

# **EASTERN GOLDFIELDS LIMITED**

**ACN 100 038 266**

## **NOTICE OF 2016 ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

**TIME:** 10.00am WST  
**DATE:** Tuesday, 29 November 2016  
**PLACE:** Level 1, 24 Mumford Place, Balcatta, WA 6021

**This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.**

**If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.**

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Ms Shannon Coates, on +61 8 6241 1866.**

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2016 Annual General Meeting of the Shareholders of Eastern Goldfields Limited (**EGS** or the **Company**) will be held at Level 1, 24 Mumford Place, Balcatta WA 6021 on Tuesday, 29 November 2016 commencing at 10.00am WST to consider, and if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of Annual General Meeting and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice of Annual General Meeting describes the matters to be considered at the Annual General Meeting.

### ORDINARY BUSINESS

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#### 1. FINANCIAL STATEMENTS AND REPORTS FOR FINANCIAL YEAR ENDED 30 JUNE 2016

To receive and consider the annual financial statements, the Directors' report and the auditor's report of the Company for the financial year ended 30 June 2016.

**Note:** there is no requirement for Shareholders to approve these reports.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, the Company adopts the Remuneration Report as set out in the Company's annual financial report for the financial year ended 30 June 2016.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 1 by any member of the KMP of the Company whose remuneration is included in the Remuneration Report, or a closely related party of such member. However, the Company will not disregard any votes cast on Resolution 1 by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting on Resolution 1 as described above and either:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the KMP of the Company.

If you are a member of the KMP of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

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#### 3. RESOLUTION 2 – RE-ELECTION AS A DIRECTOR – MR. ALAN STILL

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 14.4, clause 13.2 of the Constitution and for all other purposes, Mr. Alan Still, retires, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – APPROVAL OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 75,000,000 Shares to sophisticated and professional investors, at a price that is at least 80% of the volume weighted average market price for Shares calculated over the last 5 days on which sales in the Shares are recorded before the date on which the issue is made, for the purposes and on the terms set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Ordinary Securities if the Resolution is passed, and any Associates of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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5. **RESOLUTION 4 – APPROVAL OF SHARES TO BE ISSUED TO STIRLING RESOURCES PTY LTD (UNRELATED PARTY)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 4,500,000 Shares to Stirling Resources Pty Ltd on the terms set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 4 by Stirling Resources Pty Ltd and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Ordinary Securities if the Resolution is passed, and any Associates of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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6. **RESOLUTION 5 – RATIFICATION OF SHARES ISSUED FOR DEBT CONVERSIONS (UNRELATED PARTIES)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 1,913,303 Shares at a deemed price of \$0.15 to the parties to the Debt Syndicate, and on the terms set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 5 by the parties to the Debt Syndicate and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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7. **RESOLUTION 6 – RATIFICATION OF ADDITIONAL PLACEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 16,666,667 Shares at an issue price of \$0.15 to the parties, and on the terms set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 6 by any person who participated in the issue and any Associates of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is

entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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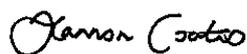
8. **RESOLUTION 7 – RATIFICATION OF TENEMENT SALE OPTIONS TO ORION GOLD NL (UNRELATED PARTY)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 2,000,000 Options to Orion Gold NL, on the terms set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 7 by Orion Gold NL and any of its Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**BY ORDER OF THE BOARD OF DIRECTORS**



**SHANNON COATES**  
Company Secretary

28 October 2016

## **ENTITLEMENT TO ATTEND AND VOTE**

You will be entitled to attend and vote at the Annual General Meeting if you are registered as a Shareholder of the Company as at 10.00 am (WST) on Sunday, 27 November 2016. This is because, in accordance with the *Corporations Regulations 2001* (Cth), the Board has determined that the Shares on issue at that time will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## **HOW TO VOTE**

### **Voting in person**

Shareholders who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting if possible, so that their holding may be checked against the Company's register of members and attendances recorded.

### **Corporate representatives**

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the Meeting in accordance with section 250D of the Corporations Act. The appropriate appointment document must be produced prior to admission. A form of the certificate can be obtained from the Company's registered office.

### **Voting by proxy**

A Shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting (see above).

