

EASTERN GOLDFIELDS LIMITED

ACN 100 038 266

PROSPECTUS

For the issue of up to 100 Shares to investors at an issue price of \$0.20 each to raise up to \$20.00 before costs

This is a compliance prospectus to facilitate secondary trading of Shares issued and to be issued by the Company under section 708A(11) of the Corporations Act 2001 (Cth)

This is an important document. Please consult your professional adviser(s) if you have any questions. Investment in the Shares offered by this Prospectus should be regarded as speculative in nature.

IMPORTANT NOTICE

This is 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.

This Prospectus is dated 16 April 2018 and was lodged with ASIC on that date.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Neither ASIC nor ASX take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

The distribution of this Prospectus (including in electronic form) in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is important that you read this Prospectus carefully, in its entirety and seek professional advice where necessary before deciding to invest in the Company. In particular, in considering the prospects for the Company, you should consider the risk factors that could affect the performance of the Company. The Offer does not take into account your investment objectives, financial situation and particular needs. Accordingly, you should carefully consider the risk factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Shares the subject of this Prospectus should be considered speculative.

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus may be downloaded from the Company's website at 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 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 persons 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.

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 Shares or to otherwise permit a public offering of the 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 Shares may not be offered or sold, in any country outside Australia.

GLOSSARY

Certain terms and abbreviations used in this Prospectus have defined meanings which are

explained in the Glossary at the end of the Prospectus.

statements. These risk factors are set out in section 3 of this Prospectus.

RISK FACTORS

Shareholders and potential investors should be aware that subscribing for 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 3 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 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 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

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1. DETAILS OF THE OFFER

1.1 Background and purpose of the Offer

Recent and proposed Share issues

Rights Issue

On 1 February 2018, the Company issued a prospectus regarding a non-renounceable pro rata entitlement issue to eligible shareholders of approximately 35,924,270 Shares on the basis of 1 new Share for every 20 existing Shares held by a Shareholder at an issue price of \$0.20 cents per Share to raise \$7,184,854 before issue costs (**Rights Issue**).

In addition, all Shares issued under the Rights Issue would be issued with a corresponding 1 for 1 free attaching option to acquire a share in the Company (**Rights Issue Options**). The Rights Issue Options would be issued in the following tranches:

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

Shareholders participating in the Rights Issue would receive their Rights Issue Options in equal portions of each tranche. The Rights Issue Options are exercisable on or before 2 February 2023.

The Rights Issue Prospectus provided that Shareholders could apply for additional Shares beyond their entitlement under the Rights Issue in the event that other eligible Shareholders did not take up the full extent of their entitlement (**Additional Entitlement Offer**). The Company reserved the right to issue Shares under the Additional Entitlement Offer at its absolute discretion.

The Rights Issue was partially underwritten to the value of \$4,123,448 by Investmet Limited, an entity association with Executive Chairman Michael Fotios on the terms and conditions set out in the Rights Issue Prospectus (**Underwriting Agreement**).

In addition to the Rights Issue, the Rights Issue Prospectus contained a separate offer, made on the same terms and conditions, which reserved the right for the Directors of the Company to allocated any shortfall securities remaining after satisfaction of Rights Issue applications and additional Share applications to investors at their discretion (**Shortfall Offer**). The Shortfall Offer will remain open until 21 May 2018, three months after the Rights Issue offer closed.

The Rights Issue Prospectus contained a further additional offer of 87,500,000 Options to Hawke's Point for nil consideration as a result of Hawke's Point's participation in the Placement referred to below (**Hawke's Point Options**). The Hawke's Point Options were issued to Hawke's Point on 9 February 2018, in the following tranches:

- (a) 43,750,000 Options with an exercise price of \$0.25; and
- (b) 43,750,000 Options with an exercise price of \$0.275.

The Hawke's Point Options must be exercised on or before 2 February 2023, further terms and conditions are outlined within the Rights Issue Prospectus.

On 26 February 2018, the Company announced that the Rights Issue offer had closed on 21 February 2018 after successfully raising \$2,804,260 from existing Shareholders. The Company issued 14,021,303 Shares to eligible Shareholders, along with corresponding Rights Issue Options, consisting of 11,247,806 Shares and corresponding Rights Issue Options issued to eligible Shareholders and a further 2,773,497 Shares and corresponding Rights Issue Options following additional applications from existing Shareholders pursuant to the Additional Entitlement Offer. The Rights Issue completion left a shortfall of 24,676,464 Shares available for allocation by the Company in accordance with the Shortfall Offer or the Underwriting Offer contained within the Rights Issue Prospectus. The Company issued 11,000,000 Shares, and corresponding Rights Issue Options, to Investment in accordance with the Underwriting Agreement outlined in Rights Issue Prospectus. Accordingly, 13,676,464 Shares, and corresponding Rights Issue Options, remain available for allocation pursuant to the Shortfall Offer.

