

EASTERN GOLDFIELDS LIMITED

ACN 100 038 266

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 11.00am WST
DATE: Tuesday, 30 May 2017
PLACE: 24 Mumford Street, Balcatta WA 6021

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Ms Shannon Coates, on +61 8 6241 1866.

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NOTICE OF GENERAL MEETING

Notice is given that a general meeting of the Shareholders of Eastern Goldfields Limited (**Company**) will be held at 24 Mumford Place, Balcatta WA 6021 on 30 May 2017 commencing at 11.00am (WST) to consider, and if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of General Meeting and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice of General Meeting describes the matters to be considered at the General Meeting.

BUSINESS OF THE MEETING

1. RESOLUTION 1 – RATIFICATION OF PLACEMENT (TRANCHE 1)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of up to 54,400,000 Shares at an issue price of \$0.35 to sophisticated and professional investors on the terms set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below.

2. RESOLUTION 2 – APPROVAL OF PLACEMENT (TRANCHE 2)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 25,600,000 Shares at a price of \$0.35 to sophisticated and professional investors on the terms set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below.

3. RESOLUTION 3 – APPROVAL TO ISSUE OVERSUBSCRIPTION SHARES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 20,000,000 Shares at an issue price of \$0.35 to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below.

4. RESOLUTION 4 – APPROVAL TO PARTICIPATE IN PLACEMENT – MR MICHAEL FOTIOS AND ASSOCIATES (RELATED PARTIES)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 15,000,000 Shares at an issue price of \$0.35 to a director of the Company, Mr Michael Fotios and his Associates (or his nominees), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below.

5. RESOLUTION 5 – APPROVAL TO PARTICIPATE IN PLACEMENT – MRS BETTY MOORE AND ASSOCIATES (RELATED PARTIES)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 3,000,000 Shares at an issue price of \$0.35 to a Related Party of the Company, Mrs Betty Moore and her Associates (or her nominees), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below.

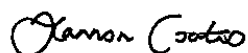
6. RESOLUTION 6 – RATIFICATION OF ISSUE OF OPTIONS TO INVESTEC

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 15,025,167 unlisted Options to Investec Bank PLC on the terms set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below.

BY ORDER OF THE BOARD OF DIRECTORS



SHANNON COATES
Company Secretary

28 April 2017

VOTING EXCLUSIONS

The following voting exclusions apply.

Resolution 1 – Ratification of Placement (Tranche 1)

The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue and any Associates of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolutions 2 and 3 – Approval of Placement (Tranche 2) and approval to issue Oversubscription Shares (Unrelated Parties)

The Company will disregard any votes cast on Resolutions 2 and 3 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Ordinary Securities if the Resolution is passed, and any Associates of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolutions 4 and 5 – Approval to participate in Placement – Mr Michael Fotios and Mrs Betty Moore (Related Parties)

The Company will disregard any votes cast on Resolution 4 by Mr Michael Fotios and any of his Associates and any votes cast on Resolution 5 by Mrs Betty Moore and any of her Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Ratification of issue of Options to Investec

The Company will disregard any votes cast on Resolution 6 by Investec Bank PLC and any of its Associates. However, the Company need not disregard a vote if it is cast by such a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

ENTITLEMENT TO ATTEND AND VOTE

You will be entitled to attend and vote at the General Meeting if you are registered as a Shareholder of the Company as at 5.00 pm (WST) on 28 May 2017. This is because, in accordance with the *Corporations Regulations 2001* (Cth), the Board has determined that the Shares on issue at that time will be taken, for the purposes of the General Meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

HOW TO VOTE

Voting in person

Shareholders who plan to attend the Meeting are asked to, where possible, arrive at the venue 15 minutes prior to the time designated for the Meeting, so that their holding may be checked against the Company's register of members and attendances recorded.

Corporate representatives

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the Meeting in accordance with section 250D of the Corporations Act. The appropriate appointment document must be produced prior to admission. A form of the certificate can be obtained from the Company's registered office.

Voting by proxy

A Shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting (see above).

A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the Meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's registered office.

