



**GOLD
ROAD**
RESOURCES

ABN 13 109 289 527



ANNUAL REPORT 2016

CORPORATE DIRECTORY

Gold Road Resources Limited (**Gold Road or the Company**)

DIRECTORS

Tim Netscher	Non-executive Chairman
Ian Murray	Managing Director and Chief Executive Officer
Justin Osborne	Executive Director – Exploration & Growth
Martin Pyle	Non-executive Director
Sharon Warburton	Non-executive Director

COMPANY SECRETARY

Kevin Hart

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Chairman's Report

Dear Shareholders

It gives me great pleasure to be able to address you for the first time as Chairman of Gold Road in this, the Company's 2016 Annual Report.

Having served as a Non-executive Director of Gold Road since September 2014, I am honoured to have been chosen to lead the Board at such an exciting time in the Company's evolution.

There is no doubt in my mind that in Gruyere, Gold Road has discovered a world-class gold project that bears all the hallmarks of success.

Few would recall a better time to be developing a gold project in Western Australia than now, given the strength in the Australian dollar gold price, the easing in the cost pressures that accompanied the resources boom and the relative stability Western Australia continues to enjoy as a mining jurisdiction.

Observing the process followed by Ian Murray and his team, I have absolute confidence that there are no short cuts being taken in developing the Gruyere Gold Project forward to production. In my opinion, the studies currently being completed are as thorough and professional as it gets in the mining industry.

While Gruyere is commanding a great deal of time and energy, your Company's management has also been diligently focused on realising the very exciting exploration upside that remains within the rest of our Yamarna tenements, including those held in joint venture with Sumitomo Metal Mining Oceania Pty Ltd.

It is with these twin value drivers in mind - developing the Gruyere Gold Project and fully realising the regional exploration potential - that the recently reported management restructure was undertaken.

We now have two clearly defined teams under Ian's capable leadership, one focused on bringing the Gruyere Gold Project into production headed by Project Director, Sim Lau and the other focused on regional exploration and business development, headed by Executive Director - Exploration and Growth, Justin Osborne.

We believe that this is the optimal structure for ensuring that both value drivers receive the attention, focus and resources required to achieve success.

In April this year, we were fortunate to secure the services of Sharon Warburton as an independent Non-executive Director. Sharon was also named Chair of the Audit Committee and as expected, is proving to be a valuable addition to the Board.

In conclusion, it would be remiss of me not to recognise the achievements of Russell Davis, one of the founding Directors of Gold Road who retired from the Board at the end of June.

I thank Russell wholeheartedly for his efforts and vision in consolidating the Yamarna Belt tenements and listing Gold Road in 2006 and for his continued tireless commitment to the Company thereafter.

Without Russell, Gold Road would not be facing the bright future it is today.

Yours sincerely

Tim Netscher

Non-executive Chairman

From the Managing Director and Chief Executive Officer

Great strides were made by the Gold Road team over the 2016 financial year, both in progressing development of the world-class Gruyere Gold Project and in building a more comprehensive geological picture of the Yamarna Greenstone Belt on which Gruyere is located.

Already Australia's largest undeveloped gold project, Gruyere has grown further as we diligently move along the path towards production: the total Mineral Resource for the deposit now stands at 6.2 million ounces, bringing the Company's Yamarna gold inventory to more than 6.6 million ounces.

***“This ranks as one of
the largest maiden Ore
Reserves declared for an
Australian gold project...”***

In delivering the Pre-Feasibility Study (PFS) on Gruyere in February 2016, Gold Road declared a Maiden Ore Reserve of 3.17 million ounces for the Project. This ranks as one of the largest maiden Ore Reserves declared for an Australian gold project in recent memory and, as envisaged in the PFS, will underpin average annual gold production from Gruyere of 265,000 ounces over an initial 12-year Project life.

Building on the findings of the Stage 1 Options Study, which determined that the best go-forward case for Gruyere was a large scale open pit mine utilising a conventional 7.5Mtpa SAG/Ball Mill Circuit gravity/carbon-in-leach processing facility powered by a pipeline-supplied, gas-fired power generation plant, the PFS demonstrated that the Project was technically sound and financially viable.

As a Board and management team it gave us the confidence to progress immediately with the Feasibility Study, which is scheduled for completion by the end of 2016 and will inform the final investment decision on Gruyere, expected in early 2017.

As the studies have been progressing, the Company has also been diligently working through the various approvals processes and doing the preliminary work to ensure the most appropriate solution for funding the Project's development is devised.

On the approvals front, a significant milestone was reached in May with the signing of an historic native title agreement with the Yilka People and the Cosmo Newberry Aboriginal Corporation covering the Gruyere and Central Bore Projects. The agreement was the first of its kind signed by the Yilka, the registered native title group (who were subsequently determined to hold native title in June 2016), and the first native title mining agreement applying to the Yamarna Greenstone Belt.

With all necessary requirements in place the, the Company was able to submit the State Deeds for the granting of the mining leases for Gruyere and the nearby Central Bore and Attila deposits and within days, the leases had been granted by the Western Australian Government in early May 2016¹. On 29 June 2016, the Federal Court determined the registered Yilka native title claim group and the unregistered Sullivan and Edwards native title claim group were entitled to hold native title together. The final form of the determination is yet to be settled. The Company will continue to monitor the progress of the determination process and any potential impact it may have on the Gruyere Project.

Environmental approvals and tenure for associated infrastructure remain outstanding, but the Company is diligently addressing all relevant issues including ensuring appropriate environmental safe guards are put in place such that the granting of the necessary environmental approvals can be secured.

¹ Refer ASX announcements dated 4 and 9 May 2016

In regards to funding Gruyere's development, we continue to investigate a range of options including project finance, joint venture arrangements and additional equity, and various combinations of these options. By raising A\$74 million in the share placement and entitlement offer completed in May, we already have in place some of the upfront capital required and as indicated, intend to use at least a portion of those funds on front end engineering design work and deposits to secure the purchase of long lead-time equipment, with the aim of de-bottlenecking the construction phase of the Project development. A decision on the composition of the remaining required funding will be made around the time of the completion of the Feasibility Study.

The guiding principle in assessing funding and development options for Gruyere has been to ensure that all options are sensibly investigated, rather than prematurely narrowing in on any particular option and potentially securing a sub-optimal outcome for shareholders.

This approach is similar to that which we have sought to apply to the business in general over the past 12 months, which is also manifested in the two discreet internal teams we have established. We believe that having one team dedicated to the Gruyere Gold Project development and one team dedicated to regional exploration and growth is the best structure for realising maximum value from the Company's Yamarna assets and not missing any potential upside.

As stated previously, the Gold Road Board and management believes the gold endowment of the Yamarna Belt is in excess of 20 million ounces, which we intend to continue to prove up and add to the extremely exciting opportunity in front of us at Gruyere by means of our cost-effective regional exploration techniques across our entire 5,000 square kilometre landholding.

Using our proven approach to making discoveries under transported cover, we continue to look for new camps with the potential of hosting >1 million ounces of gold or more. We are also targeting smaller, higher-grade deposits within trucking distance of the proposed Gruyere plant that could act as supplementary ore sources. Central Bore and Attila, where there are already defined resources, as well as the YAM14 prospect, 9 kilometres to the south of Gruyere, fall into this category.

While Gruyere and those nearby deposits in the north of our Yamarna landholding are 100% owned, we remain confident of making significant discoveries in the south of the Belt, where we have partnered with Sumitomo Metal Mining Oceania Pty Ltd (Sumitomo). Sumitomo lifted its interest in the South Yamarna Joint Venture (SYJV) to 50% in March this year after meeting a requirement to contribute A\$8 million to exploration since mid-2013. Having such an internationally respected partner in the SYJV has been invaluable and we look forward to continuing to work together for a long time to come.

In finishing, I would like to say that much of the rapid progress Gold Road has made over the past year, both with the Gruyere studies and exploration, can be attributed to our people. Market conditions in the mining industry have worked in our favour and we have been able to add some very capable people to those that were already part of the workforce. I firmly believe that the team we have assembled is the right one to lead the Company to further success.

My feelings in regards to the team are heightened when I see the way they react in certain situations. There have been two particular incidents over the past 12 months, one involving a lost camel hunter and the other a serious car accident involving third parties, in which Gold Road employees suspended what they were doing and offered their assistance. As Managing Director and CEO, that response and sense of community spirit makes me incredibly proud. I believe it also shines through in the support the workforce shows towards charities such as the Royal Flying Doctors Service and local community initiatives in Laverton.

I would like to thank the team for all their efforts, and I thank you, the shareholders, for your continued support.

Ian Murray

Managing Director & Chief Executive Officer

Review of Operations

Gold Road continues to pioneer development of Australia's newest goldfield, the Yamarna Belt located 200 kilometres east of Laverton in Western Australia. The Company holds interests in tenements covering approximately 5,000 square kilometres in the region, which is historically underexplored and highly prospective for gold mineralisation (Figure 1).

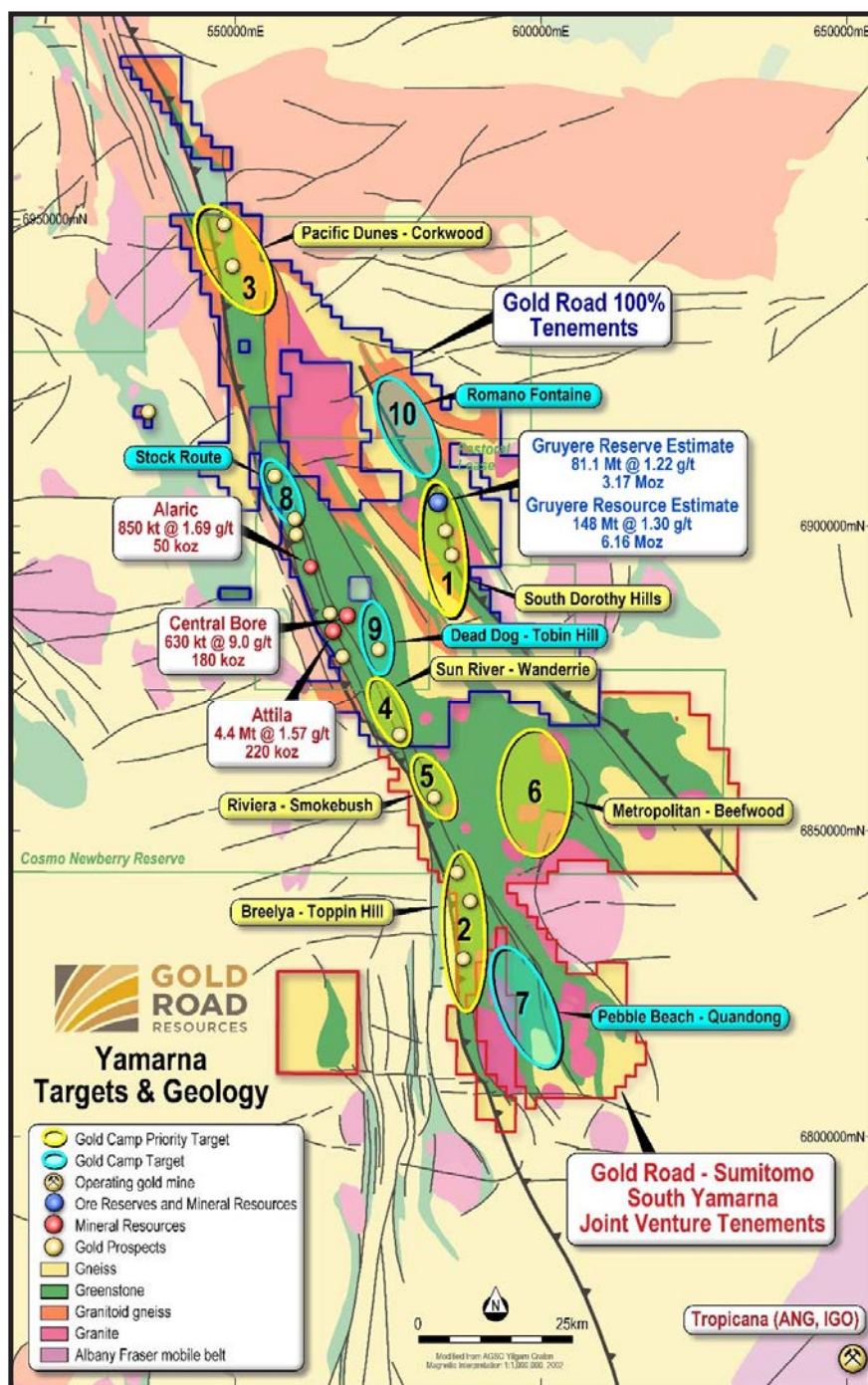


Figure 1: Gold Road 100% owned tenements and Gold Road-Sumitomo South Yamarna Joint Venture tenements showing Camp Scale Targets

Gruyere Gold Project

The Gruyere Gold Project has continued to emerge as one of the premier undeveloped gold assets in Australia.

In February 2016 Gold Road completed the PFS on Gruyere, building on the findings of the Stage 1 Options Study delivered in August 2015, which determined that the best go-forward case for the Project was a large-scale open pit mine utilising a conventional 7.5Mtpa SABC (SAG/Ball Mill with Pebble Crusher) circuit gravity/carbon-in-leach processing facility powered by a pipeline-supplied, gas-fired power generation plant².

The PFS indicated a technically sound and financially viable project generating in excess of A\$1 billion in undiscounted free cash flow (pre-tax) over an initial 12-year Project life. A maiden Ore Reserve of 3.17 million ounces, supporting annual average gold production of 265,000 ounces, was also declared as part of the PFS.

The total capital cost of developing Gruyere was estimated at A\$455 million, including a Project contingency of A\$35 million, while All-in Sustaining Costs were estimated at a very competitive A\$960 an ounce. All financial modelling was conducted using a A\$1,500/oz gold price, representing the five-year historic average. The Ore Reserve estimate was calculated using a A\$1,400/oz gold price.

Based on the positive PFS outcome, the Gold Road Board took the decision to progress immediately to the Feasibility Study on Gruyere to further define and support the case for project funding and development.

In April 2016, shortly after work began on the Feasibility Study, the Company unveiled a 10% increase in the Gruyere Mineral Resource³. Gruyere now contains a Mineral Resource of 148 million tonnes (Mt) grading 1.30 grams of gold per tonne (g/t) for 6.16 million ounces of gold, including 13.9 Mt at 1.18 g/t for 0.53 million ounces in the Measured category.

Major milestones were reached on the project approvals front in early May, with the signing of an historic native title agreement and receipt of mining leases for the Gruyere, Central Bore and Attila gold deposits⁴.

Gold Road was informed by the Environmental Protection Authority of Western Australia (EPA) in June 2016 that the project would be assessed as Assessment on Proponent Information - Category A (API-A) and preparatory work on the Company's API-A submission is well progressed⁵. It is anticipated the EPA will complete its review and submit its assessment report to the WA Environment Minister by the end of 2016.

A portion of the funds raised through the A\$74 million share placement and entitlement offer completed in April 2016 have been allocated to deposits to secure the purchase of long-lead time capital items for Gruyere and has also allowed for the commencement of early works and front-end engineering and design⁶.

The Gruyere Feasibility Study remains on schedule for completion by the end of 2016, and will inform a final investment decision on the Project in early 2017.

Gold Road anticipates assessing the options for a Gruyere underground concept in 2017 which would have the potential to prolong the Project life well beyond the contemplated open pit.

