

# **EASTERN GOLDFIELDS LIMITED**

**ACN 100 038 266**

## **NOTICE OF 2017 ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

**TIME:** 11:00am WST  
**DATE:** 30 November 2017  
**PLACE:** Level 1, 24 Mumford Place, Balcatta, WA 6021

**YOUR ANNUAL REPORT WILL BE AVAILABLE ONLINE, SIMPLY VISIT:**

<http://easterngoldfields.com.au/investor-centre/>

**This Notice of Annual 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 ANNUAL GENERAL MEETING

Notice is given that the 2017 Annual General Meeting of the Shareholders of Eastern Goldfields Limited (**EGS** or the **Company**) will be held at Level 1, 24 Mumford Place, Balcatta WA 6021 on 30 November 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 Annual 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 Annual General Meeting describes the matters to be considered at the Annual General Meeting.

## ORDINARY BUSINESS

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### 1. FINANCIAL STATEMENTS AND REPORTS FOR FINANCIAL YEAR ENDED 30 JUNE 2017

To receive and consider the annual financial statements, the Directors' report and the auditor's report of the Company for the financial year ended 30 June 2017.

**Note:** there is no requirement for Shareholders to approve these reports.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, the Company adopts the Remuneration Report as set out in the Company's annual financial report for the financial year ended 30 June 2017.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 1 by or on behalf of any member of the KMP of the Company whose remuneration is included in the Remuneration Report, or a Closely Related Party of such member. However, the Company will not disregard any votes cast on Resolution 1 by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting on Resolution 1 as described above and either:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the KMP of the Company.

If you are a member of the KMP of the Company or a Closely Related Party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

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### 3. RESOLUTION 2 – RE-ELECTION AS A DIRECTOR – MR. CRAIG READHEAD

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rules 14.4 and 14.5, clause 13.2 of the Constitution and for all other purposes, Mr. Craig Readhead, retires and, being eligible and offering himself for re-election, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

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

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 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 cast on Resolution 3 by such person 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.

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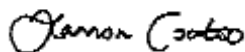
#### 5. RESOLUTION 4 - APPROVAL FOR ADOPTION OF EMPLOYEE OPTION PLAN

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 7.2 (Exception 9(b)) and for all other purposes, approval be given for the employee incentive scheme for employees and Directors of the Company, and issue of securities there under until 30 November 2020, as described in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their Associates. However, the Company will not disregard any votes cast on this Resolution by such a person 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 if 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. The Company will also disregard any votes cast on this Resolution by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote on this Resolution, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

**BY ORDER OF THE BOARD OF DIRECTORS**



**SHANNON COATES**  
Company Secretary

30 October 2017

## **ENTITLEMENT TO ATTEND AND VOTE**

You will be entitled to attend and vote at the Annual General Meeting if you are registered as a Shareholder of the Company as at 4:00pm (WST) on 28 November 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 Annual 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 arrive at the venue 15 minutes prior to the time designated for the Meeting if possible, 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 November 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 Level 1, 24 Mumford Street, Balcatta WA, 6021

**By post** to Level 1, 24 Mumford Street, Balcatta WA, 6021

**By facsimile** to +61 8 9322 5230

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's share registry 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; and
- For Resolutions 1 and 4, the Shareholder will be taken to have given the Chairman express authority to vote as the Shareholder's proxy on those resolutions even though those resolutions are connected directly or indirectly with the remuneration of a member of the KMP for the Company and even though the Chairman is a member of the KMP, unless the Shareholder expressly indicates to the contrary in the proxy appointment.

If you do not want 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.

### **Other members of KMP as proxy**

If a Shareholder appoints a Director (other than the Chairman) or another member of the KMP (or a Closely Related Party of any such person) as their proxy and does not direct the proxy how to vote on Resolutions 1 and 4 by marking the 'For', 'Against' or 'Abstain' box opposite the relevant Resolution on the proxy appointment, the proxy will not be able to exercise the Shareholder's proxy and vote on their behalf on those Resolutions.

### **QUESTIONS FROM SHAREHOLDERS**

The Chairman will allow a reasonable opportunity for Shareholders at the Meeting to ask questions about and make comments on the management of the Company and on the annual financial report, the Directors' report (including the Remuneration Report) and the auditor's report (**Reports**), as well as each of the Resolutions to be considered at the Meeting.

