

18 July 2017

Mr Ben Secrett
Advisor, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: ben.secrett@asx.com.au
 tradinghaltsperth@asx.com.au

Dear Mr Secrett

Eastern Goldfields Limited (ASX: EGS) – Response to ASX Aware Letter

We refer to your letter dated 13 July 2017 and respond to the questions raised in your letter as follows:

Writ of Summons

- 1. Does EGS consider the information that it had received a writ of summons in respect of proceedings commenced by GRES in respect of the Contract, as disclosed in the EGS Contract Update, to be information that a reasonable person would expect to have a material effect on the price of value of its securities?***

The writ of summons was received by EGS' solicitors by email at 4.33pm (WST) on Monday, 10 July 2017, but the writ was not served at that time. A writ must be served personally, and sending the writ by email is not an effective form of service. At that time, EGS and GRES were engaged in "without prejudice" negotiations. GRES could have served the writ of summons, but did not do so. The "without prejudice" negotiations continued on that Monday evening and in the early afternoon of Tuesday, 11 July 2017 by email and by telephone discussions until (without notice to EGS) GRES served the writ on EGS directly and GRES announced to the ASX at 3.41pm (EST) on 11 July 2017 that it had commenced proceedings. The writ was served on EGS during the afternoon of 11 July 2017 and it was brought to the attention of an officer of EGS at approximately 4.00 pm (EST) on that day. GRES had asked EGS' solicitors whether they would accept service, and EGS' solicitors had informed them that they would accept service. For that reason, EGS was surprised that it was served at its registered office as, again, GRES did not give notice that it would do so (and EGS understood that the "without prejudice" negotiations were continuing), and EGS expected that service would be effected on its solicitors.

EGS considers that the receipt of the writ of summons was information that could reasonably be expected to have a material effect of the price value of its shares, once the writ had been served and that GRES had announced to the ASX that it had commenced proceedings – ie as those events (which GRES effected without notice to EGS) indicated that “without prejudice” negotiations between EGS and GRES had ceased. EGS then took steps to disclose the service of the writ promptly by way of the EGS Contract Update.

2. If the answer to question 1 is ‘no’, please advise the basis for that view.

Please refer to the answer to question 1 above.

3. When did EGS first become aware that it had been served the writ of summons disclosed in the EGS Contract Update? In answering this question, please specify the date and time that EGS first became aware of this information.

The writ was served on EGS at its registered office during the afternoon of Tuesday, 11 July 2017 and it was brought to the attention of an officer of EGS at approximately 4.00 pm (EST) on that day. GRES served the writ at EGS’ registered office, despite EGS informing GRES (at GRES’ request) that EGS’ solicitors would accept service. For that reason, EGS was surprised that it was served at its registered office as, again, GRES did not give notice that it would do so (and EGS understood that the “without prejudice” negotiations were continuing).

4. If EGS first became aware that it had been served the writ of summons disclosed in the EGS Contract Update before the EGS Contract Update was lodged on the Market Announcements Platform (“Platform”), did EGS make any announcement prior to the EGS Contract Update which clearly disclosed this information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EGS was obliged to release this information under listing rules 3.1 and 3.1A, and what steps EGS took to ensure that this information was released promptly and without delay.

EGS repeats its answers to questions 1 - 3 above.

Contract dispute

5. Does EGS consider the following information, as disclosed in the EGS Contract Update and the GRES Contract Update, to be information that a reasonable person would expect to have a material effect on the price of value of its securities? Please respond to each separately.

5.1 That GRES in May 2017 had suspended works under the Contract in respect of refurbishing the Davyhurst Mill.

Since April 2017, EGS and GRES have negotiated to resolve disagreements regarding the Contract. Until the writ was served on EGS and GRES announced that it had commenced proceedings, EGS considered that the disagreements regarding the Contract were the subject of confidential negotiations, and expected that those disagreements would be resolved confidentially to the mutual satisfaction of EGS and GRES.

As EGS stated in the EGS Contract Update, the suspension of work by GRES was considered wrongful by EGS. This is because GRES suspended work on the basis of certain payment claims that it said were “due”, but the “Design and Construct Agreement” signed by EGS and by GRES provides that moneys would not be “due” unless certified in writing by the Superintendent, and the claims by GRES were not certified then (and have not been certified subsequently). By the writ of summons GRES now abandons its assertion that the payments

were certified, and GRES does not explain the basis for its alleged entitlement to payment. At the time that GRES purported to suspend works under the Contract in May 2017, EGS therefore considered that the suspension was wrongful and would soon be resolved by negotiation. Further, and as noted in the EGS Contract Update (and the answer to question 5.3), EGS then took steps itself to complete the refurbishment. EGS therefore considered that the purported suspension would not have a material effect on the price value of its securities and, in any event, the information was the subject of confidential and incomplete negotiations.

