

## COMPANY UPDATE

Eastern Goldfields Limited (ASX: EGS) (**Eastern Goldfields** or the **Company**) provides an update on corporate activities.

### UPDATE ON CAPITAL RAISING

The Company's securities were placed into trading halt on 23 July 2018, at the request of the Company. The Company's securities remain in voluntary suspension, pending the release of an announcement to the market regarding a potential capital raising.

The Company is currently in advanced discussions with potential investors and advisors regarding the completion of a capital raising via a number of alternative approaches and sources of funding, including a placement to institutional and sophisticated investors and a rights issue to existing shareholders (**Proposed Recapitalisation Fundraising**).

The Company expects to provide shareholders with a further update in relation to the Proposed Recapitalisation Fundraising shortly.

### BOARD CHANGES

The Company has implemented a number of changes at a board level in connection with the Proposed Recapitalisation Fundraising. In particular, it is noted that:

- a) Mr Michael Fotios has resigned his position both as a director and as Executive Chairman, of the Company, with his resignation taking effect from 28 August 2018; and
- b) Mr Alan Still has resigned as a director of the Company, with his resignation taking effect from 28 August 2018

The Board would like to thank Mr Fotios and Mr Still for their service to the Company since their respective appointments. We wish both Mr Fotios and Mr Still every success in their future endeavours.

The Company considers that the Board changes set out above are in the best interests of the Company and are an important milestone in the evolution of the Company, with the Board now to be comprised of a majority of independent non-executive directors. Further Board changes are expected as the Proposed Recapitalisation Fundraising progresses towards completion.

#### BOARD OF DIRECTORS

Mr Craig Readhead  
*Non-Executive Director*

Mr Campbell Baird  
*Non-Executive Director*

Mr Peter Mansell  
*Non-Executive Director*

Mr Brendon Morton  
*Company Secretary*

#### CHIEF EXECUTIVE

Mr Victor Rajasooriar

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## RESOLUTION OF OUTSTANDING AMOUNT DUE UNDER INVESTEC DEBT FACILITY

The Company refers to:

- a) its previous announcements regarding its syndicated facilities agreement with Investec Australia Limited (**Investec**) (**Syndicated Facilities Agreement**); and
- b) its announcements of 7 August 2018, 14 August 2018 and 24 August 2018 in relation to the standstill arrangements agreed with Investec in relation to existing defaults under the Syndicated Facilities Agreement (**Standstill Arrangements**).

The Standstill Arrangements were conditional on (among other things):

- a) the repayment of all amounts owing under the Syndicated Facilities Agreement by no later than 30 August 2018; and
- b) the issue of \$300,000 of fully paid shares in the capital of the Company to Investec at an issue price equivalent to that in relation to the Company's Proposed Recapitalisation Fundraising (**Investec Shares**).

The Company notes that hedging positions entered in connection with the Syndicated Facilities Agreement have been closed out and that proceeds of approximately \$460,000 have been applied against the amount outstanding under the Syndicated Facilities Agreement.

The Company further notes that Hawke's Point Holdings I Limited (**Hawke's Point**) has, at the Company's request, agreed to acquire the Investec debt with a view to converting it into the Proposed Recapitalisation Fundraising. Specifically, Hawke's Point executed documentation with Investec on 28 August 2018, pursuant to which Hawke's Point has:

- a) agreed to purchase the outstanding debt owed to the Company to Investec; and
- b) agreed to acquire an assignment of the Syndicated Facility Agreement and the associated security documents from Investec.

The Company is advised that the foregoing purchase and assignment will close promptly. Additionally, Hawke's Point has provided a further standstill period until 5 September 2018 during which it has agreed to forebear from exercising any rights or powers against the Company under the Facility Agreement or any related document (including under security provided by the Company in connection with the Syndicated Facilities Agreement) in relation to existing or subsisting defaults under the Syndicated Facilities Agreement. The purpose of this further standstill period is to provide the Company with additional time to complete its Proposed Recapitalisation Fundraising (further details of which are provided below).

It is proposed that the outstanding amount owed to Hawke's Point under the Syndicated Facilities Agreement will be cancelled by and credited to Hawke's Point in connection with its planned participation in the Proposed Recapitalisation Fundraising. The Company is currently engaging with Hawke's Point and other investors in connection with the Proposed Recapitalisation Fundraising. The Company will provide a further update once these matters have been finalised.

The Company confirms that it will issue the Investec Shares to Investec in accordance with the Standstill Arrangements in due course.

*Enquiries*

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