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# **EASTERN GOLDFIELDS LIMITED**

## **ACN 100 038 266**

# **PROSPECTUS**

**For a non-renounceable pro rata offer to Eligible Shareholders of approximately 35,924,270 New Shares at an issue price of \$0.20 per New Share on the basis of 1 New Share for every 20 Existing Shares with a free attaching New Option per New Share acquired to raise up to \$7,184,854 before costs.**

### **Underwriter**

The Offer is partially underwritten to the value of \$4,123,448 by Investmet Limited.

### **Lead Manager**

Jett Capital Advisors LLC

This Prospectus also 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 Placement Shares and Shares issued by the Company prior to the date of this Prospectus (**Cleansing Offer**) and 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.

### **Important Notice**

This document is important and should be read in its entirety (including the 'Risk Factors' in section 5) before deciding whether to apply for New Shares. If after reading this Prospectus you have any questions about the New Shares being offered under this Prospectus, then you should consult your stockbroker, accountant or other professional adviser.

The New Shares offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

## **SATISFACTION OF ASX REQUIREMENTS FOR RE-QUOTATION**

ASX requires the Company to meet certain conditions for re-quotations on the ASX. This Prospectus is issued to assist the Company to meet these requirements.

The Company's securities will remain suspended from trading on ASX and will not be reinstated until satisfaction of the ASX's conditions for re-quotations of the Company's Shares.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotations on the ASX.

## **IMPORTANT NOTICE**

This Prospectus is dated 1 February 2018 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the New Shares to be granted quotation on ASX within 7 days after the date of this Prospectus.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Refer to **section 2.14** for treatment of overseas shareholders. Applications for New Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

This Prospectus including each of the documents attached to it and which form part

of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors (see **section 5** of this Prospectus) that could affect the performance of the Company before making an investment decision.

Investors should note that past Share price performance of the Company provides no guidance to its future Share price performance. Neither the Company nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to this Prospectus. The New Shares the subject of this Prospectus should be considered speculative.

Cooling-off rights do not apply to a subscription for New Shares under the Offer. This means that you cannot withdraw your Application once it has been submitted except as required by law. Once the New Shares are issued and quotation is granted by ASX you may sell your New Shares on market.

This Prospectus is also a compliance prospectus to facilitate secondary trading of Shares recently issued and to be issued by the Company under section 708A(11) of the Corporations Act.

## **WEB SITE – ELECTRONIC PROSPECTUS**

A copy of this Prospectus may be downloaded from the Company's website at [www.easterngoldfields.com.au](http://www.easterngoldfields.com.au). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The information on the Company's website at [www.easterngoldfields.com.au](http://www.easterngoldfields.com.au) does not form part of this Prospectus.

The Corporations Act prohibits any persons passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company by telephone on +61 8 6241 1866 during normal business hours.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **EXPOSURE PERIOD**

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

### **FOREIGN JURISDICTIONS**

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Shares or to otherwise permit a public offering of the New Shares in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia or New Zealand.

### **RISK FACTORS**

Shareholders and potential investors should be aware that subscribing for New Shares in the Company involves a number of risks. The key risk factors of which Shareholders and investors should be aware are set out in section 5 of this Prospectus. These risks

together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Shareholders and investors should consider consulting their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

### **FORWARD-LOOKING STATEMENTS**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 5 of this Prospectus.

### **GLOSSARY**

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary at the end of the Prospectus.

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## SUMMARY OF IMPORTANT DATES

Lodgement Date	Thursday 1 February 2018
Cleansing Offer opens	Friday 2 February 2018
"Ex" date	Tuesday 6 February 2018
Record date to determine Entitlements	5.00pm WST Wednesday 7 February 2018
Prospectus with Application Form dispatched	Monday 12 February 2018
Offer opens for receipt of Applications	Monday 12 February 2018
Closing date 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
Trading of New Shares expected to commence	Thursday 1 March 2018

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

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## 1. LETTER FROM THE CHAIRMAN

**1 February 2018**

Dear Shareholder

On behalf of the Board, I take pleasure in presenting the Prospectus in relation to Eastern Goldfields Limited's (**EGS** or **Company**) rights issue to Eligible Shareholders.

### **Entitlement Offer**

The Entitlement Offer is expected to raise approximately \$7,184,854 (before costs of the Entitlement Offer) and will entail issuing 35,924,270 New Shares at an issue price of \$0.20 per share on the basis of 1 New Share for every 20 Existing Shares held. All New Shares issued pursuant to the Entitlement Offer will be issued with a corresponding 1 for 1 free attaching Option to acquire a Share in the capital of the Company. The Options will be issued in two equal tranches:

- (a) Options with an exercise price of \$0.25 (**Tranche A Options**); and
- (b) Options with an exercise price of \$0.275 (**Tranche B Options**).

The Entitlement Offer will be made to all EGS Shareholders with registered addresses in Australia or New Zealand on 7 February 2018.

### **Placement**

On 9 November 2018, the Company announced that it had entered into a binding heads of agreement for a cornerstone investment of \$17.5 million from Hawke's Point, such cornerstone investment to be made as part of a total issue of between 137,500,000 and 150,000,000 Shares at an issue price of A\$0.20 per Share with a corresponding 1 for 1 free attaching unlisted Option, by way of a placement to sophisticated and professional investors in order to raise between \$27.5 million and up to \$30 million in total (**Placement**). The Company announced on 1 February 2018 that it expects to raise up to \$30,570,000 by the issue of up to 152,850,000 shares under the Placement.

### **Additional Offers**

Please note that this Prospectus also contains an offer of the Placement Options to Hawke's Point (or its nominee). Refer to Section 2.22 for further details.

### **Use of funds**

The Company intends to apply the funds raised under the Placement and Entitlement Offer 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 Davyhurst.

Please read this Prospectus carefully before deciding whether or not to invest. An investment in the Company contains specific risks which you should consider before making that decision. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

The Board looks forward to your continuing support.

Yours sincerely



**Michael Fotios**  
**Executive Chairman**  
**EASTERN GOLDFIELDS LIMITED**

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## **2. DETAILS OF THE OFFERS**

### **2.1 The Entitlement Offer**

A non-renounceable pro rata entitlement issue to Eligible Shareholders of approximately 35,924,270 New Shares (assuming no existing Options are exercised before the Record Date and full subscription is achieved) on the basis of 1 New Share for every 20 Existing Shares at an issue price of \$0.20 cents per Share to raise \$7,184,854 before issue costs, with the free attaching Options as set out in section 2.2 below (**Entitlement Offer**).

### **2.2 Free Attaching Options**

All New Shares issued under the Entitlement Offer will be issued with a corresponding 1 for 1 free attaching option to acquire a share in the Company (**New Option**). The Options will be issued in two tranches:

- (a) Options with an exercise price of \$0.25 (**Tranche A Options**); and
- (b) Options with an exercise price of \$0.275 (**Tranche B Options**).

Applicants will receive one half of their respective New Options as Tranche A Options and the other half as Tranche B Options.

The New Options will have an expiry date of 5 years after the Placement Closing Date, subject to an accelerated expiry date should certain objective conditions be met.

### **2.3 Minimum Subscription**

There is no minimum subscription for the Entitlement Offer.

### **2.4 Underwriting**

The Entitlement Offer is partially underwritten to the value of \$4,123,448 by Investmet Limited.

A summary of the Underwriting Agreement is set out in section 7.2 of this Prospectus

Hawke's Point has agreed to take up its full entitlement under the Entitlement Offer for a value of \$876,552.

The Company intends to seek further underwriting of the Entitlement Offer.

### **2.5 Effect of the Entitlement Offer on the Control of the Company**

#### **(a) General**

The maximum number of New Shares which will be issued pursuant to the Entitlement Offer is 35,924,270. This equates to 4.76% of all the issued Shares in the Company following completion of the Entitlement Offer.

The potential effect the Entitlement Offer will have on the control of the Company will depend on the extent to which Eligible Shareholders take up their Entitlements under the Entitlement Offer.

Shareholders should be aware that if they do not participate in the Entitlement Offer and the Entitlement Offer is fully subscribed, their holdings will be diluted by 4.76% (as compared to their holdings and number of Shares on issue as at the Record Date).

#### **(b) The Underwriter and control of the Company**

Investmet has agreed to partially underwrite the Offer to an amount of \$4,123,448.

As set out above, the Fotios Group currently have voting power in the Company in excess of 20%. The Fotios Group's relevant interest in voting shares of the Company may increase due to the underwriting arrangements described above.

Accordingly, the Offer may have an impact on the control of the Company.

It is a general rule under section 606 of the Corporations Act that a person cannot acquire a relevant interest in issued voting shares in a company if because of the transaction in relation to the securities, a person's or someone else's voting power in the company

increases from 20% or below to more than 20% (or from a starting point that is above 20% and below 90%).

However, there are exceptions to that prohibition, including (pursuant to item 13 of section 611 of the Corporations Act) an acquisition that results from the issue of securities under a disclosure document to an underwriter or sub-underwriter (provided the disclosure document discloses the effect that the acquisition would have on the person's voting power in the company) and the "3% creep" exemption in item 9 of section 611 of the Corporations Act which entitles a person to increase its voting power in a company by more than 3% than they had 6 months ago.

As at the date of this Prospectus, Investmet, an entity associated with Executive Chairman Michael Fotios, and each of their associates (**Fotios Group**) have a relevant interest in approximately 36.41% of the Company's total issued voting shares. Post-issue of all of the New Shares under the Placement, the Fotios Group will have a relevant interest in approximately 30.10% of the Company's total issued voting shares. Post-issue of the New Shares under the Entitlement Offer, the Fotios Group will have a relevant interest in approximately 31.40% of the Company's total issued voting shares (assuming Investmet is required to subscribe for all of the shares it has agreed to underwrite).

As set out above, Investmet has agreed to partially underwrite the Offer to the amount of \$4,123,448 which Investmet will either do by providing cash or by off-setting the amount owed to Investmet under the Investmet Facility.

As mentioned above, the Fotios Group is also entitled to increase its shareholding by 3% above the voting power the Fotios Group held 6 months ago pursuant to the "3% creep" exemption contained in item 9 of section 611 of the Corporations Act. As the voting power of the Fotios Group 6 months ago was 36.41%, the Fotios Group's Voting Power has actually decreased and will be a maximum of 31.40% post-Entitlement Offer.

As a result of the Placement and the Rights Issue, the voting power of the Fotios Group in the Company has decreased and, accordingly, the control effects on the Company have decreased.

## **2.6 Eligibility for Entitlement Offer**

Eligible Shareholders who are on the Company's Share Register at 5.00pm WST on the Record Date, 7 February 2018, are eligible to participate in the Entitlement Offer.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements, to the extent permitted by the Listing Rules. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the Listing Rules.

As the Shares issued under the Placement will be on the Company's register as at the Record Date, the places in the Placement will also be entitled to participate in the Entitlement Offer.

An Application Form setting out your Entitlement to New Shares accompanies this Prospectus.

## **2.7 Acceptances**

This Entitlement Offer may be accepted in whole or in part prior to 5.00pm (WST) on 21 February 2018 subject to the rights of the Company to extend the Entitlement Offer period or close the Entitlement Offer early.

Instructions for accepting your Entitlement are set out in section 4 and on the Application Form which accompanies this Prospectus.

## **2.8 Rights Trading**

The Entitlement Offer is non-renounceable. This means that the Rights of Eligible Shareholders to subscribe for New Shares under this Prospectus are not transferable and there will be no trading of Rights on ASX. Eligible Shareholders who choose not to take up

their Rights will receive no benefit and their shareholding in the Company will be diluted as a result.

## **2.9 Applying for Additional New Shares**

Any Entitlements not taken up may become available as Additional New Shares. Eligible Shareholders may, in addition to their Entitlement, apply for such Additional New Shares, regardless of the size of their present holding, by completing the accompanying Application Form in accordance with the instructions set out on that form.