Placement

On 9 November 2017, 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 which would form part of a larger total issue of between 137,500,000 and 150,000,000 Shares at an issue price of \$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 completed the Placement in two tranches, first issuing 65,350,000 Shares to sophisticated, professional and institutional investors on 31 January 2018 and secondly issuing a further 87,500,000 Shares to Hawke's Point on 2 February 2018. In total, the Company raised \$30.75 million under the Placement, before costs.

Employee Share Option Plan

On 8 July 2014, the Directors of the Company adopted an Employee Share Option Plan designed to incentivise employees, executives and Directors of the Company with the opportunity to be offered Options (**ESOP**). The Directors considered an ESOP was desirable in order to:

- (a) reward employees of the Company;
- (b) assist in the retention and motivation of employees of the Company; and
- (c) provide an incentive to employees of the Company to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Company.

The full terms and conditions of the ESOP were provided to Shareholders and remains available to the public as Annexure A to the 2017 Notice of Annual General Meeting published on the ASX on 30 October 2017.

On 30 November 2017, Shareholders approved the re-adoption of the ESOP with respect to the issue of 48,200,000 unlisted Options since it was last approved at the annual general meeting of the Company held on 8 July 2014 (**ESOP Options**). The 48,200,000 unlisted Options issued under the ESOP consisted of:

- (a) 11,100,000 ESOP Options (issued on 8 March 2016) at an exercisable price of \$0.168 each on or before 8 March 2018.
- (b) 11,100,000 ESOP Options (issued on 8 March 2016) at an exercisable price of \$0.189 each on or before 8 March 2020;
- (c) 13,000,000 ESOP Options (issued on 13 April 2016) at an exercisable price of \$0.168 each on or before 8 March 2018; and
- (d) 13,000,000 ESOP Options (issued on 13 April 2016) at an exercisable price of \$0.189 each on or before 8 March 2020.

As announced on 6 April 2018, The Company received valid option exercise forms to exercise 19,925,000 unlisted ESOP Options exercisable at \$0.168 each on or before 8 March 2018 (**Exercised Options**). Of the 19,925,000 Exercised Options, 6,975,000 were exercised utilising the cashless exercise facility available pursuant to Schedule 1, Item 6 of the ESOP. Accordingly, following the pricing formula of the cashless exercise, being the 5 trading day VWAP, calculated on the basis of the 5 trading days prior to the Company's suspension date of 17 August 2017, the 6,750,000 cashless Exercised Options were exercised at a deemed price of \$0.24215 each.

A total of 15,085,851 Shares were issued to Exercised Option holders following the conversion of 19,925,000 Exercised Options, consisting of:

- (a) 12,950,000 Shares issued upon conversion of Exercised Options at a price of \$0.168; and
- (b) 2,135,851 Shares issued upon conversion of Exercised Options at a deemed price of \$0.24215, utilising the cashless exercise facility.

The remaining 225,000 ESOP Options set to expire on 8 March 2018, which were not exercised, lapsed unexercised on that date.

Summary of Recent and Proposed Share Issues

The table below contains a summary of all recent and proposed Share issues the subject of this section 1.1, including funds raised:

| Issue | Shares | Funds Raised |
|------------------------------------|--------------------|--|
| Rights Issue | 14,021,303 | \$2,804,260 |
| Underwriting Agreement | 11,000,000 | \$2,200,000 |
| Placement | 152,850,000 | \$30,750,000 |
| ESOP | 12,950,000 | \$2,175,600 |
| ESOP (cashless exercise) | 2,135,851 | Nil – cashless exercise facility |
| Shares issued to Mr Craig Readhead | 750,000 | Nil – in lieu of outstanding amounts owed. |
| Total | 193,707,154 | \$37,929,860 |

Purpose of the Prospectus

The primary purpose of this Prospectus is to remove any trading restrictions that attach to the Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

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:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued; or
 - (ii) 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
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act so that Shareholders who have exercised their options, if they choose to, can sell the Shares issued to them within the next twelve months without the issue of a prospectus.

The Company did not undertake any Share issue with the purpose of the Shareholders selling or transferring their Shares. However, the Directors consider that the Shareholders, including Shareholders who have exercised their options should be able to sell their Shares should they wish to do so, without being required to issue a prospectus.