² Refer ASX announcement dated 8 February 2016

³ Refer ASX announcement dated 26 April 2016

⁴ Refer ASX announcements dated 4 and 9 May 2016

⁵ Refer ASX announcement dated 20 June 2016

⁶ Refer ASX announcement dated 19 May 2016

North Yamarna

Gold Road has completed a significant amount of work on the North Yamarna tenements over the course of financial year 2016, identifying numerous individual targets within each of the Camp Scale Targets (Camp) (Figure 2), undertaking first-pass drilling programmes and gathering data. There has been a dual focus to the efforts: making stand-alone “World Class” discoveries capable of supporting new operations, and identification of high-grade, high margin resources to supplement the Gruyere mill feed.

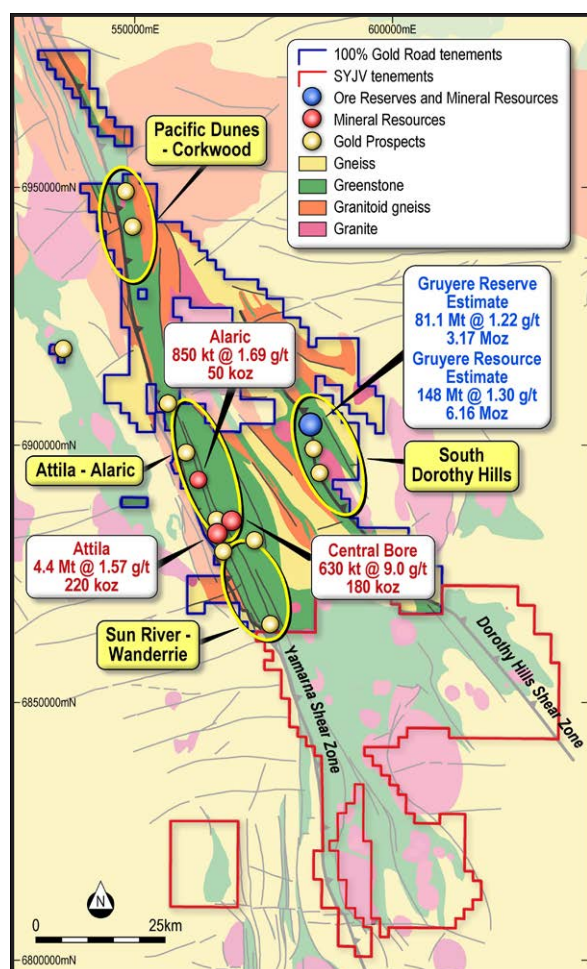


Figure 2: 100% owned North Yamarna tenements showing Camp Scale Targets (blue outline), Gold Prospects, Ore Reserves and Mineral Resources

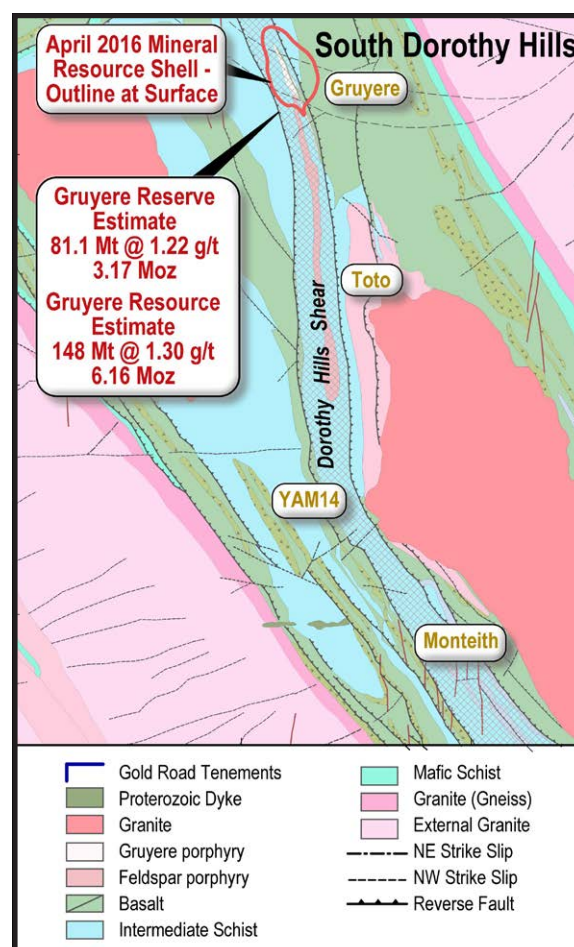


Figure 3: South Dorothy Hills (Camp #1) showing the location of targets and the Gruyere Reserve and Resource

As host to the Gruyere deposit, prospects and targets in the South Dorothy Hills Camp (Camp #1) have been prioritised. Within South Dorothy Hills, the YAM14 Prospect has emerged as one of the best immediate targets (Figure 3). YAM14 is nine kilometres south of Gruyere and occurs within the same Dorothy Hills Shear Zone that hosts the Gruyere deposit. Discovered in 2013 during the same programme that first identified Gruyere, YAM14 has received minimal follow-up drilling. Earlier this year saw the first diamond holes drilled into the prospect which intersected high-grade primary gold mineralisation below shallow mineralisation identified in the 2013 RC drilling.

⁷ Refer ASX announcement dated 21 June 2016

Diamond hole 16DHDD0002 intersected 3.05 metres at 4.89 g/t Au from 137.68 metres⁷. Follow-up RC and diamond drilling is planned for financial year 2017 to define the mineralised framework of this exciting prospect, with the aim of progressing to resource drilling thereafter. Numerous anomalies and bedrock gold intersections identified in 2014 at the Toto Prospect to the north of YAM14 require further assessment, as does the favourable geology identified through diamond drilling early this year at Monteith to the south.

Elsewhere on the North Yamarna tenements, the

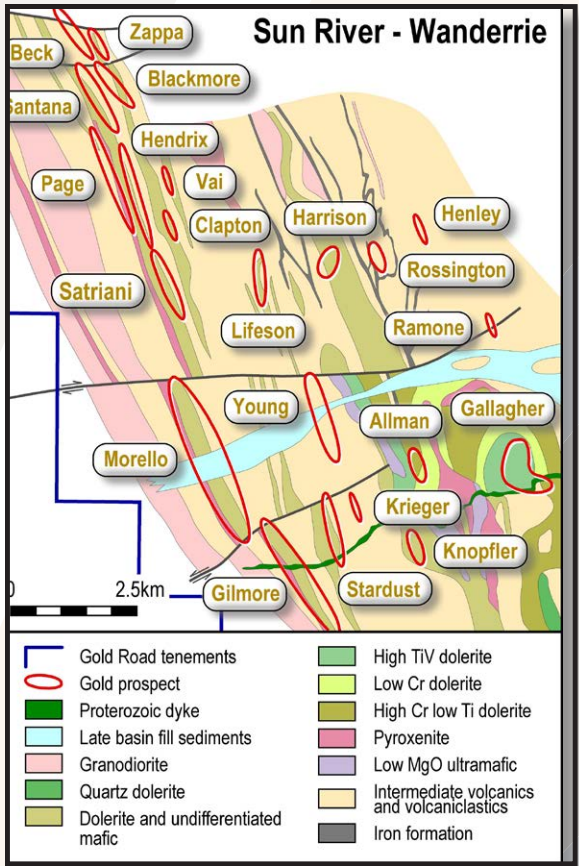


Figure 4: Sun River-Wanderrie (Camp #4) showing the 12-kilometre-long Supergroup Anomaly and individual targets

Sun River-Wanderrie Camp (Camp #4) remains a focus, and in particular the 12-kilometre-long Supergroup Anomaly (Figure 4). An initial diamond drilling assessment of the Supergroup confirmed the presence of bedrock mineralisation in numerous locations, with follow-up programs targeting higher grade shoots (>4 g/t) planned for financial year 2017⁸. More than 15 additional anomalies within the Sun River-Wanderrie Camp remain to be tested in the coming 12 months.

During financial year 2016, the first ever significant RC and diamond drilling was completed with the Pacific Dunes-Corkwood Camp (Camp #3) (Figure 5). These programs took place at the Washburn and Ibanez targets and identified bedrock gold mineralisation. Best intersections returned from Washburn include 3 metres at 13.45 g/t Au from 24 metres, including 1 metre at 36.76 g/t Au, and 3 metres at 2.47 g/t Au from 72 metres⁹. Further work is underway to identify additional anomalies for drill testing.

Gold Road expects to spend approximately A\$12.5 million on exploration on its 100% owned North Yamarna tenements in financial year 2017.

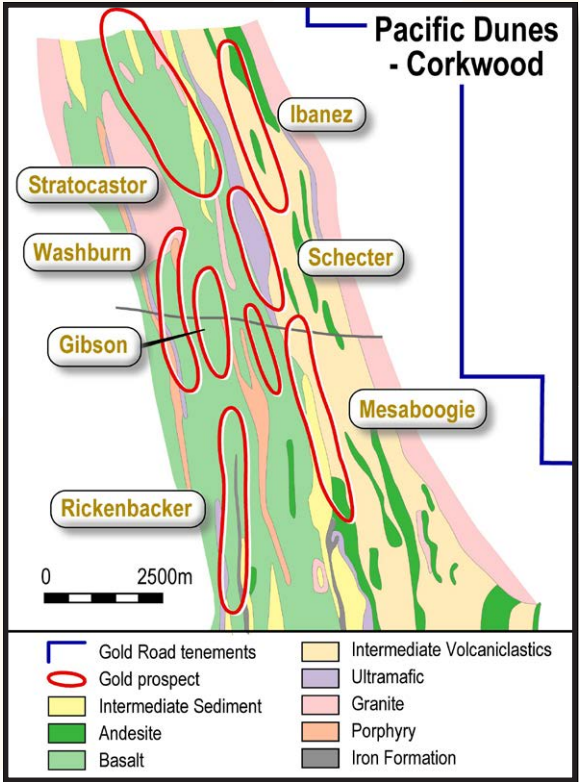


Figure 5: Pacific Dunes-Corkwood (Camp #3) showing individual target areas

⁸ Refer ASX announcement dated 14 June 2016
⁹ Refer ASX announcement dated 2 November 2015

South Yamarna

A significant milestone was reached on the SYJV tenements in April 2011¹⁰, with joint venture partner Sumitomo meeting the expenditure requirement to earn a half-share in the 2,900 square kilometre landholding. Under the agreement signed in May 2013, Sumitomo had until the end of calendar 2016 to fully fund A\$8 million of exploration on the SYJV tenements to lift its interest in the joint venture to 50%. Going forward Gold Road and Sumitomo are funding all activities equally. Gold Road has budgeted to spend approximately A\$2.5 million on the SYJV this financial year.

Gold Road is privileged to have a joint venture partner of Sumitomo's international standing and looks forward to continuing to work with Sumitomo to unlock the potential of the SYJV tenements.

Exploration activities on the SYJV in financial year 2016 comprised primarily of reconnaissance drilling and target generation. Three targets, Smokebush Dolerite, Toppin Hill and Yaffler, were tested over the course of the year. All three programs intersected gold mineralisation and have contributed significantly to the partners' geological understanding of the South Yamarna Belt.

At the Smokebush Dolerite Prospect, part of the Riviera-Smokebush Camp (Camp #5), a five-hole diamond drilling program was completed in October 2015, with the final hole intersecting a seven-metre zone of quartz sulphide mineralisation. The hole returned an outstanding high-grade gold intercept of 6.76 metres at 31.13 g/t Au from 167.71 metres, which included a 1.45 metre wide zone grading 144.5 g/t in a quartz vein with abundant visible gold¹¹. A 12-hole RC drilling program completed in April successfully extended the gold mineralisation strike length in the Smokebush Dolerite shear zone to 1,300 metres, adding significant potential to this prospect¹². Activity in the coming year will focus on identification of discrete high-grade shoots within the demonstrably mineralised shear zone.

The RC drilling programs completed at Toppin Hill (located in the Breelya-Toppin Hill Camp (Camp #2)) and Yaffler (Riviera-Smokebush Camp (Camp #5)) both intersected anomalous bedrock gold mineralisation over widespread areas¹³ (Figure 6).

At Toppin Hill, the strike length of gold mineralisation greater than 1.0 g/t has been extended to over three kilometres with multiple mineralisation styles to assess with follow up drilling. At Yaffler anomalous gold mineralisation was identified within the dolerite rocks that have proven to be a good host to high-grade gold at the nearby Smokebush Dolerite Prospect.

The SYJV partners hope to be drilling for higher grade zones in these three prospects, as well as new anomalies identified with recent aircore drilling programmes, in the second half of 2016. A second programme specifically targeting large Gruyere-style porphyry-hosted deposits based on success of targeting exercise is currently in progress.

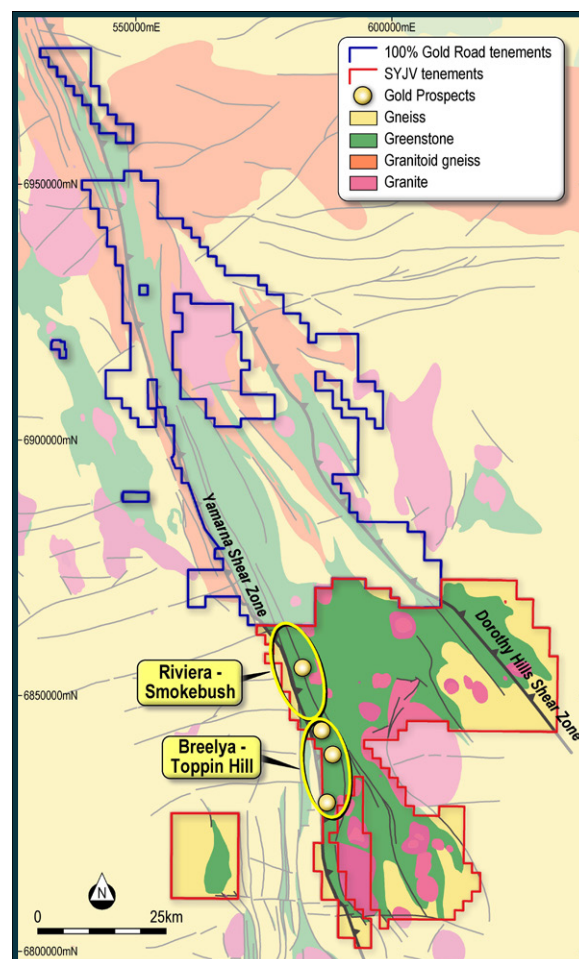


Figure 6: South Yamarna Joint Venture tenements 50% owned by Gold Road and Sumitomo Metal Mining Oceania Pty Ltd (Red outline) showing Camp areas and Gold Prospects

¹⁰ Refer ASX announcement dated 13 April 2016

¹¹ Refer ASX announcement dated 20 October 2015

¹² Refer ASX announcement dated 20 April 2016

¹³ Refer ASX announcement dated 15 June 2016

Mineral Resource Statement

The Company's Mineral Resource Statement has been compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012 Edition) and Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31. The Mineral Resources for the Yamarna Belt stand at 6.61 million ounces, an increase of 9% from 2015. The Gruyere Mineral Resource grew to 6.16 million ounces as a result of additional drilling and application of the PFS cut-off grade and gold price assumptions (0.5 g/t Au and A\$1,700/oz gold price respectively). New infill definition drilling resulted in 0.53 million ounces being classified in the Measured category.

