

EASTERN GOLDFIELDS PRE-QUOTATION DISCLOSURE

HIGHLIGHTS

- **EGS provides information for release to the market in connection with the re-quotations of the Company's securities to trading on the ASX**

Eastern Goldfields Limited (**Company**) (ASX:EGS) is pleased to provide the following information to ASX Limited (**ASX**) for release to the market in connection with the re-quotations of the Company's securities to trading on the ASX.

1. SUCCESSFUL CAPITAL RAISING CLOSED

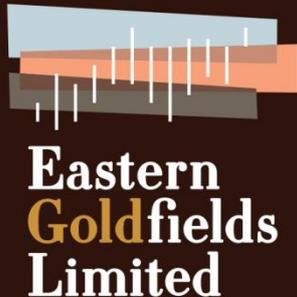
As announced on 1 and 5 February 2018, the Company completed tranches 1 and 2 of a placement to sophisticated and professional investors (**Placement**) on 31 January and 2 February 2018 respectively, raising a total of \$30.57 million (before costs).

The Company issued 65,350,000 shares at a price of \$0.20 per share to sophisticated and professional investors (including Michael Fotios and his related parties) to raise \$13.07 million before costs under tranche 1 of the Placement. Under tranche 2, 87,500,000 shares were issued to Hawke's Point Holdings L.P. to raise an additional \$17.5 million before costs.

All shares issued under the Placement were issued with a corresponding 1 for 1 free attaching unlisted option to acquire a share. The options were issued in two tranches, with one half of the options having an exercise price of \$0.25 and the other half having an exercise price of \$0.275, and an expiry date of 5 years after issue subject to an accelerated expiry date should certain objective conditions be met.

The Company issued a further:

- (a) 14,021,303 shares at a price of \$0.20 per shares to existing shareholders who accepted the Company's non-renounceable, partially underwritten entitlement offer that closed on 21 February 2018 (**Entitlement Offer**);



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: 758.592m

Options: 223.564m

Current Share Price: \$0.235

Market Capitalisation: \$178.3m

Cash as at 31/12/2017:

\$80,000*

***Excluding total debt facilities*

of \$35m, see ASX

announcement 31 Jan 2017.

Drawn down to date \$24.6m

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- (b) 11,000,000 shares at a price of \$0.20 shares to Investmet Limited pursuant to the Underwriting Agreement (as detailed in the Prospectus) with Investmet Limited, in accordance with the Prospectus.

The Company raised a total of \$5,004,260.60 (including conversion of debts into equity owed to Investmet and third parties and before costs) pursuant to the shares issued under the Entitlement Offer and pursuant to the Underwriting Agreement.

All shares issued under the Entitlement Offer, and to Investmet pursuant to the Underwriting Agreement, were issued with a corresponding 1 for 1 free attaching unlisted option to acquire a share. The options were issued in two tranches, with one half of the options having an exercise price of \$0.25 and the other half having an exercise price of \$0.275, and an expiry date of 5 years after completion of Placement, subject to an accelerated expiry date should certain objective conditions be met.

2. CAPITAL STRUCTURE

The capital structure of the Company, at the date of this announcement and immediately prior to reinstatement of its securities to quotation, is outlined below.

Securities	Number of securities
Ordinary Shares	758,592,570 (plus 66,668 escrowed indefinitely)
Options	9,700,000 Unlisted Options exercisable at \$0.189 each on or before 8 March 2020 12,325,000 Unlisted Options exercisable at \$0.189 each on or before 8 March 2020 9,578,544 Unlisted Options exercisable at \$0.261 each on or before 12 December 2018 5,446,623 Unlisted Options exercisable at \$0.459 each on or before 15 March 2019 32,675,000 Unlisted Options exercisable at \$0.25 each on or before 31 January 2023 32,675,000 Unlisted Options exercisable at \$0.275 each on or before 31 January 2023 7,642,500 Unlisted Options exercisable at \$0.26 each on or before 2 February 2021 1,000,000 Unlisted Options exercisable at \$0.465 each on or before 2 February 2021 56,260,694 Unlisted Options exercisable at \$0.25

	each on or before 2 February 2023
	56,260,694 Unlisted Options exercisable at \$0.275 each on or before 2 February 2023
	Total: 223,564,055

3. PRO-FORMA HISTORICAL BALANCE SHEET AS AT 31 DECEMBER 2017

The supplementary prospectus dated 20 February 2018 set out a pro-forma balance sheet based on the total of \$30.57 million raised under the Placement, \$7,120,000 raised pursuant to the Entitlement Offer and including adjustments for debts paid, debts accrued and revenue earned from gold production & sales.

The Company's half year financial statements for the year ending 31 December 2017 were released to the market on 14 March 2018.