1.2 Details of the Offer

Under this Prospectus, the Company is inviting selected investors to apply for up to 100 Shares at an issue price of \$0.20 per Share to raise \$20.00 before issue costs (**Offer**).

1.3 Minimum Subscription

There is no minimum subscription.

1.4 No Underwriting

The Offer is not underwritten.

1.5 Key Dates

| Event | Date |
|-------------------------|--------------------------|
| Lodgement of Prospectus | 16 April 2018 |
| Opening Date of Offer | 16 April 2018 |
| Closing Date of Offer | 22 May 2018 (5.00pm WST) |

The above dates are indicative only and may vary. The Company reserves the right to change the key dates of the Offer without prior notice which may have a consequential impact on other dates. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants.

1.6 Application for Shares

This Offer is being extended to investors who are invited by the Company to subscribe for Shares and is not open to the general public. The Company may determine in its discretion whether to accept any or all Applications.

Applications for Shares must be made using the Application Form attached to this Prospectus. To the maximum extent permitted by law, the Directors will have discretion over which Applications to accept.

Applicants will need to follow the procedures advised to them by the Company for Applications under this Offer.

There is no guarantee that the Offer will proceed or that any applications will be accepted.

1.7 Allotment and Application Money

This Prospectus has been issued primarily to remove any trading restrictions that attach to the Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus). As such, it is not anticipated that the Company will issue any Shares under this Prospectus.

The Directors will determine the allottees of the Shares (if any). The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for.

Where the number of Shares allotted is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

All Application Money received before the Shares are issued will be held in a separate bank account of the Company and held in trust until the Shares are issued or Application Monies returned. Any interest that accrues will be retained by the Company. After any Application Money is refunded (if relevant) and Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

In the event that the Directors decide to issue Shares under this Prospectus, and subject to the ASX granting the Official Quotation of the Shares, it is expected that the Shares will be issued as soon as practicable after the Closing Date.

The Company also reserves the right to close the Offer or any part of it early, or extend the Offer or any part of it, or accept late Application Forms either generally or in particular cases.

1.8 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 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.

1.9 Rights attaching to Shares

From the time of issue, the 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 4 of this Prospectus.

1.10 Market Prices of Existing Shares on ASX

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 on the date before the lodgement date of this Prospectus, 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 |

1.11 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.

1.12 Distribution of Prospectus

The Prospectus has been prepared by the Company. In preparing the Prospectus, the Company has taken reasonable steps to ensure that the information in the Prospectus is not false or misleading. In doing so, the Company has had regard to the prospectus requirements of the Corporations Act.

Prospective investors should read the full text of the Prospectus as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and financial affairs of the Company nor the securities offered pursuant to the Prospectus.

No persons are authorised to give any information in relation to or to make any representation in connection with the Offer described in the Prospectus that is not contained in the Prospectus. Any such information or representation may not be relied upon as having been authorised by the Company in connection with the Offer.

The Prospectus provides information to assist investors in deciding whether they wish to invest in the Company and should be read in its entirety. If you have any questions about its contents or investing in the Company you should contact your stockbroker, accountant or other financial adviser.

1.13 Applicants Outside Australia

The Prospectus does not constitute an offer in any country or place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. 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 to enable them to subscribe for Shares.

The 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.

Intending investors resident outside Australia should first consult their professional advisers as to whether or not governmental or other consents are required, or whether formalities need to be observed to enable them to invest. Intending non-resident investors should also seek advice in respect of the taxation effect of an investment in the Company and dividends that the Company may distribute in the future.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. Please refer to the front of this Prospectus under the heading "Foreign Jurisdictions" for details on the offer restrictions applicable to this Offer.

1.14 Opening and Closing Dates of Offer and Withdrawal or Early Close

The Offer will open on 16 April 2018 or such later date as may be prescribed by ASIC, and will remain open until 5.00pm (WST) on 22 May 2018, subject to the right of the Company to withdraw the Offer or either close the Offer at an earlier time and date or extend the Closing Date, in each case without prior notice. If the Offer does not proceed, Application Monies will be refunded without interest to Applicants in accordance with the Corporations Act.

2. PURPOSE AND EFFECT OF THE ISSUE

2.1 Purpose of the Issue

The primary purpose of this Prospectus is to remove any trading restrictions that attach to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus). All of the funds raised from the Offer (if any) will be applied towards Issue costs.

