

DAVYHURST MILL REFURBISHMENT and COMMISSIONING UPDATE

HIGHLIGHTS

- **Refurbishment 95% complete**
- **All concrete and steel structures repaired or replaced**
- **Crushing circuit commissioned and ready to accept ore**
- **Ball mills complete –awaiting reline and commissioning**
- **New classification and gravity circuit nearing completion**

BOARD OF DIRECTORS

Mr Michael Fotios
Executive Chairman

Mr Craig Readhead
Non-Executive Director

Mr Alan Still
Non-Executive Director

Ms Shannon Coates
Company Secretary

ISSUED CAPITAL

Shares: 493m
Options: 46.6m
Current Share Price: \$0.305
Market Capitalisation: \$150.4m
Cash as at 31/12/2016:
\$264,000*

**Excluding total debt facilities
of \$35.0m, see ASX
announcement 31 January 2017*

Eastern Goldfields Limited (ASX:EGS) (**Eastern Goldfields** or the **Company**) is pleased to provide an update on refurbishment progress at the Davyhurst Mill located approximately 120 kilometres north west of Kalgoorlie within the Davyhurst Mining hub.

Refurbishment of the 1.2Mtpa mill is 95% complete with several circuits having been commissioned or nearing completion. The programme commenced in September 2016 and has focused on:

1. Refurbishment of all concrete and steel structures including feed bin upgrade;
2. Installation of two new cone crushers (secondary and tertiary) and a new triple deck screen in the 3 stage crushing circuit;
3. Overhaul of all conveyors including new belts, guards, motors/gearboxes and, where required, rollers;
4. Installation of a new gravity circuit including two Nelson Concentrators and an Acacia reactor;
5. Installation of a new control room including new control systems and data fibre throughout the circuit;
6. Refurbishment of the preleach and CIP absorption circuits;
7. Refurbishment of the elution circuit and gold room;
8. Installation of a new tailings thickener; and
9. Installation of new liquid cyanide and oxygen tank facilities.

In addition, a new raw water dam is being constructed with storage capacity equivalent to seven days of raw water supply along with an upstream tailings lift of the existing Tailings Storage Facility (**TSF**) to provide 12 to 18 months capacity. Downhole bore pumps and transfer pumping stations (including new telemetry) are being refurbished/replaced in the Battery Bore Field. A 5.5MW containerised diesel fire power station and 550,000 litre fuel storage facility is being installed to supplement the existing 1.5MW grid based power supply currently available from the 17MW capacity power line linking the site to the Goldfields Power grid.

Final commissioning of the crushing circuit will commence next week and the balance of the circuits are expected during April 2017.

EASTERN GOLDFIELDS LIMITED

ACN 100 038 266
24 Mumford Place
Balcatta WA 6021

T: +61 8 6241 188
F: +61 8 6241 1811
E: admin@easterngoldfields.com.au

www.easterngoldfields.com.au

REFURBISHMENT STATUS

Crushing Circuit

- All concrete structures have been repaired or replaced
- All structural steel has been repaired or replaced, sandblasted and painted
- 100% of all pumps, gearboxes and motors have been repaired or replaced
- Installation of new triple deck screen completed
- Installation of new Secondary and Tertiary Terex cone crushers completed
- Crushing circuit has been overhauled and electrically commissioned, ready for feed
 - Tertiary and secondary crushers repaired or replaced
 - All belts, drives and rollers, repaired or replaced

Grinding Circuit and Classification Circuit

- A new control room has been installed
- 95% of all pumps, gearboxes and motors have been repaired or replaced
- 98% concrete structures have been repaired or replaced
- 100% of all structural steel has been repaired or replaced, sandblasted and painted
- New cyclone cluster has been installed
- Installation of two new Nelson Concentrators completed
- Installation of Acacia reactor completed
- Ball mills refurbishment is complete both mechanically and electrically, commissioning expected approx. 24 March 2017
 - All drives, motors and gearboxes have been repaired or replaced
 - Oil cooling and lubricating systems have been repaired or replaced
- Classification and gravity circuit are mechanically and electrically complete with commissioning expected to start approximately 27 March 2017

Leach and Adsorption

- Leach tanks are currently being repaired
- 100% of all pumps, gearboxes and motors have been repaired or replaced
- 95% of structural steel has been repaired or replaced, sandblasted and painted
- Leach tanks are currently being repaired, re-skinned and painted
- Gold room is completed, all equipment is installed, wiring and piping in progress
- New Outotec thickener, associated pumps and floc system are installed and mechanically completed
- Absorption and thickener commissioning expected to start approximately 3 April 2017

Other

- Power station earthworks are complete awaiting installation of generators, power on expected approximately 11 April 2017
- Fuel farm earthworks complete awaiting infrastructure to be delivered and installed, ready to accept fuel approximately 11 April 2017



Figure 1: Refurbished Crushing Circuit with new triple deck screen (foreground) and upgraded feed bin (background).



Figure 2: Refurbished Crushing circuit side view (looking west) showing new secondary and tertiary cone crushers, control room, upgraded feed bin and existing jaw crusher.



Figure 3: Refurbished mill feed conveyor, grinding circuit, new cyclone cluster, new gravity circuit (nelson concentrators coloured green) and preleach tanks.



Figure 4: New mill control room, Nelson concentrator and Acacia reactor installations.



Figure 5: New Tailings thickener installation including pumping and floc plant.

Further updates on the commencement of mining activities will be provided in the coming weeks.

Investor Enquiries

Michael Fotios

Executive Chairman

T: +61 8 6241 1888

E: admin@easterngoldfields.com.au

Jon Snowball

FTI Consulting

T: +61 477 946 068

E: jon.snowball@fticonsulting.com

Forward Looking Statements

Eastern Goldfields Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Eastern Goldfields Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.