It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Entitlement Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for, if so allocated. If a lesser number of Additional New Shares is allocated to them than applied for, excess Application Monies will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Shares in its absolute discretion.

## **2.10 Shortfall Offer**

The Directors reserve the right at their discretion to place any Shortfall Shares remaining after the satisfaction of applications for Shares by Eligible Shareholders (including applications for Additional New Shares made in accordance with **section 2.9**) (**Shortfall Offer**).

The Shortfall Offer is a separate offer made pursuant to the Prospectus, on the same terms and conditions as the Offer, and will remain open for up to three months from the Closing Date.

Any investor who is not a Shareholder at the Record Date and who the Company invites to participate in the Shortfall Offer, will need to follow the procedures advised to them by the Company for applications under the Shortfall Offer.

## **2.11 Allotment and Application Monies**

New Shares will be issued only after all Application Monies has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 28 February 2018 and normal trading of the New Shares on ASX is expected to commence on 1 March 2018.

All Application Money received before New Shares are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

## **2.12 ASX Quotation**

Application will be made within 7 days of the date of issue of this Prospectus for the Shares to be granted Official Quotation by ASX. If such an application is not made within these seven days, or if the Shares are not admitted to Official Quotation within three months after the date of this Prospectus, none of the Shares offered by this Prospectus will be issued. In that circumstance, all Applications will be dealt with in accordance with the Corporations Act and All Application Monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The fact that ASX may agree to grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. ASX takes no responsibility for the contents of this Prospectus.

The New Options will not be quoted on the ASX.



**2.13 Issue Outside Australia and New Zealand**

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Entitlement Offer. No action has been taken to register or qualify the Shares or the Issue or otherwise to permit an offering of the Shares in any jurisdiction outside Australia and New Zealand.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

**2.14 Treatment of Overseas Shareholders**

The Entitlement Offer (or any offer in this Prospectus) is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand, other than Hawke’s Point. This is due to the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for information only.

The Entitlement Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Shares under this Prospectus.

Recipients may not send or otherwise distribute this Prospectus or the Application Form to any person outside Australia (other than to Eligible Shareholders).

It is the responsibility of any Shareholder who submits an Application Form to obtain all necessary approvals for the allotment and issue of the New Shares under this Entitlement Offer. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant to the Company that there has been no breach of such laws and that all relevant approvals have been obtained.

**2.15 Market Prices of Existing Shares on ASX**

The Company’s securities were suspended from Official Quotation on 16 August 2017.

The highest and lowest market sale price of Existing Shares, which are on the same terms and conditions as the Shares being offered under this Prospectus, during the three months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price immediately preceding suspension from Official Quotation, are set out below.

	3 months high	3 months low	Last Market Sale Price
Existing Shares	\$0.235 15 August 2017	\$0.235 15 August 2017	\$0.235 15 August 2017

**2.16 Opening and Closing Dates of Entitlement Offer and Withdrawal or Early Close**

The Entitlement Offer will open on 12 February 2018 or such later date as may be prescribed by ASIC, and will remain open until 5.00pm (WST) on 21 February 2018 (5.00pm (EST) for BPAY®), subject to the right of the Company to withdraw the Entitlement Offer or either close the Entitlement Offer at an earlier time and date or extend the Closing Date, in each case without prior notice.

## **2.17 CHESS**

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

## **2.18 Rights attaching to New Shares and New Options**

From the time of issue, the New Shares issued under this Prospectus will rank equally in all respects with Existing Shares. A summary of the rights attaching to Shares as set out in the Company's constitution are contained in section 6.2 of this Prospectus.

The New Options to be issued under the Entitlement Offer are comprised of Tranche A and Tranche B Options. A summary of the rights and liabilities attaching to the New Options is set out in section 6.3 of this Prospectus.

## **2.19 Tax Consequences**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## **2.20 Notice to nominees and custodians**

Nominees and custodians that hold Existing Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

## **2.21 Proposed re-instatement of the Company's securities to quotation**

EGS' securities were suspended from Official Quotation on 16 August 2017 pursuant to ASX Listing Rule 17.3, following an order by the Supreme Court of Western Australia that the Company be wound up and a liquidator appointed to it.

That order was subsequently set aside and the Company is undertaking the Placement and the Entitlement Offer (among other things) to provide working capital as the Company ramps up production at the Davyhurst Project.

The Company considers that, upon completion of the Placement and the Entitlement Offer, the Company's financial condition will be adequate to warrant the continued quotation of its securities and its continued listing on the ASX, and is currently seeking reinstatement of its securities to Official Quotation.

## 2.22 Additional Offers

### (a) Placement Options Offer

This Prospectus also contains an offer of the Placement Options to Hawke's Point, consisting of:

- (i) 43,750,000 Options will be issued with an exercise price of \$0.25 (**Tranche A Placement Options**); and
- (ii) 43,750,000 Options will be issued with an exercise price of \$0.275 (**Tranche B Placement Options**),

(together, the **Placement Options Offer**)

The Placement Options Offer is an offer to Hawke's Point only and Placement Options will be issued to Hawke's Point (after acceptance of the offer) for nil consideration.

The Placement Options will have the terms and conditions as detailed in section 6 of this Prospectus.

The Placement Options Offer is being made with disclosure under this Prospectus to:

- (i) facilitate secondary trading of the Placement Options and to Hawke's Point to on-sell those Placement Options within 12 months of their issue. The Company will not issue the Placement Options with the purpose of Hawke's Point selling or transferring those Placement Options, or granting, issuing or transferring interests in those Placement Options within 12 months of the issue but this Prospectus provides them the ability to do so should it wish; and
- (ii) facilitate secondary trading of the Shares to be issued upon exercise of the Placement Options. Issuing the Placement Options under this Prospectus will enable Hawke's Point to on-sell the Shares issued on exercise of the Placement Options pursuant to ASIC Corporations Instrument 2016/80.

## 2.23 Cleansing Offer

### (a) Placement

Pursuant to the Placement, the Company has issued, or agreed to issue 152,850,000 New Shares to professional and sophisticated investors (including Michael Fotios and/or his related parties) in order to raise approximately \$30.6 million (**Placement Shares**).

### (b) Stirling Settlement

In December 2015, as part of the efforts of the Company to reduce its then outstanding debts and move closer to the re-instatement of its Shares on the ASX, the Company entered into the Settlement Deed with Stirling in relation to \$5,000,000 owed by the Company to Stirling under a secured debt arrangement, governed by a facility agreement. Among other things, the Settlement Deed provided for the issue of 4,500,000 ordinary shares in the capital of the Company to Stirling, contingent upon the commencement of gold production at the Davyhurst Project. Further details regarding the Settlement Deed with Stirling are set out in the Company's Notice of General Meeting dated 1 December 2015.

On 25 July 2017 and 15 August 2017, the Company respectively announced to the ASX that it had completed its first gold pour, and first carbon-in-pulp gold pour, at the Davyhurst Project.

Accordingly, in accordance with its obligations under the Settlement Deed, the Company issued 4,500,000 ordinary shares in the capital of the Company to Stirling on 2 November 2017 (**Stirling Shares**).

**(c) Purpose of the Cleansing Offer**

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (i) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (ii) a prospectus is lodged with ASIC either:
  - (a) on or after the day on which the relevant securities were issued; or
  - (b) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (iii) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

For the purposes of permitting the on-sale of the Placement Shares and Stirling Shares within 12 months of the date of their issue under sections 707(3) and 708(11) of the Corporations Act, this Prospectus also offers to selected investors 100 Shares at an issue price of \$0.20 per Share to raise \$20, to facilitate secondary trading of the Placement Shares and the Stirling Shares (**Cleansing Offer**).

The Shares under the Cleansing Offer will rank equally in all respects with existing Shares.

The Cleansing Offer will open on Friday 2 February 2018, and close on 1 March 2018.

The Cleansing Offer is not open to the general public.

The Company will not issue the Placement Shares, and has not issued the Stirling Shares with the purpose of the persons, to whom they are issued, selling or transferring those Shares, or granting, issuing or transferring interests in those Shares within 12 months of the issue, but this Prospectus provides them the ability to do so should they wish.

**2.24 Purpose of this Prospectus**

The purpose of this Prospectus is to:

- (a) make the Entitlement Offer and the Cleansing Offer;
- (b) ensure that the on-sale of Placement Options do not breach section 707(3) of the Corporations Act;
- (c) ensure that the on-sale of the underlying Shares to be issued upon the exercise of the Placement Options does not breach section 707(3) of the Corporations Act in accordance with ASIC Corporations Instrument 2016/80; and
- (d) ensure that the on-sale of the Placement Shares and the Stirling Shares does not breach section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in section 708A(11) of the Corporations Act.

**2.25 Enquiries**

Any queries regarding the Entitlement Offer (or any offer made under this Prospectus) should be directed to Shannon Coates, Company Secretary on +61 8 9322 1587.

Any queries regarding the Application Form should be directed to the Share Registry, Computershare Investor Services Pty Limited, on 1300 850 505.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

### 3. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

#### 3.1 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise approximately \$7,184,854 before costs of the Entitlement Offer.

The Company will also complete the Placement to raise approximately \$30.6 million.

The Directors intend to apply the proceeds from the Entitlement Offer, together with the proceeds from the Placement, for the following purposes in accordance with the table set out below:

Proceeds of the Capital Raise – Davyhurst Project		Entitlement Offer and Placement Fully Subscribed (approx.)
Davyhurst Project Operations		\$2,000,000
Davyhurst Project Exploration		\$2,000,000
General working capital		\$3,115,119
Costs of the Entitlement Offer		\$64,881
<b>Estimated Total</b>		<b>\$7,180,000</b>

The table assumes that:

- Entitlements are taken up in full;
- no Options are exercised prior to the Record Date; and
- the Placement is fully subscribed.

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.

#### 3.2 Effect of the Entitlement Offer

The effect of the Entitlement Offer will be (assuming full subscription is achieved and no Options are exercised prior to the Record Date) that:

- cash reserves will initially increase by approximately \$7,184,854 (before payment of costs of the Entitlement Offer and Placement); and
- the capital structure of the Company following the Entitlement Offer is as follows:

Issued Share Capital	Number of Shares
Shares on issue prior to the Placement (including Shares issued to Stirling)	564,952,084
Shares issued under the Placement	152,850,000
Shares issued to Craig Readhead in lieu of director's fees	750,000

(as approved by shareholders of the Company on 4 January 2018)	
New Shares issued pursuant to the Entitlement Offer	35,924,270
<b>Total Shares on issue after the close of the Entitlement Offer</b>	<b>754,409,686</b>

<b>Issued Options</b>	<b>Number of Options</b>
Options on issue prior to the Placement	57,725,167
Options to be issued under the Placement	152,850,000
Options to be issued to the Lead Manager in connection with the Placement	8,500,000
New Options to be issued under the Entitlement Offer	35,924,270
<b>Total number of Options on issue after the close of the Entitlement Offer</b>	<b>254,999,437</b>

There will not be a material impact on the control of the Company as a result of the Entitlement Offer. See **section 2.5** of the Prospectus for further discussion regarding this.

### 3.3 Pro-forma Statement of Financial Position

Set out below is the Statement of Financial Position of the Company as at the financial year ending 30 June 2017 (audited), and the Pro-Forma Statement of Financial Position as at 30 June 2017 (unaudited) assuming completion of the Placement on the basis of the assumptions detailed further below. The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based are contained in the audited financial report for the year ended 30 June 2017.