To be effective for the scheduled Meeting, a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received at an address or fax number below no later than 11.00am (WST) on 28 May 2017, being 48 hours before the time of the Meeting. Any proxy appointment received after that time will not be valid for the scheduled Meeting.

In person at 24 Mumford Street, Balcatta WA 6021

By post to 24 Mumford Street, Balcatta WA 6021

By facsimile to +61 8 6241 1811

By scan and email to admin@easterngoldfields.com.au

For further information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the enclosed proxy form.

Voting by attorney

A Shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at one of the addresses listed above for the receipt of proxy appointments at least 48 hours prior to the commencement of the Meeting.

Chairman as proxy

If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on each of the proposed Resolutions.

If a Shareholder entitled to vote on a Resolution appoints the Chairman of the Meeting as their proxy (or the Chairman becomes their proxy by default) and the Shareholder does not direct the Chairman how to vote on the Resolution the Chairman intends to vote in favour of the Resolution, as proxy for that Shareholder on a poll.

If you do not wish to put the Chairman in the position to cast your votes in favour of any of the proposed Resolutions, you should complete the appropriate box on the Proxy Form, directing your proxy to vote against, or to abstain from voting, on the Resolution.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice.

This Explanatory Statement should be read in conjunction with the Notice preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement and not otherwise defined, are defined in the glossary to this Notice.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact Ms Shannon Coates (Company Secretary of the Company), your stockbroker or other professional adviser.

BUSINESS OF THE MEETING

1. RESOLUTIONS 1 AND 2 – PLACEMENT (TRANCHE 1 AND TRANCHE 2)

1.1 Background

On 18 April 2017, the Company announced that it had received firm commitments from professional and sophisticated investors to raise \$25 million (before costs), and is continuing to seek further commitments for a further \$3 million, via a placement of up to 80 million Shares at \$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 in two tranches, comprising:

- the first tranche of 54,400,000 Shares will be completed prior to the Meeting under the Company's Listing Rule 7.1 placement capacity. Of these, 34,985,205 Shares were issued on 26 April 2017 and the balance of 19,414,795 Shares are expected to be issued on or around 5 May 2017; and
- the balance of up to 45,600,000 Shares which will be issued subject to shareholder approval being obtained at the Meeting.

The funds raised under the Placement have and will be used towards commissioning of the Davyhurst plant, resource definition drilling, expedited exploration drilling and for general working capital.

1.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will, in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of Ordinary Securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

1.3 Resolution 1 – Ratification of Placement (Tranche 1)

The first tranche of the Placement comprises the issue of 54,400,000 Shares at an issue price of \$0.35 per Share to sophisticated and professional investors to raise approximately \$19 million (before costs) (**Tranche 1 Shares**). As detailed above, 34,985,205 Tranche 1 Shares were issued on 26 April 2017 and the balance of the Tranche 1 Shares (19,414,795 Shares) are expected to be issued on or around 5 May 2017.

The Tranche 1 Shares are being issued by the Company within its Listing Rule 7.1 placement capacity. The Company now seeks Shareholder approval to ratify the issue of the Tranche 1 Shares under Resolution 1.

The Tranche 1 Shares, for which approval and ratification is sought under Resolution 1, comprise approximately 9.93% of the Company's issued capital (based on the number of Shares expected to be on issue following the issue of all of the Tranche 1 Shares, assuming no other Share issues occur prior to that time).

Approval of this Resolution 1 will provide the Company the flexibility to issue further Equity Securities within the Company's 15% placement capacity under Listing Rule 7.1.

1.4 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) Number of Shares issued
54,400,000 Shares were (or will be) issued.
- (b) The price at which the Shares were issued
The Shares were (or will be) issued at \$0.35 each.
- (c) The terms of the Shares
The Shares are all fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) Names of the persons to whom the Shares were issued or the basis on which those persons were determined
The Shares were (or will be) issued to sophisticated and professional investors (as those terms are defined in the Corporations Act), none of whom is a Related Party of the Company.
- (e) The use (or intended use) of the funds raised
The funds raised under the Placement (including Tranche 1) are being used towards commissioning of the Davyhurst plant, resource definition drilling, expedited exploration drilling and for general working capital. The Company is also seeking approval to issue Shares to institutional investors as oversubscriptions to the Placement (details are set out in Resolution 3). The funds raised from the oversubscriptions will also be used for the same purposes.
- (f) Voting exclusion statement
A voting exclusion statement for Resolution 1 is included in the Notice.

1.5 Resolution 2 – Approval of Placement (Tranche 2)

As part of the second tranche of Shares to be issued under the Placement (detailed in section 1.1 of this Explanatory Statement), the Company proposes to issue up to 25,600,000 Shares at \$0.35 each to professional and sophisticated investors to raise up to \$8,960,000 before costs (**Tranche 2 Shares**). The Company has received firm commitments in respect of 17 million of the Tranche 2 Shares (such that it has firm commitments for a total of \$25 million under the Placement as at the date of this Notice of Meeting) and the Company is continuing to seek commitments for the balance of the Tranche 2 Shares.

The Tranche 2 Shares proposed to be issued, for which approval is sought under Resolution 2, comprise approximately 4.47% of the Company's issued capital (based on the number of Shares expected to be on issue following issue of the Tranche 2 Shares, assuming no other Share issues occur prior to that time (including that no Oversubscription Shares are issued)).

The issue of the Tranche 2 Shares will exceed the Company's 15% placement capacity under Listing Rule 7.1. Resolution 2 therefore seeks Shareholder approval under Listing Rule 7.1 to issue the Tranche 2 Shares.

1.6 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) Maximum number of Shares to be issued
The Company proposes to issue up to 25,600,000 Shares (noting that the Company does not have firm commitments in respect of the full 25,600,000 Shares as at the date of this Notice of Meeting).
- (b) Date of issue
The Shares will be issued as soon as possible but in any case no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
The Company expects to issue all of the Shares on the same date, however the exact date of issue is unknown at this stage.
- (c) Issue price
The Shares will be issued at a price of \$0.35 each.
- (d) Identity of persons to whom securities will be issued
The Shares will be issued to sophisticated and professional investors (as those terms are defined in the Corporations Act), none of whom is a Related Party of the Company (except to the extent that Shares are issued to Mr Michael Fotios and Mrs Betty Moore if Resolutions 4 and 5 (respectively) are approved).
- (e) Terms of the Shares
The Shares issued will be fully paid ordinary shares in the Company and will rank equally in all respects with all of the Company's existing Shares on issue. The Company intends to apply to ASX for official quotation of the Shares.
- (f) Intended use of the funds raised
The intended use of funds raised from the Placement (including Tranche 2) is set out in section 1.4(e) above.
- (g) Voting exclusion statement
A voting exclusion statement for Resolution 2 is included in the Notice.

1.7 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1 and Resolution 2.

2. RESOLUTION 3 – APPROVAL TO ISSUE OVERSUBSCRIPTION SHARES

2.1 Background

As detailed in section 1.1 above, the Company proposes to undertake a Placement which will be completed in two tranches. As at the date of this Notice, the Company has been in discussions with other institutional, professional and sophisticated investors to take up oversubscriptions to the Placement (**Oversubscription Shares**). Subject to negotiations completing successfully, the Company hopes to secure binding commitments with these investors between the date of this Notice and the date that the Tranche 2 Shares under the Placement are issued. The maximum number of Oversubscription Shares will be 20 million Shares, such that the aggregate of the Tranche 1 Shares, Tranche 2 Shares and the Oversubscription Shares is a maximum of 100 million Shares.

To provide the Company flexibility should the Company secure binding commitments for Oversubscription Shares, the Company is seeking approval to issue the Oversubscription Shares on the same terms and conditions as the Shares that will be issued under the Placement.

A summary of Listing Rules 7.1 and 7.4 is set out in section 1.2 of this Explanatory Statement.

