



DAVYHURST GOLD PROJECT REFURBISHMENT CONTRACT

Eastern Goldfields Limited (ASX:EGS) (**Eastern Goldfields** or **the Company**) received yesterday a writ of summons for proceedings in the Supreme Court of Western Australia commenced by GR Engineering Services Limited (**GRES**) in relation to the Davyhurst Gold Project refurbishment contract entered into by GRES and the Company on 22 September 2016 (**Contract**).

The Contract price is approximately \$12.5 million, of which Eastern Goldfields has already paid the sum of \$10.4 million to GRES.

GRES made further payment claims in April 2017 that do not comply with the Contract and have been disputed by the Company. GRES then wrongfully suspended work at the Davyhurst Mill in May 2017. On 15 June 2017 GRES represented to Eastern Goldfields that it would immediately and unconditionally recommence work towards commissioning the Davyhurst Mill, but has failed to do so. As a consequence, Eastern Goldfields has taken steps itself to complete the refurbishment of the Davyhurst Mill, during which it has discovered numerous defects and omissions by GRES. Rectifying those defects, GRES' wrongful suspension and GRES' failure to assist the Company to complete the refurbishment has delayed the recommencement of production. GRES now claims "liquidated damages in the sum of \$9,940,991.59 alternatively \$5,000,000". Eastern Goldfields intends to vigorously defend the proceedings and will pursue by counterclaim its rights to damages and costs arising from GRES' breaches of contract, defective work and other conduct.

Eastern Goldfields is working through the commissioning process and will provide an update on completion of commissioning and production in due course.

Investor Enquiries

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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: 559.7m

Options: 58.9m

Current Share Price: \$0.205

Market Capitalisation:

\$114.7m

Cash as at 31/03/2017:

\$551,000*

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

Drawn to date \$15.0m

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