Set out below are the pro-forma adjustments to the Company's half year financial statements relating to the Placement and the Entitlement Offer (including the funds expected to be raised under the Shortfall Offer) and the use of funds raised under these offers.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31-Dec-17	Pro forma adjustments (1)	Proceeds from capital raising	Use of Proceeds (2)	Proceeds from full subscription of rights issue (5)	Proforma
	(as per reviewed financial statements)					(unaudited)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (5)	83	-	25,754	(21,392)	4,920	9,366
Trade and other receivables	4,886	-	-	-	-	4,886
Inventory	778	-	-	-	-	778
TOTAL CURRENT ASSETS	5,747	-	25,754	(21,392)	4,920	12,286
NON-CURRENT ASSETS						
Trade and other receivables (nc)	1	-	-	-	-	1
Mine properties	58,414	-	-	-	-	58,414
Capitalised exploration expenditure	639	-	-	-	-	639
Available for sale financial assets	3,010	-	-	-	-	3,010

Derivative financial instruments	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	62,064	-	-	-	-	62,064
TOTAL ASSETS	67,811	-	25,754	(21,392)	4,920	77,094
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables ^{(1) (4)}	35,135	(3,113)	-	(16,241)	-	15,781
Loans and borrowings ^{(2) (3)}	15,071	-	-	(5,151)	-	9,920
Derivative Financial Instruments	79	-	-	-	-	79
Provisions	648	-	-	-	-	648
TOTAL CURRENT LIABILITIES	50,933	(3,113)	-	(21,392)	-	26,429
NON-CURRENT LIABILITIES						
Trade and other payables	-	-	-	-	-	-
Loans and borrowings ⁽¹⁾	9,794	3,113	(2,650)	-	(2,200)	8,057
Provision for rehabilitation	12,057	-	-	-	-	12,057
TOTAL NON-CURRENT LIABILITIES	21,851	3,113	(2,650)	-	(2,200)	20,114
TOTAL LIABILITIES	72,784	-	(2,650)	(21,392)	(2,200)	46,543
NET ASSETS/(LIABILITIES)	(4,974)	-	28,404	-	7,120	30,551
EQUITY / (SHAREHOLDERS' DEFICIT)						
Contributed equity	251,413	-	28,404	-	7,120	286,937
Accumulated losses	(267,273)	-	-	-	-	(267,273)
Reserves	10,886	-	-	-	-	10,886
TOTAL EQUITY / (SHAREHOLDERS' DEFICIT)	(4,974)	-	28,404	-	7,120	30,551

- (1) Pro forma adjustments includes reclassification of related party payable balances based on a 12 month letter of deferral received from related parties in March 2018.
- (2) Shows payment of \$5,151k to Investec. An application has been made to Investec for an extension on the revolving loan facility. Accordingly, \$5m is expected to be received by EGS in April 2018.
- (3) Current Liabilities - Loans and borrowings include a \$10m Revolving Loan Facility, with \$5m repayment due on 1/8/2018 and final \$5m repayment due on 1/2/2019.
- (4) Legal action with GR Engineering recognised as current liability, but is subject to arbitration process that has not formally commenced and unlikely to be resolved in the short term.
- (5) Proceeds from full subscription of rights issue includes \$2.804m as announced on 26/2/2018, plus expected placement of shortfall shares of \$2.116m to be placed within 3 months of the close of the offer (21/5/2018). In addition, \$2.2m of related party loans will be converted to equity bringing the total placement to \$7.12m.

4. Use of funds raised under the Placement and the rights issue

As previously announced to the market, the funds raised pursuant to the Placement and the rights issue has allowed 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 Davyhurst. The following table sets out the use of funds based on the actual funds raised under the Placement and the rights issue:

Proceeds of the Placement – Davyhurst Project	Funds raised under the Placement (\$'000)	Funds raised under the Rights Issue (\$'000)
Debt Repayments		
<i>Repayment of Trade Creditors</i>	14,484	2,804
<i>Repayment to Investmet Limited</i>	2,650	-
<i>Repayment to Investec</i>	5,151	-
Working Capital		
<i>Total Working Capital</i>	6,435	-
Costs		
Costs of Offer	1,850	-
TOTAL	30,570	2,804

5. TENEMENTS AND UNCONDITIONAL PERFORMANCE BONDS

In section 5.2(i)(B) prospectus lodged with ASIC and ASX on 1 February 2018 (**Prospectus**), the Company included a list of its tenements that are subject to forfeiture proceedings or for which the Company had received notice of an intention to forfeit the tenement from DMIRS. The Company advises that it has subsequently received a notice of intention to forfeit the following tenements:

Tenement	Amount	Comment/Reason
M30/157	\$9,433.60	2017-2018 Rent: Notice of intention to Forfeit tenement issued
L16/58	\$1,794.00	2017-2018 Rent: Notice of intention to Forfeit tenement issued
L16/62	\$670.80	2017-2018 Rent: Notice of intention to Forfeit tenement issued

The tenements listed have no material mining implications in the short to medium term and are not part of the Company's current mine plan.

