

Joint Venture with Intermin for Goongarrie and Menzies Projects

Further to the announcement on 5 September 2016, Eastern Goldfields Limited (ASX: EGS) (**Eastern Goldfields** or **the Company**) is pleased to announce that it has signed an Exploration Farmin Joint Venture Agreement for certain tenements at the Menzies and Goongarrie projects (**Tenements**) with Intermin Resources Limited (ASX:IRC) (**Intermin**) and its wholly owned subsidiary Black Mountain Gold Ltd (**BMG**) (**Agreement**).

The Tenements contain nearly 200,000 oz Au in reported resources, with historic production in excess of 830,000 oz, primarily from underground sources. The Project areas lie approximately 50km northeast and east of the Davyhurst mill (refer Figure 1). The Tenements comprise the following:

Menzies Gold Project

M29/410, M29/14, M29/88, M29/153-154, M29/184, P29/2153-2156, P29/2251-2254, P29/2344-2345, L29/42-44, ELA29/966 and ELA29/984.

Goongarrie Gold Project

E29/419, E29/922, L29/109, P29/2073, P29/2269, P29/2286-2290, P29/2307-2308, M29/420, P29/2070 and P29/2268 .

The Company has also paid the second tranche of \$750,000 to Intermin in accordance with the Agreement and been issued with 6,250,000 fully paid ordinary shares in Intermin at an issue price of \$0.12 per share and 3,125,000 options with an exercise price of 17 cents per option and an expiry date of 31 August 2018.

Executive Chairman Michael Fotios said:

“The signing of the Agreement completes the formalities of this matter. The deal has not changed from when we announced the signing of the Heads of Agreement on 5 September 2016.

“We are now excited by proceeding to undertake an earn in to a potential 65% interest in the Joint Venture, which may include a feasibility study into the establishment of a second mine potentially to be located in the Mt. Ida/Menzies region.

“We look forward to keeping the market informed as we progress.”

Investor and media enquiries

Michael Fotios

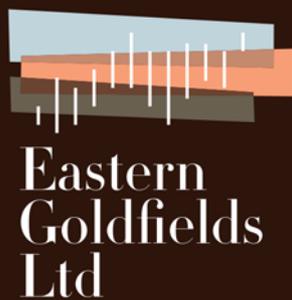
Executive Chairman

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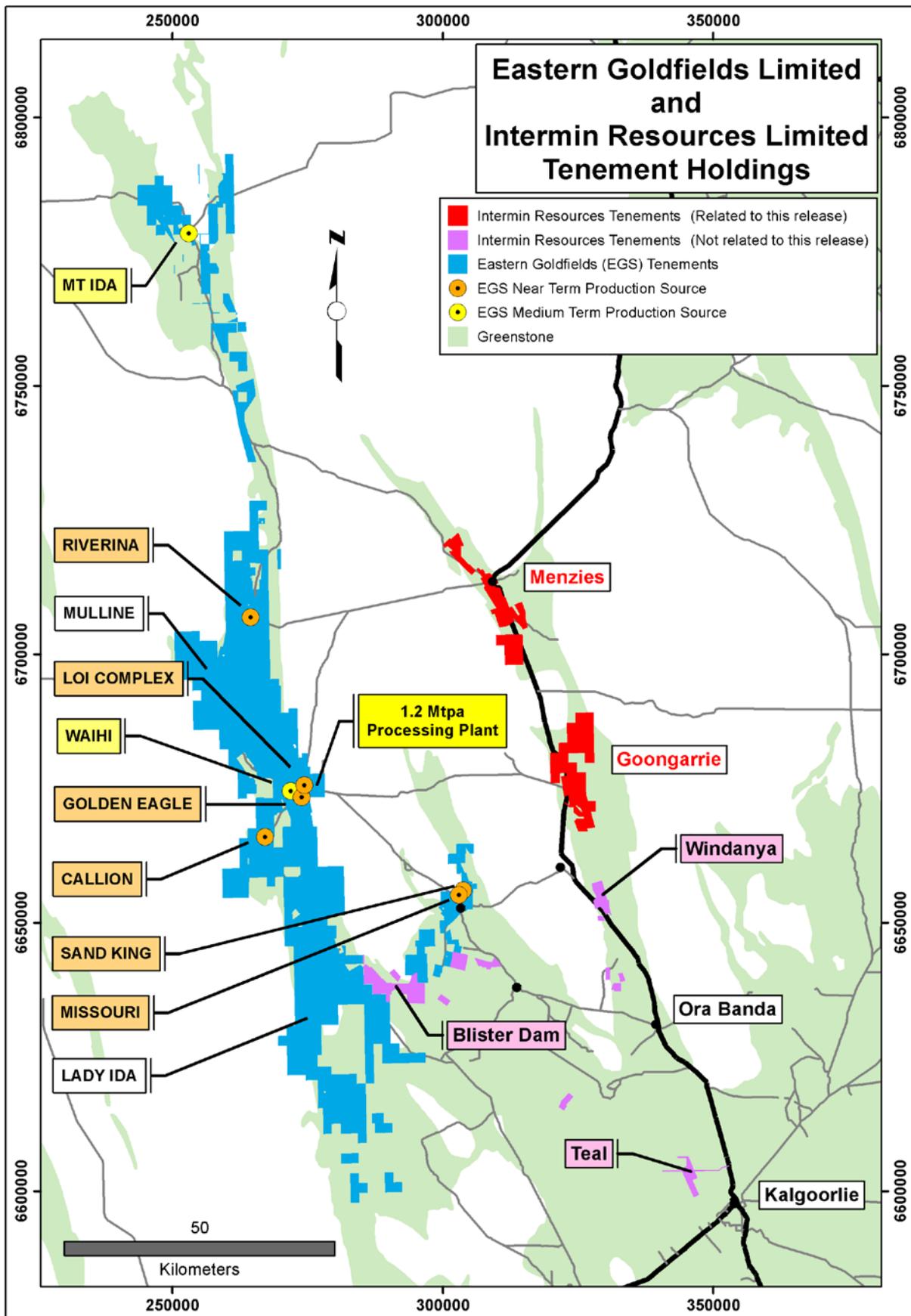


Figure 1: Location of IRC Menzies and Goongarrie Projects in relation to Davyhurst

Material Terms

- (a) EGS to solely contribute to expenditure of \$2M on the Projects to earn a 25% interest within 2 years of the commencement date (“Initial Interest”);
- (b) EGS to solely contribute to further expenditure of \$2M on the Projects to earn a further 25% interest within 2 years of earning the Initial Interest (“Further Interest”);
- (c) EGS to solely contribute to further expenditure of \$1.5m on the Projects (inclusive of a BFS to support a mill installation in the Mt Ida/Menzies region) to earn a further 15% interest within 2 years of earning the Initial Interest (“Second Further Interest”);
- (d) while EGS is sole funding the Projects, it will manage the exploration programs on the Projects and be responsible for maintaining tenure over the Projects areas in good standing, subject to IRC providing in a timely manner all cooperation required by EGS;
- (e) EGS may withdraw from the above expenditure obligations at any time but will be entitled to retain any interest in the Projects earned (if any) at the date of withdrawal;
- (f) IRC will transfer legal title to each of the Initial Interest and Further Interests as soon as EGS has earned the beneficial interest as mentioned above;
- (g) In respect to the Goongarrie Lady mining lease M29/420, IRC and EGS agree that the current resource of 272,014t @ 2.86g/t for 25,000 ounces currently under feasibility study is excluded from the farm in and both parties will work together on potential milling of the project at the Davyhurst Mill under standard commercial terms; and
- (h) For avoidance of doubt, exploration on M29/420 outside of (g) above forms part of the joint venture covering the Goongarrie Project area.

Upon EGS earning a Project interest of 50%, the parties will:

- (a) thereafter each contribute to expenditure on the Projects in accordance with their respective percentage Project interests from time to time;
- (b) establish a joint venture committee to make all decisions in respect of exploration, resource development, definitive feasibility studies, approvals and any other matters required for consideration (“Joint Venture”);
- (c) appoint EGS as manager of the Joint Venture unless otherwise agreed, provided that IRC will continue to provide in a timely manner all cooperation required by EGS;
- (d) make all Joint Venture decisions by majority vote in accordance with the respective percentage Project interests of the parties from time to time;
- (e) apply a standard industry straight line dilution formula; and
- (f) permit assignment by each party of its Projects interest at any time, provided that the incoming party enters into a Deed of Assignment and Assumption upon terms reasonably required by the ongoing party.