



Eastern  
Goldfields  
Ltd

ABN 69 100 038 266

5 February 2018

Dear Shareholder

### **EASTERN GOLDFIELDS LIMITED – NON-RENOUNCEABLE RIGHTS ISSUE**

On 1 February 2018, Eastern Goldfields Limited ACN 100 038 266 (**Company**) announced its intention to raise up to approximately \$7,184,854 by way of a non-renounceable rights issue (**Rights Issue**) of one (1) fully paid ordinary share in the Company (New Share) for every twenty (20) existing shares held as at 5.00pm WST on 7 February 2018 (**Record Date**) at an issue price of \$0.20 per New Share, to shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**). All New Shares issued pursuant to the Rights Issue will be issued with a corresponding 1 for 1 free attaching option to acquire a share in the capital of the Company, which will be issued in two tranches, exercisable at a price of \$0.25 and \$0.275 respectively.

#### **Background**

On 9 November 2018, the Company announced that it had secured a cornerstone investment of \$17.5 million from Hawke's Point Holdings L.P. (**Hawke's Point**), which would form part of a larger placement of shares and options in the Company to sophisticated and professional investors for the purposes of raising between \$27.5 million and up to \$30 million in total (**Placement**). It was also announced that the shares issued under the Placement would be issued with a corresponding 1 for 1 free attaching unlisted option to acquire a share in the capital of the Company, with one half of the Options having an exercise price of \$0.25 and the other half having an exercise price of \$0.275.

As announced on 1 February 2018, the Company expects to raise up to \$30,570,000 by the issue of up to 152,850,000 shares under the Placement.

In addition to the Placement, and in order to recognise the ongoing support of existing shareholders, the Company is conducting the Rights Issue to Eligible Shareholders to facilitate further investment opportunities.

#### **Details of the Rights Issue**

Pursuant to the Rights Issue, the Company will issue up to approximately 35,924,270 New Shares at an issue price of \$0.20 per New Share to raise a maximum of \$7,184,854 before costs.

A prospectus in relation to the Rights Issue was lodged with the Australian Securities and Investments Commission and the ASX on 1 February 2018 (**Prospectus**) and will be mailed to Eligible Shareholders in accordance with the timetable below.

The Prospectus contains an offer for the issue of 100 Shares to investors at an issue price of \$0.20 per Share to raise \$20, to facilitate secondary trading of shares issued under the Placement and shares issued by the Company prior to the date of the Prospectus (**Cleansing Offer**). In addition, the Prospectus contains an offer for the issue of 87,500,000 Options (**Placement Options**) to Hawke's Point to facilitate secondary trading of the underlying securities to be issued upon the exercise of the Placement Options.

### **Purpose of the Rights Issue and use of funds raised**

The Company intends to apply the funds raised under the Rights Issue to provide funds for payment of trade creditors, additional exploration, ongoing resource development and feasibility studies in relation to the Company's Mt Ida and Menzies Projects, as well as providing general working capital for the gold operations at the Company's Davyhurst project.

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to shareholders.

### **Basis of participation**

If you are an Eligible Shareholder, you will be entitled to apply for one (1) New Share at a price of \$0.20 (20 cents) per New Share for every twenty (20) existing shares held by you at 5.00 pm WST on the Record Date subject to the terms of the Rights Issue (**Rights**).

New Shares issued under the Rights Issue will rank equally with existing fully paid ordinary shares in the Company from issue. Fractional Entitlements will be rounded up to the nearest whole number.

The full terms of the Rights Issue are outlined in the Prospectus that was released to ASX on 1 February 2018, and available from the Company's website, [www.easterngoldfields.com.au](http://www.easterngoldfields.com.au) or from ASX's website, [www.asx.com.au](http://www.asx.com.au).

Eligible Shareholders must complete the application form accompanying the Prospectus to take up their Rights. Eligible Shareholders may also apply for additional shares in excess of their entitlement.

The Rights are non-renounceable. This means that Rights are not transferrable and cannot be sold or traded, and Company shareholders will not receive any value in respect of Rights that they do not take up or which they are ineligible to receive.

### **Timetable**

The Company expects the Rights Issue to be conducted in accordance with the following timetable:

<b>Event</b>	<b>Date</b>
Lodgement of Appendix 3B and Prospectus	Thursday 1 February 2018
Cleansing Offer opens	Friday 2 February 2018
"Ex" date	Tuesday 6 February 2018
Record date for determining Entitlements	5.00pm WST Wednesday 7 February 2018
Prospectus with Entitlement and Acceptance Form	Monday 12 February 2018

dispatched	
Offer opens for receipt of Applications	Monday 12 February 2018
Closing time for acceptances and Cleansing Offer	5.00pm WST Wednesday 21 February 2018
New Shares quoted on a deferred settlement basis	Thursday 22 February 2018
Notify ASX of under subscriptions	Monday 26 February 2018
Issue of New Shares and New Options	Wednesday 28 February 2018
Dispatch of shareholding statements	Wednesday 28 February 2018
New Shares under Rights Issue expected to commence trading on ASX	Thursday 1 March 2018

The above dates are indicative only. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and the Corporations Act.

### Prospectus and continuous disclosure

Eligible Shareholders should carefully read the Prospectus that will be sent to them and have regard to all publicly available information on the Company, including all announcements made by the Company to ASX. The Prospectus and these announcements are available from the Company's website, [www.easterngoldfields.com.au](http://www.easterngoldfields.com.au) or from ASX's website, [www.asx.com.au](http://www.asx.com.au).

### Capital structure

The following table sets out the capital structure of the Company as at the date of this announcement and on completion of the Rights Issue (assuming full subscription is achieved and no existing options are exercised).

Shares	
564,885,416	Shares quoted on ASX as at the date of this Prospectus
152,850,000	Shares issued under the Placement
750,000	Shares issued to Craig Readhead in lieu of director's fees (as approved by shareholders of the Company on 4 January 2018)
35,924,270	New Shares to be issued pursuant to this Offer
<b>754,409,686</b>	<b>Total issued Shares</b>

Options	
57,725,167	Options on issue prior to the Placement
152,850,000	Options to be issued under the Placement
8,500,000	Options to be issued to Jett Capital Advisors LLC in connection with the Placement
35,924,270	Options to be issued pursuant to this Offer
<b>254,999,437</b>	<b>Total issued Options</b>

Should you have any questions regarding the Rights Issue you may contact the Company secretary on +61 8 9322 1587.

The Board is pleased to offer this opportunity to you.

Yours faithfully



Michael Fotios  
Director  
**EASTERN GOLDFIELDS LIMITED**