



**Eastern
Goldfields
Limited**

Grant of ASX Listing Rule Waiver

Eastern Goldfields Limited (ASX: EGS) (**Eastern Goldfields** or the **Company**) is pleased to advise that the Company has been granted a waiver of ASX Listing Rule 10.1.

The waiver allows the Company, subject to certain conditions, to grant Investmet Limited (**Investmet**) security over the Company's assets in relation to the re-drawable standby facility provided to the Company by Investmet (the **Loan**), without shareholder approval.

The Loan is a re-drawable facility provided by Investmet in 2017, pursuant to which Investmet has agreed to provide cash advances to the Company up to a maximum of \$15,000,000 (the **Loan**). The current amount outstanding under the Loan, as set out in the Company's quarterly report for the quarter ended 31 March 2018, is \$6,188,000. The Loan is repayable within 6 months following the discharge of the Syndicated Facilities Agreement with Investec Bank PLC (**Investec**).

The Loan is currently unsecured, with the granting of the proposed security subject to:

- a) the execution of a security documentation (on standard terms) between the Company and Investmet; and
- b) intercreditor arrangements being agreed between Investmet and Investec, being the Company's primary, secured creditor.

Although currently unsecured, the terms of the Loan provide that the interest rate payable by the Company will be reduced once Investmet is granted a second ranking security interest over the Company's assets. Accordingly, the Company considers that it is in the best interests of the Company that the proposed security is granted to Investmet.

As part of the Company's secured financing with Investec, it was a condition of the Investec funding that Investmet provide access to stand-by funding to support the development of the Company's Davyhurst plant and continued exploration activities on its tenements. Given these circumstances and Investec's requirements, the Board considered that the funding from Investmet was the most appropriate form of financing at that time. The Board has benchmarked the Investmet funding to similar transactions in the market and the Board considers that the Loan has been entered on arms' length terms and is fair and reasonable from the perspective of the Company's shareholders.

The Company currently expects that the Loan will be repaid out of proceeds from production at the Company's flagship Davyhurst project following the discharge of the loan from Investec.

The terms of the waiver are set out below.

Waiver of ASX Listing Rule 10.1

1. Based solely on the information provided, ASX Limited ("ASX") grants Eastern Goldfields Limited (the "Company") a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant a second ranking security over the assets of the Company in favour of Investmet Limited ("Investmet") (the "Security") to secure the Company's obligations under a secured loan agreement with an aggregate principal amount not exceeding \$15,000,000 (the "Facility") provided by Investmet without obtaining shareholder approval, on the following conditions.

BOARD OF DIRECTORS

Mr Michael Fotios
Executive Chairman

Mr Craig Readhead
Non-Executive Director

Mr Alan Still
Non-Executive Director

Mr Campbell Baird
Non-Executive Director

Ms Shannon Coates
Company Secretary

CHIEF EXECUTIVE

Mr Victor Rajasooriar

ISSUED CAPITAL

Shares: 761.7 m

Options: 226.7 m

Current Share Price: \$0.135

Market Capitalisation: \$102.8 m

Cash as at 31/03/2018: \$3.8m*

*Excluding total debt facilities of \$35.0m, see ASX announcement 31 Jan 2017. Drawn to date \$18.6m.

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- 1.1 The Security includes a term that if an event of default occurs and Investmet exercises their rights under the Security, neither Investmet nor any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by Investmet exercising their power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to the Lender or any of its associates in accordance with their legal entitlements.
 - 1.2 A summary of the material terms of the Facility and the Security is made in each annual report of the Company during the term of the Facility.
 - 1.3. Any variations to the terms of the Security which is:
 - 1.3.1. not a minor change; or
 - 1.3.2. inconsistent with the terms of the waiver, must be subject to shareholder approval.
 - 1.4 The Company and Investmet must seek to discharge the Security when the funds advanced to the Company are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further period.
 - 1.5. The Company immediately releases to the market an announcement which sets out the terms of this waiver, and:
 - 1.5.1. the Company's plans with respect to the repayment of the funds advanced under the Facility, and discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur; and
 - 1.5.2. a statement of the reasons why the Company has chosen to obtain a financial accommodation from a listing rule 10.1 party rather than a lender that is not a related party of substantial holder, and the steps the Company's board has taken to satisfy itself that the transaction is being entered into on arms' length terms and is fair and reasonable from the perspective of the Company's securityholders.
2. ASX has considered listing rule 10.1 only and makes no statement as to the Company's compliance with other listing rules.

Investor Enquiries

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Executive Chairman

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About Eastern Goldfields

Eastern Goldfields Limited (ASX: EGS) is a uniquely positioned gold production and exploration company and 100% owner of the Davyhurst Gold Project in the highly prospective eastern goldfields region of Western Australia.