The upgrade of the existing Indicated Mineral Resource to Measured Mineral Resource occurred with minimal variance and confirmed (and refined) the geological interpretation and mineralisation model.

The 2015 Gruyere Mineral Resource was used as the basis for the Maiden Ore Reserve declaration as part of the finalised PFS¹⁴. The 2016 Gruyere Mineral Resource will be used as the basis for an Ore Reserve update as part of the ongoing Feasibility Study due for completion by the end of 2016.

No changes were made to the Attila Trend or Central Bore Mineral Resources.

Table 1: Resource comparison 2015 - 2016 (total Measured, Indicated, Inferred)

Deposit (cut-off grade)	2016			2015		
	Tonnes (000's)	Grade (g/t Au)	Gold (000's ounces)	Tonnes (000's)	Grade (g/t Au)	Gold (000's ounces)
Gruyere (0.5 g/t Au)	147,710	1.30	6,160	128,381	1.36	5,616
Attila Trend (0.7 g/t Au)	5,301	1.59	270	5,301	1.59	270
Central Bore (1.0 g/t Au)	632	9.0	183	632	9.0	183
Total	153,642	1.34	6,613	134,313	1.41	6,070

Notes:

- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- Gruyere Mineral Resource reported at 0.5 g/t Au cut-off, constrained within an A\$1,700/oz gold price optimised pit shell based on mining and processing parameters from the finalised PFS, and geotechnical parameters consistent with the 2015 Mineral Resource (ASX announcement dated 22 April 2016).

- Previous Gruyere Mineral Resource reported a 0.7 g/t Au cut-off, constrained within an A\$1,600/oz gold price optimised pit shell (ASX announcement dated 16 September 2015).
- Attila Trend Mineral Resources reported at 0.7 g/t Au cut-off, constrained within an A\$1,600/oz gold price optimised pit shell (ASX announcement dated 16 September 2015).
- Central Bore Mineral Resources reported at 1.0 g/t Au cut-off (refer 2014 Annual Report).

Details of the updated Mineral Resources for the Gruyere deposit were announced to the ASX on 22 April 2016. The Mineral Resource was estimated based on assays received up to 10 February 2016.

The Company governs its activities in accordance with industry best practice. The Gruyere and Attila Trend (Attila and Alaric Deposits) Mineral Resources (Tables 3 and 4) were subject to internal geological peer review and validation, and documented handover meetings with the Project Development team for resource evaluation.

Regular external peer reviews were conducted by Optiro consultants, who also performed an independent database audit, and provided an endorsement letter outlining their confidence in the mineral resource estimates. In line with industry best practice the Gruyere and Attila Trend Mineral Resources were constrained within an optimised pit shell based on a A\$1,700/oz gold price. Resource Classification was defined through a combination of geological confidence levels, measured estimation quality, drill spacing, and observed grade behaviour.

¹⁴ Refer ASX announcement dated 8 February 2016

Table 2: Mineral Resource Gruyere

(April 2016, 0.5 g/t Au cut-off, A\$1,700/oz optimised pit shell)

Category	Tonnes (000's)	Grade (g/t Au)	Gold (000's ounces)
Measured	13,863	1.18	526
Indicated	91,117	1.29	3,787
Inferred	42,729	1.35	1,848
Total	147,710	1.30	6,160

Note: All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding**Table 3: Mineral Resource Attila Trend**

(September 2015, 0.7 g/t Au cut-off, A\$1,600/oz optimised pit shell)

Deposit	Category	Tonnes (000's)	Grade (g/t Au)	Gold (000's ounces)
Attila	Measured	274	1.82	16
	Indicated	3,516	1.55	175
	Inferred	661	1.55	33
	Total	4,451	1.57	224
Alaric	Measured	387	2.05	26
	Indicated	337	1.23	13
	Inferred	126	1.84	7
	Total	850	1.69	46
Total	Measured	661	1.96	42
	Indicated	3,852	1.52	189
	Inferred	787	1.59	40
	Total	5,301	1.59	270

Note: All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

The Mineral Resource for Central Bore has been compiled by independent consultants Ravensgate, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition).

The Central Bore (Imperial and Senate Shoots) Mineral Resource (Table 4) is based on an underground operation, underpinned by PFS covering underground mining, metallurgy, economics, permitting and environmental factors. The Central Bore Mineral Resource was subject to internal geological peer review and validation, and handover meetings with the Business Development team. Reviews and an independent estimation of the Mineral Resource by external consultants Optiro resulted in comparable estimates.



Table 4: Mineral Resource Central Bore
(December 2013, 1.0 g/t Au cut-off)

Shoot	Category	Tonnes (000's)	Grade (g/t Au)	Gold (000's ounces)
Imperial	Measured	43	26.6	37
	Indicated	63	29.1	59
	Inferred	48	10.8	17
	Total	154	22.7	112
Senate	Measured	0	0.0	0
	Indicated	337	5.3	57
	Inferred	140	3.0	14
	Total	478	4.6	71
Total	Measured	43	26.5	37
	Indicated	400	9.0	116
	Inferred	188	5.0	31
	Total	632	9.0	183

Note: All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding

NOTES

The Mineral Resources Statement is based on, and fairly represents, information and supporting documentation prepared by the respective competent persons named below.

The Mineral Resources Statement as a whole has been approved by Mr Justin Osborne. Mr Osborne is a shareholder and share option holder in, and is an Executive Director and a full-time employee of Gold Road. Mr Osborne is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333). Mr Osborne has sufficient experience that is 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 Osborne has approved the Mineral Resources Statement as a whole and consents to its inclusion in the Annual Report in the form and context in which it appears.

The information in this report which relates to Exploration Results is based on information compiled by Mr Justin Osborne, Executive Director for Gold Road. Mr Osborne is an employee of Gold Road, as well as a shareholder and share option holder, and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333). Mr Osborne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Osborne consents to the inclusion in the annual report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource Estimation for Gruyere is based on information compiled by Mr Justin Osborne, Executive Director for Gold Road and Mr John Donaldson, Geology Manager for Gold Road. Mr Osborne is an employee of Gold Road, as well as a shareholder and share option holder, and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333). Mr Donaldson is an employee of Gold Road as well as a shareholder, and is a Member of the Australian Institute of Geoscientists and a Registered Professional Geoscientist (MAIG RPGeo Mining 10147). Messrs Osborne and Donaldson have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Messrs Osborne and Donaldson consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource Estimation for the Attila Trend is based on information compiled by Mr Justin Osborne, Executive Director for Gold Road, Mr John Donaldson, Geology Manager for Gold Road and Mrs Jane Levett, Senior Resource Geologist for Gold Road. Mr Osborne is an employee of Gold Road, as well as a shareholder and share option holder, and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333). Mr Donaldson is an employee of Gold Road as well as a shareholder, and is a Member of the Australian Institute of Geoscientists and a Registered Professional Geoscientist (MAIG RPGeo Mining 10147). Mrs Levett is a part time employee of Gold Road, and is a Member of the Australasian Institute of Mining and Metallurgy and a Chartered Professional (MAusIMM CP 112232). Messrs Osborne and Donaldson and Mrs Levett have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Messrs Osborne and Donaldson and Mrs Levett consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource Estimation for Central Bore is based on geostatistical modelling by Ravensgate using sample information and geological interpretation supplied by Gold Road. The Mineral Resource estimates were undertaken by Mr Craig Harvey, previously Principal Consultant at Ravensgate and Mr Neal Leggo, Principal Consultant at Ravensgate. Messrs Harvey and Leggo are both Members of the Australian Institute of Geoscientists. Messrs Harvey and Leggo have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.

Tenement Schedule

Tenement Number		Status	Tenement Number		Status
Exploration Licences			Exploration Licences		
E38/0361	Yamarna	Granted	E38/3104	South Yamarna JV*	Application
E38/1083	Yamarna	Granted	E38/3105	South Yamarna JV*	Application
E38/1386	Yamarna	Granted	E38/3106	South Yamarna JV*	Application
E38/1388	Yamarna	Granted	E38/3107	South Yamarna JV*	Application
E38/1858	Yamarna	Granted	Mining Licences		
E38/1931	Yamarna	Granted	M38/435	Yamarna	Granted
E38/1932	Yamarna	Granted	M38/436	Yamarna	Granted
E38/1964	Yamarna	Granted	M38/437	Yamarna	Granted
E38/2178	Yamarna	Granted	M38/438	Yamarna	Granted
E38/2235	Yamarna	Granted	M38/439	Yamarna	Granted
E38/2236	Yamarna	Granted	M38/788	Yamarna	Granted
E38/2249	Yamarna	Granted	M38/814	Yamarna	Granted
E38/2250	Yamarna	Granted	M38/841	Yamarna	Granted
E38/2291	South Yamarna JV*	Granted	M38/1178	Yamarna	Granted
E38/2292	South Yamarna JV*	Granted	M38/1179	Yamarna	Granted
E38/2293	South Yamarna JV*	Granted	M38/1255	Yamarna	Granted
E38/2294	South Yamarna JV*	Granted	M38/1267	Yamarna	Granted
E38/2319	Yamarna	Granted	Prospecting Licences		
E38/2320	Yamarna	Granted	P38/3352	Yamarna	Granted
E38/2325	Yamarna	Granted	P38/3824	Yamarna	Granted
E38/2326	Yamarna	Granted	P38/3869	Yamarna	Granted
E38/2355	South Yamarna JV*	Granted	P38/3870	Yamarna	Granted
E38/2356	Yamarna	Granted	P38/3887	Yamarna	Granted
E38/2362	Yamarna	Granted	P38/3895	Yamarna	Granted
E38/2363	South Yamarna JV*	Granted	P38/3896	Yamarna	Granted
E38/2415	Yamarna	Granted	P38/4149	Yamarna	Granted
E38/2427	South Yamarna JV*	Granted	P38/4150	Yamarna	Granted
E38/2446	Yamarna	Granted	P38/4151	Yamarna	Granted
E38/2447	Yamarna	Granted	P38/4193	Yamarna	Application
E38/2507	South Yamarna JV*	Granted	P38/4194	Yamarna	Application
E38/2513	Yamarna	Granted	P38/4195	Yamarna	Application
E38/2529	Yamarna	Granted	P38/4196	Yamarna	Application
E38/2531	South Yamarna JV*	Granted	P38/4197	Yamarna	Application
E38/2735	Yamarna	Granted	P38/4198	Yamarna	Application
E38/2766	Yamarna	Granted			
E38/2794	Yamarna	Granted			
E38/2797	Yamarna	Granted	Mining Licences		
E38/2798	Yamarna	Granted	L38/180	Yamarna	Granted
E38/2836	Yamarna	Granted	L38/186	Yamarna	Granted
E38/2860	Yamarna	Granted	L38/210	Yamarna	Granted
E38/2902	South Yamarna JV*	Granted	L38/211	Yamarna	Granted
E38/2913	Yamarna	Granted	L38/227	Yamarna	Application
E38/2917	South Yamarna JV*	Granted	L38/230	Yamarna	Application
E38/2930	South Yamarna JV*	Granted	L38/233	Yamarna	Granted
E38/2931	Yamarna	Granted	L38/235	Yamarna	Application
E38/2932	Yamarna	Application	L38/236	South Yamarna JV*	Granted
E38/2944	South Yamarna JV*	Granted	L38/237	Yamarna	Granted
E38/2964	Yamarna	Granted	L38/245	Yamarna	Application
E38/2965	Yamarna	Granted	L38/250	Yamarna	Application
E38/2966	Yamarna	Granted	L38/251	Yamarna	Application
E38/2967	South Yamarna JV*	Granted	L38/252	Yamarna	Application
E38/2968	South Yamarna JV*	Granted	L38/253	Yamarna	Application
E38/2987	Yamarna	Granted	L38/254	Yamarna	Application
E38/3041	Yamarna	Granted	L38/255	Yamarna	Application
E38/3046	Yamarna	Application	L38/256	Yamarna	Application
E38/3047	Yamarna	Granted	L38/259	Yamarna	Application
E38/3048	Yamarna	Granted			
E38/3076	Yamarna	Application			
E38/3077	Yamarna	Application			

Note: Gold Road is the Registered Title Holder for exploration, miscellaneous, prospecting licences and mining leases. Gold Road is 100% owner of all tenements listed. The tenements comprising the South Yamarna JV (*) are 50% owned by Sumitomo Metal Mining Oceania Pty Ltd and 50% owned by Gold Road. Tenement listing as at 31 August 2016

Financial Statements



DIRECTORS' REPORT

DIRECTORS

The Directors present their report on Gold Road for the year ended 30 June 2016.

The names and details of the Directors of Gold Road during the financial year and until the date of this report, unless otherwise indicated, are:

Timothy Netscher	Non-executive Chairman
Ian Murray	Managing Director and Chief Executive Officer (CEO)
Justin Osborne	Executive Director - Exploration and Growth
Martin Pyle	Non-executive Director
Sharon Warburton	Non-executive Director (Appointed 9 May 2016)
Russell Davis	Non-executive Director (Resigned 30 June 2016)

TIMOTHY NETSCHER

Non-executive Chairman



Mr Netscher was appointed on 1 September 2014 as Non-executive Director and recently appointed as Chairman on 1 July 2016. He is also a member of the Audit, Remuneration and Nomination Committees.

Mr Netscher has considerable broad-based experience working as a senior executive in the international mining industry for more than 40 years. He has had a distinguished career holding senior executive roles with Gindalbie Metals Limited, Newmont Mining, Vale Australia, Pt Inco, BHP Billiton and Impala Platinum, giving him extensive operational, project development and business development experience.

Mr Netscher is a highly experienced public company director and holds a Bachelor of Science - Chemical Engineering, a Bachelor of Commerce and an MBA. He is a Fellow of the Institution of Chemical Engineers, a Member of the Australian Institute of Company Directors and a Chartered Engineer.

Mr Netscher is 66 years of age.

Other Current Directorships:

Non-executive Chairman St Barbara Limited
Non-executive Director Western Areas Limited

Former Directorships (in last 3 years):

Non-executive Director Aquila Resources Limited (October 2013 to June 2014)
Non-executive Director Deep Yellow Limited (January to December 2015)
Non-executive Director Toro Energy Limited (November 2015 to September 2016)
Non-executive Director Gindalbie Metals Limited (October 2010 to October 2013 including Managing Director from May 2011 to October 2013)

IAN MURRAY

Managing Director and CEO



Mr Murray was appointed on 15 October 2007 as Non-executive Director and on 12 February 2008 as Executive Chairman. On 1 July 2016 Mr Murray stepped down as Executive Chairman and was appointed Managing Director and CEO.

Mr Murray is a qualified Chartered Accountant with more than 19 years' corporate experience in the publicly-listed resources sector.

Between 1997 and 2005 he held positions including Chief Financial Officer and Chief Executive Officer with DRDGOLD Ltd. Mr Murray oversaw DRDGOLD's major acquisitions, restructures and stock exchange listings which grew the Company from a small, lease-bound South African miner into a globally listed multi-mine gold company producing over one million ounces of gold per annum at its peak. During this time, he also served on the board as a Non-executive Director of South African gold refinery Rand Refinery Limited and the internet based commodity investment platform GoldMoney.com.

Mr Murray holds a Bachelor of Commerce degree and a Post Graduate Diploma in Accounting from the University of Cape Town. He also holds the Advanced Taxation certificate from the University of South Africa. Mr Murray is an Associate of the Chartered Institute of Management Accountants; a member of both the South African Institute of Chartered Accountants and the Institute of Chartered Accountants Australia and New Zealand.