5.2 *That GRES in May 2017 had issued a statutory demand to EGS for approximately \$6.6 million.*

When GRES issued a statutory demand on 11 May 2017, EGS considered that the statutory demand was liable to be set aside and would soon be resolved by negotiation. On 15 June 2017 EGS and GRES agreed orders by which the statutory demand was set aside (and therefore resolved).

EGS therefore considered that, properly understood, the statutory demand would not have a material effect on the price or value of its securities and, in any event, the information was the subject of confidential and incomplete negotiations that completed on 15 June 2017 when orders setting aside the demand were agreed.

5.3 *That the suspension of works under the Contract in respect of refurbishing the Davyhurst Mill resulted in EGS taking steps itself to complete the refurbishment of the Davyhurst Mill.*

EGS considers that the fact that it took steps to complete the refurbishment was not material. The steps taken by EGS were initially an interim measure to avoid any delay to the recommissioning of the Davyhurst Mill. EGS expected that the suspension of works would be resolved by the confidential negotiations between the parties. Negotiations took longer than EGS expected, though, and EGS completed the refurbishment on 15 June 2017 (as announced on that date).

5.4 *That EGS discovered defects and omissions in the Davyhurst Mill refurbishment works conducted by GRES.*

EGS repeats its answer to question 5.3 above. In the course of taking steps to refurbish the Davyhurst Mill and commission the plant (to avoid delays), EGS identified defects and omissions in the work conducted by GRES. Numerous defects and omissions were identified over the period, including after the programmable logic controller (PLC) was returned by GRES and the electrical locks removed on 15 June 2017, such that the electrical (HV) and wet commissioning could be finalised. The cumulative effect was not known until the mechanical, electrical and water commissioning was complete, which was announced on 14 July 2017. The discovery of the defects and omissions was not (for example) information to the effect that the commissioning of the Mill would not occur. Accordingly, EGS considers that the identification of each individual defect or omission was not information that would have a material effect, and otherwise that the cumulative effect of those numerous defects and omissions was insufficiently definite until commissioning was complete.

5.5 That the rectification works and EGS having to take steps itself to complete the refurbishment works delayed the commencement of production at the Davyhurst Mill.

EGS repeats its answers to questions 5.3 and 5.4 above. Having regard to its announcement on 1 May 2017 that first production was expected “during the June quarter”, its subsequent updates of 15 and 23 June 2017 as to progress of refurbishment and commissioning, and 14 July 2017 announcement regarding commissioning and production, the information would not have had a material effect (ie as timing to production would have been apparent from those previous announcements, particularly in the context of the announcement of 23 June 2017 that referred to EGS “[moving] closer to pouring first gold from our newly refurbished plant”).

That is, in circumstances where EGS had provided updates as to progress of refurbishment and commissioning, the information in the EGS Contract Update that production would have commenced sooner if those events concerning GRES had not occurred (wrongful suspension by GRES, identification and rectification of defects, and GRES’ failure to assist EGS) would not have had a material effect because the timing to production was already apparent. As noted above, the cumulative effect of the defects and omissions was not known until the mechanical, electrical and water commissioning was complete (which was announced on 14 July 2017) and EGS estimates that mechanical, electrical and water commissioning could have been completed mid to late May if not for the events concerning GRES. These matters were included in the EGS Contract Update to explain the basis on which EGS announced that it intends to vigorously defend the proceedings commenced by GRES and that it would pursue by counterclaim its rights to damages and costs arising from GRES’ breaches of contract, defective work and other conduct.

6. If the answer to any of questions 5.1, 5.2, 5.3, 5.4 and 5.5 is “no”, please advise the basis for that view.

EGS repeats its answers to questions 5.1, 5.2, 5.3, 5.4 and 5.5 above.

7. When did EGS first become aware of the information in each of questions 5.1, 5.2, 5.3, 5.4 and 5.5? In answering this question, please specify the date and time that EGS first became aware of each piece of information (or part thereof).

5.1 – on 4 May 2017.

5.2 – on 11 May 2017.

5.3 – EGS commenced taking steps to complete the refurbishment once GRES suspended the works under the Contract on 4 May 2017.

5.4 – From 4 May until the mechanical, electrical and water commissioning was complete, which was announced on 14 July 2017.

5.5 – EGS has always maintained the view (and this is reflected in its various market updates in which it did not state a specific date for commencement of production, and noting the announcements of 1 May 2017 and 23 June 2017) that production would commence as soon as it was possible to do so.