2.2 Effect of the Issue on capital structure

The capital structure of the Company following the Offer (including Shares issued pursuant to the Placement, in lieu of Director's fees, Rights Issue, Underwriting Agreement and ESOP) is set out below:

| Issued Share Capital | Number of Shares |
|--|--------------------|
| Shares on issue prior to the Placement | 564,885,416 |
| Shares issued under the Placement | 152,850,000 |
| Shares issued to Craig Readhead in lieu of director's fees | 750,000 |
| Shares issued under the Rights Issue | 14,021,303 |
| Shares issued pursuant to the Underwriting Agreement | 11,000,000 |
| Shares issued pursuant to the ESOP | 15,085,851 |
| Shares issued under this Prospectus | 100 |
| Total Shares on issue after the close of the Offer | 758,592,570 |

The Company also has 224,089,055 unlisted Options on issue. The number of Options on issue will not change as a result of the Issue.

There will not be a material impact on the control of the Company as a result of the Issue.

2.3 Effect of the Issue on the Company's financial position

After the payment of Issue costs, there will be no proceeds from the Issue. The expenses of the Issue will be met from the Company's existing cash reserves and the proceeds of the proposed Share issues.

As such, the Issue will have an effect on the Company's financial position, being receipt of funds of \$20.00 less the costs of the Issue of approximately \$11,783.

3. RISK FACTORS

3.1 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.

3.2 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 with the amounts raised under the Placement and Rights Issue, 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 3** 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 30 April 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 August 2018; and
- (ii) 1 February 2019 (or such other date as agreed between the parties).

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.

(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) 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.

(j) 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.

(k) 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.

(l) Trade Creditors

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.

(m) 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.

(n) 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.

- (o) **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.
- (p) **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.
- (q) **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.
- (r) **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.
- (s) **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.

3.3 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.

(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.

3.4 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 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.

4. RIGHTS ATTACHING TO SHARES

4.1 General

- (a) The 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.
- (b) The rights attaching to the 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.
- (c) A summary of the more significant rights is set out below. 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 Directors

- (a) The Board of Directors is responsible for managing the business of the Company.
- (b) 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

5. ADDITIONAL INFORMATION

5.1 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 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;
 - (ii) the financial statements of the Company for the half-year ended 31 December 2017; and
 - (iii) 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:

| Date | Description of Announcement |
|------------|--|
| 13/04/2018 | Securities Trading Policy |
| 13/04/2018 | Continuous Disclosure Policy |
| 13/04/2018 | Constitution |
| 13/04/2018 | Pre-Quotation Disclosure |
| 13/04/2018 | Top 20 Holders |
| 13/04/2018 | Distribution Schedule |
| 13/04/2018 | Reinstatement to Official Quotation – 17 April 2018 |
| 06/04/2018 | Change of Director's Interest Notice x2 |
| 06/04/2018 | Appendix 3B |
| 27/03/2018 | Company Update |
| 20/03/2018 | Change of Director's Interest Notice |
| 15/03/2018 | Appendix 3B |
| 14/03/2018 | Half Yearly Report and Accounts |
| 09/03/2018 | S&P DJ Indices Announces March Quarterly Rebalance |
| 28/02/2018 | Appendix 3B |
| 26/02/2018 | Close of Entitlement Offer |
| 20/02/2018 | Supplementary Prospectus |
| 09/02/2018 | Appendix 3B |
| 06/02/2018 | Becoming a substantial holder (amended) |
| 06/02/2018 | Becoming a substantial holder |
| 05/02/2018 | Letter to Ineligible Shareholders |
| 05/02/2018 | Letter to Eligible Shareholders |
| 05/02/2018 | Eastern Goldfields completes Placement to raise \$30.57M |
| 02/02/2018 | Appendix 3B |
| 02/02/2018 | Letter to Non-Qualifying Foreign Optionholders |
| 02/02/2018 | Letter to Optionholders |
| 02/02/2018 | Prospectus |
| 02/02/2018 | Change of Director's Interest Notice x2 |
| 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.

5.2 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:

| Director (direct & indirect holdings) | Ordinary Shares | Options over ordinary shares |
|--|-----------------|---------------------------------|
| Michael Fotios | 229,716,384 | 31,000,000 |
| Craig Readhead | 10,525,134 | Nil |
| Alan Still | 1,800,000 | 1,800,000 |

5.3 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 |

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.

5.4 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.

5.5 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) 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 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 Offer; or
 - (C) the 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 Offer.
- (d) Squire Patton Boggs has acted as solicitor to the Company in relation to the Offer and is entitled to be paid approximately \$10,000 (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.
- (e) 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.

5.6 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/>

5.7 Estimated Expenses of Issue

The estimated expenses of the Issue are approximately \$11,783 including legal, ASIC, ASX fees and printing costs, in the following amounts:

| Item | Fees |
|------------|---------|
| Legal fees | \$7,500 |
| ASIC fees | \$2,400 |
| ASX fees | \$1,838 |

5.8 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.