A representative of the Company's auditor will attend the Meeting. During the Meeting's consideration of the Reports, the Chairman will allow a reasonable opportunity for Shareholders at the Meeting to ask the auditor's representative questions relevant to the:

- conduct of the audit;
- preparation and content of the auditor's report for the financial year ended 30 June 2017;
- accounting policies adopted by the Company in relation to the preparation of the financial statements contained in the Reports for that year; and
- independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the Company's auditor if the question is relevant to the content of the auditor's report or the conduct of the audit.

If you wish to submit a question in advance of the Meeting, you may do so by sending your question to one of the addresses or facsimile numbers above by no later than 5:00pm, 23 November 2017. The Company and the auditor will attempt to respond to as many of the more frequently asked questions as possible. Due to the large number of questions that may be received, the Company and the auditor will not be replying on an individual basis.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's 2017 Annual General 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 of Annual General Meeting.

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

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

## ORDINARY BUSINESS

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### 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the annual financial report, Directors' report and the auditor's report (**Annual Financial Statements**) to be received and considered at the Annual General Meeting. The Annual Financial Statements for the year ended 30 June 2017 are included in the Company's annual report, a copy of which can be accessed on-line at <http://www.easterngoldfields.com.au>. Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve these reports and no vote will be taken on the Annual Financial Statements. However, Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and the management of the Company.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Company's auditor, Ernst & Young, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

Pursuant to Section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its Remuneration Report for the year ended 30 June 2017. The Remuneration Report is a distinct section of the annual Directors' report which deals with the remuneration of Directors, executives and senior managers of the Company. More particularly, the Remuneration Report can be found within the Directors' report in the Company's 30 June 2017 annual financial report, which will be available on the Company's website at <http://www.easterngoldfields.com.au>.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out the remuneration details for each Director and executive officer named in the Remuneration Report for the financial year ended 30 June 2017.

The remuneration levels for Directors, executives and senior managers are competitively set to attract and retain appropriate Directors and KMP of the Company.

The Chair of the Annual General Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

#### 2.1 Regulatory requirements

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors. However, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Annual General Meeting, the Company's subsequent Remuneration Report must

explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

In addition, sections 250U and 250V of the Corporations Act set out a "two strikes" re-election process. Under the "two strikes" re-election process, if the Company's Remuneration Report receives a "no" vote of 25% or more of all votes cast at two consecutive annual general meetings (that is, "two strikes"), a resolution (**Spill Resolution**) must be put to the second annual general meeting, requiring Shareholders to vote on whether the Company must hold another general meeting (known as the "**spill meeting**") to consider the appointment of all of the Directors at the time the Directors' report was approved by the Board who must stand for re-appointment (other than the Managing Director).

If the Spill Resolution is approved at the annual general meeting by a simple majority of 50% or more of the eligible votes cast, the spill meeting must be held within 90 days of the Spill Resolution being passed (unless none of the Directors, other than the Managing Director, stand for reappointment).

## 2.2 Previous voting results

The votes cast against the adoption of the remuneration report considered at the Company's 2016 Annual General Meeting were less than 25%, and as such the Spill Resolution will not be relevant for this Annual General Meeting.

## 2.3 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## 3. RESOLUTION 2 – RE-ELECTION AS A DIRECTOR – MR CRAIG READHEAD

### 3.1 General

Clause 13.2 of the Constitution provides that at each annual general meeting of the Company, one third (or, if their number is not a multiple of 3, then the nearest number rounded downwards) of Directors at that time must retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. A retiring Director is eligible for re-election at such meeting. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

Listing Rule 14.4 provides that a director, other than the managing director, of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors every year.

For these reasons, Mr Readhead retires and, being eligible, stands for re-election as a Director at the Annual General Meeting.

Mr Readhead is one of WA's leading mining and resource lawyers with over 35 years' legal and corporate advisory experience specialising in the resources sector, including the implementation of large scale mining projects both in Australia and overseas. In 2009, Mr Readhead was identified as one of the top ten Best Mining Lawyers in Australia published by the Australian Financial Review. Mr Readhead was until recently a Partner of the law firm, Allion Legal.

Mr Readhead has had an extensive involvement with AMPLA (Australian Mining and Petroleum Law Association), as a former President of the Federal Body and State Chairman. He also served on the Council of the Association of Mining and Exploration Companies, including terms as Treasurer and Vice President.

Mr Readhead is also a director of ASX listed Redbank Copper Limited, Western Areas Limited and Beadell Resources Limited.

Further details about the Directors are set out in the Company's 2017 Annual Report which will be available on the Company's website at <http://www.easterngoldfields.com.au>.

