



1 February 2018

Dear Optionholder

NON-RENOUNCEABLE RIGHTS ISSUE – NOTIFICATION TO OPTIONHOLDERS

On 1 February 2018, Eastern Goldfields Limited ACN 100 038 266 (**Company**) announced its intention to raise up to approximately \$7,184,854 by way of a non-renounceable rights issue (**Rights Issue**) of one (1) fully paid ordinary share in the Company (**New Share**) for every twenty (20) existing shares held as at 5.00pm WST on 7 February 2018 (**Record Date**) at an issue price of \$0.20 per New Share, to shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**).

Details of the Rights Issue

Pursuant to the Rights Issue, the Company will issue up to approximately 35,924,270 New Shares at an issue price of \$0.20 per New Share to raise a maximum of \$7,184,854 before costs.

The prospectus for the Rights Issue was lodged with the Australian Securities and Investments Commission on 1 February 2018 (**Prospectus**), and is available on the Company's website, www.easterngoldfields.com.au and the ASX website, www.asx.com.au.

The Prospectus will be dispatched to all Eligible Shareholders shortly after the Record Date.

Purpose of the Rights Issue and use of funds raised

The Company intends to apply the funds raised under the Rights Issue to provide funds for payment of trade creditors, additional exploration, ongoing resource development and feasibility studies in relation to the Company's Mt Ida and Menzies Projects, as well as providing general working capital for the gold operations at the Company's Davyhurst project.

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to shareholders.

Optionholder Participation in the Rights Issue

You may participate in the Rights Issue in respect of your options if you exercise them before the Record Date.

We stress that there is no obligation on optionholders to exercise their options at this time, however, only those optionholders who elect to exercise their options before the Record Date will be eligible to participate in the Rights Issue (except in so far as they may hold existing shares in the Company).

If you intend to exercise your options to participate in the Rights Issue, we recommend that to allow time for processing and clearing of your cheque, and to ensure that you are allotted shares before the Record Date, you apply to exercise your options as soon as possible, but in any event no later than 5.00pm WST time on 21 February 2018, by completing an option exercise form and returning it together with a cheque for the exercise monies to the Company's share registry at:

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth, WESTERN AUSTRALIA 6000

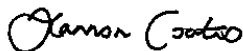
Any option exercise form received after this date cannot be assured of allotment of shares before the Record Date.

If you do not wish to participate in the Rights Issue (in respect of your options) you do not need to take any action.

If you do not understand this letter you should contact your stockbroker, accountant or other professional adviser without delay.

If you require clarification on any of the above matters, please contact the share registry on 1300 850 505 or the undersigned on +61 8 9322 1587.

Yours faithfully



Shannon Coates
Company Secretary

For **EASTERN GOLDFIELDS LIMITED**