

EASTERN GOLDFIELDS TO RAISE \$30M

HIGHLIGHTS

- EGS has entered into a binding agreement with Hawke's Point Holdings L.P. to raise \$17.5M
- EGS seeking firm commitments from sophisticated, professional and institutional investors to raise additional \$12.5M
- Funds raised will allow for additional exploration, ongoing resource development and feasibility studies on the Mt Ida/ Menzies projects, and working capital

Eastern Goldfields Limited (ASX:EGS) (**Eastern Goldfields** or the **Company**) is pleased to announce that it has entered a binding agreement for a cornerstone investment of \$17.5 million from an international mining investor. EGS is now seeking firm commitments from sophisticated, professional and institutional investors to raise up to an additional \$12.5 million (before costs) through the issue of between 137,500,000 and up to 150,000,000 million fully paid ordinary shares in the Company (**Shares**) at a price of \$0.20 per share (**Placement**). The combined placements will provide up to \$30 million to support ongoing activities for Eastern Goldfields.

TRANSACTION DETAILS

The Company has entered into a binding heads of agreement with Hawke's Point Holdings L.P. (**Hawke's Point**) pursuant to which Hawke's Point will subscribe for 87,500,000 Shares in the Company at a price of \$0.20 per Share for an aggregate subscription amount of \$17.5 million. Under the agreement with Hawke's Point, Eastern Goldfields must also procure additional subscribers for an aggregate subscription amount of \$12.5 million. The Company has received expressions of interest from existing shareholders. The Company will now seek firm commitments by close of business on 10 November 2017 from a number of sophisticated, professional and institutional investors (including Michael Fotios or his related parties, subject to shareholder approval) to subscribe for a further 62,500,000 Shares in the Company at a price of \$0.20 per Share to raise the additional \$12.5 million.

Funds raised under the Placement will be used for additional exploration, ongoing resource development and feasibility studies on the Company's Mt Ida/ Menzies projects, as well as providing general working capital.

All Shares issued under the Placement will be issued with a corresponding 1 for 1 free attaching unlisted option to acquire a share in the Company (**Option**). The Options will be issued in two tranches, with one half of the Options having an exercise price of \$0.25 (**Tranche A Options**) and the other half having an exercise price of \$0.275 (**Tranche B Options**). The Options will have an expiry date of 5 years after issue subject to an accelerated expiry date should certain objective conditions be met.

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: 564m*
Options: 58m
Current Share Price: \$0.235
Market Capitalisation: \$132m
Cash as at 30/09/2017:
\$37,000**

*66,668 escrowed indefinitely
**Excluding total debt facilities
of \$35m, see ASX
announcement 31 Jan 2017.
Drawn down to date \$20.4m

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The Placement will be completed via two tranches, comprising:

- (a) 42,000,000 Shares and 42,000,000 Options being issued to sophisticated, professional and institutional investors on or around 27 November 2017 under the Company's Listing Rule 7.1 placement capacity (**Tranche 1**); and
- (b) the balance of up to 108,000,000 Shares and 108,000,000 Options being issued subject to Shareholder approval being obtained (**Tranche 2**) – of which (i) 87,500,000 Shares and 87,500,000 Options will be issued to Hawke's Point; (ii) 8,000,000 Shares and 8,000,000 Options will be issued to sophisticated, professional and institutional investors; and (iii) 12,500,000 Shares and 12,500,000 Options will be issued to Michael Fotios or his related parties (either for cash or in consideration of conversion of part of the debt owed to Investmet Limited). It is noted that the participation of Michael Fotios, or his related parties, is subject to additional shareholder approval being obtained in accordance with the ASX Listing Rules. In the event such approval is not obtained, the respective Shares and Options will not be issued to Michael Fotios, or his related parties, resulting in the total amount of the Placement reducing by \$2.5 million.

The Company anticipates that the issue of Shares and Options pursuant to Tranche 1 will complete on, or before, 27 November 2017 (subject to the ASX agreeing to grant re-quotations of the Company's shares to trading on completion). The issue of Shares and Options pursuant to Tranche 2 is expected to take place as soon as reasonably practicable after the Company obtains shareholder approval at a general meeting to be held in December 2017. The Company notes that its Board unanimously recommends shareholders vote in favour of the issue of Shares and Options under Tranche Two of the Placement (with the exception of Michael Fotios in respect of the issue of Shares and Options to him under the Placement) and confirms that each member of the Board intends to vote the Shares he owns, manages or controls in favour of the resolution to approve the issue of Shares and Options pursuant to Tranche 2.

Following completion of Tranche 1 and Tranche 2 of the Placement (assuming the Placement is fully subscribed) Hawke's Point will own approximately 12.2% of the issued share capital in the Company and, for as long as Hawke's Point (and/or its associates) holds at least 10% of the issued share capital of the Company, it will have the right to, amongst others:

- (a) appoint, and replace at any time, a director to the Company's Board of directors;
- (b) appoint an advisory representative to the Company's technical steering committee; and
- (c) participate on a pro rata basis in any future equity issue of the Company (subject to the Company obtaining a waiver from the ASX of Listing Rule 6.18).

Completion of Tranche 2 of the Placement is subject to several conditions precedent, including completion of due diligence satisfactory to Hawke's Point. The binding Heads of Agreement contains a number of additional terms that are considered customary and usual for subscriptions of this nature such as the accuracy of any representations or warranties made by the Company.

ABOUT HAWKE'S POINT

Hawke's Point is an affiliate of an international diversified alternative asset management business and provides financing solutions to companies in the mining and resources sector across a range of instruments, structures and geographies.

MANAGEMENT COMMENT

The Board of Eastern Goldfields is pleased to have received expressions of strong support from its existing shareholder base in respect of the Placement.

The Company expects to issue the Shares and Options under Tranche 1 of the Placement on or around 27 November 2017. The Shares and Options under Tranche 2 are expected to be issued as soon as reasonably practicable following receipt of shareholder approval for the issue.



The Company expects to make a further announcement in relation to governance, management changes, operational status and financial status in due course in connection with the re-quotations of its shares to trading on the ASX.

Jett Capital Advisors LLC has acted as exclusive placement agent in connection with the Placement and Squire Patton Boggs has acted as the Company's legal advisor.

Eastern Goldfields Executive Chairman, Michael Fotios, said:

"I am very pleased to welcome international mining investor Hawke's Point as a significant shareholder. I am also pleased to receive considerable ongoing support from our existing shareholder base. The funds raised will be used to support Eastern Goldfields' ongoing operations at Davyhurst and further progress exploration activities. This new investment is a strong endorsement of the quality of the assets and our overall strategy."

Investor Enquiries

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Executive Chairman

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Forward Looking Statements

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