8. If EGS first became aware of any of the information (or part thereof) in each of questions 5.1, 5.2, 5.3, 5.4 and 5.5 before the EGS Contract Update was lodged on the Platform, did EGS make any announcement prior to the EGS Contract Update which clearly disclosed this information? If so, please provide details. If not, please explain why the information (or part thereof) in each of questions 5.1, 5.2, 5.3, 5.4 and 5.5 was not released to the market at an earlier time, commenting specifically on when you believe EGS was obliged to release this information under listing rules

3.1 and 3.1A, and what steps EGS took to ensure that this information was released promptly and without delay.

EGS repeats its answers to questions 5.1, 5.2, 5.3, 5.4 and 5.5 above.

Capital Raising

9. What is the current status of the capital raising the subject of the \$25m Capital Raising Announcement? In answering this question, please specify the number of shares issued, the amount raised, the amount of cash received by EGS after expenses and whether the capital raising has been completed.

To date the Company has issued a total of 64,213,572 shares pursuant to the Capital Raising, raising a total of \$22,474,750.20 (before costs) (including the conversion to shares of \$4,060,000 of debt to entities associated with Michael Fotios). After expenses, the Company has received \$22,069,745.72.

The Company considers the Capital Raising closed.

Compliance with the Listing Rules

10. Please confirm that EGS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

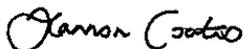
I confirm that EGS considers it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

11. Please confirm that EGS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EGS with delegated authority from the board to respond to ASX on disclosure matters.

I confirm that EGS's responses to the questions above have been authorised and approved by an officer of EGS with delegated authority from the board to respond to ASX on disclosure matters.

Please do not hesitate to contact me if further information is required.

Yours sincerely,



Shannon Coates
Company Secretary



13 July 2017

Ms Shannon Coates
Eastern Goldfields Limited
24 Mumford Place
BALCATTWA WA 6021

By email

Dear Ms Coates

EASTERN GOLDFIELDS LIMITED (“EGS”): ASX AWARE LETTER

ASX Limited (“ASX”) refers to the following.

1. EGS’s announcement entitled “Davyhurst Gold Project Refurbishment Contract” released to the market at 9.43am AEST on Wednesday, 12 July 2017 (“EGS Contract Update”), disclosing, amongst other things, the following.
 - 1.1. That EGS had “received yesterday a writ of summons for proceedings in the Supreme Court of Western Australia commenced by GR Engineering Services Limited (GRES) in relation to the Davyhurst Gold Project refurbishment contract”. GRES’s claim is for “liquidated damages in the sum of \$9,940,991.59 alternatively \$5,000,000”.
 - 1.2. Details about a dispute concerning the refurbishment of the Davyhurst Mill, including the following.
 - 1.2.1. That GR Engineering Services Limited (“GRES”) made “payment claims in April 2017” in respect of the Davyhurst Gold Project refurbishment contract (“Contract”).
 - 1.2.2. That GRES “suspended work at the Davyhurst Mill in May 2017.”
 - 1.2.3. That EGS had “taken steps itself to complete the refurbishment of the Davyhurst Mill, during which it has discovered numerous defects and omissions by GRES.”
 - 1.2.4. That “[r]ectifying those defects... has delayed the recommencement of production.”
2. GRES’s announcement entitled “Davyhurst Gold Project Refurbishment Contract” released to the market at 3.41pm AEST on Tuesday, 11 July 2017 (“GRES Contract Update”), disclosing, amongst other things, the following.
 - 2.1. That GRES had commenced proceedings in the Supreme Court of Western Australia against EGS and others to recover payments associated with ongoing progress and variation claims in relation to the Davyhurst Gold Project refurbishment contract, with a claim valued at “\$9.9 million, plus interest and costs.”



- 2.2. Details about a dispute concerning the refurbishment of the Davyhurst Mill, including, in respect of the Contract, that GRES “suspended the works in May 2017... concurrently with the issuance of a statutory demand in May 2017”.
3. EGS’s announcement entitled “Davyhurst Mill Commissioning Underway – First Ore Crushed” released to the market at 9.34am AEST on Friday, 23 June 2017, disclosing, amongst other things, that refurbishment of the Davyhurst Mill was complete and that the crushing circuit had been commissioned and was operational.
4. EGS’s announcement entitled “Davyhurst Mill Refurbishment and Commissioning Update” released to the market at 2.52pm AEST on Thursday, 15 June 2017, disclosing, amongst other things, that refurbishment of the Davyhurst Mill was complete and a commissioning update.
5. EGS’s announcement entitled “Activities report for Quarter Ended 31 March 2017” released to the market at 10.28am AEST on Monday, 1 May 2017, which states, amongst other things, that “[t]he plant refurbishment project is still on schedule to achieve first production during the June quarter.”
6. EGS’s announcement entitled “Eastern Goldfields Raises \$25 Million to Fund Development & Exploration” released to the market at 9.45am AEST on Tuesday, 18 April 2017 (“\$25m Capital Raising Announcement”), stating, amongst other things, that EGS “has received firm commitments from sophisticated, professional and institutional investors to raise a minimum of \$25 million”.
7. EGS’s announcement entitled “Davyhurst Mill Refurbishment and Commissioning Update” released to the market at 12.06pm AEDT on Wednesday, 22 March 2017, disclosing, amongst other things, that refurbishment of the Davyhurst Mill was 95% complete and a refurbishment update.
8. EGS’s announcement entitled “Activities report for Quarter Ended 31 December 2016” released to the market at 8.22am AEDT on Wednesday, 1 February 2017, which states, amongst other things, that “[t]he plant refurbishment is still on schedule to achieve first production in the March quarter of 2017.”
9. EGS’s announcement entitled “GR Engineering to Refurbish Davyhurst Gold Plant” released to the market at 9.09am AEST on Friday, 23 September 2016, disclosing, amongst other things, that the work to refurbish the Davyhurst Mill is expected to be completed during the first quarter of 2017, and including a quote from Mr Michael Fotios that “[w]e expect to be pouring gold early during the first quarter of 2017.”

