



**Eastern
Goldfields
Limited**

RESPONSE TO UPDATE BY GR ENGINEERING

Eastern Goldfields Limited (ASX:EGS) (**Eastern Goldfields** or **the Company**) notes the announcement made today by GR Engineering Services Limited (**ASX:GNG**) (**GR Engineering**) regarding the Supreme Court decision to stay GR Engineering's claims against the Company and refer the disputes to arbitration.

The Company understands that GR Engineering considers that Investmet has liability as a guarantor of the Company, and so the Company expects that any such liability would only be determined after the arbitration between the Company and GR Engineering.

The Court stated in its reasons that it was premature "*at this stage*" to also stay GR Engineering's claims against Investmet. The Court ordered GR Engineering to file an amended statement of claim by 14 February 2018. Unless and until that statement of claim is filed, the basis for any allegation against Investmet is unknown. GR Engineering has already amended its claim on two occasions, which, in the Company's view, reflects the difficulties that GR Engineering has had in identifying a coherent claim against Investmet.

GR Engineering has referred in its announcement today to an alleged "*deed of partial accord and satisfaction*", which the Company notes was not mentioned in GR Engineering's ASX release regarding the commencement of proceedings on 11 July 2017 (which announcement also did not mention Investmet).

Investmet has not been ordered to file any defence to GR Engineering's claims.

Further, GR Engineering's reference to the Court's reasons has omitted the Court's emphasis on the word "under" in the phrase "*proceedings to enforce payment due under the contract.*" The Court found it unnecessary to consider whether GR Engineering's alternative claims (which GR Engineering has not disclosed to the ASX) were claims *under* the Contract because the Court had already determined that it was "*satisfied that the contentions between the parties are such that there are differences or disputes between them*" and so could not be a "*payment due under the Contract*".

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: 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.

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