5.9 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 will have a material adverse effect on the business or financial position of the Company, other than those previously announced.

6. 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.



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

7. GLOSSARY

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

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| \$ | Australian dollars unless otherwise specified. |
| Applicant | person who submits an Application. |
| Application | an application for Shares under the Offer pursuant to this Prospectus. |
| Application Form | the application form for Shares under the Offer attached to this Prospectus. |
| Application Monies | amounts received in dollars by the Company from Applicants for Shares under this Prospectus. |
| ASIC | the Australian Securities & Investments Commission. |
| ASX | ASX Limited ACN 008 624 691. |
| ASX Clear Operating Rules | the operating rules of ASX Clear Pty Ltd ACN 001 314 503. |
| ASX Listing Rules or Listing Rules | the Listing Rules of ASX as amended from time to time. |
| ASX Settlement Operating Rules | the settlement rules of ASX Settlement Pty Ltd ACN 008 504 532. |
| Auditor | Ernst and Young of 11 Mounts Bay Road, Perth WA 6000. |
| Closing Date | the last date on which Application Forms may be submitted being 22 May 2018, unless otherwise determined by the Company. |
| Company | Eastern Goldfields Limited ACN 100 038 266. |
| Computershare or Share Registrar | Computershare Investor Services Pty Limited ACN 078 279 277. |
| Constitution | the Constitution of the Company. |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth). |
| Davyhurst Gold Project | the Company's gold mining project located approximately 120 kilometres northwest of Kalgoorlie, Western Australia. |
| Davyhurst Plant | the Company's gold processing plant at the Davyhurst Gold Project. |
| Directors or Board | the directors of the Company as at the date of this Prospectus. |
| ESOP | means the Employee Share Option Plan of the Company |

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| | as set out in section 1.1 of this Prospectus. |
| ESOP Options | means Options issued pursuant to the ESOP as set out in section 1.1 of this Prospectus. |
| Exercised Options | means ESOP Options exercised by ESOP Option holders as set out in section 1.1 of this Prospectus. |
| Existing Shares | Shares on issue as at the date of this Prospectus. |
| Group | includes the following companies in the Eastern Goldfields group: <ul style="list-style-type: none"> (a) Carnegie; (b) Siberia; (c) Mt Ida; (d) Pilbara Metals Pty Ltd ACN 106 609 161; (e) Ida Gold Operations Pty Ltd ACN 106 609 116; (f) Siberia Gold Operations Pty Ltd ACN 106 609 170; and (g) Mt Ida Operations. |
| Hawke's Point | Hawke's Point Holdings L.P |
| Hawke's Point Options | means the Options issued to Hawke's Point as outlined in section 1.1 of this Prospectus. |
| Investec | Investec Bank plc. |
| Investec Facility Agreement | the syndicated facilities agreement entered into among Investec, Investec Australia Limited as security trustee and the Company on 1 February 2017. |
| Investmet | Investmet Limited ACN 125 585 935 |
| Issue | the issue of new Shares pursuant to the Offer under this Prospectus. |
| Mt Ida | Mt Ida Gold Pty Ltd ACN 106 608 986. |
| Mt Ida Operations | Mt Ida Gold Operations Pty Ltd ACN 124 706 627. |
| Offer | the offer, pursuant to this Prospectus, of up to 100 new Shares at an issue price of \$0.20 per Share to raise \$20.00 before costs. |
| Official Quotation | quotation of the Shares on the ASX. |
| Opening Date | the first date on which Applications can be accepted by the Company being, 16 April 2018. |
| Option | an option to acquire a Share. |
| Placement | has the meaning given in section 1.1 of this Prospectus. |
| Prospectus | this prospectus dated 16 April 2018. |

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| Revolving Loan Facility | the revolving loan facility amounting to \$15 million provided by Investec to the Company under the Investec Facility Agreement. |
| Rights Issue | has the meaning given in section 1.1 of this Prospectus. |
| Rights Issue Options | means the Options issued pursuant to the Rights Issue as set out in section 1.1. |
| Rights Issue Prospectus | means the Prospectus issued by the Company on 1 February 2018. |
| Share(s) | fully paid ordinary shares in the capital of the Company. |
| Shareholder | a holder of a Share(s). |
| Shortfall Offer | has the meaning given in section 1.1 of this Prospectus. |
| Siberia | Siberia Mining Corporation Pty Ltd ACN 097 650 194. |
| Underwriting Agreement | has the meaning given in section 1.1 of this Prospectus. |
| WST | Perth, Western Australia time. |

CORPORATE DIRECTORY

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|--------------------------|--|
| 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 |
| 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.