Listing Rules and Guidance

10. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of an entity’s securities.
11. The definition of “aware” in Chapter 19 of the Listing Rules. This definition states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”



Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

12. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

13. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “Listing Rule 3.1A.2 – the requirement for information to be confidential”*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

ASX Queries

Having regard to the above, ASX asks EGS to respond separately to each of the following questions and requests for information in a format suitable for release to the market.

Writ of summons

1. Does EGS consider the information that it had received a writ of summons in respect of proceedings commenced by GRES in respect of the Contract, as disclosed in the EGS Contract Update, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.



3. When did EGS first become aware that it had been served the writ of summons disclosed in the EGS Contract Update? In answering this question, please specify the date and time that EGS first became aware of this information.
4. If EGS first became aware that it had been served the writ of summons disclosed in the EGS Contract Update before the EGS Contract Update was lodged on the Market Announcements Platform ("Platform"), did EGS make any announcement prior to the EGS Contract Update which clearly disclosed this information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EGS was obliged to release this information under listing rules 3.1 and 3.1A, and what steps EGS took to ensure that this information was released promptly and without delay.

Contract dispute

5. Does EGS consider the following information, as disclosed in the EGS Contract Update and the GRES Contract Update, to be information that a reasonable person would expect to have a material effect on the price of value of its securities? Please respond to each separately.
 - 5.1. That GRES in May 2017 had suspended works under the Contract in respect of refurbishing the Davyhurst Mill.
 - 5.2. That GRES in May 2017 had issued a statutory demand to EGS for approximately \$6.6 million.
 - 5.3. That the suspension of works under the Contract in respect of refurbishing the Davyhurst Mill resulted in EGS taking steps itself to complete the refurbishment of the Davyhurst Mill.
 - 5.4. That EGS discovered defects and omissions in the Davyhurst Mill refurbishment works conducted by GRES.
 - 5.5. That the rectification works and EGS having to take steps itself to complete the refurbishment works delayed the commencement of production at the Davyhurst Mill.
6. If the answer to any of questions 5.1, 5.2, 5.3, 5.4 and 5.5 is "no", please advise the basis for that view.
7. When did EGS first become aware of the information in each of questions 5.1, 5.2, 5.3, 5.4 and 5.5? In answering this question, please specify the date and time that EGS first became aware of each piece of information (or part thereof).
8. If EGS first became aware of any of the information (or part thereof) in each of questions 5.1, 5.2, 5.3, 5.4 and 5.5 before the EGS Contract Update was lodged on the Platform, did EGS make any announcement prior to the EGS Contract Update which clearly disclosed this information? If so, please provide details. If not, please explain why the information (or part thereof) in each of questions 5.1, 5.2, 5.3, 5.4 and 5.5 was not released to the market at an earlier time, commenting specifically on when you believe EGS was obliged to release this information under listing rules 3.1 and 3.1A, and what steps EGS took to ensure that this information was released promptly and without delay.



Capital raising

9. What is the current status of the capital raising the subject of the \$25m Capital Raising Announcement? In answering this question, please specify the number of shares issued, the amount raised, the amount of cash received by EGS after expenses and whether the capital raising has been completed.

Compliance with the listing rules

10. Please confirm that EGS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that EGS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EGS with delegated authority from the board to respond to ASX on disclosure matters.

When and Where to Send Your Response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 7.00am AWST on Wednesday, 19 July 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in EGS's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EGS's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be **sent to me by e-mail at tradinghaltspert@asx.com.au**. It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of an entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of EGS to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to EGS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading Halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in EGS's securities under Listing Rule 17.1.



If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Please contact me if you have any queries or concerns about the above.

Yours sincerely

[sent electronically without signature]

Ben Secrett
Senior Adviser, ASX Listings Compliance (Perth)