2.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) Maximum number of Shares to be issued
The maximum number of Oversubscription Shares to be issued will be 20 million.
- (b) Date of issue
The Shares will be issued as soon as possible but in any case no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). Any Oversubscription Shares issued will be issued at or about the same time as the date of issue of the Tranche 2 Shares. The exact date of issue is unknown at this stage.
- (c) Issue price
The Shares will be issued at a price of \$0.35 each. This price is the same as the issue price for the Tranche 1 Shares and Tranche 2 Shares to be issued under the Placement.
- (d) Identity of persons to whom securities will be issued
The Shares will be issued to professional and sophisticated investors, likely to be or include offshore institutional investors, none of whom will be a Related Party of the Company.
- (e) Terms of the Shares
The Shares issued will be fully paid ordinary shares in the Company and will rank equally in all respects with all of the Company's existing Shares on issue. The Company intends to apply to ASX for official quotation of the Shares.
- (f) Intended use of the funds raised
The intended use of funds raised is set out in section 1.4(e) above.
- (g) Voting exclusion statement
A voting exclusion statement for Resolution 3 is included in the Notice.

2.3 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

3. RESOLUTIONS 4 AND 5 – APPROVAL TO ISSUE SHARES TO MR MICHAEL FOTIOS AND ASSOCIATES (RELATED PARTIES) AND TO MRS BETTY MOORE AND ASSOCIATES (RELATED PARTIES)

3.1 Background

As detailed in section 1.1 above, the Company proposes to undertake a Placement which will be completed in two tranches (with the potential for oversubscriptions). Mr Michael Fotios (a director of the Company) wishes to participate in the Placement. Mrs Betty Moore, who is a Related Party of the Company by virtue of being the mother of Mr Michael Fotios, also wishes to participate in the Placement.

Resolution 4 seeks Shareholder approval under Listing Rule 10.11 to permit the issue of up to 15 million Shares to Mr Michael Fotios and his Associates (or his nominees) and Resolution 5 seeks Shareholder approval under Listing Rule 10.11 to permit the issue of up to 3 million Shares to Mrs Betty Moore and her Associates (or her nominees) as participants in the Placement on the terms and conditions set out below.

3.2 Listing Rule 10.11

ASX Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party, or a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Shareholder approval is therefore sought under Listing Rule 10.11 as Resolutions 4 and 5 propose the issue of Shares to the following Related Parties:

- (a) Mr Michael Fotios and Associates (or his nominees). Mr Michael Fotios is a Related Party by virtue of his directorship in the Company; and
- (b) Mrs Betty Moore and Associates (or her nominees), being the mother of Mr Michael Fotios and therefore a Related Party of the Company.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

3.3 Information required by Listing Rule 10.13

In accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 4 and 5:

- (a) Name of persons to receive securities and maximum number of securities to be issued
The Shares will be issued to:
 - (i) Mr Michael Fotios, a director of the Company, and Associates (or his nominees); and
 - (ii) Mrs Betty Moore, being the mother of Mr Michael Fotios, and Associates (or her nominees),as participants in the Placement.
- (b) The maximum number of Shares to be issued to:
 - (i) Mr Michael Fotios and Associates (or his nominees) is 15 million Shares; and
 - (ii) Mrs Betty Moore and Associates (or her nominees) is 3 million Shares.
- (c) Date of issue
The Shares will be issued no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). The Company expects to issue the Shares to the Related Parties specified above on the same date, which is anticipated to be on or about the date of issue of the Tranche 2 Shares under the Placement, however the exact date of issue is unknown at this stage.
- (d) Relationship with the Company
The relationship of the Related Parties with the Company is outlined in section 3.2 above.
- (e) Issue price
The Shares will be issued at a price of \$0.35 each. This price is the same as the issue price of the Tranche 1 Shares and Tranche 2 Shares to be issued to non-related party investors under the Placement (as detailed in Resolutions 1 and 2).
- (f) Terms of issue
The Shares issued will be fully paid ordinary shares in the Company and will rank equally in all respects with all of the Company's existing Shares on issue. The Company intends to apply to ASX for official quotation of the Shares.
- (g) Voting exclusion statement
A voting exclusion statement for each of Resolution 4 and Resolution 5 is included in the Notice.
- (h) Use of funds
The intended use of funds raised is set out in section 1.4(e) above.