Mr Murray is 50 years of age.

Other Current Directorships:

None

Former Directorships (in last 3 years):

None

JUSTIN OSBORNE

Executive Director - Exploration and Growth



Mr Osborne joined the Company in October 2013 and was appointed Executive Director on 1 January 2015.

Mr Osborne brings to Gold Road a wealth of exploration experience in multiple commodities including gold, copper and base metals.

He has over 25 years of field and management experience covering all aspects of the mining and exploration process in Australia and internationally through senior positions held with Gold Fields Ltd and WMC Resources Ltd.

Previously Mr Osborne was Vice President Development Strategy - Growth and International Projects at Gold Fields Ltd and was responsible for actively seeking mining and exploration opportunities globally. He played an instrumental role in the discovery of the Damang Superpit project in Ghana which yielded potential resources in excess of six million ounces within two years and the first ever near mine exploration activities at the Cerro Corona mine in Peru that contributed to reserve growth of over one million ounces. Prior to that Mr Osborne was Mineral Resource Manager at the St Ives Gold Mine, making the discoveries of the Athena and Hamlet deposits among other significant Reserve additions.

Mr Osborne is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Company Directors, and holds a Bachelor of Science, Honours (First Class) from La Trobe University of Victoria.

Mr Osborne is 49 years of age.

Other Current Directorships:

None

Former Directorships (in last 3 years):

None

MARTIN PYLE

Non-executive Director and Chairman of Remuneration and Nomination Committees



Mr Pyle was appointed on 22 June 2010 as Non-executive Director. He is also a member of the Audit Committee.

Mr Pyle is a mining industry consultant with over 25 years' experience in the resources industry in Australia. His previous roles have included Corporate Finance Executive with prominent east and west coast broking firms where he was responsible for the generation and execution of resources-related equity raisings, mergers and acquisitions, corporate advisory and research.

Most recently he has provided corporate advisory services to a number of junior resource companies. Mr Pyle holds a Bachelor of Science (First Class Honours - Geology) and an MBA.

Mr Pyle is 51 years of age.

Other Current Directorships:

Managing Director Aurora Minerals Limited
Executive Director Peninsula Mines Limited

Former Directorships (in last 3 years):

Non-executive Director Golden Rim Resources Ltd (July 2014 to May 2015)

Chairman of Midwinter Resources Limited (June 2010 to October 2013)

SHARON WARBURTON

Non-executive Director and Chairman of Audit Committee



Ms Warburton was appointed on 9 May 2016 as Non-executive Director. She is also a member of the Nomination and Remuneration Committees.

Ms Warburton has previously held positions as Executive Director of Strategy and Finance with Brookfield Multiplex, Chief Planning and Strategy Officer of United Arab Emirates based ALDAR Properties PJSC, and senior executive roles with Multiplex, Citigroup and Rio Tinto.

Ms Warburton is a Fellow of the Chartered Accountants Australia and New Zealand. She is a Graduate of the Australian Institute of Company Directors and a member of Chief Executive Women. She is Chairman of the Northern Australia Infrastructure Facility, Director of Western Power and member of the Takeovers Panel.

She is also a Director of the Perth Childrens Hospital and the Patron of their Emerging Leaders in Philanthropy programme. Ms Warburton is a Curtin Alumni, an Advisory Board Member for the Curtin Business School Asia Business Centre and the Patron for the Curtin Women in MBA scholarship programme.

Ms Warburton holds a Bachelor of Business - Accounting & Business Law.

Ms Warburton is 46 years of age.

Other Current Directorships:

Non-executive Director Fortescue Metals Group Limited

Former Directorships (in last 3 years):

Non-executive Director Wellard Limited (November 2015 to August 2016)

RUSSELL DAVIS*Non-executive Director*

Mr Davis was a founding director of Gold Road and appointed on 28 May 2004. He served as Executive Exploration Director to 1 January 2008 and subsequently as a Non-executive Director. He was Chair of the Audit Committee and also a member of the

Nomination and Remuneration Committees. Mr Davis resigned as Non-executive Director on 30 June 2016.

Mr Davis is a geologist with over 25 years' experience in mineral exploration, management, property acquisition, mining and development. He worked on the exploration and development of a range of commodities for a number of international and Australian companies, holding senior positions including Chief Mine Geologist, Exploration Manager and Regional Manager. Mr Davis was responsible for acquiring the projects currently held by Gold Road.

Mr Davis holds a Bachelor of Science (Honours) and an MBA. He is a Member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Financial Services Institute of Australasia.

Mr Davis is 58 years of age.

Other Current Directorships:

Chairman Hammer Metals Limited

Former Directorships (in last 3 years):

None

KEVIN HART*Company Secretary*

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 4 August 2006 and Non-executive director from 17 May 2007 until 30 June 2013. He has over 25 years' experience in accounting and

the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner of Endeavour Corporate, an advisory firm which specialises in the provision of Company Secretarial services to ASX listed entities. Mr Hart currently also serves on the board of Alloy Resources Limited and has not held any other directorships in public listed companies in the past three years. Mr Hart holds a Bachelor of Commerce degree from the University of Western Australia.

Mr Hart is 54 years of age.

DIRECTORS' AND EXECUTIVES' INTERESTS

As at the date of this report, the Directors' and Specified Executive's interests in shares, unlisted Options and Performance Rights of the Company are as follows:

	Interests in Ordinary Shares	Interests in Unlisted Options	Interests in Performance Rights
Directors			
I Murray	13,522,952	-	2,635,375**
J Osborne	1,490,174	3,000,000	987,963**
R Davis*	6,101,069	250,000	-
M Pyle	2,193,859	250,000	-
T Netscher	-	750,000	-
S Warburton	-	-	-
Specified Executives			
K Hart	352,638	250,000	-

* Holding at date of resignation 30 June 2016, **Including 2016 STI Performance Rights

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors (including meetings of Committees of Directors) held during the year ended 30 June 2016 and the number of meetings attended by each Director were:

Director	Board of Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
I Murray	7	7	n/a	-	n/a	-	n/a	-
J Osborne	7	7	n/a	-	n/a	-	n/a	-
R Davis*	7	6	2	2	2	2	1	1
M Pyle	7	7	2	2	2	2	1	1
T Netscher	7	7	2	2	2	2	1	1
S Warburton**	1	1	-	-	-	-	-	-

* Resigned 30 June 2016, ** Appointed 9 May 2016

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of mineral exploration and development in Western Australia.

There were no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

The net loss after income tax for the financial year was \$9,225,133 (2015 loss: \$3,879,565).

Included in the net loss after income for the current year is an income tax benefit of \$1,079,721 (2015: nil) in respect of research and development tax incentives received in the current year for the 2015 claim. The 2016 claim will be received in the next financial year. The loss before income tax for the financial year was \$10,304,854 (2015: \$3,879,565). Included in the loss before income tax was a write-off of capitalised exploration and evaluation expenditure totalling \$4,920,581 (2015: \$342,041).

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year. No dividend was paid during the previous financial year.

REVIEW OF ACTIVITIES

Exploration

A detailed review of the Company's activities during the financial year is set out in the section titled "Review of Operations" earlier in this Report.

Financial Position

At the end of the financial year the Company had \$90,661,364 (2015: \$49,799,678) in cash and short term deposits. Capitalised mineral exploration and evaluation expenditure is \$68,871,733 (2015: \$43,997,859). Mineral exploration and evaluation expenditure incurred during the year for the Company, before any write-offs, was \$29,794,455 (2015: \$17,080,488).

Expenditure was principally focused on the Company's Yamarna Projects and in particular the Gruyere Gold Project.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 19 May 2016 the Company completed a Share Placement that raised \$73,945,482 before capital raising costs, from the issue of 168,057,915 ordinary shares at 44 cents each.

OPTIONS AND PERFORMANCE RIGHTS OVER UNISSUED CAPITAL

Unlisted Options

At the date of this report there were 3,610,000 (2015: 11,031,000) vested and 1,000,000 (2015: 2,000,000) unvested Options over unissued shares.

As at the date of this report unissued ordinary shares of the Company under unlisted Options are:

Number of Options outstanding	Exercise price	Expiry date
3,000,000	13.0 cents	14 October 2017
110,000	20.0 cents	30 September 2016
500,000	33.5 cents	21 November 2016
1,000,000	56.0 cents	24 November 2017
4,610,000	Total Options on Issue	

During the year ended 30 June 2016, 1,000,000 (2015: 500,000) Options were issued pursuant to the terms of the Company's Incentive Option Plan to employees and Directors of the Company.

During the year ended 30 June 2016, 9,058,000 (2015: 1,500,000) vested Options were converted, resulting in the issuing of 6,842,870 (2015: 1,195,939) ordinary shares.

During the year ended 30 June 2016, 363,000 (2015: 4,546,000) Options expired. No Options were cancelled (2015: 145,000).

Since the balance date to the date of this report no Options have been issued, exercised, cancelled or have reached expiry.

These unlisted Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The holders of unlisted Options are not entitled to any voting rights until the Options are exercised into ordinary shares.

Performance Rights

At the date of this report, there were 551,370 (2015: 60,000) vested and 6,189,993 (2015: 3,561,250) unvested Performance Rights to acquire ordinary shares on issue.

As at the date of this report unissued ordinary shares of the Company under Performance Rights are:

Outstanding	Vesting Date	Expiry date
1,300,000*	30 June 2017	30 June 2018
1,181,250	30 June 2017	30 June 2018
700,000	30 September 2016	28 February 2018
1,522,727^	31 December 2018	31 December 2019
1,486,016	31 December 2018	31 December 2019
314,500	30 June 2016	30 June 2017
236,870	10 August 2016	30 June 2017
6,741,363	Total Performance Rights	

* Represent Performance Rights issued to Executive Directors. The key vesting conditions and performance hurdles are that the holders must remain employed until 30 June 2017, 50% of the Performance Rights will vest and convert over a three year measurement period to 30 June 2017 based on meeting Shareholder Return Hurdles, and 50% will vest on meeting a Company Hurdle by 30 June 2017.

^ Represent Performance Rights issued to Executive Directors. The key vesting conditions and performance hurdles are that the holders must remain employed until 31 December 2018, 50% of the Performance Rights will vest and convert over a three and a half year measurement period to 31 December 2018 based on meeting Shareholder Return Hurdles, and 50% will vest on meeting a Company Hurdle by 31 December 2018.

During the year ended 30 June 2016, 3,788,974 (2015: 3,967,361) Performance Rights were issued pursuant to the terms of the Company's Performance Rights Plan to employees and Executive Directors of the Company.

During the year ended 30 June 2016, 1,220,231 (2015: 1,921,666) ordinary shares were issued on the exercise of vested Performance Rights. On the exercise of Performance Rights, ordinary shares are issued for nil consideration.

During the year ended 30 June 2016, nil (2015: nil) Performance Rights expired. Furthermore, nil (2015: 486,111) Performance Rights were cancelled.

Since 30 June 2016 to the date of this report, 551,370 Performance Rights have been issued. Furthermore, no vested Performance Rights have been exercised during that period nor have any Performance Rights been cancelled or expired.

None of the Performance Rights on issue entitle the holder to participate in any share issue of the Company or any other body corporate.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 September 2016 the Company announced it had entered into a gold Forward Sales facility with Commonwealth Bank of Australia. Under this facility, which is a margin facility, the Company has completed forward sales agreements for 50,000 ounces at an average price of A\$1,791 per ounce. Once the financing and development strategy for the Gruyere Gold Project has been determined, these contracts are expected to be rolled into longer dated positions to match anticipated gold production periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are included elsewhere in this Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Company and is dependent upon the results of the future exploration and evaluation activities.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- (a) Key Management Personnel
- (b) Principles used to determine the nature and amount of remuneration
- (c) Details of remuneration
- (d) Service agreements
- (e) Other transactions with Key Management Personnel
- (f) Share-based compensation

(a) Key Management Personnel

Key Management Personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key Management Personnel comprise the directors of the Company and certain senior executives as below.

Directors disclosed in this report include:

- (i) Non-executive Chairman
Tim Netscher (appointed Non-executive Chairman on 1 July 2016, appointed as a Non-executive Director on 1 September 2014)
- (ii) Managing Director and CEO
Ian Murray (appointed as Non-executive Director on 15 October 2007, appointed Executive Chairman on 12 February 2008 and appointed Managing Director and CEO on 1 July 2016)
- (iii) Executive Director - Exploration and Growth
Justin Osborne (appointed Exploration Manager 14 October 2012, appointed Executive Director 1 January 2015)
- (iv) Non-executive Director
Martin Pyle (appointed 22 June 2010)
- (v) Non-executive Director
Sharon Warburton (appointed 9 May 2016)
- (vi) Non-executive Director
Russell Davis (appointed 28 May 2004, became Non-executive Director on 1 January 2008, resigned 30 June 2016)

Executives disclosed in this report include:

- (i) Company Secretary
Kevin Hart (appointed Company Secretary 4 August 2006, appointed Non-executive Director 17 May 2007, resigned as Non-executive Director 30 June 2013)

(b) Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure the reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward. The Board aims to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management.

The framework provides a mix of fixed and variable pay and a blend of short and long term incentives.

Remuneration Committee

The Remuneration Committee is made up of independent Non-executive Directors with no member being able to deliberate or consider such matter in respect of their own remuneration. The Committee reviews and determines remuneration policy and structure annually.

The Remuneration Committee has adopted a formal Charter which provides a framework for the consideration of remuneration matters, recognising the need to attract, review and retain high calibre individuals.

The Remuneration Committee assesses the appropriateness of the nature and amount of executive remuneration by reference to:

- the status of the Company and the stage of development of its assets
- the skill sets required of the Directors and Executives
- trends in comparative ASX listed companies
- the need for a balance between fixed remuneration and non-cash, long and short term incentive remuneration.

The process includes a review of the Company and individual performances, broad market remuneration data and relevant comparative remuneration.

Remuneration recommendations for non-Key Management Personnel within the parameters of approved Company remuneration levels and structures are delegated to the Managing Director and CEO for Company personnel.

The Remuneration Committee may from time to time obtain external advice from independent consultants who will provide no other services to the Company. All remuneration reports are commissioned and received directly by the Committee.

2015 Annual General Meeting Voting

Gold Road received 83.14% of 'yes' votes on its Remuneration Report Resolution for the 2015 financial year (2014: 85.6% 'yes' votes).

The Company did not receive any specific feedback at the Annual General Meeting on its remuneration practices.

Non-executive Directors

The Company's policy is to remunerate Non-executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities. From 1 July 2016 the Chairman's fees are determined independently to the fees of Non-executive Directors and based on comparatively sized ASX listed companies.

Non-executive Director remuneration is not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, remuneration may be provided to Non-executive Directors in the form of equity based long term incentives.

Fee basis for Non-executive Directors:

1. Fees payable to Non-executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting
2. Non-executive Directors' fees are payable in the form of cash and superannuation benefits
3. Non-executive superannuation benefits are limited to statutory superannuation entitlements
4. Participation in equity based remuneration schemes by Non-executive Directors is subject to consideration and approval by the Company's shareholders
5. During the 2016 financial year Non-executive Director fees comprised a fee of \$65,400 per annum (including superannuation) and for those Non-executive Directors serving as Chairman of a Board Committee a fee of \$9,600 per annum (including superannuation) applied in addition to the base fee. From 1 July 2016 Non-executive Director fees have been set at \$100,000 per annum for all Board and Board Committee activities. The Non-executive Chairman's fee has been set at \$158,000 per annum for all Board and Board Committee activities.

