

CORPORATE & OPERATIONS UPDATE

Eastern Goldfields Limited (ASX: EGS) (**Company** or **Eastern Goldfields**) is pleased to provide an update on corporate activities, along with an operational update on the Davyhurst mining hub, located approximately 120 kilometres north west of Kalgoorlie.

Corporate

The Company advises that it is currently progressing with a number of corporate activities, in conjunction with its broader operational and financial review, including:

1. Finalisation of 2017 financial year audit. The Company expects to release its full year results on 20 October 2017. Pitcher Partners have been appointed to assist with financial reporting, and provide advice on R&D rebate claims and tax.
2. Completion of the Company's 2014, 2015, 2016 and 2017 R&D claims, with lodgement of the first three years' expected next week. The claims are expected to total \$5M to \$6M, however the Company is continuing its evaluation of the claims and believes there may be scope to increase the claim amounts.
3. Diesel fuel and GST rebates totalling \$2.84M have been received for the period ending 30 June 2017. Returns for the quarter ending 30 September 2017 will be completed by late October 2017.
4. Gold sales since mid-August 2017 total \$1,731,618 from 1,056 ounces at an average of \$1,640 per ounce. A further 11.45kg of dore was poured on 9 October 2017 and delivered to the Perth Mint representing gold stripped from September production. Further gold in circuit (GIC) remains as the baseload GIC stocks created during the commissioning period.
5. Board and management review well advanced, resulting in shortlist of potential CEO/COO candidates to manage day-to-day operations with an appointment expected by November.
6. Capital raising initiatives at an advanced stage to provide additional working capital during production ramp up with New York based corporate adviser mandated to manage capital raising activities; and
7. Liaison with the ASX regarding the reinstatement to quotation of the Company's securities.

Operations

Processing Plant

The Company is pleased to report that 70,500t @ 1.15g/t (unreconciled) of ore milled has been milled at Davyhurst to date. The mill processed a blend of commissioning stock before progressing to a blend of low grade stock. Plant performance continues to improve, reaching a stable 120t/hour (wet) with maximum uninterrupted run time in excess of four consecutive days based on 85% daily utilisation (or maximum uninterrupted run time in excess of 10 consecutive days based on 70% daily utilisation).

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: 560.4m
Options: 58m
Current Share Price: \$0.235
Market Capitalisation: \$132m
Cash as at 30/06/2017:
\$13,000*

*Excluding total debt facilities
of \$35.0m, see ASX
announcement 31 Jan 2017.
Drawn to date \$15.7m.

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The processing plant is currently undergoing a planned maintenance and engineering shutdown aimed at eliminating a collection of minor inefficiencies along with some material handling and bottlenecking issues. The plant is scheduled to restart on 18 October 2017. These activities include:

- Elimination of material handling issues within the crushing circuit;
- Continued development and improvement of issues related to the programmable logic controller (PLC);
- Replacement of bent agitator shaft in Leach Tank 3;
- Telemetry installation and commissioning of the Battery Borefield (moving from manual mode to automated mode); and
- Completion of tailings line runs to allow more efficient TSF management.

Surface haulage is due to recommence on 16 October 2017 to supplement current ROM stock of 8,200t @ 1.57g/t.