#### Audited Statement of Financial Position as at 30 June 2017:

	NOTES	30 June 2017 \$'000	30 June 2016 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	44	15,401
Trade and other receivables	8	7,986	1,268
<b>TOTAL CURRENT ASSETS</b>		<b>8,030</b>	<b>16,669</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	8	64	64
Mine properties	9	55,703	3,607
Capitalised exploration expenditure	10	585	454
Available for sale financial assets	11	2,285	533
Derivative financial instruments	16	271	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>58,881</b>	<b>4,658</b>

<b>TOTAL ASSETS</b>		<b>66,911</b>	<b>21,327</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	28,618	7,666
Loans and borrowings	13	15,060	53
Provisions	14	206	63
<b>TOTAL CURRENT LIABILITIES</b>		<b>43,884</b>	<b>7,782</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for rehabilitation	14	11,912	9,380
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,912</b>	<b>9,380</b>
<b>TOTAL LIABILITIES</b>		<b>55,796</b>	<b>17,162</b>
<b>NET ASSETS</b>		<b>11,115</b>	<b>4,164</b>
<b>EQUITY</b>			
Contributed equity	15	251,282	228,343
Accumulated losses	16	(250,333)	(232,231)
Reserves	16	10,166	8,052
<b>TOTAL EQUITY</b>		<b>11,115</b>	<b>4,164</b>

#### PRO-FORMA STATEMENT OF FINANCIAL POSITION

	30 June 2017	Proceeds from capital raising	Proceeds from full subscription of rights issue	Proforma
	(audited) \$'000	\$'000	\$'000	(unaudited) \$'000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	44	25,650	7,000	32,694
Trade and other receivables	7,986	-	-	7,986
<b>TOTAL CURRENT ASSETS</b>	<b>8,030</b>	<b>25,650</b>	<b>7,000</b>	<b>40,680</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables (nc)	64	-	-	64
Mine properties	55,703	-	-	55,703
Capitalised exploration expenditure	585	-	-	585
Available for sale financial assets	2,258	-	-	2,258
Derivative financial instruments	271	-	-	271
<b>TOTAL NON-CURRENT ASSETS</b>	<b>58,881</b>	<b>-</b>	<b>-</b>	<b>58,881</b>



<b>TOTAL ASSETS</b>	<b>66,911</b>	<b>25,650</b>	<b>7,000</b>	<b>99,561</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	28,618	(2,650)	-	25,968
Loans and borrowings	15,060	-	-	15,060
Provisions	206	-	-	206
<b>TOTAL CURRENT LIABILITIES</b>	<b>43,884</b>	<b>(2,650)</b>	<b>-</b>	<b>41,234</b>
<b>NON-CURRENT LIABILITIES</b>				
Provision for rehabilitation	11,912	-	-	11,912
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11,912</b>	<b>-</b>	<b>-</b>	<b>11,912</b>
<b>TOTAL LIABILITIES</b>	<b>55,796</b>	<b>(2,650)</b>	<b>-</b>	<b>53,146</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>11,115</b>	<b>28,300</b>	<b>7,000</b>	<b>46,415</b>
<b>EQUITY / (SHAREHOLDERS' DEFICIT)</b>				
Contributed equity	251,282	30,150	7,000	288,432
Accumulated losses	(250,333)	(1,850)	-	(252,183)
Reserves	10,166	-	-	10,166
<b>TOTAL EQUITY / (SHAREHOLDERS' DEFICIT)</b>	<b>11,115</b>	<b>28,300</b>	<b>7,000</b>	<b>46,415</b>

### Assumptions for Unaudited Pro-Forma Statement of Financial Position

The Pro-Forma Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 30 June 2017 and the close of the Entitlement Offer other than the following:

- Increase in cash of approximately \$32.7 million from the Placement and Entitlement Offer (after costs) (assuming Investmet does not convert any of its outstanding loan pursuant to the Underwriting Agreement).
- The Company issues up to 152,850,000 New Shares at \$0.20 per Share pursuant to the Placement.
- The Company issued 4,500,000 Shares to Stirling.
- The Company issues 35,924,270 New Shares at \$0.20 per Share pursuant to the Entitlement Offer.
- The Company issued 12,500,000 Shares and 12,500,000 Options to Investmet Limited pursuant to the conversion of \$2.5 million owing by the Company under the Investmet Facility.
- The Company issued 750,000 New Shares to a Director in lieu of fees of \$150,000 owed to the Director.
- The Company issued 2,850,000 New Shares to employees in lieu of partial outstanding wages and salaries.
- Costs of the Placement and Entitlement Offer of \$1.85 million.

- No Options are exercised.

## 4. ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

### 4.1 What you may do

As an Eligible Shareholder, you may:

- subscribe for all of your Entitlement (refer **section 4.2**);
- apply for Additional New Shares (refer **section 4.3**); and
- allow all or part of your Entitlement to lapse (refer **section 4.4**).

### 4.2 To subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Shares you are entitled to subscribe for. The completed Application Form must be accompanied by a cheque or bank draft made payable to “**Eastern Goldfields Limited - Issue A/C**” and crossed “**Not Negotiable**” for the appropriate Application Monies in Australian dollars calculated at \$0.20 per New Share accepted, and received by the Company at either of the following addresses by no later than 5.00pm (WST) on 21 February 2018. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares (and consequently New Options) as your cleared Application Monies will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

By hand delivery:	By post:
Eastern Goldfields Limited c/o Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000	Eastern Goldfields Limited c/o Computershare Investor Services Pty Limited GPO Box 2975, Melbourne VIC 3001

Alternatively, if you are paying by BPAY® payment, you do not need to mail the Application Form. Please refer to your personalised instructions on your Application Form.

It is your responsibility to ensure that your BPAY® payment is received by the Company by no later than 5.00pm (EST) on 21 February 2018. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

### 4.3 To apply for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding. Refer to **section 2.9** if you wish to apply for Additional New Shares.

A single cheque should be used for the Application Monies for your Entitlement and the number of Additional New Shares you wish to apply for as stated on the Application Form.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Application Form. Shareholders who wish to pay by BPAY® must ensure that payment is received by no later than 5.00pm (EST) on 21 February 2018. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

#### **4.4 Entitlements not taken up**

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement will be dealt with in accordance with **section 2.9**.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

#### **4.5 Options Offer Application Form**

The Placement Options Offer is an offer to Hawke's Point only.

Only Hawke's Point can accept the Placement Options under the Placement Options Offer. A personalised Options Offer Application Form will be issued to Hawke's Point together with a copy of this Prospectus.

#### **4.6 Application Forms are binding**

A completed and lodged Application Form or Options Application Form constitutes a binding offer to acquire New Shares or Placement Options (as applicable) on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the applicable form is not completed correctly, it may still be treated as a valid application for New Shares or Placement Options. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form or Options Application Form is final.

By completing and returning your Application Form or Options Application Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder or Hawke's Point (as applicable). In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- agree to be bound by the terms of the Entitlement Offer or Options Offer (as applicable);
- declare that all details and statements in the Application Form or Options Application Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form or Options Application Form;
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares or the Placement Options (as applicable) to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form or Options Application Form;
- in relation to the Entitlement Offer and otherwise as informed to the Company, declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares or the Placement Options (as applicable) are suitable for you given your investment objectives, financial situation or particular needs; and
- acknowledge that the New Shares or the Placement Options (as applicable) have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares or the

Placement Options may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

If you have any queries concerning your entitlement or allocation, please contact:

**Shannon Coates, Company Secretary**

**Tel: +61 8 9322 1587 Fax: +61 8 9322 5230**

or contact your stockbroker or professional adviser

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## 5. RISK FACTORS

### 5.1 Introduction

- (a) There are a number of risks and uncertainties, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operating and financial performance of the Company, its prospects, and/or the value of its securities. In particular, the Company is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other businesses. Many of the circumstances giving rise to these risks are beyond the control of the Company, its Directors and management.
- (b) This section describes key risks associated with an investment in the Company. It is not an exhaustive list of the risks and should be considered in conjunction with other information disclosed in this Prospectus. Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company. Investors should specifically consider the factors contained in this section and elsewhere in the Prospectus in light of their own investment objectives and financial circumstances, and should seek professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

### 5.2 Company Specific Risks

#### (a) Future Funding Requirements

The Company has completed its first gold pour and first carbon-in-pulp gold pour at the Davyhurst Project. The Company expects that revenues from the Davyhurst Project, together with the proceeds of the Placement and from its existing debt facilities with Investec Australia Limited (**Investec**) (totalling \$25 million of which \$15 million has been drawn down) and Investmet (totalling \$15 million of which approximately \$10.8 million has been drawn down) will be adequate to fund its exploration and production programs and other objectives in the short term.

However, any delays or difficulties encountered during the ramp up of the Davyhurst Project or during the period of ensuing production, or other events having an adverse effect on the revenues generated from the Davyhurst Project (see the risks below in relation to revenues and cash flows from operating activities) could materially and adversely affect the Company's financial condition and prospects and require it to raise further capital to fund its activities and objectives.

The Company may be adversely affected in a material way if, for any reason, access to that capital is not available to fund its activities and objectives. There can be no assurance that additional funds will be available on acceptable terms, or at all. The ability to raise capital (debt or equity) within an acceptable timeframe, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including the Company's prior performance, success of its projects, capital markets and industry conditions, including the price of gold and the relevant exchange rates and the cost base of the Company.

Any additional equity financing will dilute shareholdings, and additional debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration and production programs as the case may be.

#### (b) Cash Flow Constraints

Even assuming the full amount is raised under the Placement (Tranche 2 being subject to shareholder approval) and the Entitlement Offer, there still exists a risk that the Directors may, in the medium to long term, need to seek to raise additional funds through further capital raisings or seek to renegotiate the Company's debt

arrangements (see the risks in this section 5 in relation to the Company's indebtedness). For example, if gold market conditions materially deteriorate, or there are delays or difficulties encountered in the production of gold at the Davyhurst Project, or the Company is unable to raise sufficient additional funds (by asset sales or additional capital raisings) or refinance its debt obligations on terms acceptable to the Company, the Directors would need to consider whether the Company's operations remain viable, which could ultimately impact on the Company's ability to operate as a going concern.

(c) Default on Investec Facility Agreement

The Company notes that it is in technical default under the terms of the Investec Facility Agreement. Investec has provided the Company with a standstill until 1 May 2018 to allow the Company to remedy all existing events of default under the Investec Facility Agreement, subject to a number of conditions including (i) completion of the Placement by 9 February 2018, (ii) no new events of default or review events occurring under the Investec Facility Agreement, (iii) all facility repayments, interest and costs being paid to Investec as and when due, (iv) Investmet meeting the February repayment to Investec (see paragraph (d) below) if Investec does not receive credit approval to reschedule this repayment, and (v) completion by the Company of management appointments (CEO and CFO) by 31 January 2018 and an independent board appointment by 31 March 2018 (unless otherwise agreed).

If the Company is unable to comply with the conditions to the standstill period, Investec could enforce its default rights under the Investec Facility Agreement, which could have a material adverse effect on the Company's activities and financial condition.

(d) Risk of default on debt facilities

Each of Investec and Investmet have provided financing facilities to the Company, by way of the Investec Facility Agreement and the Investmet Loan Agreement respectively. The Company's financing facilities with Investec and Investmet include various events which, if come into fruition in the future, may constitute an event of default (many of which are technical in nature), and which are standard for facilities of their type. The occurrence of an event of default may entitle Investec and/or Investmet to exercise certain rights, including the acceleration of repayment of outstanding moneys on the facilities and the enforcement of any security interests over the Company's assets.

The exercise of such rights could have a material adverse effect on the Company's activities and financial condition.

In terms of repayments due to be made by the Company, the Company must repay the principal amount outstanding under the Revolving Loan Facility to Investec by equal instalments on the following dates:

- (i) 1 February 2018;
- (ii) 1 August 2018; and
- (iii) 1 February 2019 (or such other date as agreed between the parties).

