

EASTERN GOLDFIELDS TO MAKE STRATEGIC INVESTMENT INTO WINDWARD RESOURCES

Highlights

- Eastern Goldfields to become a cornerstone shareholder in Windward via a \$2.16 million share placement comprising 18 million shares at 12 cents per share ("Subscription Price"), subject to Windward shareholder approval ("Placement")
- Following completion of the Placement, Eastern Goldfields will have a 14.3% stake in Windward
- Eastern Goldfields to also be issued two tranches of unlisted options (9 million options per tranche) exercisable at premiums of 125% and 166% respectively to the Subscription Price, subject to Windward shareholder approval
- Eastern Goldfields will have the right to nominate one Director to the Board of Windward following completion of the Placement and, thereafter, for as long as it holds more than 10% of Windward
- Eastern Goldfields to underwrite a non-renounceable pro-rata 1-for-4 entitlement offer to be undertaken by Windward at the same price as the Subscription Price with two free attaching options for every two new Windward shares subscribed for, on the same terms as the Placement options
- Eastern Goldfields believes that this investment in the Fraser Range, which is a world class nickel province, represents a considered move to diversify its portfolio for future growth while, at the same time, rapidly proceeding with development of its exciting gold projects where it expects to produce first ore during the first quarter of 2017

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: 489m

Options: 50.2m

Current Share Price: \$0.415

Market Capitalisation: \$203.2m

Cash as at 30/6/2016: \$15.5m

Eastern Goldfields Limited (ASX:EGS) (**Company** or **Eastern Goldfields**) is pleased to advise that it has entered into a binding investment arrangement with Windward Resources Limited (ASX:WIN) (**Windward**) that will see Eastern Goldfields becomes a cornerstone shareholder in Windward, providing the Company with exposure to Windward's highly prospective Fraser Range portfolio.

Eastern Goldfields Executive Chair Michael Fotios said the Windward investment represented a strategic opportunity to diversify into one of the world's premier emerging nickel provinces.

"We share the view of many analysts that the nickel sector is extremely well-placed for a strong recovery over the next 12-18 months, and we are already beginning to see evidence that this recovery is underway," Mr Fotios said.

"Windward has highly prospective tenements in the heart of this world-class exploration province and the upside from the discovery of additional Nova-Bollinger style deposits is clearly immense.

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“We believe that now is the right time to secure a strong strategic position in this emerging belt, which will occur, by providing Windward with funding for what could be a game-changing exploration campaign.”

A summary of the terms of Eastern Goldfields’ investment into Windward is set out below:

Share Placement Details

Eastern Goldfields will subscribe for 18 million new Windward shares at \$0.12 per new share, (the **Subscription Price**), for a total subscription amount of \$2.16 million (**Placement**). Windward will also issue Eastern Goldfields with options in consideration for its funding support mentioned below. The options will comprise:

- 9 million unlisted options with an exercise price of 125% of the Subscription Price and an exercise period of 18 months from issue (**First Options**); and
- 9 million unlisted options with an exercise price of 166% of the Subscription Price and an exercise period of 30 months from issue (**Second Options**).

The Placement will be subject to Windward shareholder approval, at a general meeting which will be held no later than 23 October 2016.

Entitlement Issue

Within two weeks of the completion of the Placement, Windward will launch a non-renounceable pro-rata entitlement offer of 1 new Share for every 4 Windward shares held on the record date (**Entitlement Offer**), with the issue price for the Entitlement Offer being the same as the Subscription Price.

Participants in the Entitlement Offer will receive free attaching options on the same terms as those to be issued to Eastern Goldfields under the Placement.

The Entitlement Offer will be fully underwritten by Eastern Goldfields, which will be free to enter into sub-underwriting agreements with any sub-underwriters, on such terms and conditions as it deems appropriate. Eastern Goldfields will receive an underwriting fee of up to 1% of the total amount to be raised under the Entitlement Offer. The underwriting agreement will be on standard commercial terms.

Windward Board Nomination Right

Eastern Goldfields will have the right to nominate one Director to the Board of Windward following completion of the Placement and, thereafter, for as long as it holds more than 10% of the shares in Windward.

Conditions to Placement and Entitlement Offer

The Placement is conditional on, amongst other things:

- Windward not issuing or agreeing to issue any securities other than as contemplated in this Announcement; and
- Windward obtaining shareholder approval, at a meeting held by 23 October 2016, for the purpose of obtaining any necessary ASX Listing Rule approvals, for the issue of securities under the Placement.

The Entitlement Offer is conditional upon:

- completion of the Placement;

- Windward not issuing or agreeing to issue any securities other than as contemplated in this Announcement;
- no material adverse change occurring to Windward before completion of the Entitlement Offer; and
- no customary underwriter termination rights arising before the completion of the Entitlement Offer.

The Placement and Entitlement Offer are not subject to Eastern Goldfields' shareholder approval.

Investor Enquiries

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