The maximum Non-executive Directors fees payable in aggregate are currently set at \$500,000 per annum, and was approved by shareholders at the Annual General Meeting held on 24 November 2015.

Executive Pay

A combination of the following comprises the Executive's total remuneration:

- Base pay and benefits, including superannuation
- Short term performance incentives
- Long term incentives through participation in the Gold Road Resources Limited Employee Incentive Plan (the Plan).

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the Executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for Executives is reviewed annually to ensure the Executive's pay is competitive with the market. An Executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any Executives' contracts.

Superannuation

Superannuation benefits are paid to complying superannuation funds nominated by the Executives. The Company superannuation contribution rate is capped at the maximum superannuation contribution base of ordinary time earnings, which for the 2016 financial year was \$19,307. The maximum superannuation contribution base is reviewed and indexed annually by the Australian Taxation Office. The maximum superannuation contribution base will increase to \$19,615.60 for the 2017 financial year.

Short term incentives

Short term incentives (STI) are usually in the form of cash bonuses and Performance Rights to Executive Directors and other Executives. Payment of cash bonuses are entirely discretionary with the majority of the cash bonuses calculated based on achievement of Key Performance Indicators (**KPIs**). The actual KPIs, weightings and priorities are agreed annually with the Remuneration Committee so as to ensure they remain relevant and appropriate to the Company, stakeholders and the Executives. They are reviewed periodically to ensure they are linked to the strategic and operational plans and budgets of the Company, including operating in a safe and effective manner.

On an annual basis, after consideration of performance against KPIs, the Board determines the amount, if any, to be paid.

2016 Financial Year STI

The 2016 STI was based on set percentages of base salary, with performance assessed against a mix of personal and corporate objectives, over a 12 month period.

	Managing Director and CEO	Executive Director	Other Senior Management Personnel
Maximum STI as a percentage of base salary	50%	35%	25%
Aligned to Corporate KPI	90%	90%	80%
Aligned to Personal KPI	10%	10%	20%

Corporate KPIs

STIs for 2016 were set in June 2015 and are to be paid in a combination of equity securities and cash at the Board's discretion. For the 2016 financial year 50% of the STI is payable in cash and 50% in Performance Rights.

The number of Performance Rights to be granted is determined by dividing the 50% of the STI earned by 44.0 cents being the higher of:

- the most recent capital raising prior to 1 July 2015; or
- the 30 day volume weighted average price for the period to 1 July 2015.

The payment of the STI is within the Board's absolute discretion (which cannot be unreasonable). The Board can decide to not pay, or to reduce, the STI in the event that market conditions and commodity prices have deteriorated or key corporate objectives in the period had not been met. In the event of a fatality no STI is payable.

The 2016 STI performance measures broadly included:

- Safety targets - lead and lag indicators
- Completion of the Gruyere PFS
- A new discovery of greater than 500,000 ounce JORC Resource
- All material permitting completed for the Gruyere Project
- Engagement and short list of potential Gruyere Project funding parties.

In the event of a change of control STI entitlements are to be paid pro-rata.

Personal KPIs

Individual performance is determined based on performance review and rating processes including Occupational Health Safety and Environment record.

Key Management Personnel STI Payments for financial year 2016

The Remuneration Committee is responsible for determining the STI to be paid based on an assessment of whether the KPI's have been met.

Based on the achievements for financial year 2016 the Remuneration Committee determined that the Executive Directors achieved 75% of their targeted STI.

For financial year 2016 the achieved KPI's resulted in Key Management Personnel earning the following STI amounts:

Name	Target STI	STI earned	STI forfeited
Ian Murray ¹	\$247,500	\$185,130	\$62,370
Justin Osborne ²	\$122,500	\$91,630	\$30,870

^{1.} 50% of the STI earned is payable by the issue of 210,375 Performance Rights, the issue of which was approved at the Annual General Meeting held on 24 November 2015.

^{2.} 50% of the STI earned is payable by the issue of 104,125 Performance Rights, the issue of which was approved at the Annual General Meeting held on 24 November 2015.

Long-term incentives

Long term incentives (LTI) are provided by the Plan.

The Plan was approved by shareholders at the Annual General Meeting held on 18 November 2013. The Plan will be tabled to shareholders at the 2016 Annual General Meeting for re-approval.

2016 Financial Year LTI

The framework for the Company's Long Term Remuneration Policy for Executives is based on the following key principles:

- The vesting of long term incentives will be subject to performance measured against long term internal Company hurdles and shareholder return hurdles, measured at the end of a minimum three year period, where the holder must still be an employee.
- Long term incentives are to be granted annually and will be subject to a percentage threshold amount of base remuneration. The percentage threshold is to be reviewed at each grant and determined based on market and peer group practice for the financial year ended 30 June 2016. The grants were made in the form of Performance Rights.

	Managing Director and CEO	Executive Director	Other Senior Management Personnel
Maximum LTI as a percentage of base salary	100%	50%	35%
Aligned to Total shareholder return vesting hurdle	50%	50%	50%
Aligned to Company vesting hurdle	50%	50%	50%
Term vesting at completion	3.5 years	3.5 years	3.5 years

The market value used by the Company, for the purposes of calculating the quantity of Performance Rights that may be converted to shares, was set at 44.0 cents; being the higher of:

- the most recent capital raising prior to 1 July 2015; or
- the 30 day volume weighted average price for the period to 1 July 2015.

Incentives granted under the Plan automatically vest in the event of a change in control of the Company, including where a takeover bid is made for the Company and the bidder acquires more than 50% of the Company, shareholders approve a scheme of arrangement, or in any other case where a person obtains voting power in the Company which the Board determines (acting in good faith and in accordance with their fiduciary duties) is sufficient to control the composition of the Board.

The Board also has the discretion to permit the exercise of Incentives in other limited circumstances such as where a resolution is passed approving the disposal of the Company's main undertaking.

The quantum of LTI grants made during the 2016 financial year was as follows:

Name	Target LTI	Number of Performance Rights issued	Fair value of Performance Rights at grant date
Ian Murray*	\$495,000	1,125,000	\$405,000
Justin Osborne*	\$175,000	397,727	\$143,182

* Shareholders approved the issue of the Performance Rights pursuant to the Company's Employee Incentive Plan at the Annual General Meeting held on 24 November 2015.

The LTI's vest on 31 December 2018 subject to the vesting conditions and expire 31 December 2019.

Total shareholder return vesting hurdle (50%)

The shareholder returns performance vesting condition requires an assessment of how the Company's share price has performed along the performance measurement period (a three and a half year period) relative to the S&P/ASX All Ordinaries Gold Index (ASX: XGD).

Company performance relative to ASX All Ordinaries Gold Index	Percentage of Performance Rights eligible for vesting over a three and a half year measurement period (being 1 July 2015 to 31 December 2018)
75th - 100th (or greater) Percentile	75% - 100% of the relevant grant based on a straight line pro-rata
50th - 75th Percentile	50% of the relevant grant
0 - 50th Percentile	0%

Company Vesting Hurdles (50%)

The LTI Company Hurdle will have been met if before 31 December 2018:

- construction is completed (pre-commissioning) for the Gruyere Gold Project; and
- the Yamarna JORC Resource is at least 8 million ounces of gold.

(c) Details of remuneration

Details of the nature and amount of each element of the emoluments of each Key Management Personnel of the Company for the years ended 30 June 2016 and 30 June 2015 are set out in the following tables:

YEAR 2016

	Salaries and Fees \$	Superannuation Contributions \$	STI Benefits \$	Other Benefits \$	Value of Options and Performance Rights \$	Total \$	At Risk
Directors							
I Murray	494,999	19,308	92,565	7,690	302,897 [^]	917,459	43%
J Osborne	350,001	19,308	45,815	7,690	136,357 ^{^^}	559,171	33%
R Davis*	75,000	-	-	7,690	14,067	96,757	15%
M Pyle	76,038	1,822	-	7,690	14,067	99,617	14%
T Netscher	75,000	-	-	7,690	14,067	96,757	15%
S Warburton**	10,186	968	-	-	-	11,154	-
Specified Executives							
K Hart	151,305	-	-	-	14,067	165,372	9%
Total	1,232,529	41,406	138,380	38,450	495,522	1,946,287	33%

* Resigned 30 June 2016. **Appointed 9 May 2016. [^] Includes 2015 STIs (\$96,120) and for 2016 STIs (\$53,751).

^{^^} Includes 2015 STIs (\$33,898) and for 2016 STIs (\$26,604).

YEAR 2015

	Salaries and Fees \$	Superannuation Contributions \$	STI Benefits \$	Other Benefits \$	Value of Options and Performance Rights \$	Total \$	At Risk
Directors							
I Murray	374,517	19,472	82,828	7,131	74,559	558,507	28%
J Osborne**	264,157	20,729	27,508	3,566	52,746	368,706	22%
R Davis*	67,500	-	-	7,131	-	74,631	-
M Pyle	65,808	1,692	-	7,131	-	74,631	-
T Netscher***	58,333	-	-	7,131	33,410	98,874	34%
Z Lubieniecki*	127,946	21,633	281,250	3,566	-	434,395	65%
Specified Executives							
K Hart	92,138	-	-	-	-	92,138	-
G Murray	239,692	21,102	24,407	-	19,750	304,951	14%
Total	1,290,091	84,628	415,993	35,656	180,465	2,006,833	30%

* Resigned 31 December 2014. **Appointed 1 January 2015. *** Appointed 1 September 2014.

(d) Service agreements

Remuneration and other terms of employment for the Executive Directors are formalised in service agreements. The agreements provide for the provision of performance-related cash and share bonuses and participation, when eligible, in the Plan. Other major provisions of the agreements relating to remuneration are set out below.

The contracts may be terminated early by either party with notice as set out in the service agreement, subject to termination payments as detailed below.

Ian Murray, Managing Director and CEO

- Term of agreement - no fixed term, commenced 1 October 2011
- Termination notice - 4 months' notice by individual and 12 months' notice by Company
- Total Remuneration Package, exclusive of superannuation, increased to \$505,000 from 1 July 2016 to be reviewed annually.
- Participation in short term and long term incentive remuneration programs.

Justin Osborne, Executive Director - Exploration and Growth

- Term of agreement - no fixed term, commenced 14 October 2013
- Termination notice - 4 months' notice by individual and 12 months' notice by Company.
- Base salary, exclusive of superannuation, increased to \$400,000 from 1 July 2016 to be reviewed annually
- Participation in short term and long term incentive remuneration programs.

(e) Other transactions with Key Management Personnel

Mr Kevin Hart has an interest as a Partner in a Chartered Accounting firm, Endeavour Corporate. This firm provides company secretarial and accounting services to the Company in the ordinary course of business. The value of transactions in the financial year ended 30 June 2016 amounted to \$172,165 of which \$20,860 comprised accounting services and \$151,305 comprised company secretarial fees (2015: \$139,885).

Terms and conditions were not more favourable to Endeavour Corporate than those available at market, or which might reasonably be expected to be available for a similar transaction to unrelated parties on an arms-length basis.

(f) Share-based compensation

Options and Performance Rights

Options over shares in Gold Road are granted under the Plan which was approved by shareholders at an Annual General Meeting of shareholders of the Company held on 18 November 2013.

The Plan is designed to provide long term incentives for Executives to deliver long term shareholder returns, and participation in the future growth of the Company. Under the Plan participants are granted Options which typically vest on issue with a strike price as determined at the discretion of the Board. The Plan allows the Company to issue free Options to an eligible person. The Options are exercisable at a fixed price in accordance with the Plan. The Options of any participant in the scheme lapse where the relevant person ceases to be an employee or director of, or vendor services to the Company.

Performance Rights to be issued under the Plan have varying vesting periods as determined by the Board at the date of grant except under certain circumstances whereby Performance Rights may be capable of exercise prior to the expiry of the vesting period. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits. The Performance Rights of any participant in the scheme lapse where the relevant person ceases to be an employee or director of, or vendor services to the Company.

During the year ended 30 June 2016, 1,000,000 (2015: 500,000) Options with an exercise price of 56 cents were granted pursuant to the terms of the Plan to Directors of the Company.

	Granted No.	Grant Date	Fair value at grant date	Expiry date	Vesting date
Directors					
T Netscher	250,000*	24 November 2015	5.63 cents	24 November 2017	24 November 2015
R Davis	250,000*	24 November 2015	5.63 cents	24 November 2017	24 November 2015
M Pyle	250,000*	24 November 2015	5.63 cents	24 November 2017	24 November 2015
Specified Executives					
K Hart	250,000*	24 November 2015	5.63 cents	24 November 2017	24 November 2015

*Refer to Note 19(d)(ii)

During the year ended 30 June 2016, 2,346,103 (2015: 2,714,585) Performance Rights were granted pursuant to the terms of the Plan to Executive Directors of the Company.

Directors	Number No.	Grant Date	Fair value at grant date	Expiry date	Vesting date
I Murray	210,375*	24 November 2015	25.6 cents	30 June 2017	30 June 2016
	376,203**	24 November 2015	25.6 cents	30 June 2016	24 November 2015
	562,500	24 November 2015	18.8 cents [#]	31 December 2019	31 December 2018
	562,500	24 November 2015	25.6 cents ^{##}	31 December 2019	31 December 2018
J Osborne	104,125*	24 November 2015	25.6 cents	30 June 2017	30 June 2016
	132,673**	24 November 2015	25.6 cents	30 June 2016	24 November 2015
	198,863	24 November 2015	18.8 cents [#]	31 December 2019	31 December 2018
	198,864	24 November 2015	25.6 cents ^{##}	31 December 2019	31 December 2018

[#] Relates to market hurdles. ^{##} Relates to Company hurdles. *2016 STI Performance Rights granted but not issued as at 30 June 2016. **2015 STI Performance Rights.

The assessed fair value at grant date of Options and Performance Rights granted to individuals are allocated evenly over the period from grant date to vesting date.

Fair values of Options at grant date of Options are determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the instrument, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument. Refer to Note 18(d)(vii) for details of inputs used.

Performance Rights are valued at the underlying market value at grant date of the ordinary shares over which they are granted, discounted for a lack of negotiability. Performance Rights allocated to Executive Directors and other senior management as part of the LTIs, had their values verified using a Monte Carlo simulation for options with market based vesting conditions and a Black-Scholes pricing model for options with non-market based vesting conditions.

No Options have been granted to Key Management Personnel since the end of the financial year. No other Performance Rights have been granted to Key Management Personnel since the end of the financial year.

Exercise of Options granted as compensation

During the financial year, 3,032,688 ordinary shares were issued on the cashless exercise of 4,300,000 Options previously granted as compensation to Directors or Key Management Personnel.

	No. Options Exercised	No. Shares Issued	Issue Date	Exercise Price of Rights	Expiry Date of Rights
<i>Directors</i>					
I Murray	3,300,000	2,327,411	19 November 2013	Nil	19 November 2015
R Davis	500,000	352,638	19 November 2013	Nil	19 November 2015
<i>Specified Executives</i>					
K Hart	500,000	352,638	19 November 2013	Nil	19 November 2015

No shares have been issued on the exercise of Options previously granted as compensation to Directors or Executives since the end of the financial year.