3.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to Related Parties by a public company. The issue of Shares to Related Parties constitutes the provision of a financial benefit to a Related Party.

A “Related Party” is widely defined under the Corporations Act, and includes a Director of the Company, as well as a parent of a Related Party of the Company, and any person who acts in concert with a Related Party.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within an exception to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after shareholder approval is obtained.

One of the nominated exceptions to the prohibition includes the giving of a financial benefit that would be reasonable in the circumstances if the company and the Related Party were dealing at arm’s length terms.

It is the view of the Directors (other than Mr Michael Fotios who does not express a view) that the “arm’s length” exception applies in the current circumstances because the Shares will be issued to the Related Parties (noted in section 3.2 above) on the same terms as the Shares to be issued to non-related party investors under the Placement (as detailed in Resolutions 1 and 2). Accordingly, the Board considers that Shareholder approval is not required under Chapter 2E of the Corporations Act for the giving of the financial benefit to the Related Parties constituted by the issue of new Shares under Resolutions 4 and 5.

3.5 Board recommendation

The Directors (other than Mr Michael Fotios) recommend Shareholders vote in favour of Resolutions 4 and 5.

4. RESOLUTION 6 – RATIFICATION OF ISSUE OF OPTIONS TO INVESTEC

4.1 Background

On 14 December 2016, the Company announced that it had received a commitment from Investec Australia Limited to provide debt facilities to the Company totalling \$25 million (**Debt Facilities**). The Debt Facilities comprise:

- (a) a Revolving Loan Facility of A\$15 million (**RLF**);
- (b) an Equity Linked Facility of A\$10 million; and
- (c) a Gold Hedging Facility for 40,000 ounces, half of which the Company is required to undertake and the other half at the discretion of the Company.

The Debt Facilities will be utilised to complete the refurbishment of the Davyhurst Processing Plant and to provide working capital through to commencement of gold production in the second quarter of 2017 and associated ramp-up of gold production.

The RLF was subject to various conditions precedent including (among others) the issue of two tranches of unlisted Options to Investec Bank PLC (**Investec**). A total of 15,025,167 Options were issued to Investec Bank PLC on 27 February 2017 (**Tranche 1**) and 15 March 2017 (**Tranche 2**) in satisfaction of this condition precedent.

The Company issued the Options the subject of this Resolution 6 within the Company’s Listing Rule 7.1 placement capacity without the need for Shareholder approval. The Company now seeks Shareholder approval to ratify the issue of the unlisted Options issued to Investec.

Approval of this Resolution 6 will provide the Company with the flexibility to issue further Equity Securities under Listing Rule 7.1 during the next 12 months.

A summary of Listing Rules 7.1 and 7.4 is set out in section 1.2 of this Explanatory Statement.

4.2 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) Number of securities issued
15,025,167 unlisted Options were issued of which:
 - (i) 9,578,544 unlisted Options were issued on 27 February 2017 (**Tranche 1 Options**); and
 - (ii) 5,446,623 unlisted Options were issued on 15 March 2017 (**Tranche 2 Options**).
- (b) The price at which the securities were issued

The Tranche 1 Options and Tranche 2 Options were issued to Investec as part of the financing arrangement regarding the RLF. No cash consideration was paid by Investec (or Investec Australia Limited) for the issue of the Options, however:
 - (iii) the Tranche 1 Options are exercisable at \$0.261 each; and
 - (iv) the Tranche 2 Options are exercisable at \$0.459 each.
- (c) The terms of the securities

Shares issued upon the exercise of the Tranche 1 Options and Tranche 2 Options will rank equally in all respects with all of the existing Shares on issue.

The full terms of the Tranche 1 Options and Tranche 2 Options are set out in Schedule 1 of this Explanatory Statement.