Surface Mining Operations – Siberia

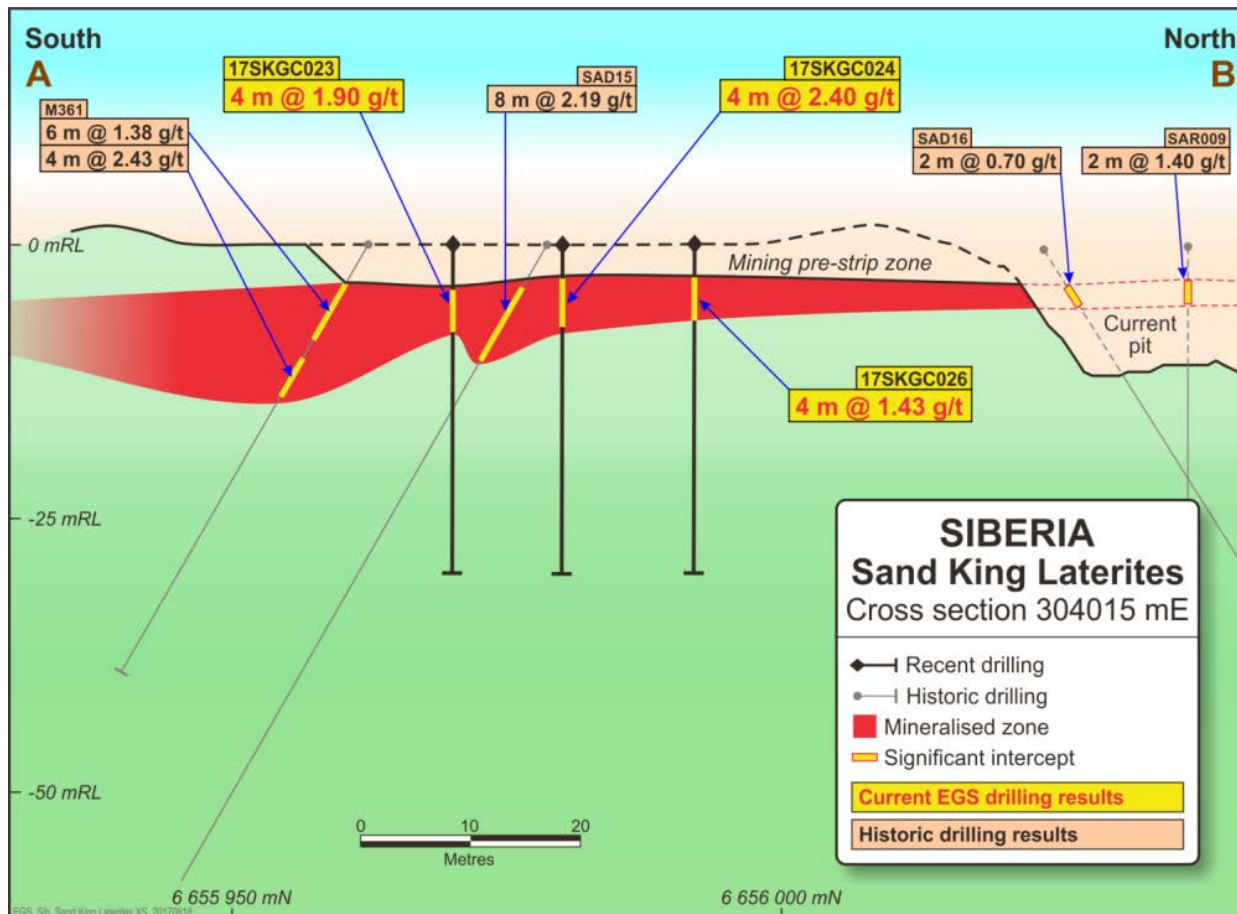
Full scale surface mining operations at Siberia, 37 kilometres south east of the Davyhurst Mill, are scheduled to recommence in early November 2017. Mining operations to date have focused on site establishment works including haul road construction and the de-stacking of the historical Sand King low grade stockpile, aimed at exposing better grade ore from within the greater stockpile. Additional mining has targeted the pre-stripping and exposing of near surface laterites ores (*See ASX announcement dated 29 August 2017 - Siberia Near-Surface Mine Extensions Uncovered*) immediately to the east of the Sand King pit.

Upon recommencement of mining operations, initial focus will be on the extraction of exposed laterite ores, prior to moving into the southern cutback of the Sand King Open Pit mine. A further 16,000t @ 1.5g/t is currently stockpiled at Siberia awaiting haulage.

Underground Mining Operations – Golden Eagle

Underground mining at the Golden Eagle deposit, 2 kilometres south east of the Davyhurst Mill, continues to progress well with both the main portal and vent portal established. A total advance of 286 metres has been completed to date, with the decline face advanced a total of 217 metres. The first cross cut has been excavated, with a further 12 metres of advance required to intersect the ore horizon. It is anticipated ore production will commence around 16 October 2017.





Cross section- Sand King laterite prospect

Exploration

Diamond drilling has continued at Riverina to infill and extend information around the existing identified mineral resources. A total of 7,350 samples have recently been delivered to the analytical laboratory for assay comprising 5,900 diamond samples (4,300 from Riverina and 1,600 from other prospects) and 1,450 RC samples (1,000 from Riverina and 450 from Callion).

The Company will provide a further update on the status of these activities in due course.

Investor Enquiries

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled under the supervision of Mr Michael Thomson, an employee of Eastern Goldfields Limited, who is Member of the Australian Institute of Mining and Metallurgy. Mr Thomson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the Competent Person's findings are presented have not been modified from the original announcement.