

FIRST TRANCHE OF HEDGING COMPLETE AT NEAR THREE MONTH HIGH

Eastern Goldfields Limited (ASX: EGS) (**Eastern Goldfields** or the **Company**) is pleased to announce that it has today hedged the first tranche of 20,000 ounces of gold production from the Davyhurst Project with Investec Australia Limited.

This satisfies the primary outstanding condition precedent that will now allow the \$15,000,000 revolving loan facility with Investec (see ASX announcement on 14 December 2016) to be drawn down this week.

The Company has been able to capitalise on a spike in the AUD gold price and has locked in the mandatory 20,000 ounces of forward sales at around A\$1,636/oz. This results in a weighted average price of A\$1,639 per ounce assuming deliveries commencing April through to September 2017, which represent approximately 50% of expected production over that period.

Eastern Goldfields Executive Chairman Michael Fotios said:

"We are delighted that we have been able to capitalise on the spike in the AUD gold price which has enabled the Company to hedge at a price that is near a three month high. The Company has achieved a price for the mandatory hedge that underwrites early production at Davyhurst and is significantly above the price used in our ore reserve modelling. We will now be able to proceed with drawdown under the Investec facility, which we expect to announce later this week."

Eastern Goldfields has engaged Noah's Rule to assist in the structuring and execution of its gold price risk management policy and strategies.

Investor and media 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: 493m

Options: 46.6m

Current Share Price: \$0.37

Market Capitalisation: \$182m

Cash as at 31/12/2016:

\$264,000

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