## 3.2 Board recommendation

The Board, excluding Mr Readhead who declines to make a recommendation on Resolution 2, recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

### 4.1 Background

ASX Listing Rule 7.1A provides that an eligible entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P/ASX 300 Index. The Company is an eligible entity for the purposes of Listing Rule 7.1A as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting, as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$132 million as at 30 October 2017.

If Shareholders approve Resolution 3, the number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2 (as set out below).

The Company is putting Resolution 3 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity throughout the 12 months after the Annual General Meeting. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied as set out in this Resolution below.

#### *Listing Rule 7.1A*

The effect of Resolution 3 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has one class of quoted Equity Securities on issue, being the Shares (ASX Code: EGS).

Based on the number of Shares on issue at the date of this Notice, the Company will have 560,385,416 Shares on issue and therefore, subject to Shareholder approval being sought under Resolution 3, 56,038,541 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The exact number of Equity Securities that the Company may issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities according to the following formula:

$$(A \times D) - E$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an

issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and

(iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

Resolution 3 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

*Specific information required by Listing Rule 7.3A*

The following information in relation to this Resolution 3 is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) **Minimum Price:** The Equity Securities issued under the Additional 10% Placement Capacity will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities in that class over the 15 trading days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed, provided that the issue is thereafter completed within 5 business days; or
  - (ii) if the Equity Securities are not issued within 5 business days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) **Risk of voting dilution:** If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted as shown in the table below. There is also a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

The table shows:

- (i) examples of where variable "A" is at its current level and where variable "A" has increased by 50% and by 100%\*;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 30 October 2017, being \$0.235 (current market price), and where the current market price is halved, and where it is doubled; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.117 Issue Price at half the current market price	\$0.235 Issue Price at current market price	\$0.47 Issue Price at double the current market price
<b>Current Variable A</b> 560,385,416	<b>Shares issued – 10% voting dilution</b>	56,038,541	56,038,541	56,038,541
	<b>Funds raised</b>	\$6,556,509	\$13,169,057	\$26,338,114
<b>50% increase in current Variable A</b> 840,578,124	<b>Shares issued – 10% voting dilution</b>	84,057,812	84,057,812	84,057,812
	<b>Funds raised</b>	\$9,834,764	\$19,753,585	\$39,507,171
<b>100% increase in current variable A</b> 1,120,770,832	<b>Shares issued – 10% voting dilution</b>	112,077,083	112,077,083	112,077,083
	<b>Funds raised</b>	13,113,018	26,338,114	52,676,229

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- (i) There are currently 560,385,416 Shares on issue.
- (ii) The issue price set out above is the closing price of the Shares on the ASX on 30 October 2017.
- (iii) The Company issues the maximum possible number of Equity Securities under the Additional 10% Placement Capacity.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting using its placement capacity under Listing Rule 7.1 or 7.1A.
- (v) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vi) This table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- (vii) No Options are exercised before the date of the issue of the Equity Securities.
- (viii) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised.
- (ix) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

(c) **Issue period**

If Shareholders approve Resolution 3, approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:

- (i) the date that is 12 months after the date of the Annual General Meeting; and
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), (**Additional Placement Period**) after which date, an approval under Listing Rule 7.1A ceases to be valid.

The Company will only issue and allot Equity Securities under the Additional 10% Placement Facility during the Additional Placement Period.

(d) **Purpose of issue**

The Company may seek to issue the Equity Securities under the Additional 10% Placement Capacity for the following purposes:

- (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds for exploration or development on its existing assets, to acquire new assets or investments and/or general working capital purposes; or
- (ii) non-cash consideration for the acquisition of new assets in, or complementary to, the resources sector. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy**

The Company will determine the recipients at the time of the issue under the Additional 10% Placement Capacity, having regard to the following factors:

- (i) the prevailing market conditions at the time of the issue;
- (ii) the purpose of the issue;
- (iii) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by alternative means such as an entitlements offer, a placement and another offer where existing Shareholders may participate;
- (iv) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of the proposed issued of Equity Securities;
- (v) the effect of the issue of the Equity Securities on the control of the Company;
- (vi) the circumstances of the Company, including, but not limited to the financial situation and solvency of the Company; and
- (vii) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The Company notes that:

- (a) the Board has formed no specific intentions to offer any placement to any existing Shareholders, class of Shareholders or any new investors;
- (b) the Board will always consider, prior to making any placement whether the raising of funds could be achieved by means of an entitlements issue to existing Shareholders; and

- (c) if any issue is announced, the Company would disclose its reasons for undertaking that particular issue rather than an entitlements issue to existing shareholders, should that occur.

The recipients under the Additional 10% Placement Capacity have not been determined as at the date of this Notice. They may, however, include current Shareholders, substantial Shareholders and/or new investors none of whom will be related parties (or their associates) of the Company.

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Resolution 3.

(f) **Previous issues of Equity Securities under Listing Rule 7.1A**

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 3 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

When the Company issues Equity Securities pursuant to the Additional 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

## 4.2 **Board recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

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## 5. **RESOLUTION 4 – APPROVAL FOR ADOPTION OF EMPLOYEE OPTION PLAN**

### 5.1 **Background**

The Directors considered that it was desirable to establish an employee equity incentive plan 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.

Accordingly, on 8 July 2014, the Directors adopted the Employee Option Plan (**Option Plan**) under which Directors and executives and other employees may be offered the opportunity to be granted Options.

The Option Plan is designed to provide incentives to the employees and Directors of the Company and to recognise their contribution to the Company's success. Under the current circumstances the Directors consider that the Option Plan is a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as increased cash based remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Option Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain shareholdings in the Company.

As Directors of the Company may receive securities in the Company under the Option Plan, prior Shareholder approval will therefore be required before a Director or Related Party of the Company can participate in an issue of Options under the Option Plan.

A summary of the terms of the Option Plan is set out in Annexure A.

## **5.2 Regulatory requirements**

Approval is sought in respect of the adoption of the Option Plan under Listing Rule 7.2 (Exception 9(b)) which provides an exception from the annual 15% limit in Listing Rule 7.1 on securities issued under an employee incentive scheme provided, within three years before the date of issue, shareholders have approved the issue of securities under the plan. In the absence of such approval, the issue can still occur but is counted as part of the Listing Rule 7.1 15% limit which would otherwise apply during a 12 month period. The following information is provided to Shareholders for the purpose of Listing Rule 7.2 Exception 9(b).

- (a) Please see Annexure A for a summary of the key terms of the Option Plan.
- (b) 48,200,000 Options have been issued under the Option Plan since it was last approved at the annual general meeting of the Company held on 8 July 2014, of which:
  - (i) 11,100,000 (issued on 8 March 2016) are exercisable at a price of \$0.168 each on or before 8 March 2018;
  - (ii) 11,100,000 (issued on 8 March 2016) are exercisable at a price of \$0.189 each on or before 8 March 2020;
  - (iii) 13,000,000 (issued on 13 April 2016) are exercisable at a price of \$0.168 each on or before 8 March 2018; and
  - (iv) 13,000,000 (issued on 13 April 2016) are exercisable at a price of \$0.189 each on or before 8 March 2020.
- (c) A voting exclusion statement for Resolution 4 is included in the Notice.

## **5.3 Board recommendation**

Each of the Directors has an interest in the outcome of Resolution 4 and accordingly do not make a voting recommendation to Shareholders.

## GLOSSARY

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

**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.

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

**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.

**KMP** means the key management personnel of the Company and has the meaning given to that term in the Corporations Act.

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

**Meeting** or **Annual General Meeting** means the annual general meeting convened by this Notice of Annual General Meeting.

**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.

**Option Plan** means the Employee Option Plan adopted by the Directors on 8 July 2014.

**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.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual report for the year ended 30 June 2017.

**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

## ANNEXURE A – SUMMARY OF EMPLOYEE OPTION PLAN

### 1. Eligibility

The Board may, in its absolute discretion, invite an eligible employee to participate in the Option Plan. An eligible employee includes a director, senior executive or employee of the Company or an associated body corporate of the Company.

### 2. Terms of Options

- (a) Each Option will be granted to eligible employees under the Option Plan for nil consideration.
- (b) Each Option will entitle its holder to subscribe for and be issued, one fully paid ordinary share in the capital of the Company (upon vesting and exercise of that Option).
- (c) Options will not be listed for quotation on the ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Options.
- (d) The grant date and expiry date of an Option shall be as determined by the Board when an offer to participate in the Option Plan is made.
- (e) The exercise price of an Option shall be as determined by the Board when an offer to participate in the Option Plan is made.
- (f) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Options have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Options.
- (g) There are no participating rights or entitlements inherent in the Options and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Options.
- (h) Following the issue of Shares following exercise of vested Options, participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the participant at the time of the grant of the Options.

### 3. Performance conditions

When granting Options, the Board may make their vesting conditional on the satisfaction of a performance condition within a specified period. The Board may at any time waive or change a performance condition or performance period in accordance with the Option Plan rules if the Board (acting reasonably) considers it appropriate to do so.

### 4. Vesting

The Options will vest following satisfaction of the performance conditions or such other date as determined by the Board in its discretion.

Subject to the Option Plan rules, the Board may declare that all or a specified number of any unvested Options granted to a participant which have not lapsed immediately vest if, in the opinion of the Board a change of control in relation to the Company has occurred, or is likely to occur, having regard to the participant's pro rata performance in relation to the applicable performance conditions up to that date.

Subject to the Option Plan rules, the Board may in its absolute discretion, declare the vesting of an Option where the Company is wound up or passes a resolution to dispose of its main undertaking.

If there is any internal reconstruction or acquisition of the Company which does not involve a significant change in the identity of the ultimate Shareholders of the Company, the Board may declare in its sole discretion whether and to what extent Options, which have not vested by the day the reconstruction takes place, will vest.

### 5. Cashless Exercise Facility

Participants may, at their election, elect to pay the exercise price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive

upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the participant will receive Shares to the value of the surplus after the exercise price has been set off.

If a participant elects to use the Cashless Exercise Facility, the participant will only be issued that number of Shares equivalent in value to the number of Options exercised using the Cashless Exercise Facility, multiplied by the excess of the Share price on the exercise date (determined as the volume weighted average price of Shares on the ASX over the one week up to and including the exercise date) over the exercise price.

**6. Disposal restrictions**

A participant may not transfer an Option granted under the Option Plan without the prior consent of the Board.

**7. Overriding restrictions**

No issue or allocation of Options and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.

**8. Lapse**

(a) An Option will immediately lapse upon the first to occur of:

- (i) its expiry date;
- (ii) the performance condition(s) (if any) not being satisfied prior to the end of the performance period(s);
- (iii) the transfer or purported transfer of the Option in breach of the Option Plan rules;
- (iv) if the Option has not vested, the day that is 30 days following the date the participant voluntarily or for a bona fide reason ceases to be employed or engaged by the Company or an associated body corporate;
- (v) termination of the participant's employment or engagement with the Company or an associated body corporate for cause; or
- (vi) 6 months after an event which gives rise to a vesting under the Option Plan rules.

(b) Where a participant ceases to be employed or engaged by the Company or an associated body corporate by reason of their death, disability, bona fide redundancy, and the Options have vested, they will remain exercisable by that participant's estate or legal representative until the Options lapse in accordance with the Option Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's Options will be deemed to have vested and will be exercisable by that participant's estate or legal representative.

**9. Participation Rights or Entitlements**

There are no participating rights or entitlements inherent in the Options and participants will not be entitled to participate in new issues of securities offered to shareholders during the currency of the Options. However, the Company must give notice to the holders of Options of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules so as to give participants the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.

**10. Reorganisation of Share Capital**

In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the participant shall be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

**11. Bonus Issues**

If, from time to time, before the expiry of the Options the Company makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the participant would have received if the Option had been exercised before the date for calculating entitlements to the pro rata issue.

**12. Pro Rata Issues**

There will be no change to the exercise price of the Option or the number of Shares over which the Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares in the Company (other than bonus issue).

**13. Other conditions**

An Option may only be granted if, immediately following its grant, the Company has reasonable grounds to believe that the number of Shares that have been or may be issued in any of the following circumstances will not exceed 5% of the total number of issued Shares in that class of the Company at the time the Option is granted:

- (a) Shares that may be issued under the offer;
- (b) Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:
  - (i) an employee incentive scheme covered by ASIC Class Order [CO 14/1000] or ASIC Class Order [CO 03/184]; or
  - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

**Lodge your vote:**

 **By Mail:**  
Eastern Goldfields Limited  
Level 1, 24 Mumford Street  
BALCATTA WA 6021

Alternatively you can fax your form to  
(within Australia) 08 9322 5230  
(outside Australia +61 8 9322 5230)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

**Proxy Form**

**XX**

 **For your vote to be effective it must be received by 11:00am (WST) Tuesday, 28 November 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 registry, 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](http://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 the annual report 24 hours a day, 7 days a week:

**<http://easterngoldfields.com.au/investor-centre/>**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

**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 Annual General Meeting of Eastern Goldfields Limited to be held at Level 1, 24 Mumford Place, Balcatta, Western Australia on Thursday, 30 November 2017 at 11:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4 by marking the appropriate box in step 2 below.

## 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	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election as a Director – Mr. Craig Readhead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for Adoption of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 / /