

EASTERN GOLDFIELDS RAISES \$25 MILLION TO FUND DEVELOPMENT & EXPLORATION

HIGHLIGHTS

- **Firm commitments for minimum \$25 million received from sophisticated, professional and institutional investors (Placement)**
- **Funds raised will be used for completion of commissioning, accelerated resource definition and exploration drilling**
- **Unmarketable share sale facility to commence in conjunction with the Placement**

Eastern Goldfields Limited (ASX:EGS) (**Eastern Goldfields** or the **Company**) is pleased to announce that it has received firm commitments from sophisticated, professional and institutional investors to raise a minimum of \$25 million and can raise up to \$28 million (before costs) through the issue of up to 80 million shares at an issue price of \$0.35 per share (**Placement**). The Company may also take oversubscriptions above 80 million shares (up to an additional 20 million shares) subject to final demand from offshore investors.

The Placement will be completed via two tranches, comprising 54,400,000 shares under the Company's available placement capacity pursuant to ASX Listing Rule 7.1 (**Tranche One**) and the balance of up to 45,600,000 shares will be subject to shareholder approval at a meeting to be held by the end of May 2017 (**Tranche Two**).

Funds raised under the Placement will be utilised towards commissioning of the Davyhurst plant, resource definition drilling, expedited exploration drilling and for general working capital.

The Board of Eastern Goldfields is pleased to have the strong support of its existing shareholder base and to welcome a number of new institutional shareholders to its register.

The Company expects to issue the Tranche One Placement shares on or around 24 April 2017. The Tranche Two Placement shares will be issued immediately following receipt of shareholder approval.

Morgans Corporate has acted as Broker to the Placement and Jett Capital Advisors LLP has acted as North American advisor.

Eastern Goldfields Executive Chairman Michael Fotios said:

"We are delighted to have received such strong support from a number of leading institutional precious metal and resource investors from Australia, Europe and United States. The proceeds will allow us to finalise commissioning and fund the imminent commencement of production at Davyhurst, moving the Company closer to cash flow

BOARD OF DIRECTORS

Mr Michael Fotios
Executive Chairman

Mr Craig Readhead
Non-Executive Director

Mr Alan Still
Non-Executive Director

Ms Shannon Coates
Company Secretary

ISSUED CAPITAL

Shares: 493m
Options: 61.6m
Current Share Price: \$0.375
Market Capitalisation: \$184.9m
Cash as at 31/12/2016:
\$264,000*

**Excluding total debt facilities of \$35.0m, see ASX announcement 31 January 2017*

EASTERN GOLDFIELDS LIMITED

ACN 100 038 266
24 Mumford Place
Balcatta WA 6021

T: +61 8 6241 188
F: +61 8 6241 1811
E: admin@easterngoldfields.com.au

www.easterngoldfields.com.au

generation. Upon completion our balance sheet will be considerably strengthened, enabling the company to expedite resource definition and exploration drilling as part of our growth strategy.”

In conjunction with the Placement, the Company advises that it has established a share sale facility (**Facility**) for holders of unmarketable parcels of the Company’s shares.

Under the ASX Listing Rules, an unmarketable parcel is a parcel of shares with a market value of less than \$500. As at 5pm WST on 3 April 2017 (**Record Date**), an unmarketable parcel of shares is any shareholding of 1,333 shares or less, based on the closing price of \$0.375 on the Record Date. This represents 1,463,762 ordinary shares, held by 3,128 shareholders (**Minority Members**).

The Company is offering this sale to assist holders of unmarketable parcels to sell shares without having to use a broker or pay brokerage. The Company will pay for all costs associated with sale for shareholders who use this Facility, excluding any tax consequences from the sale which remains the shareholders responsibility.

The Company values all its shareholders, however, it incurs significant administration costs maintaining such a large number of unmarketable parcels. By facilitating this sale, the Company expects to reduce the administrative costs associated with maintaining a large number of very small holdings. Shareholders who, as at the Record Date, hold 1,334 shares or more will not be eligible to participate.

If Minority Members wish to sell their shares through this Facility, they do not need to take any action. If Minority Members **do not** wish to sell their shares through this Facility, the **must** complete and return the Notice of Retention Form to the Company’s share registry, Computershare Investor Services Limited, by 5pm WST on 13 June 2017 (**Retention Date**).

The sale price will be determined once all the shares under the Facility are sold. Holders of an unmarketable parcel will receive a proportionate share of the sale proceeds (without any deduction for brokerage or handling costs). The Company’s Constitution provides that the shares will be sold at a price not less than the average of the closing price of shares for the ten trading days immediately preceding the date an offer to purchase the unmarketable parcels is received by the Company.

A summary of the key dates in relation to the Facility is as follows:

Event	Date
Unmarketable Parcels Record Date	5.00pm (WST) 3 April 2017
Unmarketable Parcels ASX Announcement	18 April 2017
Letter to Minority Members including Information Pack and Notice of Retention Form	19 April 2017
Retention Date for receipt of Notice of Retention Form	5.00pm (WST) 13 June 2017
Estimated payment date	Late June

In accordance with the Company’s Constitution, following the Retention Date the Company will notify Minority Members that the Company intends to sell their unmarketable parcels unless, within 5 business days following the date of that notice, the Minority Member notifies the Company that they wish to retain their shares.

The letter to Unmarketable Parcel holders, the Information Pack and a Notice of Retention Form will be despatched to Shareholders on Wednesday 19 April 2017.

Investor Enquiries

Michael Fotios
Executive Chairman
T: +61 8 6241 1888
E: admin@easterngoldfields.com.au

Jon Snowball
FTI Consulting
T: +61 477 946 068
E: jon.snowball@fticonsulting.com

Forward Looking Statements

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