The Tranche 1 Options and Tranche 2 Options are unlisted.
- (d) Names of the persons to whom the securities were issued or the basis on which those persons were determined

Investec Bank PLC, an unrelated party of the Company.
- (e) The use (or intended use) of the funds raised

No funds were raised as the Tranche 1 Options and Tranche 2 Options were issued to Investec pursuant to the terms of the RLF.
- (f) Voting exclusion statement

A voting exclusion statement for Resolution 6 is included in the Notice.

4.3 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

GLOSSARY

Associate has the meaning given to that term in the Listing Rules or the Corporations Act (as the context requires).

ASX means ASX Limited ACN 008 624 691, or the financial market operated by it as the context requires.

Board means the current board of directors of the Company.

Chair or **Chairman** means the chair of the Meeting.

Company means Eastern Goldfields Limited ACN 100 038 266.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the current directors of the Company.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Investec means Investec Bank PLC.

Listing Rules means the Listing Rules of ASX as amended from time to time.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Related Party has the meaning given to that term in the Corporations Act.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

Schedule 1

Terms of unlisted Options issued to Investec (Resolution 6)

- (a) **(Options)** Each Option will give Investec the right, but not the obligation, to subscribe for one ordinary fully paid Share in the Company in accordance with the terms set out in this Schedule 1.
- (b) **(Exercise price)** The exercise price, being the amount payable on exercise of:
 - (i) each Tranche 1 Option is \$0.261 per Option; and
 - (ii) each Tranche 2 Option is \$0.459 per Option.
- (c) **(Expiry Date)** The final date by which an Option can be exercised to acquire shares in the Company will be 24 months after the date of grant of the Option (the **Expiry Date**).
- (d) **(Exercise)** Investec may exercise some or all of the Option (in multiples of A\$1,000,000 or the number of unexercised call options if less than A\$1,000,000) at any time up and from time to time until the Expiry Date subject to giving the Company 3 Business Days' written notice of its intention to exercise a specified number of call options on a proposed exercise date, and:
 - (i) the Company must issue those Shares on the exercise date;
 - (ii) all Shares issued will be issued as fully paid and free from any securities, liens, charges, encumbrances, pre-emption and ranking in full for all voting rights, dividends and other distributions;
 - (iii) the Company must apply to the ASX for official quotation of the Shares at its own cost and as soon as practicable, and in any event within 2 Business Days after exercise of an Option;
 - (iv) upon the quotation of the Shares issued pursuant to the exercise of the Options, the Company must give at the election of Investec, a CHESS holding statement or issuer-sponsored holding statement in respect of the Shares.
- (e) **(Dilution and participation)**
 - (i) There will be no participating entitlements inherent in the Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Options, prior to the exercise of the Options. Prior to any new pro-rata issue of securities to Shareholders, Investec as holder of the Options will be notified by the Company in accordance with the requirements of the Listing Rules.
 - (ii) In the event of a reorganisation of capital, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the expiry date, all rights of Investec as holder of the Options are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
 - (iii) There is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital during the currency of the Options.

Lodge your vote:



By Mail:

Eastern Goldfields Limited
Level 1
24 Mumford Street
Balcatta WA 6021

By Email:

Scan and email to
admin@easterngoldfields.com.au

Alternatively you can fax your form to
(within Australia) 08 6241 1811
(outside Australia) +61 8 6241 1811

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +613 9415 4000

Proxy Form

XX

 **For your vote to be effective it must be received by 11:00am (WST) Sunday, 28 May 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the Company, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View or update your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Eastern Goldfields Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Eastern Goldfields Limited to be held at 24 Mumford Street, Balcatta, Western Australia on Tuesday, 30 May 2017 at 11:00am (WST) and at any adjournment or postponement of that meeting.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Ratification of Placement (Tranche 1)	☐	☐	☐
Resolution 2	Approval of Placement (Tranche 2)	☐	☐	☐
Resolution 3	Approval to issue Oversubscription Shares	☐	☐	☐
Resolution 4	Approval to participate in Placement – Mr Michael Fotios and Associates (Related Parties)	☐	☐	☐
Resolution 5	Approval to participate in Placement – Mrs Betty Moore and Associates (Related Parties)	☐	☐	☐
Resolution 6	Ratification of issue of Options to Investec	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /