

# **EASTERN GOLDFIELDS LIMITED**

**ACN 100 038 266**

## **SUPPLEMENTARY PROSPECTUS**

**This is a supplementary prospectus intended to be read with the prospectus dated 1 February 2018, relating to shares of Eastern Goldfields Limited ACN 100 038 266.**

**This is an important document. Please consult your professional adviser(s) if you have any questions. Investment in the Shares offered by this Prospectus should be regarded as speculative in nature.**

## 1 IMPORTANT INFORMATION

This is a supplementary prospectus issued by Eastern Goldfields Limited ACN 100 038 266 (**Company**) dated 20 February 2018 (**Supplementary Prospectus**). This Supplementary Prospectus is supplementary to the prospectus issued by the Company on 2 February 2018 (**Prospectus**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 20 February 2018. ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail to the extent of any inconsistency. Capitalised terms in this Supplementary Prospectus will have the same meaning as those defined in the Prospectus.

The Company will send a copy of the Supplementary Prospectus to all Applicants who have applied for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus.

The Supplementary Prospectus will be issued with the Prospectus as an electronic document and may be downloaded from the Company's website at [www.easterngoldfields.com.au](http://www.easterngoldfields.com.au).

This document is important and should be read in its entirety. Please consult your legal, financial or other professional advisor if you do not fully understand its contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged. The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor.

Accordingly, no action needs to be taken if you have already subscribed for Shares under the Prospectus. The Company will communicate with all Applicants who have subscribed for Shares under the Prospectus prior to the issue of the Supplementary Prospectus advising them of this Supplementary Prospectus.

## 2 PURPOSE OF THIS DOCUMENT

The purpose of this Supplementary Prospectus is to:

- (a) provide clarifying disclosure in relation to the use of funds information provided in the Prospectus relating to the funds to be raised pursuant to the Entitlement Offer;
- (b) provide a revised Pro-Forma Statement of Financial Position as at 30 June 2017 (unaudited) incorporating the actual funds raised pursuant to the Placement; and
- (c) provide clarifying disclosure regarding the terms of the New Options and the underwriting arrangements with Investmet Limited.

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### 3 AMENDMENT TO PROSPECTUS

#### 3.1 Clarification of use of funds to be raised under the Entitlement Offer

The Company wishes to provide additional disclosure in relation to the proposed use of funds to be raised pursuant to the Entitlement Offer.

The use of funds table sets out the proposed use of funds in various scenarios depending upon the extent to which (if any) the Underwriter offsets the value of the New Shares issued to the Underwriter pursuant to the Underwriting Agreement against amounts outstanding under the Investmet Loan Agreement.

The scenarios considered in the use of funds table are as follows:

- (a) the Company raises \$2,061,406 in cash pursuant to the Entitlement Offer (i.e. the Entitlement Offer closes under subscribed by \$1 million and \$4,123,448 is offset by the Underwriter Agreement against amounts outstanding under the Investmet Loan Agreement (being 100% of the Underwritten Amount));
- (b) the Company raises \$3,061,406 in cash pursuant to the Entitlement Offer (i.e. \$4,123,448 is offset by the Underwriter Agreement against amounts outstanding under the Investmet Loan Agreement (being 100% of the Underwritten Amount)).
- (c) the Company raises \$5,123,130 in cash pursuant to the Entitlement Offer (i.e. \$2,061,724 is offset by the Underwriter Agreement against amounts outstanding under the Investmet Loan Agreement (being 50% of the Underwritten Amount)); and
- (d) the Company raises \$7,184,854 in cash pursuant to the Entitlement Offer (i.e. no funds are offset by the Underwriter Agreement against amounts outstanding under the Investmet Loan Agreement);

The use of funds table in section 3.1 of the Prospectus is to be deleted and replaced with the table set out below.

Use of funds	Under			
	Subscribed 100% of Offset Amount offset by Underwriter	100% of Offset Amount offset by Underwriter	50% of Offset Amount offset by Underwriter	0% of Offset Amount offset by Underwriter
<b>Davyhurst Project Operations</b>				
<i>Underground &amp; Open Pit Mine Development</i>	\$1,000,000	\$2,000,000	\$3,500,000	\$4,200,000
<b>Davyhurst Project Exploration</b>				

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<b>Use of funds</b>	<b>Under Subscribed 100% of Offset Amount offset by Underwriter</b>	<b>100% of Offset Amount offset by Underwriter</b>	<b>50% of Offset Amount offset by Underwriter</b>	<b>0% of Offset Amount offset by Underwriter</b>
<i>Resource Definition RC &amp; Diamond Drilling</i>	\$700,000	\$700,000	1,000,000	2,000,000
<b>Working capital</b>				
<i>Total Working Capital</i>	\$296,525	\$296,525	\$558,249	\$919,973
<b>Debt Offset pursuant to Underwriting Agreement and Costs of the Entitlement Offer</b>				
<i>Repayment to Investmet Limited</i>	\$4,123,448	\$4,123,448	\$2,061,724	\$0
<i>Cost of Entitlement Offer</i>	\$64,881	\$64,881	\$64,881	\$64,881
<b>TOTAL</b>	<b>\$6,184,854</b>	<b>\$7,184,854</b>	<b>\$7,184,854</b>	<b>\$7,184,854</b>

### 3.2 Updated Pro-forma Statement of Financial Position

The Company wishes to update to pro-forma financial information included in section 3.3 of the Prospectus in light of the completion of the Placement (please refer to the Company's ASX announcement dated 5 February 2018 for further information regarding the completion of the Placement). The pro-forma financial information set out below:

- (a) is based upon actual funds raised pursuant to the Placement; and
- (b) includes pro-forma adjustments for cash receipts from gold sales, proceeds from borrowings for the period and costs incurred by the Company for the period to 30 November 2017.

The unaudited Pro-forma statement of financial position in paragraph 3.3 of the Prospectus (including the applicable assumptions) is to be deleted and replaced with the following:

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**PRO-FORMA STATEMENT OF FINANCIAL POSITION**

	30 June 2017	Pro forma adjustments*	Proceeds from Placement	Use of Proceeds from Placement	Proceeds from full subscription of rights issue	Proforma  (unaudited)
	(audited)					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	44	334	25,754	(19,635)	7,120	13,618
Trade and other receivables	7,986	(2,680)	-	-	-	5,305
<b>TOTAL CURRENT ASSETS</b>	<b>8,030</b>	<b>(2,346)</b>	<b>25,754</b>	<b>(19,635)</b>	<b>7,120</b>	<b>18,923</b>
<b>NON-CURRENT ASSETS</b>						
Trade and other receivables (nc)	64	-	-	-	-	64
Mine properties	55,703	-	-	-	-	55,703
Capitalised exploration expenditure	585	-	-	-	-	585
Available for sale financial assets	2,258	-	-	-	-	2,258
Derivative financial instruments	271	-	-	-	-	271
<b>TOTAL NON-CURRENT ASSETS</b>	<b>58,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,881</b>
<b>TOTAL ASSETS</b>	<b>66,911</b>	<b>(2,346)</b>	<b>25,754</b>	<b>(19,635)</b>	<b>7,120</b>	<b>77,804</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Trade and other payables	28,618	743	(3,220)	(14,484)	-	11,657
Loans and borrowings	15,060	-	-	(5,151) <sup>#</sup>	-	9,909
Provisions	206	-	-	-	-	206
<b>TOTAL CURRENT LIABILITIES</b>	<b>43,884</b>	<b>743</b>	<b>(3,220)</b>	<b>(19,635)</b>	<b>-</b>	<b>21,772</b>
<b>NON-CURRENT LIABILITIES</b>						
Trade and other payables	-	3,078	-	-	-	3,078
Loans and borrowings	-	9,027	-	-	-	9,027
Provision for rehabilitation	11,912	-	-	-	-	11,912
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11,912</b>	<b>12,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,017</b>
<b>TOTAL LIABILITIES</b>	<b>55,796</b>	<b>12,848</b>	<b>(3,220)</b>	<b>(19,635)</b>	<b>-</b>	<b>45,789</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>11,115</b>	<b>(15,194)</b>	<b>28,974</b>	<b>-</b>	<b>7,120</b>	<b>32,015</b>

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<b>EQUITY / (SHAREHOLDERS' DEFICIT)</b>						
Contributed equity	251,282	-	28,974	-	7,120	287,376
Accumulated losses	(250,333)	(15,194)	-	-	-	(265,527)
Reserves	10,166	-	-	-	-	10,166
<b>TOTAL EQUITY / (SHAREHOLDERS' DEFICIT)</b>	<b>11,115</b>	<b>(15,194)</b>	<b>28,974</b>	<b>-</b>	<b>7,120</b>	<b>32,015</b>

### Assumptions for Unaudited Pro-Forma Statement of Financial Position

The Pro-Forma Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 30 June 2017 and the close of the Entitlement Offer other than the following:

- \*Pro-forma adjustments to reflect net cash in the Company's bank account at 30 November 2017 of \$334,000 resulting from cash receipts from gold sales of \$3.659 million, proceeds of GST of \$2.68 million received (and a corresponding reduction in trade receivables), an increase in non-current borrowings of \$9.027 million, a net increase in current trade creditors of \$743,000 and an increase in non-current trade creditors of \$3.078 million (resulting from the reclassification of \$3.078 million of current trade creditors to non-current trade creditors) for the period and costs incurred by the Company for the period to 30 November 2017 have been made. In summary, the adjustments reflect the net position of the amounts of cash received from gold sales, borrowings and GST refunds for the period from 1 July 2017 to 30 November 2017 of \$15.366 million less the cash costs for that period of \$15.076 million.
- #A repayment of \$5,150,000 was made to Investec in accordance with the terms of the Facility Agreement. Subject to the receipt of Investec credit approval, the Company expects that \$5,000,000 will be made available to be redrawn by the Company with the repayment dates under the Facility Agreement being effectively delayed for 6 months.
- Increase in cash of approximately \$32.874 million from the Placement and Entitlement Offer (after costs) (assuming Investmet does not convert any of its outstanding loan pursuant to the Underwriting Agreement).
- The Company issues up to 152,850,000 New Shares at \$0.20 per Share pursuant to the Placement.
- The Company issues 35,924,270 New Shares at \$0.20 per Share pursuant to the Entitlement Offer.
- The Company issued 12,500,000 Shares and 12,500,000 Options to Investmet Limited pursuant to the conversion of \$2.5 million owing by the Company under the Investmet Facility.
- The Company issued 750,000 New Shares to a Director in lieu of fees of \$150,000 owed to the Director.
- The Company issued 2,850,000 New Shares to employees in lieu of partial outstanding wages and salaries.
- The Company has paid trade creditors \$14.484 million out of the funds raised from the Placement.

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- Costs of the Placement and Entitlement Offer of \$1.85 million, consisting of ASIC and ASX fees, legal fees, reimbursable fees incurred by Hawke's Point in connection with the Placement, lead manager and other broker fees and other professional costs associated with the Placement and Entitlement Offer.
- No Options are exercised.

### 3.3 Term of Options

The paragraph regarding the expiry date of the New Options (including the Placement Options) in section 6.3 of the Prospectus is to be deleted and replaced with the following:

*Each New Option is exercisable within 60 months after the Placement Closing Date (**Expiry Date**). Any Options not exercised by 5.00pm WST on the Expiry Date will automatically lapse.*

For the avoidance of doubt, the Company wishes to clarify that:

- the New Options will have an expiry date of five years after the Placement Closing Date, subject to an accelerated expiry date should certain objective conditions be met; and
- any New Option not exercised by 5.00pm WST on the Expiry Date will automatically lapse.

### 3.4 Underwriting Agreement

Paragraph 7.2 of the Prospectus sets out a summary of the underwriting agreement pursuant to which Investmet Limited agreed to partially underwrite the Entitlement Offer to the value of \$4,123,448. In particular, the Prospectus provides that:

*"The Company and the Underwriter have entered into an off-set arrangement providing for the partial repayment by the Company of sums owing by it to the Underwriter under the Investmet Loan Agreement, by the issue of New Shares to the Underwriter under this Prospectus.*

*To facilitate the partial repayment of the sums owing to the Underwriter under the Investmet Loan Agreement, the Underwriter has agreed to underwrite New Shares up to the value of \$4,123,448 (**Offset Amount**).*

*The Offset Amount will be deemed to be repaid by the Company to the Underwriter to the extent of the value of the New Shares issued to the Underwriter (such value to be determined by multiplying the number of New Shares issued by the Issue Price) pursuant to its underwriting commitment."*

The Company wishes to clarify that, in the event the Underwriter is called upon to underwrite New Shares up to the value of \$4,123,448, the Underwriter may (in its discretion), satisfy its obligation by either:

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- (a) subscribing for the relevant number of shares through the payment of the applicable subscription price in cash; or
- (b) offsetting the value of the New Shares issued to the Underwriter (such value to be determined by multiplying the number of New Shares issued by the Issue Price) against amounts outstanding under the Investmet Loan Agreement.

The use of funds table in section 3.1 of this Supplementary Prospectus sets out the proposed use of funds in various scenarios depending upon the extent to which (if any) the Underwriter offsets the value of the New Shares issued to the Underwriter against amounts outstanding under the Investmet Loan Agreement.

#### 4 SUMMARY OF IMPORTANT DATES

The important dates for the Entitlements Offer and the Cleansing Offer are as follows remain unchanged by this Supplementary Prospectus. For reference, these dates are set out below:

Event	Date
Lodgement Date	Thursday 1 February 2018
Cleansing Offer opens	Friday 2 February 2018
"Ex" date	Tuesday 6 February 2018
Record date to determine Entitlements	5.00pm WST Wednesday 7 February 2018
Prospectus with Application Form dispatched	Monday 12 February 2018
Offer opens for receipt of Applications	Monday 12 February 2018
Closing date for acceptances and Cleansing Offer	5.00pm WST Wednesday 21 February 2018
New Shares quoted on a deferred settlement basis	Thursday 22 February 2018
Notify ASX of under subscriptions	Monday 26 February 2018
Issue of New Shares and New Options	Wednesday 28 February 2018
Dispatch of shareholding statements	Wednesday 28 February 2018
Trading of New Shares expected to commence	Thursday 1 March 2018

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The above dates are indicative only and may vary. The Company reserves the right to change the key dates of the Offer without prior notice. This may have a consequential impact on other dates.

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## 5 DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.



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**Michael Fotios**  
**Executive Chairman**  
For and on behalf of  
**Eastern Goldfields Limited**

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