Except to the extent disclosed previously to ASX or in the Prospectus, the Company confirms that:

- (a) all of the Company's tenements underpinning the mineral resources and ore reserves contained in the Company's annual resource and reserves statement reported in its annual report for the financial year ended 30 June 2017 are in good standing;
- (b) all of the Company's tenements underpinning its Davyhurst and Mt Ida gold projects, including associated infrastructure, are in good standing; and
- (c) the Company is in compliance with all of its unconditional performance bonds and mining rehabilitation fund obligations (as applicable), and that there are no material unpaid bonds or fund contributions.

6. LITIGATION

The Company is currently party to ongoing litigation or other adversarial proceedings, with or without merit. A table of potentially material proceedings and key risks associated with them is set out in section 7.10 of the Prospectus. The below table provides an update with respect to the winding up proceedings that the Company was party to at the date of the Prospectus

No	Entity	Other Parties	Update to Status of Proceedings
1	Eastern Goldfields Limited	Commonwealth Steel Company Pty Ltd	By originating process dated 17 November 2017, filed in the Supreme Court of NSW, Commonwealth Steel applied for the winding up of Eastern Goldfields on the basis of an unpaid debt claim in the amount of \$215,141.58. The amount of \$215,141.58 has been paid in full and the parties have filed consent orders with the Court discontinuing the winding up application. On 5 February 2018, the Court made orders discontinuing the winding up application.
2	Eastern Goldfields	Duratec Australia Pty Ltd	By originating process dated 30 November 2017, filed in the Supreme Court of Western Australia, Duratec applied for the winding up of Eastern

No	Entity	Other Parties	Update to Status of Proceedings
	Limited		<p>Goldfields on the basis of an unpaid debt claim in the amount of \$3,150,255.08 from Eastern Goldfields Limited.</p> <p>On 13 February 2018, the Court made orders dismissing the winding up application and awarded costs to Eastern Goldfields fixed in the sum of \$5,000.00. Duratec subsequently filed an appearance as a supporting creditor in the proceedings commenced by Got'Em referred to below. Orders were made on 15 March 2018 dismissing Got'Em's application with an order that EGS pay Duratec's costs to be taxed if not agreed.</p>
3	Eastern Goldfields Limited	Got'Em Group Pty Ltd	<p>Got'Em Group Pty Ltd commenced proceedings for the winding up of Eastern Goldfields Limited in the Supreme Court of Western Australia on the basis of an unpaid debt claim in the amount of \$353,270.38.</p> <p>On 19 February 2018, Duratec Australia Pty Ltd joined the proceedings as a supporting creditor on the basis of an unpaid debt claim in the amount of \$3,145,255.08.</p> <p>The amounts of \$343,270.38 and \$3,145,255.08 have been paid to each of Got'Em Group and Duratec respectively. Orders were made on 15 March 2018 dismissing Got'Em's application with an order that EGS pay Got'Em's costs to be taxed if not agreed.</p>

7. UNMARKETABLE PARCEL SALE FACILITY

On 4 July 2017, the Company announced that it had closed the unmarketable parcel sale facility for holders of parcels of shares worth less than \$500 (**Unmarketable Parcels**) in the Company (**UPS Facility**) on 30 June 2017. The Company provided the UPS Facility to holders of Unmarketable Parcels to sell their shares without incurring any brokerage or handling costs that could otherwise make a sale of their shares uneconomic or impractical. By completing the UPS Facility, the Company will reduce the administrative costs associated with maintaining a large number of small holdings. To date, no Unmarketable Parcels have been sold due to a minimum price rule in the Company's constitution. It is anticipated that the sales will occur soon after the Company's re-quotations to trading on the ASX.

8. WORKING CAPITAL

The Company considers that following completion of the Placement and Entitlement Offer it has sufficient working capital to carry out its principal activities, being mineral exploration and evaluation, open pit and underground gold mining and processing operations at the Davyhurst gold project, and care and maintenance operations at the Mt Ida gold project. In making this statement, the Company has regard to the pro forma statement of financial position and to the

budgeted revenue guidance announced to ASX on 1 February 2018 and subsequently announced and revised on 27 March 2018.

9. NO LEGAL, REGULATORY OR CONTRACTUAL IMPEDIMENTS

The Company confirms that there are no legal, regulatory or contractual impediments to the Company undertaking its mineral exploration and evaluation, open pit and underground gold mining and processing operations at the Davyhurst gold project, and care and maintenance operations at the Mt Ida gold project.

10. OPERATIONS UPDATE

The Company refers to its announcement of 27 March 2018.

11. LOAN FACILITIES UPDATE

The Company confirms that the facilities it has with Investec and Investmet Limited are still on-foot and Investec has agreed to extend the standstill condition relating to the appointment of an independent director from 31 March 2018 to 30 April 2018.

The Company is continuing to progress this appointment and expects to update the market by the end of this month regarding the appointment of a new independent director to the board.

12. COMPLIANCE WITH ASX LISTING RULES

The Company confirms that it is in compliance with the ASX Listing Rules and in particular Listing Rule 3.1.

Enquiries

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