Conversion of Performance Rights granted as compensation

During the financial year, the following shares were issued on the conversion of Performance Rights previously granted as compensation to Directors or Specified Executives.

<i>Directors</i>	Issued No	Issue Date	Exercised Price of Rights	Expiry Date of Rights	Vesting Date of Rights
I Murray	376,203	24 November 2015	Nil	31 July 2016	24 November 2015
J Osborne	132,673	24 November 2015	Nil	31 July 2016	24 November 2015

No shares have been issued on the exercise of Performance Rights previously granted as compensation to Directors or Specified Executives since the end of the financial year.

Analysis of shares, options and rights over equity instruments granted as compensation

Details of vesting profiles of the Options granted as remuneration to Key Management Personnel of the Company are detailed below.

	Balance at start of the year	Granted during the year	Exercised during the year	Other changes during the year [#]	Balance at the end of the year/ date of resignation	Vested and exercisable at the end of the year/ date of resignation
Directors						
I Murray	3,300,000	-	(3,300,000)	-	-	-
J Osborne	3,000,000	-	-	-	3,000,000	2,000,000
R Davis*	500,000	250,000	(500,000)	-	250,000	250,000
M Pyle	-	250,000	-	-	250,000	250,000
T Netscher	500,000	250,000	-	-	750,000	750,000
S Warburton**	-	-	-	-	-	-
Specified Executives						
K Hart	500,000	250,000	(500,000)	-	250,000	250,000

*Resigned 30 June 2016. **Appointed 9 May 2016. [#] Other changes during the year comprise the expiry of Options.

Details of vesting profiles of the Performance Rights granted as remuneration to Key Management Personnel of the Company are detailed below.

	Balance at start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year/ date of resignation	Vested and exercisable at the end of the year/date of resignation
Directors						
I Murray	1,300,000	1,711,578 [^]	(376,203)	-	2,635,375	210,375
J Osborne	486,111	634,525 ^{^^}	(132,673)	-	987,963	104,125
R Davis*	-	-	-	-	-	-
M Pyle	-	-	-	-	-	-
T Netscher	-	-	-	-	-	-
S Warburton**	-	-	-	-	-	-
Specified Executives						
K Hart	-	-	-	-	-	-

* Resigned 30 June 2016. **Appointed 9 May 2016. [^]Includes 210,375 Performance Rights granted but not issued as at 30 June 2016. ^{^^}Includes 104,125 Performance Rights granted but not issued as at 30 June 2016.

Details of Shares held at reporting date by Key Management Personnel of the Company are detailed below.

	Balance at start of the year	Received during the year on exercise of Options or Rights	Other changes during the year [#]	Balance at the end of the year/date of resignation
Directors				
I Murray	11,048,712	2,703,614	(229,374)	13,522,952
J Osborne	1,200,000	132,673	157,501	1,490,174
R Davis*	7,072,431	352,638	(1,324,000)	6,101,069
M Pyle	2,308,220	-	(114,361)	2,193,859
T Netscher	-	-	-	-
S Warburton**	-	-	-	-
Specified Executives				
K Hart	-	352,638	-	352,638

*Resigned 30 June 2016. **Appointed 9 May 2016. # Other changes during the year comprise the expiry of Options and market trades.

Analysis of Options and Performance Rights held at reporting date

Details of Options held at reporting date by Key Management Personnel of the Company are detailed below.

	Grant Date	Number Granted	Fair Value of Options granted	Vest Date	No of Options vested during the year	Vested %
Directors						
I Murray	-	-	-	-	-	-
J Osborne	30 October 2013	1,000,000	\$36,556	14 October 2014	-	100
	30 October 13	1,000,000	\$36,556	14 October 2015	1,000,000	100
	30 October 13	1,000,000	\$36,556	14 October 2016	-	-
R Davis*	24 November 2015	250,000	\$14,067	24 November 2015	250,000	100
M Pyle	24 November 2015	250,000	\$14,067	24 November 2015	250,000	100
T Netscher	18 November 2014	500,000	\$33,410	18 November 2014	-	100
	24 November 2015	250,000	\$14,067	24 November 2015	250,000	100
S Warburton**	-	-	-	-	-	-
Specified Executives						
K Hart	24 November 2015	250,000	\$14,067	24 November 2015	250,000	100

*Resigned 30 June 2016. **Appointed 9 May 2016.

Details of Performance Rights held at reporting date by Key Management Personnel of the Company are detailed below:

	Grant Date	Number Granted	Fair Value of Performance Rights granted	Vest Date	No of Performance Rights vested during the year	Vested %
Directors						
I Murray	30 July 2014	1,300,000	\$237,965	30 June 2017	-	-
	24 November 2015	1,125,000	\$249,244	31 December 2018	-	-
	24 November 2015	210,375	\$53,751 [^]	30 June 2016	-	-
J Osborne	27 October 2014	486,111	\$87,622	30 June 2017	-	-
	24 November 2015	397,727	\$88,116	31 December 2018	-	-
	24 November 2015	104,125	\$26,604 [^]	30 June 2016	-	-
R Davis*	-	-	-	-	-	-
M Pyle	-	-	-	-	-	-
T Netscher	-	-	-	-	-	-
S Warburton**	-	-	-	-	-	-
Specified Executives						
K Hart	-	-	-	-	-	-

*Resigned 30 June 2016. **Appointed 9 May 2016. [^]2016 STIs granted but not issued as at 30 June 2016.

Subsequent to the end of the 2016 financial year, the Executive Directors, Messrs Murray and Osborne were issued 210,375 and 104,125 Performance Rights Shares respectively in respect of the 2016 STI award.

The movement during the reporting period, by fair value, of Options over ordinary shares in the Company held by Key Management Personnel and granted as part of remuneration is as follows:

	Fair Value of Options granted during the year (a)	Fair Value of Options exercised during the year (b)
Directors		
I Murray	-	\$88,676
J Osborne	-	-
R Davis*	\$14,067	\$13,436
M Pyle	\$14,067	-
T Netscher	\$14,067	-
S Warburton**	-	-
Specified Executives		
K Hart	\$14,067	\$13,436

*Resigned 30 June 2016. **Appointed 9 May 2016.

The movement during the reporting period, by fair value, of Performance Rights over ordinary shares in the Company held by Key Management Personnel and granted as part of remuneration is as follows:

	Fair Value of Performance Rights granted during the year (a)	Value of Performance Rights exercised during the year (b)
Directors		
I Murray	\$399,115	\$96,120
J Osborne	\$148,618	\$33,898
R Davis*	-	-
M Pyle	-	-
T Netscher	-	-
S Warburton**	-	-
Specified Executives		
K Hart	-	-

*Resigned 30 June 2016. **Appointed 9 May 2016.

Analysis of options and rights over equity instruments granted as compensation

- The value of Options or Performance Rights granted in the year is the fair value calculated at grant date. The total value is included in the tables above. This amount is allocated to remuneration over the vesting period.
- The value of Options or Performance Rights exercised during the year is calculated as the closing market price of the Company's shares on the date of exercise or conversion after deducting the price paid to exercise or convert.

Company performance

The table below shows the performance of the Company as measured by share price and change in market capitalisation.

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
	\$	\$	\$	\$	\$
Share Price	0.655	0.425	0.29	0.043	0.17
Market capitalisation	569,120,180	291,172,716	149,471,522	19,579,292	66,302,663

THIS IS THE END OF THE REMUNERATION REPORT

OFFICERS' INDEMNITIES AND INSURANCE

Subsequent to the end of the financial year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

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 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.

CORPORATE GOVERNANCE

The 2016 Corporate Governance Statement is available on the Company's website at www.goldroad.com.au.

AUDIT AND NON-AUDIT SERVICES

The Company's auditor, Stantons International Audit & Consulting Pty Ltd, did not provide any non-audit services during the year.

Total remuneration paid to Stantons International Audit & Consulting Pty Ltd during the financial year:

	2016	2015
	\$	\$
Audit and review of the Company's financial statements	49,161	37,611

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 35.

Auditor

Stantons International Audit & Consulting Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 13th day of September 2016.



IAN MURRAY

Managing Director and CEO

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International

Chartered Accountants and Consultants

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Australia

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13 September 2016

Board of Directors
Gold Road Resources Limited
Level 2, 26 Colin Street
West Perth WA 6005

Dear Sirs

RE: GOLD ROAD RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Gold Road Resources Limited.

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

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

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
Revenue and Other Income	6	1,733,513	1,005,005
Total revenue		1,733,513	1,005,005
Employee expenses		(5,231,282)	(4,104,435)
Employee expenses recharged to exploration		3,416,312	2,865,354
Equity based remuneration expense	19	(1,002,130)	(310,082)
Non-executive directors' fees		(150,000)	(125,833)
Depreciation expense	7	(580,314)	(453,161)
Consultants and corporate advisory expenses		(1,225,242)	(669,933)
Compliance costs		(650,509)	(363,547)
Operating lease expenses		(233,626)	(164,977)
Legal costs		(329,685)	(85,990)
Office expenses		(653,061)	(787,980)
Other expenses from ordinary activities		(478,249)	(341,945)
Exploration costs written off and expensed	15	(4,920,581)	(342,041)
(Loss) before income tax		(10,304,854)	(3,879,565)
Income tax benefit	8	1,079,721	-
(Loss) for the year	20(b)	(9,225,133)	(3,879,565)
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year attributed to members of the Company		(9,225,133)	(3,879,565)
Basic (loss) per share (cents)	31	(1.29)	(0.67)
Diluted (loss) per share (cents)	31	(1.29)	(0.67)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents	9	90,661,364	49,799,678
Trade and other receivables	10	827,087	500,261
Security deposits	11	64,256	173,335
Prepayments	12	346,567	56,120
Inventories		50,749	106,323
Total current assets		91,950,023	50,635,717
Non-current assets			
Property, plant and equipment	13	1,912,515	1,369,105
Other assets	14	109,677	144,904
Capitalised mineral exploration and evaluation expenditure	15	68,871,733	43,997,859
Total non-current assets		70,893,925	45,511,868
Total assets		162,843,948	96,147,585
Current liabilities			
Trade and other payables	16	5,031,905	3,664,457
Provisions	17	412,272	221,191
Total current liabilities		5,444,177	3,885,648
Non-current liabilities			
Provisions	17	182,267	117,783
Total non-current liabilities		182,267	117,783
Total liabilities		5,626,444	4,003,431
Net assets		157,217,504	92,144,154
Equity			
Contributed equity	18(b)	203,221,775	129,925,422
Equity remuneration reserve	20(a)	4,924,702	3,922,572
Accumulated losses	20(b)	(50,928,973)	(41,703,840)
Total equity		157,217,504	92,144,154

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2016

	Note	Ordinary Shares \$	Accumulated Losses \$	Equity Remuneration Reserve \$	Total \$
Balance as at 1 July 2015		129,925,422	(41,703,840)	3,922,572	92,144,154
(Loss) for the year		-	(9,225,133)	-	(9,225,133)
Other comprehensive (loss) for the year		-	-	-	-
Total comprehensive (loss) for the year	20(b)	-	(9,225,133)	-	(9,225,133)
Movement in equity remuneration reserve	20(a)	-	-	1,002,130	1,002,130
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity		77,271,705	-	-	77,271,705
Transaction costs of equity issued		(3,975,352)	-	-	(3,975,352)
Balance as at 30 June 2016		203,221,775	(50,928,973)	4,924,702	157,217,504

For the financial year ended 30 June 2015

	Ordinary Shares \$	Accumulated Losses \$	Equity Remuneration Reserve \$	Total \$
Balance as at 1 July 2014	70,428,194	(37,824,275)	3,612,490	36,216,409
(Loss) for the year	-	(3,879,565)	-	(3,879,565)
Other comprehensive income for the year	-	-	-	-
Total comprehensive (loss) for the year	-	(3,879,565)	-	(3,879,565)
Movement in equity remuneration reserve	-	-	310,082	310,082
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity	62,502,476	-	-	62,502,476
Transaction costs of equity issued	(3,005,248)	-	-	(3,005,248)
Balance as at 30 June 2015	129,925,422	(41,703,840)	3,922,572	92,144,154

The Equity Remuneration Reserve relates to shares, Performance Rights and share Options granted by the Company to directors and employees. Further information about the equity based payments is set out in Note 19.

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

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Interest received		1,067,621	495,368
Interest paid		(18)	-
Farm-in agreement management fees		422,192	437,403
Research and development tax benefit		1,079,721	-
Payments to suppliers and employees		(4,992,334)	(3,295,651)
Net cash flows (used in) operating activities	30	(2,422,818)	(2,362,880)
Cash flows from investing activities			
Payments for exploration and evaluation including Farm-in spend		(28,379,447)	(19,392,585)
JV Farm-in contributions received		1,897,460	3,066,654
Payments for plant and equipment		(1,148,852)	(569,416)
Proceeds from sale of plant and equipment		-	4,545
Receipts from other financial assets		35,225	(109,079)
Net cash flows (used in) investing activities		(27,595,614)	(16,999,881)
Cash flows from financing activities			
Proceeds from issue of shares		74,855,470	62,502,476
Transaction costs on issue of shares		(3,975,352)	(3,005,248)
Net cash flows from financing activities		70,880,118	59,497,228
Net increase in cash and cash equivalents		40,861,686	40,134,467
Cash and cash equivalents at the beginning of the financial year		49,799,678	9,665,211
Cash and cash equivalents at the end of the financial year	9	90,661,364	49,799,678

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

The following is a summary of the significant accounting policies adopted by Gold Road in the preparation of these financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (**AASB**) and the Corporations Act 2001. The financial report also complies with the International Financial Reporting Standards (**IFRS**) and interpretations adopted by the International Accounting Standards Board.

(b) Adoption of New and Revised Standards

In the financial year ended 30 June 2016, the Company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2015. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- (i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018)
- (ii) AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).
- (iii) AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).
- (iv) AASB 2014-3: Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- (v) AASB 2014-9: Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).

Although the Directors anticipate that the adoption of AASB 9, AASB 15, AASB 16, AASB 2014-3 and AASB 2014-9, by themselves or in aggregate, may have an impact on the Group's financial instruments it is impractical at this stage to provide a reasonable estimate of such impact.

(c) Report basis and conventions

These financial statements have been prepared under the historical cost convention, and on an accruals basis.

(d) Critical accounting estimates

The preparation of financial statements in conformity with Australian equivalents to IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 disclosed in Note 4.

Notes to the Financial Statements (Continued)

(e) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the Company to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful exploration and subsequent exploitation of the Company's tenements and/or sale of non-core assets. The Board of Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of consolidation

The financial statements incorporate, where considered material, all of the assets, liabilities and results of the parent and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. During the 2007 year, Gold Road acquired 100% of Thatcher's Soak Uranium Pty Ltd which was incorporated in Western Australia on 22 March 2007. Two additional companies, Gold Road (Gruyere) Pty Ltd and Gold Road (Gruyere Holdings) Pty Ltd, were incorporated in Western Australia on 27 April 2016 by the Company. The subsidiary companies had no material assets or liabilities at the reporting date and in addition had no revenue or expenses since incorporation. Consolidated financial statements have not been prepared as Directors consider to do so would be immaterial to the reporting entity's net assets at the reporting date and its result and cash flows for the year.

The assets, liabilities and results of all subsidiaries, where considered material, are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's Board of Directors, being the Company's Chief Operating Decision Maker, as defined by AASB 8.

(c) Revenue recognition and receivables

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

Interest income

Interest income is recognised on a time proportion basis as it accrues.