A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the Meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's registered office.

To be effective for the scheduled meeting a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received at an address or fax number below no later than 10.00am (WST) on Sunday, 27 November 2016, being 48 hours before the time of the Meeting. Any proxy appointment received after that time will not be valid for the scheduled meeting.

**In person** at Level 1, 24 Mumford Street, Balcatta WA 6021

**By post** to Level 1, 24 Mumford Street, Balcatta WA 6021

**By facsimile** to +61 8 6241 1811

**By scan and email** to admin@easterngoldfields.com.au

For further information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the enclosed proxy form.

### **Voting by attorney**

A Shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at one of the addresses listed above for the receipt of proxy appointments at least 48 hours prior to the commencement of the Meeting.

### **Chairman as proxy**

If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on each of the proposed Resolutions.

If a Shareholder entitled to vote on a Resolution appoints the Chairman of the Meeting as their proxy (or the Chairman becomes their proxy by default) and the Shareholder does not direct the Chairman how to vote on the Resolution:

- The Chairman intends to vote in favour of the Resolution as proxy for that Shareholder on a poll; and

- For Resolution 1, the Shareholder will be taken to have given the Chairman express authority to vote as the Shareholder's proxy on those resolutions even though those resolutions are connected directly or indirectly with the remuneration of a member of the KMP for the Company and even though the Chairman is a member of the KMP, unless the Shareholder expressly indicates to the contrary in the proxy appointment.

If you do not want to put the Chairman in the position to cast your votes in favour of any of the proposed Resolutions, you should complete the appropriate box on the Proxy Form, directing your proxy to vote against, or to abstain from voting, on the Resolution.

#### **Other members of KMP as proxy**

If a Shareholder appoints a Director (other than the Chairman) or another member of KMP (or a Closely Related Party of any such person) as their proxy and does not direct the proxy how to vote on Resolution 1 by marking the 'For', 'Against' or 'Abstain' box opposite the relevant Resolution on the proxy appointment, the proxy will not be able to exercise the Shareholder's proxy and vote on their behalf on that Resolution.

#### **QUESTIONS FROM SHAREHOLDERS**

The Chairman will allow a reasonable opportunity for Shareholders at the Meeting to ask questions about and make comments on the management of the Company and on the annual financial report, the Directors' report (including the Remuneration Report) and the auditor's report (**Reports**), as well as each of the Resolutions to be considered at the Meeting.

A representative of the Company's auditor will attend the Meeting. During the Meeting's consideration of the Reports, the Chairman will allow a reasonable opportunity for Shareholders at the Meeting to ask the auditor's representative questions relevant to the:

- conduct of the audit;
- preparation and content of the Auditor's Report for the financial year ended 30 June 2016;
- accounting policies adopted by the Company in relation to the preparation of the financial statements contained in the Reports for that year; and
- independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the Company's auditor if the question is relevant to the content of the Auditor's Report or the conduct of the audit.

If you wish to submit a question in advance of the Meeting, you may do so by sending your question to one of the addresses or facsimile numbers above by no later than Friday, 17 November 2016. The Company and the auditor will attempt to respond to as many of the more frequently asked questions as possible. Due to the large number of questions that may be received, the Company and the auditor will not be replying on an individual basis.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's 2016 Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement and not otherwise defined, are defined in the glossary to this document.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Annual General Meeting, please contact the Company Secretary, Ms Shannon Coates, your stockbroker or other professional adviser.

## ORDINARY BUSINESS

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### 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the annual financial report, Directors' report and the auditor's report (**Annual Financial Statements**) to be received and considered at the Annual General Meeting. The Annual Financial Statements for the year ended 30 June 2016 are included in the Company's annual report, a copy of which can be accessed on-line at <http://www.easterngoldfields.com.au>. Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve these reports and no vote will be taken on the Annual Financial Statements. However, Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and the management of the Company.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Company's auditor, Ernst & Young, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

Pursuant to Section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its Remuneration Report for the year ended 30 June 2016. The Remuneration Report is a distinct section of the annual Directors' report which deals with the remuneration of Directors, executives and senior managers of the Company. More particularly, the Remuneration Report can be found within the Directors' report in the Company's 30 June 2016 annual financial report, which is available on the Company's website at <http://www.easterngoldfields.com.au>.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out the remuneration details for each Director and executive officer named in the Remuneration Report for the financial year ended 30 June 2016.

