensive, relatively flat lying, Tertiary age sediments infilling a meandering palaeovalley system interpreted from passive seismic surveys and drill data and identified on a regional scale by adjacent projects and GSA research. • The geological interpretation is supported by detailed geological logging of drill chips and seismic survey. • No alternative geological interpretations have been generated. • Geological interpretation based on the logging of the various regolith units in guiding and controlling Mineral Resource estimation. • Sedimentology processes affect form, thickness and extent of geological units. Hydrological factors may influence brine concentration and continuity.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource	• The Inferred Mineral Resource has been calculated for a portion of the Well Palaeochannel/Lake Wells aquifer within tenements owned or controlled by GPH. • The resource covers ~52km length of paleochannel thalweg. • The resource has been modelled for the entire Tertiary valley sequence from the water level surface (within 1 m of the ground surface) to 130 mbgl in the east and 170 mbgl in the west and 145 mbgl in the south. The resource is ~3km wide at the surface and 0.4km wide at depth within the incised palaeochannel.

Criteria	JORC Code Explanation	Commentary
Estimation and Modelling Techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • Description of how the geological interpretation was used to control the resource estimates.	• Modelling has been undertaken with ARANZ Leapfrog Hydro modelling software. The model provides an estimate of the potentially drainable brine within the Lake Wells Potash Project (LWPP). The model is a static model and takes no account of pumping/brine recovery (other than by the application of specific yield rather than porosity). • The model comprises 4 geological units – basement, basal sand, confining clay and a surficial mixed aquifer. All lithologies encountered during drilling were assigned to one of these four hydrogeological groups. • Geological surfaces were modelled with priority given to drill-hole data and secondary focus on seismic interpretation. Key surfaces, in particular the base of the palaeochannel thalweg, were extended assuming constant gradients between control points (this is considered reasonable given the hydrological origin of the surface i.e. the base of a river generally has a constant gradient). • Surfaces were modelled with a spatial resolution of 50m to 75m. Interpolations were undertaken with Leapfrog's Linear Interpolation Function. • The model was validated by comparing total sediment volumes with those estimated from the interpreted geophysical surface and with simplified estimates from large scale analytical block models. The model was also validated by comparing cross sections with drill-hole intersections.

Criteria	JORC Code Explanation	Commentary
	• Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	• Not Applicable to estimated tonnages for brine resources
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	• No cut-off grades applied
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	• Potential mining process or brine abstraction process is envisaged to involve pumping brine via a series of water bores and trenches. • New field and laboratory test work studies will commence to further test the efficiency and viability of extraction method options. • Preliminary assessment based on the permeability values described in the accompanying report, indicate groundwater abstraction from throughout the aquifer sequence is feasible. In particular, the basal sand will be depressurised during pumping and induce leakage (under-draining) from the overlying clay. This has been the general operating experience in numerous palaeochannel bore fields in the region.

Criteria	JORC Code Explanation	Commentary
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	• Brine analysis work at the LWPP has demonstrated a potassium-magnesium-sulphate elevated brine with very low calcium and carbonate content. National and international scientific reference material, open file and ASX report data of past and recent brine Sulphate of Potash (SOP) projects provide support for the brine type at the LWPP to be amenable to SOP mineral recovery via conventional evaporation processes employed on similar operations elsewhere in the world. • Hydrometallurgical testing on the Lake Wells brines is planned for the September quarter, 2016.
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	• Assumptions made regarding Environmental factors may include: Ground disturbance from the installation of bores, trenches, evaporation ponds and salt tailing facilities and extraction with possible reduction in hypersaline and fresh groundwater aquifers. • The brine evaporation process will result in a salt (sodium chloride residue).

Criteria	JORC Code Explanation	Commentary
Bulk density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	• Bulk density determination is not relevant for brine resource calculations as the porosity, or more applicably, the drainable porosity or specific yield, of the aquifer material is relevant for brine resource calculations. The volume of the sediments containing the brine and the specific yield combine for brine resource calculation.
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.	• Exploration data including brine analysis, drill data, geological setting and seismic surveys provide confidence in classifying the Mineral Resource as Inferred. • Appropriate account for brine resource reporting has been taken of all relevant factors. • The Classification result appropriately reflects the Competent Person's view of the deposit.
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates	• The modelling and Inferred Mineral Resource estimate has been subject to internal peer-review only.