The Company expects to be in a position to repay the sums due on 1 February 2018 out of the proceeds of the Placement and the Entitlement Offer. In the event that the Company does not meet the 1 February 2018 repayment date (and Investec does not agree to extend its repayment schedule by 6 months) then it is a condition to Investec's standstill period (see paragraph (a) above) that Investmet repays any sums due on that date. The Company has requested Investec to extend its repayment schedule by 6 months and expects that such request will be approved in early February 2018 by Investec.

The ability of the Company to repay or reschedule repayment obligations will improve in the event of a successful capital raising but is ultimately contingent on AUD price of gold and relevant exchange rates outcomes, achievement of forecast

cost outcomes and/or the ability of the Company to source additional funds through debt and equity markets.

The Company's revenues are derived from the sale of gold and so the Company's financial performance is particularly exposed to changes in the gold price. Should the Company's financial performance be adversely affected, the most logical source for servicing the debt, being its revenue, will not eventuate. In these circumstances, the Company may also have to consider the suspension or closure of some or all of its mining activities or the sale of certain assets. Where the Company fails to secure alternative funding in these circumstances, the Company's lenders may exercise rights that would be available to them, including among other things, accelerating repayment of outstanding borrowings, and/or appointing a receiver.

(e) Litigation Risks

The Company has become party to litigation or other adversarial proceedings, with or without merit, and may become party to further litigation or other adversarial proceedings. The cost of defending such claims may take away from management time and effort and if determined adversely to the Company, may have a material and adverse effect on its cash flows, results of operation and financial condition.

A table of potentially material proceedings and key risks associated with them is set out at **section 7.10** of this prospectus.

(f) Regulatory Action Risk

The Company may, with or without merit, become subject to an enquiry, investigation or proceedings conducted by a government agency in connection with its operations, including its employment practices. The cost of cooperating with any such investigations or enquiries, or otherwise defending such claims, may take away from management time and effort and if determined adversely to the Company, may have a material and adverse effect on its cash flows, results of operation and financial condition.

(g) Revenues and Cash Flows from Operating Activities

The Davyhurst Project is the Company's only producing project in the near term. Consequently, any delay or difficulty encountered in the production of gold at the Davyhurst Project, including any failure of the Davyhurst Project to produce expected amounts or quality of gold, equipment failure or shortages, the Company's inability to hire and retain suitable personnel and contractors, labour disputes or disruptions, permitting or licensing delays, and/or adverse weather could materially and adversely affect the Company's business, results of operations, financial condition and prospects.

(h) Potential for suspension of certain mining activities

In light of the Company's need for funds to manage operations, future levels of cash flow, working capital requirements and indebtedness (as described above), there is a risk that the Directors may resolve to close or suspend operations at certain mines, or place some or all of the mines on care and maintenance where those assets are unable to generate positive operating cash flow in the future.

Future closure of mines, or placing operations on care and maintenance or other forms of suspension or termination of operations, could result in loss of expected revenues, and additional expenses including expenses for termination, redundancies, demobilisation, maintenance and storage of equipment used at those operations. It will also have implications for the Company's workforce, and further costs may be incurred for redundancy payments (among other things). Accordingly, this could have further adverse effects on the financial performance and financial position of the Company.

If this were to occur, the Company may seek a voluntary suspension in trading of its Shares. If gold market conditions materially deteriorate, there are delays or difficulties encountered in the production of gold at the Davyhurst Project, or the

Company is unable to raise sufficient additional funds (by asset sales or additional capital raisings) or refinance its debt obligations on terms acceptable to the Company, it is possible that the Company may not have the financial capacity to meet any suspension or termination costs that may be payable to contractors, or meet its payment obligations under its debt facilities.

In these circumstances, the Directors would need to consider whether the Company remains sustainable and viable.

(i) Department of Mines, Industry Regulation and Safety

A. Outstanding Shire Rates

As at the date of this Prospectus the Company has not paid certain shire rates currently due and payable by it.

Failure to pay the shire rates and rent due and payable may result in fines being imposed on the Company or forfeiture proceedings being commenced.

B. Forfeiture Proceedings

The following tenements are currently subject to forfeiture proceedings under the *Mining Act 1978 (as amended)*:

TENEMENT	AMOUNT	COMMENT/REASON
E30/335	\$20,524.60	2015-2016 Rent : Subject to Application for Forfeiture proceedings – G. Brewer*
E30/335	\$21,221.60	2016-2017 Rent : Subject to Application for Forfeiture proceedings – G. Brewer*
E30/335	\$21,935.00	2017-2018 Rent : Subject to Application for Forfeiture proceedings – G. Brewer*
M30/102	\$1,914.00	2015-2016 Rent : Subject to Application for Forfeiture proceedings – G. Brewer*
M30/102	\$1,977.80	2016-2017 Rent : Subject to Application for Forfeiture proceedings – G. Brewer*
M30/102	\$2,041.60	2017-2018 Rent : Subject to Application for Forfeiture proceedings – G. Brewer*
M16/470	\$9,837.85	2016-2017 Rent : Subject to Application for Forfeiture proceedings – G. Haythornthwaite*
M16/470	\$10,155.20	2017-2018 Rent : Subject to Application for Forfeiture proceedings – G. Haythornthwaite*
M16/262	\$15,939.00	2015-2016 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*



TENEMENT	AMOUNT	COMMENT/REASON
M16/262	\$16,335.00	2016-2017 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*
M16/262	\$16,879.50	2017-2018 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*
M16/263	\$16,100.00	2015-2016 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*
M16/263	\$16,500.00	2016-2017 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*
M16/263	\$17,050.00	2017-2018 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*
M16/264	\$15,955.10	2015-2016 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*
M16/264	\$16,351.50	2016-2017 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*
M16/264	\$16,896.55	2017-2018 Rent : Subject to Application for Forfeiture proceedings – M. Thompson*
M24/208	\$6,713.70	2015-2016 Rent : Subject to Application for Forfeiture proceedings – M. Photios*
M24/208	\$6,880.50	2016-2017 Rent : Subject to Application for Forfeiture proceedings – M. Photios*
M24/208	\$7,109.85	2017-2018 Rent : Subject to Application for Forfeiture proceedings – M. Photios*
E16/473	\$1,742.00	2017-2018 Rent : Notice of intention to Forfeit tenement issued
E16/475	\$2,278.00	2017-2018 Rent : Notice of intention to Forfeit tenement issued
M30/126	\$5,737.60	2017-2018 Rent : Notice of intention to Forfeit tenement issued
M30/187	\$17,529.60	2017-2018 Rent : Notice of intention to Forfeit tenement issued

(j) Timing of Exploration and Operating Costs

The exploration and production costs of the Company are based on certain assumptions with respect to the method and timing of exploration and production. By their nature, these estimates and assumptions are subject to significant uncertainties and, therefore, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(k) Gold Price Risk

The value of the Company is highly dependent on the expected value of potential gold resources on its tenements. The price of gold fluctuates and is affected by many factors beyond the control of the Company. Such factors include international gold supply and demand fluctuations, technological advancements, forward selling activities, inflation, interest rates and other macroeconomic factors.

Future production from the Company's mining operations is dependent upon the AUD price of gold being sufficiently high for production to be economical, to the extent the Company is unable to mitigate its exposure through its hedging program. Price declines in the market price of gold could cause commercial production from the Company's operations to be rendered uneconomic and the value of the Company is also likely to fall in such event.

(l) Contractors

The Company's commercial practice is to sub-contract various services at the Davyhurst Project. Although sub-contracted services are supervised by the Company's employees, such arrangements with contractors carry with them risks associated with the possibility that the contractors may:

- (i) have economic or other interests or goals that are inconsistent with the Company's;
- (ii) take actions contrary to the Company's instructions or requests, or
- (iii) be unable or unwilling to fulfil their obligations.

There can be no assurance the Company will not experience problems with respect to its contractors in the future or that it will be able to find replacement contractors on similar terms in the event that its existing contractors do not perform as the Company expects and this may materially and adversely affect its business, results of operations, financial condition and prospects.

(m) Trade Creditors

The Company has incurred debts to various contractors in connection with services which have been sub-contracted at the Davyhurst Project. The Company expects to be in a position to substantially repay the sums due to trade creditors out of the proceeds of the Placement and the Entitlement Offer.

There can be no assurance the Company will not experience problems with respect to its contractors in the future or that it will be able to recontract with existing trade creditors or otherwise find replacement contractors on similar terms acceptable to the Company and this may materially and adversely affect its business, results of operations, financial condition and prospects.

(n) Community Relations and Landowners

The Company's ability to undertake exploration and production on its tenements will depend in part on its ability to maintain good relations with the relevant local communities. Any failure to adequately manage community and social expectations with respect to compensation for land access, employment opportunities, impact on local business and other expectations may lead to local dissatisfaction with the Company, which in turn may lead to disruptions in the exploration and production programs on the tenements and potential losses.

(o) Access risk

Land access is critical for exploration and mining operations. Access to land can be affected by land ownership, including private (freehold) land, pastoral lease, regulatory requirements within the jurisdiction where the Company operates and competing or underlying tenement interests.

The Company's tenements are in areas proximate to other mining tenements or applications for mining tenements. While access issues are faced by many mining companies and are not considered unusual, the ability of the Company to exploit its deposits through the access to critical infrastructure such as roads, may be affected by the grant of any third party tenements over or near the Company's tenements.

(p) Native Title

The tenements in which the Company holds an interest extend over areas which are subject to native title rights of indigenous Australians. The ability of the Company to gain access to some or all of the tenements and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements.

(q) Reliance on Key Personnel

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel could have an adverse effect on the performance of the Company. In the event that there is a loss of key personnel, the Company may not be able to locate or employ executives with suitable qualifications and experience.

(r) Insurance Risk

The Company currently has in place insurance policies with respect to its operations and personnel. Notwithstanding this, there may be certain circumstances where the Company's insurance may not be of a nature or level to provide adequate cover. There are significant exploration and operating risks associated with exploring for gold, nickel and copper, including adverse weather conditions, environmental risks, fire and cyclones, all of which can result in injury to persons as well as damage to plant, equipment and other Company property. The occurrence of an event that is not covered by insurance could have a material adverse effect on the Company. Insurance of all risks associated with the Company's activities may not always be available, and where available, the costs can be prohibitively high which may prevent such insurance coverage.

(s) Directors Involvement in Other Mining Interests

Certain Directors of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interest of these Directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

(t) Third Party Risks

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers, as well as holders of nearby tenements. Financial failure, default, contractual non-compliance or a lack of cooperation on the part of such third parties may have a material adverse impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

### 5.3 Mining and Mineral Exploration Industry Risks

(a) Exploration and Production Risk

The business of minerals exploration, project development and production involves risks by its very nature. It depends upon the successful exploration, appraisal and development of commercially viable deposits and may be affected by a range of exploration, construction and operational factors including:

- (i) successful design and construction of efficient mining and processing facilities;
- (ii) availability of competent operational and managerial employees, contractors and consultants and their performance;
- (iii) availability of efficient transport and marketing services;
- (iv) force majeure circumstances;
- (v) other limitations to activities such as seasonal weather patterns and cyclone activity and other adverse weather conditions such as heavy rainfall, flooding and road closures;
- (vi) engineering difficulties and unanticipated operating difficulties, mechanical failure of operating plant and equipment, industrial and environmental accidents;
- (vii) cost overruns;
- (viii) increases in costs, unavailability or shortages of equipment, spare parts, consumables, competition for manpower or appropriately skilled labour, availability of mill process water, industrial action, disputes or disruptions;
- (ix) inconsistent recovery rates, actual mineralisation consistency, the accuracy of mineral reserve and resource estimates, the physical characteristics of ore including unanticipated changes in grade or tonnage of ore to be mined or processed or reclassification of resources and reserves; and
- (x) outcomes of exploration programs will affect the future performance of the Company and its securities.