The remuneration levels for Directors, executives and senior managers are competitively set to attract and retain appropriate Directors and KMP of the Company.

The Chair of the Annual General Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

#### 2.1 Regulatory requirements

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors. However, the Corporations Act provides that if

the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Annual General Meeting, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

In addition, the Corporations Act sets out a "two strikes" re-election process. Under the "two strikes" re-election process, if the Company's Remuneration Report receives a "no" vote of 25% or more of all votes cast at two consecutive annual general meetings (that is, "two strikes"), a resolution (**Spill Resolution**) must be put to the second annual general meeting, requiring Shareholders to vote on whether the Company must hold another general meeting (known as the "**spill meeting**") to consider the appointment of all of the Directors who were directors when the resolution to make the Directors' report considered at the second annual general meeting (other than the Managing Director).

If the Spill Resolution is approved at the annual general meeting by a simple majority of 50% or more of the eligible votes cast, the spill meeting must be held within 90 days of that second annual general meeting (unless none of the Directors, other than the Managing Director, stand for reappointment).

## **2.2 Previous voting results**

The votes cast against the remuneration report considered at the Company's 2015 Annual General Meeting were less than 25%, and as such the Spill Resolution will not be relevant for this Annual General Meeting.

## **2.3 Board recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## **3. RESOLUTION 2 – RE-ELECTION AS A DIRECTOR – MR. ALAN STILL**

### **3.1 General**

Clause 13.2 of the Constitution provides that at each annual general meeting of the Company, one third (or nearest number) of Directors at that time must retire from office. A retiring Director is eligible for re-election at such meeting. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors every year.

For these reasons, Mr Still retires and, being eligible, stands for re-election as a Director at the Annual General Meeting.

Further details about the Directors are set out in the Company's 2016 annual report which is available on the Company's website at <http://www.easterngoldfields.com.au>.

### **3.2 Board recommendation**

The Board, excluding Mr Still who declines to make a recommendation on Resolution 2, recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTION 3 – APPROVAL OF PLACEMENT**

### **4.1 Approval to issue Placement**

Resolution 3 seeks Shareholder approval for the issue of up to 75,000,000 Shares to sophisticated and professional investors on the terms set out below (**Placement**).

The Placement Shares proposed to be issued, for which approval is sought under Resolution 3, comprise 13.89% of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice).

## 4.2 Listing Rule 7.1

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will, in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of Ordinary Securities on issue at the commencement of that 12 month period.

The issue of the 2016 Placement Shares will exceed the Company's 15% placement capacity under Listing Rule 7.1. Resolution 3 therefore seeks Shareholder approval under Listing Rule 7.1 to issue the 2016 Placement Shares.

## 4.3 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) Maximum number of Shares to be issued  
The Company intends to issue up to 75,000,000 Shares.
- (b) Date of issue  
The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).  
The Company expects to issue all of the Shares on the same date, however the exact date of issue is unknown at this stage.
- (c) Issue price  
The issue price of the Shares will be at least 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales of the Shares are recorded before the date on which the issue is made.
- (d) Identity of persons to whom securities will be issued  
The Shares will be issued to sophisticated and professional investors (as those terms are defined in the Corporations Act), none of whom will be a Related Party of the Company.
- (e) Terms of the Shares  
The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with all of the existing Shares on issue.
- (f) Intended use of the funds raised

The intended use of funds raised is set out below:

Use of funds	%
Acceleration of exploration	28%
Exploration capital items	5%
Completion of Plant Refurbishment	28%
Capital development of Callion deposit decline	9%
Capital development of Waihi deposit	18%
Working Capital	8%
Cost of 2016 Placement	4%

- (g) Voting exclusion statement

A voting exclusion statement for Resolution 3 is included in the Notice.