Criteria	JORC Code Explanation	Commentary
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• The Inferred Mineral Resource is based on average specific yield values for the major hydrogeological units and the interpolated distribution of potassium brine within those units. The average specific yields are derived from 28 samples and the results fall within the ranges of other published work from the region (Department of Water). It is not possible to provide a quantified level of confidence. In particular, this is because the Inferred Resource is a static estimate; it represents the volume of potentially recoverable brine that is contained within the defined aquifer. It takes no account of modifying factors such as the design of any bore field (or other pumping scheme), which will affect both the proportion of the Inferred Resource that is ultimately recovered and changes in grade associated with mixing between each aquifer unit, which will occur once pumping starts. Such uncertainties are inherent in groundwater modelling where factors vary in both space and time. Given these uncertainties inherent in the ultimate concentration of produced brine, the level of confidence in the modelling to date is considered satisfactory.

COMPETENT PERSON'S STATEMENT

The information in the announcement that relates to Exploration Targets and Mineral Resources is based on information that was compiled by Mr Jeffery Lennox Jolly. Mr Jolly is a principal hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Jolly nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Jolly has over 30 years of international experience. He is a member of the AusIMM and the International Association of Hydrogeologists. Mr Jolly has experience in the assessment and development of palaeochannel groundwater resources, including the development of water supplies in hypersaline palaeochannels in Western Australia. His experience and expertise is such that he qualifies as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves". Mr Jolly consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration results is based on information compiled by Mr Brenton Siggs. Mr Siggs is the principal geologist of Reefus Geology Services, a firm that provides geological consulting services to the Company. Mr Siggs is a director and shareholder of Goldphyre WA Pty Ltd, a company that holds ordinary shares and options in the capital of Goldphyre Resources Limited (Goldphyre Resources Limited, Annual Report 2015). Mr Siggs is a Non-Executive Director of Goldphyre Resources Limited. He is a member of the Australasian Institute of Geoscientists. Mr Siggs has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken 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 Siggs consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS DISCLAIMER

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

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. 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

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)

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.

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.

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.

Key management personnel of the Group

	Short Term		Post-Employment		Share-based Payments		Total	Performance Related
	Salary & Fees $	Non-Monetary $	Super -annuation $	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.

- 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.

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 compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Goldphyre Resources Limited							
Ordinary Shares	1,363,636	4,000,000	-	312,500	5,676,136	3,009,469	2,6666,667
Matt Shackleton	2,416,667	2,000,000	-	312,500	4,729,167	3,395,834	1,333,333
Brenton Siggs	1,363,636	2,000,000	-	312,500	3,676,136	2,342,803	1,333,333
Dean Goodwin							

Loans to key management personnel

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

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.

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 2104, 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.

AUDITOR'S INDEPENDANCE 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

AUDITOR'S INDEPENDENCE DECLARATION

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

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
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 29th day of July 2016

KRESTON

A member of Bentleys, a network of independent accounting firms located throughout Australia, New Zealand and China that trade as Bentleys. All members of the Bentleys Network are affiliated only and are separate legal entities and not in Partnership. Liability limited by a scheme approved under Professional Standards Legislation.

Accountants
Auditors
Advisors

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 IN 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 in 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	7	284,337	475,803
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		495,173	284,337

The above Consolidated Statement of Cash Flows should be read in conjunction with the 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.

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.

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.

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.

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.

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.

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.

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.

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.

(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.

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.

(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.

4. REVENUE AND OTHER INCOME

	2016	2015
	$	$
(a) Revenue from continuing operations		
Other revenue		
Interest	16,893	11,917
Other revenue	-	5,000
	16,893	16,917
(b) Other income		
Research and development grant refund	86,693	-

5. EXPENSES

Loss before income tax includes the following specific expenses:		
Minimum lease payments relating to operating leases	10,888	-
Defined contribution superannuation expense	1,742	2,058

6. INCOME TAX

(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-

6. INCOME TAX (cont'd)

	2016 $	2015 $
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
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%)		
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%)		
Tenement acquisition costs	**937,744**	41,961
Depreciation variances	**-**	243
	937,744	42,204
Set off against deferred tax assets	**(937,744)**	(42,204)
	-	-

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

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

9. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

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

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
(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.

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.

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.

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.

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

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:

	2016	2015
	$	$
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

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

(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:

	2016 $	2015 $
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):	21,776	-
Minimum lease payments within one year	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.

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

(a) Reconciliation of net loss after income tax to net cash outflow from operating activities

	2016 $	2015 $
Net loss for the year	**(4,731,501)**	(654,422)
Non Cash Items		
Depreciation of non-current assets	**-**	
Shares and options issued as consideration for		551
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.