(b) Operational Risk

- (i) Mineral exploration activities are subject to numerous risks, many of which are beyond the Company's control, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, extended interruptions due to inclement or hazardous adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.
- (ii) While the Company intends to maintain insurance within ranges of coverage consistent with exploration and production industry practice, no assurance can be given that the Company will be able to obtain such

insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

- (iii) The occurrence of operating risks leading to the curtailment, delay or cancellation of the Company's operations may result in the Company incurring significant financial costs. This may have a material adverse effect on the profitability of the Company and ultimately the value of the company and its securities.

(c) Title Risk

The Company could lose the right to explore, or its interest in, or its title to, its tenements, if licence conditions are not met or if insufficient funds are available to meet expenditure conditions. There is no guarantee that any tenement or conversions to mining leases in which the Company has a current or potential interest in will be granted or that the tenement conditions, obligations and terms can be economically complied with.

The Company is intending to fund its future exploration costs (including minimum expenditure obligations on its tenements) through cash flow from production or through debt or equity capital to be raised in the future. Accordingly, meeting the Company's minimum expenditure obligations is contingent on such cash flow from production or future capital raisings being successful. There is no assurance that the funding will be available on acceptable terms, or at all. If the Company cannot fund the minimum expenditure through cash flows from production or raise further capital as and when required, then the Company may continue to become subject to forfeiture applications in respect of its tenements (see below for further details regarding previous and current forfeiture proceedings).

The Company through its wholly owned subsidiaries, Siberia, Carnegie and Mt Ida, has lodged various objections to applications made by third parties for the grant of new tenements over the tenement areas previously held by the Group. The Company applied to the Minister for summary dismissal of the new application on the basis that those tenements previously held by the Group within the overlapping area expired due to reasons beyond the control of the holder and that certain existing miscellaneous licences currently held by the Group will be injuriously affected by the grant of the new applications. There is no guarantee that these applications will be successful.

(d) Joint Venture Risk

The Company is currently, and may become in the future, a party to joint venture agreements governing the exploration and development of its projects. The Company, in some cases, may not be the manager of the joint venture.

There is a risk that one of the Company's current or future joint venture partners may suffer financial failure or may not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of the Company.

(e) Forfeiture Risk

- (i) A number of the Company's tenements are subject to forfeiture and other proceedings and should the Company be unsuccessful in defending such proceedings, it will lose its interest in those tenements and this will have an adverse effect on the value of the Company's securities. Please refer to the table in **section 5.2(i)** above for details of the tenements currently subject to forfeiture proceedings.

- (ii) The Company has not, in the past, satisfied the expenditure conditions on all of its tenements. If the Company is unable to meet its tenement expenditure in the future, the Company may forfeit its tenements and this may have an adverse effect on the value of the Company and the Company's securities.

(f) Regulation Risk

Any material adverse changes in government policies or legislation may impact on activities and such matters as access to lands and infrastructure, compliance with environmental legislation (including relating to climate change), taxation and royalties and may affect the viability and profitability of the Company's projects.

(g) Environmental Risk

As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest environmental standard, complying with all environmental laws. However, the legal framework governing environmental laws is constantly changing and compliance may be difficult, costly and result in delays to Company's project activities.

## 5.4 Securities Investment and Market Risks

(a) Securities Investments

Investors should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the Entitlement Offer price, and may fluctuate in response to a number of factors including the risk factors identified in this section as well as securities market factors such as limited liquidity of the Shares and large share price movements due to trading by major shareholders.

(b) Issue of Additional Securities

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership of existing Shareholders may be reduced and diluted.

(c) Share Market Fluctuations and Economic Conditions

(i) The Company's financial performance and ability to execute its business strategy will be impacted by a variety of general market, political, social, stock market and business conditions beyond the Company's control.

(ii) Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors including but not limited to:

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital;
- (F) political and environmental events; and
- (G) wars, terrorism or other hostilities.

(iii) The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) Speculative Nature of Investment

(i) The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially and adversely affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore,

the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

- (ii) Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

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## 6. RIGHTS ATTACHING TO NEW SHARES AND NEW OPTIONS

### 6.1 General

The following is a summary of the more significant rights attaching to New Shares, New Options and Placement Options to be issued pursuant to this Prospectus. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's shareholders. To obtain such a statement, persons should seek independent legal advice.

The rights attaching to the New Shares arise from a combination of the Company's Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Company's Constitution is available for inspection during business hours at its registered office.

### 6.2 Rights attaching to New Shares

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all ordinary fully paid shares in the Company.

A summary of the rights attaching to the New Shares is set out below:

(a) **Voting Rights**

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson has a casting vote.

(b) **Dividends**

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve, but only out of the profits of the Company. The Directors may determine the method and time for payment of the dividend.

(c) **Winding Up**

Subject to the Corporations Act, the Listing Rules and the rights of holders of shares issued with any special or preferential rights, if the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders in specie or in kind the whole or any part of the property of the Company and for that purpose may set such value as the liquidator deems fair on any property and may determine how the division is to be carried out as between shareholders or different classes of shareholders.

(d) **Transfer of Shares**

Generally, shares are freely transferable, subject to satisfying the requirements of the Listing Rules, ASX Settlement Operating Rules, the ASX Clear Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares, other than transfers in accordance with the ASX Settlement Operating Rules, but only where permitted to do so by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules, the ASX Clear Operating Rules or under the Company's Constitution.

(e) **Directors**

The Board of Directors is responsible for managing the business of the Company.

The minimum number of Directors is three. Shareholders may vary the number by ordinary resolution. The Constitution provides that at each annual general meeting, any Director who has held office:



- (i) without re-election for in excess of three years;
  - (A) past the third annual general meeting following that Director's last appointment or election;
  - (B) pursuant to an appointment by the Directors to fill a casual vacancy in the preceding year; or
  - (C) if none of the above apply, the Director who has served office the longest without re-election,

must retire from office. A retiring Director is eligible for re-election.

(f) **Calls on Shares**

Subject to the Corporations Act and the terms of issue of a share, the Company may, at any time, make calls on the shareholders of a share for all, or any part of, the amount unpaid on the share. If a shareholder fails to pay a call or instalment of a call, the Company may, subject to the Corporations Act and Listing Rules, serve a notice requiring payment of so much of the call as is unpaid, together with any interest that has accrued. In the event of non-payment before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

(g) **Further Increases in Capital**

Subject to the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the ASX Clear Operating Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(h) **Variation of Rights Attaching to Shares**

Subject to the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the ASX Clear Operating Rules and the terms of issue of shares in a particular class, the Company may vary rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(i) **General Meeting**

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

In addition, the Placement Shares issued to Hawke's Point and the Placement Options will entitle Hawke's Point to an anti-dilution right to maintain its equity interest in the Company in the event that further equity issues are undertaken by the Company (**Participation Right**). The terms of the Participation Right are as follows:

- (a) Hawke's Point will have the right to participate in any future equity issue by the Company on a pro rata basis in proportion to its fully-diluted shareholding in the Company (inclusive of shares underlying the Options which it holds, if any), provided that Hawke's Point's aggregate ownership of ordinary shares in the Company (including that of its associates, as defined in the *Corporations Act 2001* (Cth) (**Associates**)) amounts to 10% or more (excluding any shares still underlying the Options it holds, if any) of the issued share capital of the Company at the time of such future equity issue and excluding any Shares issued through stock option plans and any new issue of Shares in which Hawke's Point was not given the opportunity to participate (**10% Shareholding**);
- (b) for so long as Hawke's Point and its Associates hold a 10% Shareholding, Hawke's Point will also have the first right to participate (on the same terms as other investors) to the extent of 50% in any future debt issue, royalty or streaming arrangement proposed by the Company (on the same terms as other providers), subject to obtaining any shareholder approval required under the Listing Rules or the

Corporations Act at the relevant time. However, the extent of the Participation Right (as contemplated by this paragraph (b)) will not apply to any debt facility entered into on customary commercial terms in respect of the construction of a milling and production facility at or in the vicinity of the Company's Mt. Ida gold project in Western Australia;

- (c) any equity securities offered under the Participation Right will be for cash consideration that is:
  - (i) equivalent to the cash consideration paid by third parties (in the case of issues of equity securities to third parties for cash consideration); or
  - (ii) equivalent in value to the non-cash consideration offered by third parties (in the case of issues of equity securities to third parties for non-cash consideration); and
- (d) the issue of equity securities pursuant to the exercise by Hawke's Point of the Participation Right is subject to, and conditional upon, the Listing Rule requirements. In addition, the Participation Right will not apply whilst Hawke's Point's relevant interest in the Shares of the Company is below 10%.

### 6.3 Rights attaching to New Options

Each New Option (including the Placement Options) will give the holder the right, but not the obligation, to subscribe for one ordinary fully paid Share in accordance with the terms set out below.

Each New Option is exercisable within 60 months following the the sixty month anniversary of the Placement Closing Date (**Expiry Date**). Any Options not exercised by 5.00pm WST on the Expiry Date will automatically lapse.

- (a) The exercise price, being the amount payable on exercise of an Option is as follows:
  - (i) the exercise price of each Tranche A Option is \$0.25; and
  - (ii) the exercise price of each Tranche B Option is \$0.275.
- (b) Subject to paragraph 6.3(c), at any time following the issue of Options, should each of the following conditions be satisfied:
  - (i) the volume weighted average price of the Shares exceed \$0.35 in respect of the Tranche A Options and \$0.375 in respect of the Tranche B Options for, in each such case, 20 out of the 25 trading days preceding an Option Notice Date (as defined below);
  - (ii) the Company has made a final investment decision, following an appropriate feasibility study and a summary of such study having been released to the market, to proceed with constructing a milling and production facility at or in the vicinity of its Mt. Ida gold project in Western Australia (**Mt Ida Plant**); and
  - (iii) in respect of the Tranche B Options only, the Company has secured binding debt and/or equity commitments in a form reasonably satisfactory to Hawke's Point of not less than \$25,000,000 to finance construction of the Mt Ida Plant (to avoid doubt, excluding any funds received by the Company in connection with the Placement or the exercise of the Tranche A Options),

then the Company may, upon written notice to the option holders, accelerate the Expiry Date of the Tranche A or Tranche B Options to 30 days from date of such notice (**Option Notice Date**). Such notice must be issued within 60 days of the occurrence of the conditions in sub-paragraphs (i), (ii) and (iii). Any such notice issued by the Company after such date will be invalid.

- (c) A notice issued by the Company under paragraph 6.3(b) will not accelerate the Expiry Date of the Options to the extent that the holder of those Options is unable to be issued Shares on the exercise of Options as at the Option Notice Date due to

a legal or regulatory requirement including, without limitation, a requirement for any approval to be obtained by the Company in order for the holder to be issued Shares on the exercise of Options (including due to restrictions under Chapter 6 of the Corporations Act).

- (d) An Option may be exercised by the holder at any time and from time to time up until the Expiry Date subject to the holder giving the Company 3 business days' written notice of its intention to exercise a specified number of Options on a proposed exercise date, and:
  - (i) the Company must issue the Shares on the exercise date;
  - (ii) all Shares issued will be issued as fully paid and free from any securities, liens, charges, encumbrances, pre-emption and ranking in full for all voting rights, dividends and other distributions;
  - (iii) the Company must apply to the ASX for official quotation of the Shares at its own cost and as soon as practicable after the exercise of an Option; and
  - (iv) upon the quotation of the Shares issued pursuant to the exercise of the Options, the Company must give at the election of the holder, a CHES holding statement or issuer-sponsored holding statement in respect of the Shares.
- (e) There will be no participating entitlements inherent in the Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Options (but which to avoid doubt, does not limit in any way whatsoever the participation rights held by Hawke's Point Holdings L.P. as set out in the Notice of Meeting) unless the holder exercises the option before the record date for the issue. Prior to any new pro-rata issue of securities to shareholders, holders of Options will be notified by the Company in accordance with the requirements of the Listing Rules.
- (f) If the Company proceeds with a bonus issue of securities, the number of Shares over which the Options are exercisable shall be increased by the number of Shares that the option holders would have received if the Options had been exercised before the record date for the bonus issue.
- (g) In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issued capital of the Company prior to the Expiry Date, all rights of a holder are to be changed in a manner consistent with the Listing Rules.
- (h) If there is a pro rata issue (other than a bonus issue), the exercise price of the Options shall be adjusted in the manner provided for in the ASX Listing Rules (including Listing Rule 6.22 as at the date of these option terms).
- (i) Other than as required or permitted under the Listing Rules, there is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (j) Shares allotted pursuant to an exercise of Options will rank, from the date of allotment, in all respects equally with existing Shares.
- (k) An option does not confer any rights to dividends.
- (l) In accordance with the Listing Rules, the Company will apply for, and take all action necessary to procure, official quotation of all Shares issued and allotted pursuant to an exercise of Options immediately after the Company receives notice of the exercise of Options.
- (m) The Company must take all action necessary (including, without limitation, the issuance of a Cleansing Statement, the issuance of a prospectus under Chapter 6D of the Corporations Act or obtaining exemptions from or modifications to the Corporations Act from ASIC) to ensure that an offer of the Shares issued on

exercise of an Option for sale will not require disclosure under section 707(3) of the Corporations Act.

- (n) The Options shall be freely assignable and transferable without the Company's consent, subject to the provisions of Chapter 6D of the Corporations Act.
- (o) The terms and conditions of the New Options are governed by the laws of Western Australia.

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## 7. ADDITIONAL INFORMATION

### 7.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111 AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which specific content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of Shares on the Company and the rights attaching to the Shares. Provided the Company has otherwise complied with its continuous disclosure obligations under the Corporations Act and the Listing Rules, it is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2017; and
  - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2017 audited financial statements on 23 November 2017:

Date	Description of Announcement
01/02/2018	Appendix 3B
01/02/2018	Subscription Agreement signed with Hawke's Point
01/02/2018	Quarterly Activities and Cashflow Report
25/01/2018	Response to update by GR Engineering
25/01/2018	GNG:Update - Eastern Goldfields Limited Recovery Proceedings
24/01/2018	Court refers GR Engineering claim to arbitration
08/01/2018	ASX Grants Waiver
04/01/2017	Results of Meeting
19/12/2017	Results of Meeting
04/12/2017	Notice of General Meeting/Proxy Form
30/11/2017	Adjournment of Annual General Meeting to 19 December 2017
24/11/2017	Adjournment of Annual General Meeting
23/11/2017	Appendix 4G
23/11/2017	Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## 7.2 Material Agreements

The following is a summary of the significant terms of the material agreements which relate to the business of the Company.

### Underwriting Agreement

On 1 February 2018, the Company and Investmet Limited (**Underwriter**) entered into an Underwriting Agreement pursuant to which the Underwriter agreed to partially underwrite the Offer to the value of \$4,123,448 (**Underwritten Amount**).

The Underwriter will not receive a fee for underwriting the Offer.

The Company and the Underwriter have entered into an off-set arrangement providing for the partial repayment by the Company of sums owing by it to the Underwriter under the Investmet Loan Agreement, by the issue of New Shares to the Underwriter under this Prospectus.

To facilitate the partial repayment of the sums owing to the Underwriter under the Investmet Loan Agreement, the Underwriter has agreed to underwrite New Shares up to the value of \$4,123,448 (**Offset Amount**).

The Offset Amount will be deemed to be repaid by the Company to the Underwriter to the extent of the value of the New Shares issued to the Underwriter (such value to be determined by multiplying the number of New Shares issued by the Issue Price) pursuant to its underwriting commitment.

As set out in **section 2.5** of this Prospectus, Investmet is an entity associated with the Company's Executive Chairman, Mr Michael Fotios, by virtue of the fact that Mr Fotios is a director of Investmet. Please refer to **section 2.5** of this Prospectus for details regarding the potential effect of the underwriting of the Offer on the control of the Company.

The Underwriting Agreement is governed by the laws of Western Australia, and otherwise, the terms of the Underwriting Agreement are on customary commercial terms for a capital raising of this type.

The obligation of the Underwriter to underwrite the Entitlement Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if at any time before completion of the Entitlement Offer, any of the following events occur which an Underwriter reasonably believes has or is likely to have a materially adverse effect on the outcome of the Entitlement Offer or could give rise to a material liability for the Underwriter under any law or regulation:

- (a) **(lodgement of Prospectus)** the Company fails to lodge the Prospectus with ASIC on the date required under the Underwriting Agreement except where the sole reason for failing to lodge is an act or omission of the Underwriter;
- (b) **(ASX approval)** approval is refused or not granted, other than subject to customary conditions, or conditions that are capable of satisfaction or fulfilment, for the official quotation of all of the New Shares on ASX or if approval is granted, such approval is subsequently withdrawn, qualified or withheld before the issue of any New Shares;
- (c) **(adverse change)** any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in the Prospectus (or public and other media statements);
- (d) **(withdrawal)** the Company withdraws or terminates the Prospectus or the Entitlement Offer;
- (e) **(withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (f) **(repayment)** any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for New Shares and be repaid their application money;
- (g) **(disclosures in Prospectus)** a statement contained in the Prospectus is misleading or deceptive, or a matter required by the Corporations Act is omitted from the Prospectus (having regard to section 713 of the Corporations Act);
- (h) **(supplementary prospectus)** the Company, being prohibited under section 728(1) of the Corporations Act from offering Shares under the Prospectus, lodges a supplementary or replacement prospectus in relation to the Entitlement Offer;
- (i) **(supplementary prospectus)** the Company fails to lodge a supplementary or replacement prospectus in a form acceptable to the Underwriter (acting reasonably) in circumstances where the Underwriter reasonably believes that the Company is prohibited by section 728(1) of the Corporations Act from offering Shares under the Prospectus;
- (j) **(disclosures in Due Diligence Report)** any information supplied by or on behalf of the Company to the Underwriter in relation to the Company or the Entitlement Offer as part of the due diligence investigations is misleading or deceptive in a material way;
- (k) **(new circumstance)** there occurs a new circumstance that has arisen since the Prospectus was lodged that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged in relation to the Company, having regard to section 713 of the Corporations Act;
- (l) **(material contracts)** termination or a material amendment of any material contract of the Company;

- (m) **(Prospectus to comply)** the Prospectus or any aspect of the Entitlement Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation in a material way;
- (n) **(notifications)** any of the following occurs:
  - (i) ASIC gives notice of an intention to hold a hearing under section 739(2) of the Corporations Act or issues an order under sections 739(1) or (3) of the Corporations Act;
  - (ii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Prospectus;
  - (iii) any person gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of their name in the Prospectus (or any Supplementary Prospectus) or to be named in the Prospectus withdraws their consent (other than the Underwriter);
  - (iv) any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus; or
  - (v) the Company issues a public statement concerning the Entitlement Offer which has not been approved by the Underwriter, such approval not to be unreasonably withheld or delayed;
- (o) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (p) **(authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (q) **(Prescribed Occurrence):** a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in this Prospectus;
- (r) **(event of insolvency):** an event of insolvency occurs in respect of a the Company or any of its subsidiaries;
- (s) **(judgment against Company):** a judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (t) **(litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in the Prospectus;
- (u) **(indictable offence):** a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;
- (v) **(significant change):** a 'new circumstance' as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (w) **(public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus except as required by law or the Listing Rules;
- (x) **(force majeure)** a force majeure event affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (y) **(investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its subsidiaries;



- (z) (**market conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union or other international financial markets.
- (aa) (**breach**) the Company breaches any of its obligations under the Underwriting Agreement;
- (bb) (**representations and warranties**) any representation or warranty contained in the Underwriting Agreement on the part of the Company is not true or correct;
- (cc) (**prescribed occurrence**) an event specified in section 652C(1) or section 652C(2) of the Corporations Act, but replacing “target” with “Company”, except for the issue of Shares pursuant to the exercise of its options over Shares as disclosed to ASX as at the date of this agreement; or
- (dd) (**timetable**) an event specified in the timetable for the Entitlement Offer is delayed for more than 7 Business Days other than as the direct result of actions taken by the Underwriter (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the Underwriter’s prior consent).

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriters that are considered customary and usual for an agreement of its type.

### 7.3 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of Shares pursuant to this Prospectus; or
- (c) the issue of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or issue of Shares pursuant to this Prospectus.

Interests held by Directors and their associates in the Shares as at the date of this Prospectus are, including Shares and Options issued pursuant to the Placement:

Director (direct & indirect holdings)	Ordinary Shares	Options over ordinary shares
Michael Fotios	216,268,722	27,500,000
Craig Readhead	10,525,134	Nil
Alan Still	Nil	3,600,000

### 7.4 Remuneration of Directors

In accordance with the Constitution, the remuneration of Directors is to not exceed a fixed sum per annum as may be determined by the Directors prior to the first annual general meeting of the Company, to be divided amongst themselves. As at the date of this Prospectus, the Directors have determined such fixed sum to be \$500,000 per annum.

Payments of Directors' fees will be in addition to any payments to Directors in any employment capacity.

The Directors' remuneration is disclosed in the Company's annual reports. The Directors' annual remuneration (inclusive of superannuation and share-based payments) in respect of the past two financial years is as follows:

Name	FY2017	FY2016
Michael Fotios	\$60,000	\$953,730
Craig Readhead	\$40,000	\$254,495
Alan Still	\$40,000	\$254,495

The following transactions occurred during the past two financial years between the Group and Directors of their related entities, which are not included in the above table:

- Delta Resources Management Pty Ltd, a Company which Mr Michael Fotios is a substantial shareholder in, and Chairman of, provided technical and administrative support to the Company to the value of \$571,695 (inclusive of GST) in the 2017 financial year (2016: \$112,079). \$210,000 worth of services received were settled by way of shares issued, as approved at the general meeting of shareholders held on 30 May 2017. A repayment of a working capital loan from Delta Resources Management Pty Ltd to the Company of \$52,844 was made to repay in full the loan amount outstanding at 30 June 2017. No amount is payable on the loan balance as at 30 June 2017 (2016: \$52,844).
- Whitestone Minerals Pty Ltd, a Company which is 100% owned by Investmet Ltd, a company which Mr Michael Fotios is a substantial shareholder in, and Chairman of, provided consulting services to the Company to the value of \$12,020,789 (inclusive of GST) in the 2017 financial year (2016: \$3,803,409). \$3,500,000 worth of services received were settled by way of shares issued as approved at the general meeting of shareholders held on 30 May 2017.
- General Mining Corporation Limited, a company which Mr Michael Fotios was a substantial shareholder in, received consulting and administrative support from the Company to the value of \$67,402 (inclusive of GST) in the 2016 financial year (2015: \$0).
- Horseshoe Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of \$74,916 (inclusive of GST) in the 2017 financial year (2016: \$24,974).
- Pegasus Metals Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of \$25,079 (inclusive of GST) in the 2017 financial year (2016: \$45,848).
- Redbank Copper Limited, a company which Mr Michael Fotios is a substantial shareholder in and a Director of, received consulting and administrative support from the Company to the value of \$35,473 (inclusive of GST) in the 2017 financial year (2016: \$116,324).
- Michael Fotios Family Trust provided loans to Eastern Goldfields for working capital to the value of \$606,510 in the 2016 financial year (2015: \$99,904).
- During the year, the Company drew down on a loan amounting to \$10 million from Investmet, a company which Mr Michael Fotios is a substantial shareholder and Chairman of. The interest rate of the loan is the BBR rate plus a margin of 4% until production at the Davyhurst Project commences, and then 3% after production has commenced. A total of \$2,620,000 was drawn down on the loan during the 2017 financial year, of which \$350,000 was repaid via the issue of shares, as approved at

the general meeting of shareholders held on 30 May 2017. At 30 June 2017 the outstanding loan balance was \$115,353 (30 June 2016: nil) and as at the date of this Prospectus the Company has drawn down approximately \$10.8 million. Investmet also provided consulting services to the Company to the value of \$17,097 in the 2017 financial year (inclusive of GST) (30 June 2016: nil).