#### 4.4 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

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## 5. RESOLUTION 4 – APPROVAL OF SHARES ISSUED TO BE STIRLING RESOURCES PTY LTD (UNRELATED PARTY)

### 5.1 Background

On 30 September 2015, the Company announced that it entered into a settlement arrangement with Stirling Resources Pty Ltd (**Stirling Resources**). The Company entered into a Settlement Deed with Stirling Resources which provides for the following:

- (a) payment of the remainder of \$529,000 pursuant to the previous settlement arrangement to occur in two tranches of \$150,000 on 31 December 2015 and \$379,000 plus accrued interest on the diminishing balance of the previous settlement amount since 1 July 2015 at a rate of 6 per cent per annum to occur on 8 January 2016;
- (b) upon payment of the settlement amounts, all amounts owing to Stirling Resources under the loan facility agreement with the Company and other parties, and all related security, will be released;
- (c) acknowledgement of the amount of \$1,000,000 already paid by the Company under the previous settlement arrangement;
- (d) agreement to the share buy-back of all of the shares held by Stirling Resources in the Company;
- (e) a further payment of \$150,000 by the Company to be made on the earlier of the date which is 3 months after commencement of gold production at the Davyhurst gold operation and 30 September 2016; and
- (f) subject to commencement of gold production at the Davyhurst gold operation, an issue of 4,500,000 Shares by the Company in two equal tranches on the date of payment of the further \$150,000 referred to above and the earlier of the date which is within 6 months of commencement of gold production and 31 December 2016.

Resolution 4 seeks Shareholder approval to issue the 4,500,000 Shares the subject of section 5.1(f) above (**Stirling Settlement Shares**).

### 5.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in section 4.2 above.

The agreement to issue the Stirling Settlement Shares under the Settlement Deed forms part of the Company's Listing Rule 7.1 placement capacity without the need for Shareholder approval.

Approval of the Stirling Settlement Shares will provide the Company greater flexibility to issue further Equity Securities under Listing Rule 7.1 during the next 12 months.

The Stirling Settlement Shares for which approval is sought under this Resolution, comprise 0.83% of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice).

### 5.3 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) Maximum number of Shares to be issued  
Up to 4,500,000 Shares will be issued in two equal tranches.
- (b) Date of issue

The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

- (c) The Company expects to issue all of the Shares on the same date, however the exact date of issue is unknown at this stage. Issue price

The Shares are being issued for nil cash consideration in satisfaction for part consideration under the Settlement Deed with Stirling Resources.

- (d) Identity of persons to whom securities will be issued

Both tranches of Shares will be issued Stirling Resources, an unrelated party of the Company.

- (e) Terms of the Shares

The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with all of the existing Shares on issue.

- (f) The use (or intended use) of the funds raised

No funds will be raised as the Shares are being issued as part consideration under the Settlement Deed with Stirling Resources.

- (g) Voting exclusion statement

A voting exclusion statement for Resolution 4 is included in the Notice.

#### **5.4 Board recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 4.

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## **6. RESOLUTION 5 – RATIFICATION OF SHARES ISSUED FOR DEBT CONVERSIONS (UNRELATED PARTIES)**

### **6.1 Background**

On 8 March 2016, the Company issued 1,913,303 Shares to certain unrelated lenders in respect of conversion of the principal amount and interest accrued on debts owed by the Company under the Debt Syndicate (**Debt Conversion Shares**).

A summary of Listing Rules 7.1 and 7.4 is set out in sections 4.2 and 5.2 of this Explanatory Statement.

The Company issued the Debt Conversion Shares the subject of this Resolution 5 within the Company's Listing Rule 7.1 placement capacity without the need for Shareholder approval. The Company now seeks Shareholder approval to ratify the issue of the Debt Conversion Shares. Approval of this Resolution will provide the Company with the flexibility to issue further Equity Securities under Listing Rule 7.1 during the next 12 months.

The Debt Conversion Shares, for which approval and ratification is sought under this Resolution, comprise 0.35% of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice).

### **6.2 Information required by Listing Rule 7.5**

For the purposes of Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) Number of Shares issued

1,913,303 Shares were issued.

- (b) The price at which the Shares were issued

The Shares were issued at a deemed issue price of \$0.15 each.

- (c) The terms of the Shares

The Shares issued are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with all of the existing ordinary Shares on issue.