19. LOSS PER SHARE

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):

	2016 $	2016 $
(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 $	2016 $
(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.

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.

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.

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)

DIRECTOR'S 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 51 to 78 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

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

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.

KRESTON

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Accountants
Auditors
Advisors

Independent Auditor's Report

To the Members of Goldphyre Resources Limited *(Continued)*

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
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 29th day of July 2016

ASX ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 17 October 2016.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Ordinary Shares	
		Number of holders	Number of shares
1	- 1,000	11	2,290
1,001	- 5,000	19	88,609
5,001	- 10,000	173	1,629,946
10,001	- 100,000	379	18,444,224
100,001	and over	242	201,289,144
		822	221,454,213
The number of equity security holders holding less than a marketable parcel of securities are:		42	160,327

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed Ordinary Shares	
		Number of shares	Percentage of ordinary shares
1	Yandal Investments Pty Ltd	29,040,772	13.11%
2	Perth Select Seafoods Pty Ltd	10,799,172	4.88%
3	Goldphyre WA Pty Ltd	7,625,000	3.44%
4	Jemaya Pty Ltd	5,003,853	2.26%
5	Coultas Geoffrey Donald	5,000,000	2.26%
6	Pollara Pty Ltd	4,545,400	2.05%
7	Oceanic Cap Pty Ltd	4,350,506	1.96%
8	Cen Pty Ltd	4,000,000	1.81%
9	Shackleton M W & N J <Harryshack Family A/C>	3,636,363	1.64%
10	Surtees Norman	3,345,331	1.51%
11	Chifley Portfolios Pty Ltd	3,242,181	1.46%
12	Global Dor Pty Ltd	3,000,000	1.35%
13	AWD Consolidated Pty Ltd	2,700,000	1.22%
14	Reliant Resources Pty Ltd <Goodwin Family S/F A/C>	2,676,136	1.21%
15	Lido Trading Ltd	2,672,609	1.21%
16	Rls Eng Pty Ltd	2,618,448	1.18%
17	Tarney Hldgs Pty Ltd	2,500,000	1.13%
18	Fleming William + C	2,500,000	1.13%
19	Tangee Pty Ltd	2,478,599	1.12%
20	St Barnabas Investments Pty Ltd	2,154,999	0.97%
		103,889,369	46.90%

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Yandal Investments Pty Ltd	29,040,772

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Project	Tenement	Percentage Interest Held
Lake Wells Potash Project	E38/1903	100%
	E38/2901	100%
	E38/2505	100%
	E38/3021	100%
	E38/3039	100%
	E38/2113	100%
	E38/2114	100%
	E38/2744[1]	100%
	E38/2742[2]	100%
	EL38/3109	100%
Laverton Downs	E38/2724	100%
	E38/3014	100%
Hack Well	E38/2945	100%

1. Goldphyre holds the rights to explore for and extract all potash minerals contained within brine from the tenement. Lake Wells Exploration Pty Ltd remains the holder of the tenement.

2. Goldphyre holds the rights to explore for and extract all potash minerals contained within brine from the tenement. Lake Wells Exploration Pty Ltd remains the holder of the tenement.

(f) Unquoted Securities

	Holders of 20% or more of the class			
Class	Number of Securities	Number of holders	Holder Name	Number of Securities
Unlisted 12.5 cent Options, Expiry 30 November 2018	4,500,000	4	Matthew William Shackleton and Nicole Jodie Shackleton <The Harryshack Family A/C>	2,000,000
			Brenton Siggs	1,000,000
			Reliant Resources Pty Ltd	1,000,000
Unlisted 17.5 cent Options, Expiry 30 November 2018	4,500,000	4	Matthew William Shackleton and Nicole Jodie Shackleton <The Harryshack Family A/C>	2,000,000
			Brenton Siggs	1,000,000
			Reliant Resources Pty Ltd	1,000,000
Unlisted 12.5 cent Options, Expiry 2 May 2019	5,000,000	1	Zenix Nominees Pty Ltd	5,000,000
Unlisted 10 cent Options, Expiry 21 April 2021	3,430,000	1	Yandal Investments Pty Ltd	3,430,000
Unlisted 15 cent Options, Expiry 21 April 2021	3,430,000	1	Zenix Nominees Pty Ltd	3,430,000

GOLDPHYRE
RESOURCES LIMITED

31 Ord Street, West Perth, Western Australia 6005
m: 0438 319 841 | p: +61 8 9389 2111
e: m.shackleton@goldphyre.com.au | w: goldphyre.com.au