- Readhead Legal, a company which Mr Craig Readhead is a substantial shareholder in, charged \$204,000 in the 2017 financial year (2016: \$84,000) for consulting fees to the Company.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company and indemnifies every person who is or has been an officer of the Company against every liability incurred by that person in that capacity (except liability for legal costs) and all legal costs incurred in defending or resisting proceeding in which the person becomes involved because of that capacity.

## **7.5 Related Party Transactions**

From time to time, the Company may be party to transactions with related parties including:

- (a) employment, consulting and other service arrangements; and
- (b) payment of directors' fees.

The Company considers that it has made appropriate disclosure of past related party transactions. Other than any further disclosure specifically set out above or made elsewhere in this Prospectus, the Company does not intend to make any further disclosure of such transactions which will have proceeded either on an "arms-length" basis, reasonable remuneration bases or been approved by Shareholders in general meeting.

## **7.6 Interests and Consents of Experts and Advisers**

- (a) Squire Patton Boggs, in its capacity as solicitors to the Company, has given (and not before the date of this document withdrawn) its consent to be named in this document in the form and context in which it is named.
- (b) Squire Patton Boggs has not:
  - (i) authorised or caused the issue of this Prospectus;
  - (ii) made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
  - (iii) assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.
- (c) Investmet Limited, in its capacity as underwriter to the Entitlement Offer, has given (and not before the date of this document withdrawn) its consent to be named in this document in the form and context in which it is named.
- (d) Investmet Limited has not:
  - (i) authorised or caused the issue of this Prospectus;
  - (ii) made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
  - (iii) assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly

disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

- (e) Jett Capital Advisors LLC, in its capacity as lead manager to the Placement, has given (and not before the date of this document withdrawn) its consent to be named in this document in the form and context in which it is named.
- (f) Jett Capital Advisors LLC has not:
  - (i) authorised or caused the issue of this Prospectus;
  - (ii) made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
  - (iii) assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.
- (g) Other than as set out below or elsewhere in this Prospectus:
  - (i) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, any promoter of the Company or broker to the Entitlement Offer, holds, or held at any time during the 2 years before lodgement of this Prospectus with the ASIC, any interest in:
    - (A) the formation or promotion of the Company;
    - (B) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Entitlement Offer; or
    - (C) the Entitlement Offer; and
  - (ii) no amounts have been paid or agreed to be paid, and no benefits have been given or agreed to be given, to any of those persons in connection with the formation or promotion of the Company or the Entitlement Offer.
- (h) Squire Patton Boggs has acted as solicitor to the Company in relation to the Entitlement Offer and is entitled to be paid approximately \$30,000 (plus GST) in respect of these services. Squire Patton Boggs has received or is entitled to receive approximately \$1.1 million (plus GST) in legal fees from the Company in the two years prior to the date of this Prospectus.
- (i) Jett Capital Advisors LLC has acted as lead manager to the Placement and is entitled to be paid approximately \$1,170,000 in respect of these services. Jett Capital Advisors LLC has received or is entitled to receive approximately \$1,520,000 in fees from the Company in the two years prior to the date of this Prospectus.
- (j) References to Ernst and Young and Computershare Investor Services Pty Ltd appear for information purposes only. Neither Ernst and Young or Computershare Investor Services Pty Ltd have been involved in, authorised or caused the issue of this Prospectus.

## **7.7 Corporate Governance**

The Board is responsible for the corporate governance of the Company and to ensure that the Company is properly managed and controlled. In this regard, the Board is committed to maintaining and promoting the principles of good corporate governance.

The Directors are of the view that the Company has complied in all substantial respects with corporate governance best practice in Australia, including with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations. Where the

Company's corporate governance practices depart from the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company's operations.

The Company's corporate governance policies can be obtained from the Company's registered office and are also available on the Company's website: <http://easterngoldfields.com.au/corporate-governance-2/>

## 7.8 Estimated Expenses of the Entitlement Offer

The estimated expenses of the Entitlement Offer are approximately \$65,000 including legal, ASIC, ASX fees and printing costs, in the following amounts:

Item	Fees
Legal fees	\$30,000
ASIC fees	\$2,400
ASX fees	\$17,354
Printing and other miscellaneous costs	\$15,127
<b>Total</b>	<b>\$64,881</b>

## 7.9 Privacy

The Application Form accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth) (as amended). The Company (and its share registry on behalf of the Company) may collect, hold and use that personal information in order to assess your Application, service your needs as a Shareholder and provide facilities and services that you request and to administer the Company.

Access to information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

If you do not provide the information requested of you in the Application Form, the Company's share registry may not be able to process your Application or administer your holding of Shares appropriately. Under the *Privacy Act 1988* (Cth) (as amended), you may request access to your personal information held by (or on behalf of) the Company. You can request access to your personal information by telephoning or writing to the Company to the attention of the Privacy Officer.

## 7.10 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, so far as the Directors are aware, there are no legal proceedings pending or threatened against the Company the outcome of which is likely to have a material adverse effect on the business or financial position of the Company, other than those set out below.

No	Entity	Other Parties	Nature and Status of Proceedings
1	Siberia Mining Corporation Pty Ltd	Michael Allan Thompson	<p>Application for the forfeiture of M16/262-264 relating to 2010/11 expenditure year. Siberia Mining has made applications for exemption from expenditure to which Mr Thompson objects, and were the subject of a hearing before the Mining Warden on 28-30 November 2017. The Mining Warden will make a recommendation to the Minister for Mines.</p> <p><u>Key risk:</u> If exemptions from expenditure are not granted M16/262-264 could be forfeited, which would have an adverse effect on the Mineral Resource of the Davyhurst Project.</p>
2	Siberia Mining Corporation Pty Ltd	Michael John Photios	<p>Application for forfeiture of M24/208. Siberia Mining has applied for exemption from expenditure and Mr Photios objects to application.</p> <p>Hearing date to be decided.</p> <p><u>Key risk:</u> If exemption from expenditure is not granted M24/208 could be forfeited, which would have an adverse effect on the Mineral Resource of the Davyhurst Project.</p>
3	Siberia Mining Corporation Pty Ltd	Gerard Brewer and Glenn Haythornthwaite.	<p>Applications for forfeiture of M24/846-848. Applications for exemption from expenditure in relation to M24/846 and M24/848 have been granted but Mr Brewer and Mr Haythornthwaite sought judicial review in the Supreme Court of Western Australia of the Minister's decision. The Court dismissed their application in September 2017. Mr Brewer and Mr Haythornthwaite have appealed that decision to the Court of Appeal of the Supreme Court of Western Australia, which appeal will likely be heard in the first half of 2018.</p> <p>Siberia Mining has applied for exemption for expenditure over M24/847 and hearing date is to be decided.</p> <p><u>Key risk:</u> If exemptions from expenditure are not upheld in respect of M24/846 and M24/848 and not granted in respect of M24/847, the tenements could be forfeited, which would have an adverse effect on the Mineral Resource of the Davyhurst Project.</p>

No	Entity	Other Parties	Nature and Status of Proceedings
4	Carnegie Gold Pty Ltd	Gerard Brewer	<p>Application for forfeiture of E30/335 and M30/102, M30/103, M16/470.</p> <p>On 15 June 2017 the Warden recommended that exemption applications made by Carnegie Gold in relation to M16/470 and M30/102 be dismissed. Carnegie Gold has applied to the Supreme Court of Western Australia for an order quashing the Warden's recommendation. Hearing date to be decided.</p> <p><u>Key risk:</u> If exemptions from expenditure for M30/102 and M16/470 are not granted, these tenements and E30/335 and M30/103 could be forfeited, which would have an adverse effect on the Mineral Resource of the Davyhurst Project.</p>
5	Eastern Goldfields Limited	GR Engineering Services Pty Ltd (GRES)	<p>GRES has claimed an amount of "\$9,940,991.59 alternatively \$5,000,000" from EGS pursuant to the Davyhurst Gold refurbishment contract for alleged "progress claims" pursuant to a writ of summons issued by the Supreme Court of Western Australia. On 12 September 2017, GRES issued a re-amended statement of claim by which it acknowledged that only a "Superintendent" appointed under the contract can certify progress claims and that no Superintendent had ever been appointed under the contract. It follows that none of the alleged progress claims by GRES are due or payable by EGS under the contract.</p> <p>Further, notwithstanding that the contract provides that the parties must confer regarding any dispute "in connection with the subject matter of the Contract", and that any dispute is then referred to arbitration, GRES refused to confer. EGS applied in August 2017 for a stay of the Supreme Court proceedings on the basis that GRES' claim is the subject of an arbitration agreement, which application was granted by the Court on 24 January 2018. At EGS' request, the Court has referred the disputes with GRES to arbitration. EGS' claim for damages and costs arising from GRES' breaches of contract and defective work will also be subject to arbitration proceedings.</p>

No	Entity	Other Parties	Nature and Status of Proceedings
			<u>Key risk</u> : Potential liability for claim (subject to assessment of EGS' claim and proper interpretation of contractual obligations).
6	Carnegie Gold Pty Ltd	Nu-Fortune Gold Pty Ltd	<p>Application by Nu-Fortune Gold for forfeiture of tenements E30/336, E30/338, E30/454, E30/468, M30/111, M30/123, M30/253, M30/255, M30/256, P30/1118.</p> <p>On 17 October 2017, Carnegie Gold lodged an application for exemption, and requested an extension of time in which to make that application in respect of some of the tenements. The Mining Warden's decision on the requested extension of time is pending.</p> <p><u>Key risk</u>: If exemptions from expenditure are not granted E30/336, E30/338, E30/454, E30/468, M30/111, M30/123, M30/253, M30/255, M30/256 and P30/1118 could be forfeited, which would have an adverse effect on the Mineral Resource of the Davyhurst Project.</p>
7	Carnegie Gold Pty Ltd	MLG Oz Pty Ltd	<p>Carnegie Gold has objected to applications for L30/65, E30/498 and E30/497 by MLG Oz, on the basis that the applications were not made in accordance with the mining legislation, were made using information obtained in circumstances of confidentiality, and were made for a purpose not directly connected with mining operations. Carnegie Gold has also applied for L30/66 over part of the Ora Banda haul road, to which MLG Oz has objected.</p> <p><u>Key risk</u>: Potential access issues.</p>
8	Mt Ida Gold Pty Ltd	MGK Resources Pty Ltd and Maincoast Pty Ltd	<p>MGK Resources has applied for E29/1007 and E29/1014, which applications are the subject of objection by Mt Ida.</p> <p><u>Key risk</u>: Potential access issues.</p>