Notes to the Financial Statements (Continued)

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 26(b)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease. Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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 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 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 balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Impairment of assets

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, other than goodwill, that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements (Continued)

(g) Cash and cash equivalents

For cash flow statement 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 an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Fair value of measurements

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Notes to the Financial Statements (Continued)

The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight line and written down value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Office equipment	5 - 7 years
Office furniture	10 - 15 years
Field equipment	5 - 10 years
Computer equipment	2 - 3 years
Vehicles	8 years
Buildings	5 - 10 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(f)).

(j) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

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

In the event that an area of interest is abandoned or if the Board of Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notes to the Financial Statements (Continued)

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(l) 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.

(m) Employee benefits

(i) Wages, 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.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation payments are made available to directors and employees.

The fair value of Options at grant date is independently determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the instrument, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the instrument.

The fair value of Performance Rights are valued at the underlying market value at grant date of the ordinary shares over which they are granted, discounted for a lack of negotiability.

The grant date fair value of instrument granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the instrument. The amount recognised as an expense is adjusted to reflect the actual number of instruments that vest, except for those that fail to vest due to market conditions not being met.

The fair value of the instruments granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of instruments that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Notes to the Financial Statements (Continued)

(n) Contributed equity

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.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders 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 service 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 a 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 flow.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Inventories

Inventories are valued at the lower of weighted average cost and net realisable value. Inventory values do not include direct labour costs. These are written off to the statement of profit or loss and other comprehensive income in the year in which they are incurred.

(s) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Notes to the Financial Statements (Continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by Key Management Personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Notes to the Financial Statements (Continued)

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTE 3 FINANCIAL RISK MANAGEMENT

The Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

(i) Trade and other receivables

The Company has no investments and the nature of the business activity does not result in trade receivables. The receivables that the Company recognises through its normal course of business are short term in nature and the most significant (in quantity) is the receivable from the Australian Taxation Office and interest receivable. The risk of non-recovery of receivables from this source is considered to be negligible.

(ii) Cash deposits

The Company's primary banker is Westpac Bank Limited. At reporting date all operating accounts are with this bank. The Company also has funds held on deposit with Westpac Bank, ANZ Banking Group and National Australia Bank. The Directors believe any risk associated with all banks are mitigated by their size and reputation. Except for this matter the Company currently has no significant concentrations of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

(c) Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Notes to the Financial Statements (Continued)

(i) Currency risk

The Company is not exposed to any currency risk as it only transacts in the functional currency of the Company, the Australian dollar (AUD).

(ii) Interest rate risk

As the Company has significant interest bearing assets, the Company's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk. (Note 21 - Financial Instruments).

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in Note 3(b).

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(a) Accounting for capitalised exploration and evaluation expenditure

The Company's accounting policy is stated at Note 2(j). There is some subjectivity involved in the carrying forward as capitalised costs or writing off to the statement of profit or loss and other comprehensive income exploration and evaluation expenditure. However, management gives due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

(b) Accounting for share-based payments

The Company's accounting policy is stated at Note 2(m)(iii). The value of these payments are based on reasonable estimates using a recognised pricing model.

(c) Deferred taxation

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

NOTE 5 SEGMENT INFORMATION

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Notes to the Financial Statements (Continued)

NOTE 6 REVENUE AND OTHER INCOME

	2016	2015
	\$	\$
Other revenue		
Interest received	1,270,837	563,057
Joint venture management and asset recoupment fees	462,676	437,403
Profit on disposal of assets	-	4,545
	1,733,513	1,005,005

NOTE 7 EXPENSES

	2016	2015
	\$	\$
Loss before income tax includes the following specific expenses:		
Depreciation:		
Plant and equipment	75,834	67,696
Office and computer equipment	115,035	79,658
Vehicles	71,043	58,036
Camp buildings	318,402	247,771
	580,314	453,161

NOTE 8 INCOME TAX

	2016	2015
	\$	\$
(a) Income tax recognised in profit and loss		
The major components of tax expense are:		
Adjustments recognised in the current year in relation to the current tax		
Research & Development tax offset	1,079,721	-
Total tax benefit	1,079,721	-

Notes to the Financial Statements (Continued)

NOTE 8 INCOME TAX (continued)

The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax provided in the financial statements as follows:

	2016	2015
	\$	\$
Accounting loss before tax from continuing operations	(10,304,854)	(3,879,565)
Income tax (benefit) calculated at 30% (2015: 30%)	(3,091,456)	(1,163,870)
Non-deductible expenses	302,403	429,562
Capital raising costs	(530,424)	(329,717)
Exploration costs	(8,923,634)	(5,021,534)
Research & Development tax incentives	1,079,721	-
Tax losses and deferred tax balances not recognised	12,243,111	6,085,559
Income tax benefit reported in the statement of profit or loss and other comprehensive income	1,079,721	-

(b) Unrecognised deferred tax balances

Deferred tax assets comprise:

Tax losses carried forward	32,878,127	22,138,192
Other deferred tax benefits	245,712	1,314,083
	33,123,839	23,452,275

Deferred tax liabilities comprise:

Exploration expenditure capitalised	20,646,818	13,199,358
Other deferred tax liabilities	94,636	33,671
	20,741,454	13,233,029

Income tax benefit not recognised directly in equity during the year:

Capital raising costs	1,581,186	910,924
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Potential deferred tax assets attributable to tax losses and capital losses carried forward have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. The Company has total estimated tax losses at 30 June 2016 of \$109,593,758 (2015: \$73,793,972).

NOTE 9 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	18,110,364	3,595,371
Cash at bank on short term deposit	72,551,000	46,204,307
	90,661,364	49,799,678

Notes to the Financial Statements (Continued)

NOTE 10 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Net tax receivable	311,728	324,995
Interest receivable	315,453	112,236
Other receivables	199,906	63,030
	827,087	500,261

All receivables are receivable within 30 days and there are no impaired amounts.

NOTE 11 CURRENT ASSETS - SECURITY DEPOSITS

	2016	2015
	\$	\$
Westpac - credit card facility	60,001	60,001
Other	4,255	113,334
	64,256	173,335

NOTE 12 CURRENT ASSETS - PREPAYMENTS

	2016	2015
	\$	\$
Prepaid expenses	346,567	56,120

NOTE 13 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
<i>Plant and equipment</i>		
At cost	793,697	716,678
Accumulated depreciation	(346,918)	(271,084)
	446,779	445,594
<i>Office and computer equipment</i>		
At cost	643,850	515,864
Accumulated depreciation	(416,962)	(329,407)
	226,888	186,457
<i>Motor vehicles</i>		
At cost	547,774	515,924
Accumulated depreciation	(233,375)	(187,670)
	314,399	328,254
<i>Camp buildings</i>		
At cost	2,250,344	1,416,293
Accumulated depreciation	(1,325,895)	(1,007,493)
	924,449	408,800
	1,912,515	1,369,105

Notes to the Financial Statements (Continued)

NOTE 13 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (Continued)

	2016 \$	2015 \$
Reconciliation		
<i>Plant and equipment</i>		
Net book value at start of the year	445,594	381,023
Items reclassified	-	-
Additions	77,019	132,267
Depreciation	(75,834)	(67,696)
Net book value at end of the year	446,779	445,594
<i>Office and computer equipment</i>		
Net book value at start of the year	186,457	158,592
Additions	157,782	107,523
Disposals	(2,316)	-
Depreciation	(115,035)	(79,658)
Net book value at end of the year	226,888	186,457
<i>Motor vehicles</i>		
Net book value at start of the year	328,254	231,070
Additions	80,000	155,220
Disposals	(22,812)	-
Depreciation	(71,043)	(58,036)
Net book value at end of the year	314,399	328,254
<i>Camp buildings</i>		
Net book value at start of the year	408,800	482,165
Items reclassified	-	-
Additions	834,051	174,406
Depreciation	(318,402)	(247,771)
Net book value at end of the year	924,449	408,800
	1,912,515	1,369,105

No items of property, plant and equipment have been pledged as security by the Company.

Notes to the Financial Statements (Continued)

NOTE 14 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	2016	2015
	\$	\$
Financial assets - security bonds	109,079	144,306
Investment in subsidiaries	598	598
	109,677	144,904

Included in the above bonds are deposits over offices for corporate premises.

The subsidiary companies had no material assets or liabilities at the reporting date and in addition had no revenue or expenses since incorporation. Consolidated financial statements have not been prepared as Directors consider to do so would be immaterial to the reporting entity's net assets at the reporting date and its result and cash flows for the year.

NOTE 15 NON-CURRENT ASSETS - CAPITALISED MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	2016	2015
	\$	\$
<i>In the exploration and evaluation phase</i>		
Cost brought forward	43,997,859	27,259,412
Exploration and evaluation expenditure during the year	29,794,455	17,080,488
Exploration expenditure written off	(4,920,581)	(342,041)
Cost carried forward	68,871,733	43,997,859

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

In reviewing the 2016 capitalised exploration and expenditure carried forward and the appropriateness of continuing to carry forward costs in relation to certain projects within the Yamarna project area, the Company considered market conditions at that date including market capitalisation, the results of recent studies undertaken and where active and significant exploration expenditures are ongoing. As a result of this review, the Company made no impairment charge in the 2016 financial year, however, \$4,920,581 was written off after consideration was given to the current and future levels of activities on tenements held as at 30 June 2016.

Included in the exploration expenditure for the year ended 30 June 2016 are PFS costs totalling \$2,689,963 and Feasibility Study costs totalling \$8,854,069. Also included is \$2,233,396 for the buy-back of the Asarco Royalty for 6,026,206 ordinary shares in the Company on 8 January 2016 at a fair value of \$0.37 per share.

Notes to the Financial Statements (Continued)

NOTE 16 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade payables	3,037,567	1,767,990
Accruals and other payables	1,994,338	1,004,891
Funds from farmee held in advance	-	891,576
Trade and other payables	5,031,905	3,664,457

The carrying amounts of trade payables and accruals and other payables are assumed to be at their fair value given their short term nature.

NOTE 17 PROVISIONS

	2016	2015
	\$	\$
Current - Employee entitlements	412,272	221,191
Non-current - Employee entitlements	182,267	117,783

NOTE 18 CONTRIBUTED EQUITY

(a) Ordinary shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

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.

Notes to the Financial Statements (Continued)

NOTE 18 CONTRIBUTED EQUITY (Continued)

(b) Share capital

	2016	2015	2016	2015
	No.	No.	\$	\$
Issued share capital	868,885,771	685,112,273	203,221,775	129,925,422

(c) Share movements during the year

		2016	2015	2016	2015
		No.	No.	\$	\$
	Issue price				
Balance brought forward		685,112,273	515,419,042	129,925,422	70,428,194
Placement	\$0.30	-	77,312,853	-	23,193,856
Placement	\$0.44	168,057,915	89,262,773	73,945,482	39,275,620
Share Purchase Plan	\$0.44	1,295,503	-	570,000	-
Shares issued as consideration [^]	\$0.37	6,036,206	-	2,233,396	-
Shares issued as consideration ^{^^}	\$0.57	320,773	-	182,840	-
Unlisted Options exercised*	\$0.095	49,476	-	-	-
Unlisted Options exercised	\$0.095	333,333	100,000	31,667	9,500
Unlisted Options exercised*	\$0.105	929,511	764,345	-	-
Unlisted Options exercised*	\$0.107	47,305	65,797	-	-
Unlisted Options exercised	\$0.107	333,333	100,000	35,667	10,700
Unlisted Options exercised*	\$0.128	43,506	65,797	-	-
Unlisted Options exercised	\$0.128	333,334	100,000	42,666	12,800
Unlisted Options exercised*	\$0.13	3,032,688	-	-	-
Unlisted Options exercised	\$0.13	1,700,000	-	221,000	-
Unlisted Options exercised*	\$0.473	21,384	-	-	-
Unlisted Options exercised	\$0.473	19,000	-	8,987	-
Performance Rights exercised	\$0.00	271,355	80,000	-	-
Performance Rights exercised	\$0.00	440,000	213,333	-	-
Performance Rights exercised	\$0.00	508,876	1,425,000	-	-
Performance Rights exercised	\$0.00	-	203,333	-	-
Less: costs related to shares issued		-	-	(3,975,352)	(3,005,248)
At the end of the year		868,885,771	685,112,273	203,221,775	129,925,422

[^] Asarco royalty termination. ^{^^}Indigenous Services Australia services agreement. *Cashless exercise of options.

Notes to the Financial Statements (Continued)

NOTE 18 CONTRIBUTED EQUITY (Continued)

(d) Share Options

(i) Options movements during the year

The following table illustrates the number of, and movements in, share Options during the year:

	2016	2015
	No.	No.
Outstanding at the beginning of the year	13,031,000	18,722,000
Unlisted Options granted (ii)	1,000,000	500,000
Unlisted Options exercised (iii)	(9,058,000)	(1,500,000)
Forfeited during the year	-	(145,000)
Unlisted Options expired during the year	(363,000)	(4,546,000)
Outstanding at the end of the year (iv)	4,610,000	13,031,000
Vested and exercisable at the end of the year	3,610,000	11,031,000

(ii) Unlisted Options granted during the year

Number of Options granted	Fair value at grant date	Exercise price	Expiry date
1,000,000	5.63 cents	56 cents	24 November 2017
1,000,000	Total Options granted		

(iii) Unlisted Options exercised during the year

Number of Options exercised	Exercise price	Expiry date
400,000	9.5 cents	30 September 2015
1,300,000	10.5 cents	30 October 2015
400,000	10.7 cents	30 September 2015
400,000	12.8 cents	30 September 2015
6,000,000	13 cents	19 November 2015
558,000	47.3 cents	31 March 2016
9,058,000	Total Options exercised	

(iv) Options outstanding at year end

Number of Options outstanding	Exercise price	Expiry date
3,000,000	13 cents	14 October 2017
110,000	20 cents	30 September 2016
500,000	33.5 cents	21 November 2016
1,000,000	56 cents	24 November 2017
4,610,000	Total Options on Issue	

(v) Weighted average remaining contractual life

The weighted average remaining contractual life for the unlisted share Options outstanding as at 30 June 2016 is 1.19 years (2015: 0.88 years).

Notes to the Financial Statements (Continued)

NOTE 18 CONTRIBUTED EQUITY (Continued)

(vi) Weighted average fair value

The weighted average fair value of the unlisted Options granted during the year was 4.46 cents (2015: 6.68 cents).

(vii) Option pricing model

The fair value of the equity-settled instruments granted is estimated as at the date of the grant using the Black-Scholes Model taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the models used for Options issued in the years ended 30 June 2016 and 30 June 2015:

	30 June 2016	30 June 2015
Expected volatility (%)	62.34	88.99
Risk-free interest rate (%)	1.74	2.54
Expected life of option (years)	2.0	2.0
Option exercise price (\$)	0.56	0.335
Underlying share price at measurement date (\$)	0.365	0.24

(e) Performance Rights

(i) Performance Rights movements during the year

The following table illustrates the number of, and movements in, Performance Rights during the year:

	2016 No.	2015 No.
Outstanding at the beginning of the year	3,621,250	2,061,666
Performance Rights granted (ii)	4,340,344	3,967,361
Performance Rights exercised (iii)	(1,220,231)	(1,921,666)
Forfeited during the year (iv)	-	(486,111)
Performance Rights expired during the year	-	-
Outstanding at the end of the year	6,741,363	3,621,250
Vested and exercisable at the end of the year	551,370	60,000

(ii) Performance Rights granted during the year:

Number of Performance Rights issued	Fair value at grant date*	Grant date	Vesting date	Expiry date
271,355	\$0.335	31 July 2015	31 July 2015	31 July 2016
1,000,000	\$0.43	8 October 2015	31 December 2018	31 December 2019
508,876	\$0.365	24 November 2015	24 November 2015	30 June 2016
1,004,370	\$0.268 [#]	24 November 2015	31 December 2018	31 December 2019
1,004,373	\$0.365 ^{##}	24 November 2015	31 December 2018	31 December 2019
314,500 [^]	\$0.365	24 November 2015	30 June 2016	30 June 2017
236,870 [^]	\$0.476	30 June 2016	30 June 2016	30 June 2017
4,340,344		Total granted during the year		

* Refer to Note 18(e)(vii). [#] Relates to market hurdles. ^{##} Relates to Company hurdle. [^] Granted but not issued as at 30 June 2016.