- (d) Names of the persons to whom the Shares were issued or the basis on which those persons were determined  
The Shares were issued to the lenders that are parties to the Debt Syndicate, none of whom are a Related Party of the Company.
- (e) The use (or intended use) of the funds raised  
No funds were raised as the Shares were issued to repay of the principal and interest component of debt under the agreement with the lenders.
- (f) Voting exclusion statement  
A voting exclusion statement for Resolution 5 is included in the Notice.

### 6.3 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

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## 7. RESOLUTION 6 – RATIFICATION OF ADDITIONAL PLACEMENT

### 7.1 Background

On 23 March 2016, the Company announced that it would undertake an additional placement to raise \$2.5 million (**Additional Placement**), following strong demand received under the previously over-subscribed capital raising, which closed on 29 February 2016 to raise \$25 million (before costs).

On 13 April 2016, the Company announced that it completed the Additional Placement, raising \$2.5 million through the issue of 16,666,667 Shares to professional and sophisticated investors at an issue price of \$0.15 per Share (**Additional Placement Shares**).

The funds raised under the Additional Placement have been, or will be, applied towards reserve definition drilling, plant refurbishment and general working capital.

A summary of Listing Rules 7.1 and 7.4 is set out in section 4.2 and 5.2 of this Explanatory Statement.

The Company issued the Additional Placement Shares within the Company's Listing Rule 7.1 placement capacity without the need for Shareholder approval. The Company now seeks Shareholder approval to ratify the issue of the Additional Placement Shares. Approval of this Resolution will provide the Company with the flexibility to issue further Equity Securities under Listing Rule 7.1 during the next 12 months.

The Additional Placement Shares issued, for which approval and ratification is sought under this Resolution, comprise 3.08% of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice).

### 7.2 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) Number of Shares issued  
16,666,667 Shares were issued.
- (b) The price at which the Shares were issued  
The Shares were issued at \$0.15 each.
- (c) The terms of the Shares  
The Shares issued are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with all of the existing ordinary Shares on issue.
- (d) Names of the persons to whom the Shares were issued or the basis on which those persons were determined  
The Shares were issued to professional and sophisticated investors (as those terms are defined under the Corporations Act), none of whom is a Related Party of the Company.
- (e) The use (or intended use) of the funds raised

The funds raised under the Additional Placement have been, or will be, applied towards reserve definition drilling, plant refurbishment and general working capital.

- (f) Voting exclusion statement

A voting exclusion statement for Resolution 6 is included in the Notice.

### 7.3 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

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## 8. RESOLUTION 7 – RATIFICATION OF TENEMENT SALE OPTIONS TO ORION GOLD NL (UNRELATED PARTY)

### 8.1 Background

On 3 May 2016, the Company announced that it executed a binding agreement (**Tenement Sale and Purchase Agreement**) to acquire additional tenements in the Eastern Goldfields region in Western Australia from Goldstar Resources (WA) Pty Ltd, a wholly owned subsidiary of Orion Gold NL (**Orion**).

As part of the consideration payable under the Tenement Sale and Purchase Agreement, the Company agreed to issue 2,000,000 unlisted Options (1,000,000 unlisted Options exercisable at \$0.168 each on or before 8 March 2018 and 1,000,000 unlisted Options exercisable at \$0.189 each on or before 8 March 2020).

On 13 May 2016, the 2,000,000 unlisted Options were issued to Orion within the Company's Listing Rule 7.1 placement capacity without Shareholder approval.

Resolution 7 seeks Shareholders approval to ratify the issue of the 2,000,000 unlisted Options under Listing Rule 7.4.

A summary of Listing Rules 7.1 and 7.4 is set out in sections 4.2 and 5.2 of this Explanatory Statement.

Approval of this Resolution will provide the Company with the flexibility to issue further Equity Securities within the Company's 15% placement capacity under Listing Rule 7.1 during the next 12 months.

### 8.2 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) Number of securities issued

2,000,000 unlisted Options were issued.

- (b) The price at which the Options were issued

The 2,000,000 unlisted Options were issued for nil cash consideration in satisfaction for part consideration for additional tenements in the Eastern Goldfields region in Western Australia pursuant to the Tenement Sale and Purchase Agreement (as announced on 3 May 2016).