No	Entity	Other Parties	Nature and Status of Proceedings
9	Mt Ida Gold Pty Ltd	Venture Z Pty Ltd	<p>Mt Ida Gold has applied for P29/2428-2430, and Venture Z has objected on the basis of alleged non-compliance with mining legislation.</p> <p><u>Key risk</u>: Tenure may not be granted.</p>
10	Carnegie Gold Pty Ltd	Tasex Geological Services Pty Ltd	<p>Tasex commenced proceedings on 30 August 2017 in the Warden's Court in Kalgoorlie claiming withdrawal forms, surrender forms and transfer forms concerning E30/468 and M30/253, pursuant to deed entered into between the parties dated 8 May 2016.</p> <p><u>Key risk</u>: Potential loss of beneficial interest of E30/468 and M30/253.</p>
11	Eastern Goldfields Limited	Commonwealth Steel Company Pty Ltd	<p>By originating process dated 17 November 2017, filed in the Supreme Court of NSW, Commonwealth Steel have applied for the winding up of Eastern Goldfields on the basis of an unpaid debt claim in the amount of \$215,141.58</p> <p>The demanded sum comprised alleged amounts payable in respect of outstanding invoices for goods supplied.</p> <p>The amount of \$215,141.58 has been paid in full and the parties have filed consent orders with the Court discontinuing the winding up application. It is expected these orders will be issued shortly.</p> <p>Key risk: if the winding up application is successful, a liquidator will be appointed and will look to sell all of the assets of the company to pay creditors.</p>
12	Eastern Goldfields Limited	Duratec Australia Pty Ltd	<p>By originating process dated 30 November 2017, filed in the Supreme Court of Western Australia, Duratec have applied for the winding up of Eastern Goldfields on the basis of an unpaid debt claim in the amount of \$3,150,255.08 from Eastern Goldfields Limited.</p> <p>The demanded sum is the amount determined as due and owing in Adjudication No. 04-17-08 as certified</p>

No	Entity	Other Parties	Nature and Status of Proceedings
			<p>by the Building Commissioner on 27 October 2017 as being registered and filed as an order of the Supreme Court of Western Australia on 1 November 2017.</p> <p>Eastern Goldfields has applied to have the application dismissed on the basis that it is an abuse of process. A hearing date for Eastern Goldfield's application is listed on 13 February 2018.</p> <p>Key risk: if the winding up application is successful, a liquidator will be appointed and will look to sell all of the assets of the company to pay creditors.</p>
13	Eastern Goldfields Limited	Got'Em Group Pty Ltd	<p>Got'Em Group Pty Ltd has commenced proceedings for the winding up of Eastern Goldfields Limited in the Supreme Court of Western Australia on the basis of an unpaid debt claim in the amount of \$353,270.38.</p> <p>A hearing date is listed on 15 March 2018.</p> <p>Key risk: if the winding up application is successful, a liquidator will be appointed and will look to sell all of the assets of the company to pay creditors.</p>
14	Carnegie Gold Pty Ltd	Statewest Group Pty Ltd	<p>Statewest Group Pty Ltd has commenced proceedings in the District Court of Western Australia, seeking default judgement the amount of \$103,410.52 and \$18,596.65 in interest. The claimed sum comprises alleged amounts payable in respect of goods and services delivered to the Davyhurst Mine and the Mt Ida Mine.</p> <p>Carnegie Gold Pty Ltd has paid \$36,701.59 and \$35,433.58 in respect of undisputed amounts of the claim.</p> <p>The parties have reached an agreement that regarding the balance of the claim:</p> <ul style="list-style-type: none"> <li>• Statewest undertakes to 'fix' the telemetry, meaning that they get it to a position where it works;</li> <li>• The amount of \$31,275.35, for the remaining invoices, and \$15,000, full and final settlement of all costs and interest, is transferred into Squire Patton Bogg's trust account;</li> </ul>

No	Entity	Other Parties	Nature and Status of Proceedings
			<p>and</p> <ul style="list-style-type: none"> <li>• Those monies be paid to Statewest after the telemetry is working.</li> </ul> <p>The application has been adjourned sine die.</p> <p>Key risk: liability for sum if Statewest Group Pty Ltd's claim successful.</p>

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**8. DIRECTORS' AUTHORISATION**

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Signed on behalf of the Directors pursuant to a resolution of the Board.



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**Michael Fotios**  
**Executive Chairman**  
For and on behalf of  
**Eastern Goldfields Limited**

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## 9. GLOSSARY

The following defined terms apply throughout this Prospectus unless the context requires otherwise:

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<b>\$</b>	Australian dollars unless otherwise specified.
<b>Additional New Shares</b>	means New Shares in addition to an Eligible Shareholder's Entitlement for which an applicant makes an Application.
<b>Applicant</b>	person who submits an Application.
<b>Application</b>	an application for Shares under the Entitlement Offer pursuant to this Prospectus.
<b>Application Form</b>	the application form for New Shares under the Entitlement Offer attached to this Prospectus.
<b>Application Monies</b>	amounts received in dollars by the Company from Applicants for Shares under this Prospectus.
<b>ASIC</b>	the Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691.
<b>ASX Clear Operating Rules</b>	the operating rules of ASX Clear Pty Ltd ACN 001 314 503.
<b>ASX Listing Rules or Listing Rules</b>	the Listing Rules of ASX as amended from time to time.
<b>ASX Settlement Operating Rules</b>	the settlement rules of ASX Settlement Pty Ltd ACN 008 504 532.
<b>Auditor</b>	Ernst and Young of 11 Mounts Bay Road, Perth WA 6000.
<b>Carnegie</b>	Carnegie Gold Pty Ltd ACN 117 116 097.
<b>Cleansing Offer</b>	the offer, pursuant to this Prospectus, of up to 100 new Shares at an issue price of \$0.20 per Share to raise \$20 before costs.
<b>Closing Date</b>	the last date on which Application Forms may be submitted being 21 February 2018, unless otherwise determined by the Company.
<b>Company or EGS</b>	Eastern Goldfields Limited ACN 100 038 266.
<b>Computershare or Share Registrar</b>	Computershare Investor Services Pty Limited ACN 078 279 277.
<b>Constitution</b>	the Constitution of the Company.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).

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<b>Davyhurst Project</b>	the Company's gold mining project located approximately 120 kilometres northwest of Kalgoorlie, Western Australia.
<b>Directors or Board</b>	the directors of the Company as at the date of this Prospectus.
<b>DMIRS</b>	Department of Mines, Industry Regulation and Safety
<b>Entitlement or Right</b>	means a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.
<b>Entitlement Offer</b>	has the meaning set out in section 2.1 of this Prospectus.
<b>EST</b>	means Eastern Standard Time.
<b>Exemption Application</b>	means the application for exemption from the expenditure conditions under the Mining Act 1978 (WA) in respect of Mining Leases 16/262, 16/263, and 16/264.
<b>Existing Shares</b>	means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.
<b>Expiry Date</b>	means the expiry date of New Options issued under this Entitlement Offer, being sixty months after the Prospectus Closing Date as set out in section 6.3.
<b>Exposure Period</b>	the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.
<b>General Meeting</b>	the general meeting of the Company's members to be held on 4 January 2018.
<b>Group</b>	includes the following companies in the Eastern Goldfields group: <ul style="list-style-type: none"> <li>(a) Carnegie;</li> <li>(b) Siberia;</li> <li>(c) Mt Ida;</li> <li>(d) Pilbara Metals Pty Ltd ACN 106 609 161;</li> <li>(e) Ida Gold Operations Pty Ltd ACN 106 609 116;</li> <li>(f) Siberia Gold Operations Pty Ltd ACN 106 609 170; and</li> <li>(g) Mt Ida Operations Pty Ltd ACN 124 706 627.</li> </ul>
<b>Hawke's Point</b>	Hawke's Point Holdings L.P.
<b>Investec</b>	Investec Bank plc.
<b>Investec Facility Agreement</b>	the syndicated facilities agreement entered into among Investec, Investec Australia Limited as security trustee

	and the Company on 1 February 2017.
<b>Investmet</b>	Investmet Limited ACN 125 585 935
<b>Investmet Loan Agreement</b>	the loan agreement entered into between the Company and Investmet on or around 24 February 2017, pursuant to which Investmet agreed to provide advances to the Company in an aggregate principal amount not exceeding \$10 million.
<b>Lead Manager</b>	means Jett Capital Advisors LLC.
<b>New Options</b>	means the Tranche A and Tranche B Options issued as free attaching options in connection with the Entitlement Offer.
<b>New Share</b>	means a fully paid ordinary share in the capital of the Company to be issued pursuant to the Entitlement Offer.
<b>Notice of Meeting</b>	means the notice of meeting issued by the Company on 4 December 2017 in respect of the General Meeting.
<b>Mt Ida</b>	Mt Ida Gold Pty Ltd ACN 106 608 986.
<b>Mt Ida Plant</b>	has the meaning given in section 6.3(b)(ii) of this Prospectus.
<b>Official Quotation</b>	quotation of the Shares on the ASX.
<b>Opening Date</b>	the first date on which Applications can be accepted by the Company being, 12 February 2018.
<b>Option</b>	an option to acquire a Share.
<b>Option Notice Date</b>	has the meaning given in section 6.3(b) of this Prospectus.
<b>Placement</b>	has the meaning given in section 1 of this Prospectus in the Chairman's Letter.
<b>Placement Closing Date</b>	means the date on which the both the Tranche 1 and Tranche 2 Shares and Options have been issued pursuant to the Placement.
<b>Placement Options</b>	means the New Options offered to Hawke's Point as further set out in section 2.22 of this Prospectus.
<b>Placement Options Offer</b>	means the offer of the Placement Options as further set out in section 2.22 of this Prospectus.
<b>Placement Shares</b>	152,850,000 New Shares to be issued by the Company to professional and sophisticated investors (including Michael Fotios and/or his related parties) pursuant to the Placement in order to raise \$30 million.
<b>Prospectus</b>	this prospectus dated 1 February 2018.
<b>Revolving Loan Facility</b>	the revolving loan facility amounting to \$15 million provided by Investec to the Company under the Investec

	Facility Agreement.
<b>Settlement Deed</b>	settlement deed between the Company and Stirling in respect of a debt owed by the Company to Stirling under a secured debt arrangement.
<b>Share(s)</b>	fully paid ordinary shares in the capital of the Company.
<b>Shareholder</b>	a holder of a Share(s).
<b>Shortfall Offer</b>	has the meaning set out in section 2.10 of this Prospectus.
<b>Siberia</b>	Siberia Mining Corporation Pty Ltd ACN 097 650 194.
<b>Stirling</b>	Stirling Resources Limited ACN 009 659 054
<b>Stirling Shares</b>	has the meaning set out in section 2.23(b) of this Prospectus
<b>Subscription Agreement</b>	the subscription agreement to be agreed between Hawke's Point and the Company and entered into prior to the closing of Tranche 2 of the Placement
<b>Tranche 1</b>	the first tranche of the Placement intended to be completed shortly after the date of this Prospectus.
<b>Tranche 2</b>	the second tranche of the of the Placement intended to be completed shortly after the date of this Prospectus.
<b>Tranche A Options</b>	means Options exercisable at \$0.25 as outlined section 2.2
<b>Tranche B Options</b>	means Options exercisable at \$0.275 as outlined in section 2.2
<b>US person</b>	has the meaning given to that term in Regulation S under the US Securities Act.
<b>US Securities Act</b>	means the United States Securities Act of 1933, as amended.
<b>WST</b>	Perth, Western Australia time.



## CORPORATE DIRECTORY

**Directors**

Michael Fotios – Executive Chairman  
Craig Readhead – Non-Executive Director  
Alan Still – Non-Executive Director

**Registered Office**

Level 1, 24 Mumford Street Balcatta WA 6021  
Telephone: +61 8 6241 1866  
Facsimile: +61 6241 1811  
Email: admin@easterngoldfields.com.au

**ASX code**

EGS

**Company Secretary**

Shannon Coates

**Solicitors**

Squire Patton Boggs (AU)  
Level 21, 300 Murray Street  
Perth WA 6000

**Lead Manager**

Jett Capital Advisors LLC  
712 5th Avenue  
New York, NY 10019

**Auditor**

Ernst and Young\*  
The Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000

**Share Registry**

Computershare Investor Services Pty Limited\*  
Level 11, 172 St Georges Terrace  
Perth WA 6000

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.

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