Notes to the Financial Statements (Continued)

NOTE 18 CONTRIBUTED EQUITY (Continued)

- (iii) Performance Rights exercised during the year:

Number of Performance Rights exercised	Vesting date	Expiry date
271,355	31 July 2015	31 July 2016
80,000	31 December 2015	31 December 2016
60,000	31 March 2015	31 March 2016
300,000	31 December 2015	28 February 2018
508,876	24 November 2015	30 June 2016
1,220,231	Total exercised during the year	

- (iv) No Performance Rights were forfeited during the year ended 30 June 2016.
(v) As at the balance date unissued ordinary shares of the Company under Performance Rights are:

Outstanding	Vesting Date	Expiry date
1,300,000*	30 June 2017	30 June 2018
1,181,250	30 June 2017	30 June 2018
700,000	30 September 2016	28 February 2018
1,522,727^	31 December 2018	31 December 2019
1,486,016	31 December 2018	31 December 2019
314,500	30 June 2016	30 June 2017
236,870	30 June 2016	30 June 2017
6,741,363	Total Performance Rights on issue	

* Represent Performance Rights issued to Executive Directors. The grant of these Performance Rights is subject to the recipients remaining employed by the Company up to the Vesting Date on 30 June 2017 and strategic Company and Shareholder hurdles being met.

^ Represent Performance Rights issued to Executive Directors. The key vesting conditions and performance hurdles are that the holders must remain employed until 31 December 2018, 50% of the Performance Rights will vest and convert over a three and a half year measurement period to 31 December 2018 based on meeting Shareholder Return Hurdles, and 50% will vest on meeting a Company Hurdle by 31 December 2018.

- (vi) Weighted average remaining contractual life

The weighted average remaining contractual life for the Performance Rights outstanding as at 30 June 2016 is 2.55 years (2015: 2.84 years).

- (vii) Weighted average fair value

The weighted average fair value of the Performance Rights granted during the year was 23.24 cents (2015: 16.84 cents).

- (viii) Performance Rights pricing model

Performance Rights are valued independently at the underlying market value at grant date of the ordinary shares over which they are granted, discounted for a lack of negotiability. Performance Rights allocated to Executive Directors and Senior Executives during the 2016 financial year as part of the LTIs, had their values verified using a Monte Carlo simulation for options with market based vesting conditions and a Black-Scholes pricing model for options with non-market based vesting conditions.

Notes to the Financial Statements (Continued)

NOTE 19 SHARE-BASED PAYMENTS

(a) Recognised share-based payment expenses

The expense recognised for services received during the year is shown in the table below:

	2016 \$	2015 \$
Expenses arising from equity settled share-based payment transactions	1,002,130	310,082
	1,002,130	310,082

(b) Types of share-based payment plans

Incentive Option Plan

The Company has a formal option plan for the issue of options to employees, directors and consultants, which was approved by shareholders at the Company's Annual General Meeting on 18 November 2013. Options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options over unissued shares are issued under the terms of the Plan at the discretion of the Board.

Performance Rights Plan

The Company has a formal plan for the issue of Performance Rights to employees, which was approved by shareholders at the Company's Annual General Meeting on 18 November 2013. Performance Rights are granted free of charge and are exercisable into ordinary fully paid shares in accordance with the terms of the grant. Performance Rights are issued to employees under the terms of the Plan at the discretion of the Board.

Refer to Note 18 for movements in Options and Performance Rights during the year.

NOTE 20 RESERVES AND ACCUMULATED LOSSES

(a) Equity remuneration reserve

	2016 \$	2015 \$
Balance brought forward at 1 July	3,922,572	3,612,490
Equity remuneration reserve in respect of Options and Performance Rights issued	1,002,130	310,082
Balance carried forward at 30 June	4,924,702	3,922,572

The equity remuneration reserve is used to recognise the fair value of Options and Performance Rights issued but not exercised.

(b) Accumulated losses

Balance brought forward at 1 July	(41,703,840)	(37,824,275)
(Loss) for the year	(9,225,133)	(3,879,565)
Balance carried forward at 30 June	(50,928,973)	(41,703,840)

Notes to the Financial Statements (Continued)

NOTE 21 FINANCIAL INSTRUMENTS

(a) Credit risk

The Directors do not consider that the Company's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made. Refer to Note 3(a).

(b) Impairment losses

The Directors do not consider that any of the Company's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the financial year.

(c) Liquidity risk

The following are the contractual maturities of financial assets and liabilities, including estimated interest payments and excluding the impact of netting agreements. Refer to Note 3(b).

Company

30 June 2016

	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6 months or more \$
Financial assets	91,661,786	91,661,786	91,552,707	109,079
Financial liabilities	(5,031,905)	(5,031,905)	(5,031,905)	-

Company

30 June 2015

	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6 months or more \$
Financial assets	50,617,580	50,617,580	50,473,274	144,306
Financial liabilities	(3,664,457)	(3,664,457)	(3,664,457)	-

(d) Currency risk

The Company does not have any exposure to foreign currency risk. Refer to Note 3(c)(i).

(a) Interest rate risk

At the reporting date the interest profile of the Company's interest-bearing financial instruments was as follows (Refer Note 3(c)(ii)):

	Carrying amount	
	2016 \$	2015 \$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	90,826,990	50,003,943

Cash balances during the year attracted a weighted average interest rate of 2.87% (2015: 3.11%).

Notes to the Financial Statements (Continued)

NOTE 21 FINANCIAL INSTRUMENTS (Continued)

(b) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(c) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The 100 basis points sensitivity is based on reasonable possible change over the financial year using the observed range for the historic two years.

	Profit or loss		Equity	
	100bp increase \$	100bp Decrease \$	100bp Increase \$	100bp Decrease \$
30 June 2016				
Variable rate instruments	908,269	908,269	908,269	908,269
30 June 2015				
Variable rate instruments	500,039	500,039	500,039	500,039

(d) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities approximate their carrying values due to their short term nature.

NOTE 22 DIVIDENDS

No dividends were paid or proposed during the financial year. The Company has no franking credits available as at 30 June 2016.

Notes to the Financial Statements (Continued)

NOTE 23 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation for Key Management Personnel

	Company Carrying amount	
	2016	2015
	\$	\$
Short-term employee benefits	1,370,909	1,290,091
Post-employee benefits	41,406	84,628
Other benefits	38,450	451,649
Share-based payments	495,522	180,465
Total compensation	1,946,287	2,006,833

(b) Equity instrument disclosures relating to Key Management Personnel

Details regarding equity instrument disclosures for Key Management Personnel are shown in the remuneration report.

(c) Loans made to Key Management Personnel

No loans were made to a Director of Gold Road or any other senior personnel, including personally related entities during the reporting period.

(d) Other transactions with Key Management Personnel

Mr Kevin Hart has an interest as a Partner in a Chartered Accounting firm, Endeavour Corporate. This firm provides company secretarial and accounting services to the Company in the ordinary course of business. The value of transactions in the financial year ended 30 June 2016 amounted to \$172,165 of which \$20,860 comprised accounting services and \$151,305 comprised company secretarial fees. (2015: \$139,885).

Terms and conditions were not more favourable to Endeavour Corporate than those available at market, or which might reasonably be expected to be available for a similar transaction to unrelated parties on an arms-length basis.

NOTE 24 REMUNERATION OF AUDITORS

	2016	2015
	\$	\$
Audit and review of the Company's financial statements	49,161	37,611
	49,161	37,611

Notes to the Financial Statements (Continued)

NOTE 25 CONTINGENCIES

(a) Contingent liabilities

There were no material contingent liabilities noted or provided for in the financial statements of the Company as at 30 June 2016 other than:

Native Title and Aboriginal Heritage

On 29 June 2016, the Federal Court delivered a judgment in which native title was determined to exist over areas in which the Company has an interest as a result of native title claims brought by the registered Yilka native title claim group and the unregistered Sullivan and Edwards native title claim group. The final form of the determination, including the description of the native title holding community, is yet to be settled by the Federal Court. Until the final form of the determination is made by the Federal Court, the Company is unable to ascertain the effect of the judgment, if any, on the Company or its interests, including its Native Title Agreement with the Yilka native title claim group and any potential impact on the Gruyere Project.

(b) Contingent assets

There were no material contingent assets as at 30 June 2016.

NOTE 26 COMMITMENTS

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programmes and priorities. As at reporting date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and for which the annual commitment amounts to \$4,449,607 (2015: \$2,935,120). These obligations are also subject to variation by farm-out arrangements or sale of the relevant tenements. Tenements with commitments of \$1,278,000 are subject to a joint venture agreement as disclosed in Note 28.

(b) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	2016	2015
	\$	\$
Within one year	360,337	191,995
Later than one year but not later than five years	753,548	500,040
Later than 5 years	-	-
	1,113,885	692,035

(c) Remuneration Commitments

In the event that the Company terminates all of the Key Management Personnel employment agreements, there is a requirement to give termination notice by the Company. Should the services of the Executive Directors not be required during the termination notice periods the cost to the Company would be \$905,000 (2015: \$866,749).

Notes to the Financial Statements (Continued)

NOTE 27 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year, other than disclosed at Note 23(d).

NOTE 28 JOINT VENTURE

On 14 May 2013, the Company entered into the South Yamarna Farm-in and Joint Venture Agreement with Sumitomo, a subsidiary of Sumitomo Metal Mining Co. Limited, the terms of which include Sumitomo spending up to A\$8 million on exploration over the period to 31 December 2016 to earn up to a 50% interest in the tenements that are the subject of the agreement. As at 30 April 2016, Sumitomo achieved the 50% interest in the tenements on the farm-in agreement. Gold Road continues to act as manager of the joint venture.

NOTE 29 EVENTS OCCURRING AFTER THE REPORTING DATE

There has not arisen in the interval between the end of the year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

NOTE 30 RECONCILIATION OF PROFIT/(LOSS) AFTER TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2016	2015
	\$	\$
(Loss) from ordinary activities after income tax	(9,225,133)	(3,879,565)
Depreciation	580,314	453,161
Exploration expenditure written off	4,920,581	342,041
Share based payments expense	1,002,130	310,082
Profit on disposal of assets	2,953	(4,545)
Change in operating assets and liabilities:		
(Increase) in accrued interest receivable	(203,217)	(67,689)
(Increase) in other operating receivables	(181,866)	(77,386)
Increase in leave provisions	255,565	139,244
Increase in operating trade and other payables	425,855	421,777
Net cash (outflow) from operating activities	(2,422,818)	(2,362,880)

During the year, 6,036,206 shares valued at \$2,233,396 were issued in respect of the Asarco royalty termination. A further 320,773 shares valued at \$182,840 were issued to Indigenous Services Australia pursuant to a service agreement.

Notes to the Financial Statements (Continued)

NOTE 31 EARNINGS PER SHARE

	2016	2015
	Cents	Cents
(a) Basic earnings per share		
(Loss) attributable to ordinary equity holders of the Company	(1.29)	(0.67)
(b) Diluted earnings per share		
(Loss) attributable to ordinary equity holders of the Company	(1.29)	(0.67)
	\$	\$
(c) (Loss) used in calculation of basic and diluted loss per share		
(Loss) for the year	(9,225,133)	(3,879,565)
	No.	No.
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic earnings per share	716,582,537	578,859,153
Weighted average number of shares used as the denominator in calculating diluted earnings per share	716,582,537	578,859,153

DIRECTORS' DECLARATION

In the opinion of the Directors of Gold Road Resources Limited:

- the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited of the Company are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Company as at 30 June 2016 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial year ended on that date.
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and CEO, and General Manager - Finance for the financial year ended 30 June 2016.

The Directors draw attention to Note 1(a) to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

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

On behalf of the Board

Signed at Perth this 13th day of September 2016.



IAN MURRAY

Managing Director and CEO

INDEPENDENT AUDIT REPORT

Stantons International Audit and Consulting Pty Ltd
trading as

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Chartered Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD ROAD RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Gold Road Resources Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

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(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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Stantons International

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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Gold Road Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company'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; and
- (b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 21 to 33 of 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 Gold Road Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
13 September 2016

ASX SHAREHOLDER INFORMATION

Pursuant to the Listing Requirements of the Australian Stock Exchange Limited, the shareholder information set out below was applicable as at 2 September 2016.

(a) Distribution of Equity Securities

Analysis of numbers of shareholders and option holders by size of holding:

Distribution	Number of shareholders
1 -1,000	400
1,001 -5,000	1,561
5,001 - 10,000	950
10,001 -100,000	2,520
More than 100,000	590
TOTALS	6,021

There were 287 shareholders holding less than a marketable parcel of ordinary shares.

(b) Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who holds 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number of shares	Percentage of shares
Resource Capital Funds Management	67,523,128	9.87%
Platypus Asset Management	61,731,009	7.45%
Van Eck Associates Corporation	40,460,077	5.91%
Mason Hill Advisors LLC	43,617,096	5.02%

(c) Twenty Largest Shareholders

The names of the twenty largest holders of ordinary shares are listed below:

Shareholder Name	Ordinary Shares	
	Number	Percentage of Issued
HSBC Custody Nominees Aust Ltd*^	252,953,262	29.11%
Merrill Lynch Aust Nominees PL^	85,485,687	9.84%
J P Morgan Nominees Aust Ltd^	82,963,908	9.55%
National Nominees Ltd	44,026,021	5.07%
Citicorp Nominees PL	43,704,982	5.03%
BNP Paribas Nominees PL	15,340,933	1.77%
Asarco Exploration Co Inc	11,036,206	1.27%
Brooks Robert James^	10,530,299	1.21%
Ian and Karen Murray (Murray S/F)	7,745,511	0.89%
National Health Recovery	5,985,000	0.69%
Zenith Pacific Ltd^	5,150,000	0.59%
Kurraba Inv Pl	4,925,958	0.57%
Brooks Oxana V	4,490,642	0.52%
Forsyth Barr Custodians Ltd	4,489,193	0.52%
Zbigniew Lubieniecki^	3,578,761	0.41%
George Romaniotis	3,210,779	0.37%
Equity Trustees Ltd	2,986,734	0.34%
Haifa PL	2,857,583	0.33%
Weng Y + A/C N L Y W & N	2,774,800	0.32%
Audrey Grace Gobbart	2,750,000	0.32%
Total	596,986,259	68.72%

**Includes 5,777,441 ordinary shares held by Troyleigh Investments Pty Ltd (an entity related to Mr Ian Murray, Managing Director and CEO). ^ denotes merged holders*

(d) Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

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