- (c) The terms of the securities

2,000,000 unlisted Options were issued to Orion (unrelated party of the Company) pursuant to the Tenement Sale and Purchase Agreement, of which:

- (i) 1,000,000 unlisted Options are exercisable at \$0.168 each on or before 8 March 2018; and
- (ii) 1,000,000 unlisted Options are exercisable at \$0.189 each on or before 8 March 2020.

Upon exercise, the unlisted Options will rank equally in all respects with all of the existing Shares on issue.

- (d) For full terms of the unlisted Options refer to Schedule 1 of this Explanatory Statement. Names of the persons to whom the Options were issued or the basis on which those persons were determined  
  
The unlisted Options were issued to Orion pursuant to the Tenement Sale and Purchase Agreement.
- (e) The use (or intended use) of the funds raised  
  
No funds were raised as the Shares were issued as part consideration for the tenements acquired under the Tenement Sale and Purchase Agreement.
- (f) Voting exclusion statement  
  
A voting exclusion statement for Resolution 7 is included in the Notice.

### **8.3 Board recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 7.

## GLOSSARY

**Annual General Meeting or Meeting** means the meeting convened by the Notice.

**Associate** has the meaning given to that term in the Listing Rules or the Corporations Act (as the context requires).

**ASX** means ASX Limited ACN 008 624 691, or the financial market operated by it as the context requires.

**Board** means the current board of directors of the Company.

**Chair** or **Chairman** means the chair of the Meeting.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Eastern Goldfields Limited ACN 100 038 266.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Debt Syndicate** means the syndicate of lenders who have a beneficial interest in the debt held by M6 Securities Pty Ltd ACN 138 546 433 for the benefit of those lenders, as further detailed in sections 4 and 7 of Explanatory Statement to the Company's 2015 Notice of Annual General Meeting.

**Directors** mean the current directors of the Company.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**KMP** means Key Management Personnel and has the meaning given to that term in the Corporations Act.

**Listing Rules** means the Listing Rules of ASX as amended from time to time.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Ordinary Securities** has the meaning set out in the Listing Rules.

**Orion** means Orion Gold NL ACN 098 939 274.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party** has the meaning given to that term in the Corporations Act.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual report for the year ended 30 June 2016.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Stirling Resources** means Stirling Resources Pty Ltd ACN 009 659 054.

**Tenement Sale and Purchase Agreement** means the agreement executed between the Company and Goldstar Resources (WA) Pty Ltd, a wholly owned subsidiary of Orion, to acquire tenements in the Eastern Goldfields region in Western Australia.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## Schedule 1 – Terms of unlisted Options to Orion Gold NL (Resolution 7)

### Terms and Conditions of Options Expiring 8 March 2018

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 8 March 2018.
- (c) The exercise price of the Options is 16.8 cents each.
- (d) The Options will not be quoted but the Company will apply for quotation of any exercised Options.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

### Terms and Conditions of Options Expiring 8 March 2020

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 8 March 2020.
- (c) The exercise price of the Options is 18.9 cents each.
- (d) The Options will not be quoted but the Company will apply for quotation of any exercised Options.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

## Lodge your vote:



### By Mail:

Eastern Goldfields Limited  
Level 1  
24 Mumford Street  
Balcatta WA 6021

### By Email:

Scan and email to  
admin@easterngoldfields.com.au

Alternatively you can fax your form to  
(within Australia) 08 6241 1811  
(outside Australia +61 8 6241 1811

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia +61 3 9415 4000

## Proxy Form

XX

For your vote to be effective it must be received by 10:00am (WST) Sunday, 27 November 2016

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View the annual report, 24 hours a day, 7 days a week:

**[www.easterngoldfields.com.au](http://www.easterngoldfields.com.au)**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

Your secure access information is:



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Eastern Goldfields Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Eastern Goldfields Limited to be held at Level 1, 24 Mumford Place, Balcatta, Western Australia on Tuesday, 29 November 2016 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolution:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election as a Director – Mr. Alan Still	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Shares to be issued to Stirling Resources Pty Ltd (Unrelated Party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Shares issued for Debt Conversions (Unrelated Parties)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Additional Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of Tenement Sale Options to Orion Gold NL (Unrelated Party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /