**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: 743.5 m
Options: 244.2 m
Current Share Price: \$0.235
Market Capitalisation: \$174.7 m
Cash as at 31/12/2017:
\$80,000*

*Excluding total debt facilities
of \$35.0 m, see ASX
announcement 31 Jan 2017.
Drawn to date \$24.06 m.

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COMPANY UPDATE**HIGHLIGHTS**

- **Golden Eagle progressing strongly**
- **Open pit mining recommenced at Siberia**
- **Resource Definition drilling recommenced**

Eastern Goldfields Limited (ASX: EGS) (**Eastern Goldfields or the Company**) is pleased to provide an update on operational and corporate activities from 1 January 2018.

Executive Chairman Michael Fotios said:

"We are pleased to report on the progress of the Davyhurst site and the continued ramp up of operations. There is a substantial amount of activity in all areas, including processing, mining, resource development and exploration. We remain grateful to our dedicated workforce and look forward to delivering on the rewards that the Davyhurst gold project offers."

Overview

The Davyhurst gold project is located approximately 160 kilometres north west of Kalgoorlie, Western Australia and is centred on the 1.2Mtpa processing plant. Ore processing, underground mining, open pit mining and exploratory drilling operations were undertaken during this period.

Mining**Golden Eagle Underground Mine**

Underground mining continues to progress well at Golden Eagle, with the capital decline development passing the second level (355 Level). Cross cut development on the 355 Level has successfully intersected the main ore horizon, with ore drive development now started. Ore development has been completed on the first level (375 Level), with production drilling currently underway. Initial ore production from the 375 stopes has commenced.

The first completed level (375) has delivered pleasing results, with the main ore lode (Quartz-Feldspar Lode, or QFL) returning consistency in both grade and geometry. To the north, ore development was extended past the defined limit of the resource model by an additional 53 metres due to grade extensions on the main mineralised lode surface.

Following an internal review of the mine design, an additional ore development level (395 Level) above the 375 Level has now been incorporated into the mine plan. This level will be accessed from the north wall of the open pit and targets additional stoping ore that was previously excluded from the original mining model. Ground support activities to secure the area around the portal excavation is underway and it is anticipated that the portal excavation will commence prior to month end. Ultimately this re-design will result in an increase to the planned mined ounces for the Golden Eagle project. As a

result of the re-design some ore production scheduled for the March 2018 quarter has been deferred until the June 2018 quarter.

Emergency response training of site personnel has commenced and is scheduled to continue for the remainder of the month. Importantly for the stoping schedule, secondary egress for the underground mine was also established during the month.

A 3,500 metre underground drilling program has commenced, with good productivity rates achieved to date. The six week program targets the down plunge continuation to the Central Shoot, and will utilise a combination of diamond and underground reverse circulation drilling.



Mine rescue training at the Golden Eagle underground mine

Siberia - Sandking Open Pit

Siberia open pit mining operations resumed in February 2018, with the focus on the southern cut back of the Sandking pit. Material movement has progressed well in this free digging oxide portion of the pit. The first significant in-pit grade control event is planned for early April 2018, with ore production scheduled from that point forward.

Additional grade control drilling has been conducted over the near surface laterite ores situated to the east of the pit, with assay results pending. This area will be targeted as a source of ore in early April 2018, all of which sits outside of the larger open pit Reserve model. Recent metallurgical testing of the Siberia laterites indicates recoveries in excess of 92% for this material.



Drilling and mining operations recommenced at Siberia on the Sandking open pit (Looking south – near surface laterites in foreground)

Processing and Plant

Since 1 January 2018, the Davyhurst plant has processed approximately 68,500 tonnes at a weighted average grade of 1.31g/t. Approximately 7,700t of Golden Eagle underground development ore was treated at an unreconciled grade of 3.5g/t.

The plant experienced significant downtime and **a total of 29.5 days were lost for the period**, principally relating to:

- An adverse weather event - A total of 11 days were lost due to an extreme adverse weather event
- Plant operational issues – A total of 18.5 days were lost due to mill downtime

The site was impacted by a severe weather event that initially struck the site on 11 February 2018. Heavy rain continued over an extended period of time, impacting processing, supply and surface haulage operations. Direct operational impacts resulted in 11 days of mill downtime, although material handling issues relating to wet feed stock persisted past this point, resulting in reduced feed rates for a further 3 days.

An additional 18.5 days were lost to operational issues within the plant. These included, but were not limited to, electrical faults, mechanical faults, mechanical failures and blockages. The operational staff remain focussed on improving plant availability, with additional maintenance resources deploying to site.

During the quarter, ramp up activities have continued, with plant operating crews now fully manned, and other key appointments completed during March.



Severe weather event, radar image captured – 11 February 2018

Guidance Note

The Company refers to its announcement dated 31 January 2018 regarding its 2018 revenue guidance (which is set out below for convenience). The Company does not expect to meet the forecast tonnes processed in this quarter and consequently the revenue projections, due to the factors detailed above that have negatively impacted processing activities. These principally relate to:

1. An extreme adverse weather event
2. Processing plant downtime
3. Deferred ore production, primarily stoping tonnes, from the Golden Eagle underground operations

The Company expects improvement in the Project performance against guidance going forward given:

1. The adverse weather event was a rare occurrence, which is not expected to repeat
2. Operational focus and maintenance resourcing is aimed at improving plant availability
3. Deferred high grade ore production from Golden Eagle is expected to come online in the June 2018 quarter

Period to date approximately 68,500 tonnes at a weighted average grade of 1.31g/t has been processed. This includes approximately 7,700t of Golden Eagle underground development ore which was treated at an unreconciled grade of 3.5g/t. Period to date, gold ounces sold totals 1,270 ounces at an average realised gold price of AUD1,701/ounce. Bullion on hand and gold-in-circuit (GIC) is estimated to be a further 1000 ounces, which is excluded from these figures.

The guidance set out in the below table is based upon the following assumptions:

- (a) the actual average gold price (in \$A) in each quarter is materially consistent with the forecast gold price outlined below;
- (b) the Company's mining and processing activities accord with the Company's detailed mine plans; and
- (c) the tonnes mined by the Company will be from existing estimated Ore Reserves and Mineral Resources as previously announced by the Company (see Tables 2 and 3) .

Quarterly Forecast 2018 Physicals Summary	Q1	Q2	Q3	Q4	2018
Tonnes mined (including stockpiles moved)	256,343	376,252	415,944	412,434	1,460,973
Tonnes processed (t)	229,589	299,178	302,466	302,466	1,133,699
Head grade (g/t)	2.12	2.39	2.79	2.95	
Recovery	90%	92%	92%	93%	
Ounces recovered (oz)	14,052	21,232	24,958	26,558	86,800
Forecast average gold price (\$A/oz)	\$1,655	\$1,651	\$1,650	\$1,643	\$1,649
Revenue	23,261,248	35,051,769	41,178,388	43,641,962	143,133,367

Resource Definition Projects

Drilling operations have recommenced this month, with the drilling contractor mobilising two drilling rigs to site. On start-up, drilling crews have been deployed to the Riverina deposit, with exploration works at Menzies to follow.

The Riverina Project area is located approximately 48 kilometres north of the Davyhurst Mill, and has a current Mineral Resource estimate of 2.6Mt @ 2.5g/t Au for 205,000 ounces. It is one of several high priority drilling targets within the Company's Davyhurst Project and is seen as the next open pit mining focus following on from Siberia. Drilling is designed to infill and upgrade the existing Mineral Resource in accordance with the JORC Code 2012. Opportunities exist to expand and extend the known Resource into areas currently constrained by a lack of drilling coverage.

An external consultant has been engaged to complete an updated Mineral Resource estimation in accordance with JORC Code 2012 of the Callion deposit, which is located approximately 13 km from the Davyhurst Mill and contains a Mineral Resource of 169,000 tonnes at 2.6g/t for 14,000 ounces. This process is well advanced, with a Resource update scheduled for the June 2018 quarter. This update will aim to quantify both the open pit resource and the larger underground resource which currently remains open at depth. Following on from the Resource update, a mining study will be commenced aimed at quantifying both open pit and underground mining potential for this deposit.

The Waihi Mineral Resource estimation update process will follow. The Waihi Complex located approximately 3 km from the Davyhurst Mill has been identified as an area containing significant potential to provide high grade underground feed to complement the open pit material from Siberia. The current Mineral Resource at Waihi totals 914,000 tonnes @ 2.4 g/t for 71,000 ounces.

Exploration

The Exploration team has a regional strategy as outlined below, which it continues to progress:

- Prioritise some 200+ prospects for drilling
- Prioritise early diamond drilling of prospects to identify mineralisation controls
- Acquire and compile detailed geophysical data
- Compile regional 1:25000 solid geology mapping
- Ongoing 1:5000 and 1:10000 geological project mapping for compilation
- Ongoing historic drilling and geochemical sampling data acquisition and validation
- Ongoing review of regolith and historical sampling efficacy
- Ongoing auger geochemistry acquisition
- Systematic pXRF and spectral data acquisition from all available archival material
- Establish regional end of hole (EOH), top of fresh rock (TOFR), and base of transported cover multi-element geochemistry
- Establish regional fresh rock spectral dataset for alteration analysis
- Complete structural and genetic model reviews

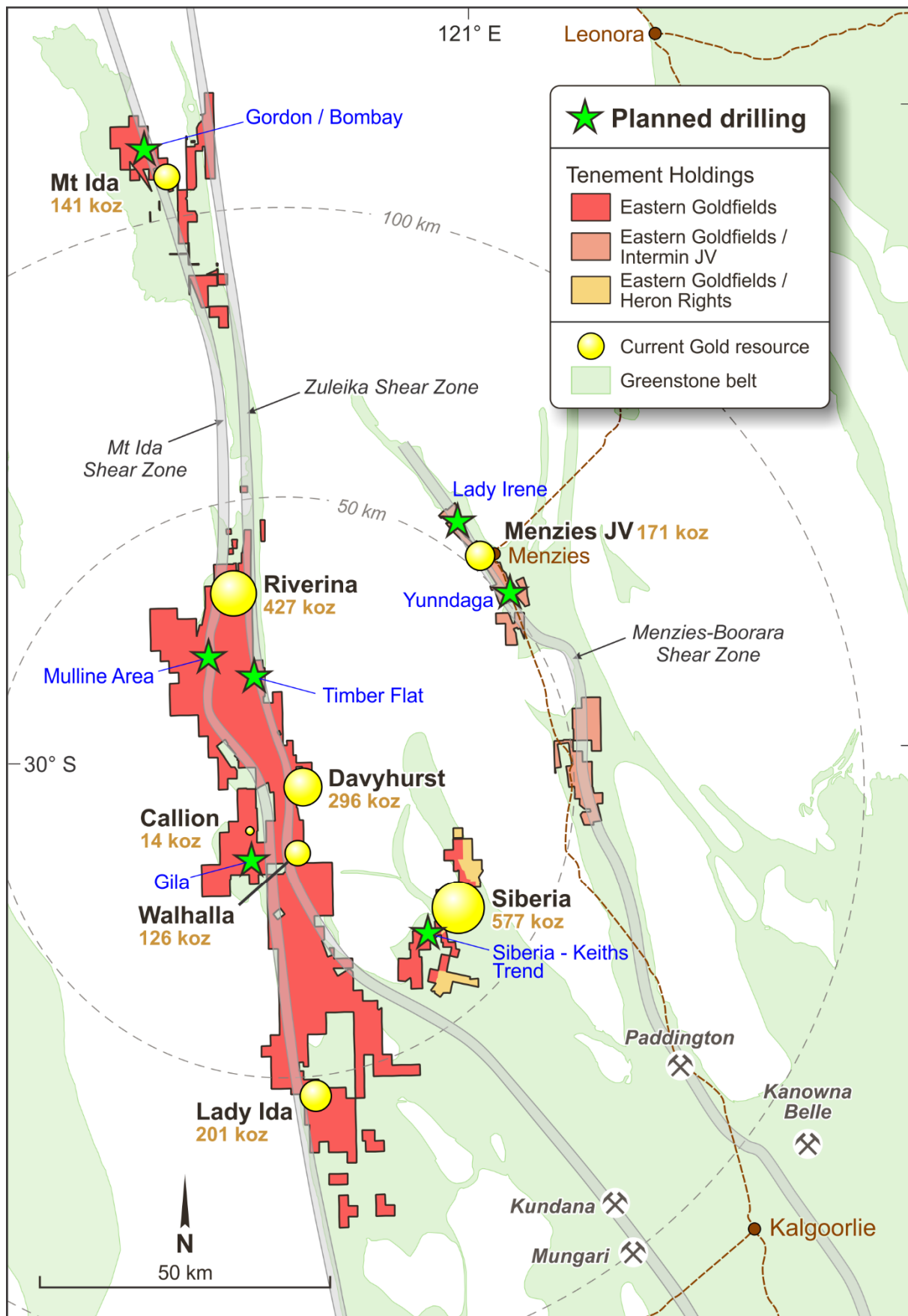
The exploration team is currently mobilising to undertake diamond drill drilling of a range of advanced prospects; drilling will consist of RC precollars with diamond tails in mineralised zones using a multipurpose rig.

Drilling is planned to commence next week at the EGS/IRC JV(EGS earning initially 50%), with two holes planned for the Lady Irene prospect immediately north of Menzies, followed by three holes at the historic Yunndaga in Menzies. The multipurpose rig will then move to the Mount Ida area to complete single holes at the Gordon and Bombay prospects, before moving south to the Mulline project, where 4 holes are planned at Peachtree prospect, Lady Gladys deeps target, Mulline offset target, and at the Young Australia prospect. Upon completion, the drill rig will move south-east to the Timber flat area, where a single hole will be drilled at the Golden Wonder and Little Wonder prospects, to check mineralisation controls. A further hole is planned south of Callion at the Gila prospect.

Diamond drilling of the Siberia-Keiths trend, including the Siberia-Consols area, is planned but will utilise the diamond-only drill rig as it becomes available from the Resource Development team.

Corporate

Apart from capital raising activities previously reported, the Company has separately focused on GST and R&D rebates. GST claims have been completed with \$0.5m to \$1.0m pending. R&D claims are being finalised for financial years 2014 to 2017. These are expected to be lodged during April 2018, with rebates expected for FY2014 to FY2016 of \$1.0m to \$1.5m and FY2017 of \$4.0m to \$5.0m



Investor Enquiries

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Executive Chairman

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Competent Person Statements

The information in this report that relates to the Sand King, Missouri and Low Grade Stockpile Mineral Resources is based on information compiled under the supervision of Mr Michael Thomson, a former 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 it is not aware of any new information or data that materially affects the information included in the original market announcement. 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 and, in the case of estimates of Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the initial announcement continue to apply and have not materially changed.

The information in this report that relates to Mineral Resources (with the exception of Sand King, Missouri and Low Grade Stockpile Mineral Resources) is based on information compiled under the supervision of Mr Michael Thomson, a former 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. 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 and, in the case of estimates of Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the initial announcement continue to apply and have not materially changed. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Forward Looking Statements

Eastern Goldfields Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Eastern Goldfields Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Table 2: EGS Mineral Resource Statement

PROJECT	MEASURED		INDICATED		INFERRED		TOTAL MATERIAL		
	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000oz.)
GOLDEN EAGLE	0	0.0	345	2.5	311	2.6	656	2.5	54
LIGHTS OF ISRAEL UNDERGROUND	0	0.0	74	4.3	180	4.2	254	4.2	35
MAKAI SHOOT	0	0.0	1 985	2.0	153	1.7	2 138	2.0	136
WAIHI	0	0.0	805	2.4	109	2.4	914	2.4	71
Central Davyhurst Subtotal	0	0.0	3 200	2.2	800	2.6	3 962	2.3	296
LADY GLADYS	0	0.0	1 858	1.9	190	2.4	2 048	1.9	128
RIVERINA AREA	0	0.0	941	2.4	1 644	2.5	2 585	2.5	205
FOREHAND	0	0.0	386	1.7	436	1.9	822	1.8	48
SILVER TONGUE	0	0.0	155	2.7	19	1.3	174	2.5	14
SUNRAYSIA	0	0.0	175	2.1	318	2.0	493	2.0	32
Riverina-Mulline Subtotal	0	0.0	3 515	2.1	2 607	2.3	6 122	2.2	427
SAND KING	0	0.0	1 773	3.3	680	3.7	2 453	3.4	272
MISSOURI	0	0.0	2 022	3.0	409	2.6	2 431	2.9	227
PALMERSTON / CAMPERDOWN	0	0.0	118	2.3	174	2.4	292	2.4	22
BERWICK MOREING	0	0.0	0	0.0	50	2.3	50	2.3	4
BLACK RABBIT	0	0.0	0	0.0	434	3.5	434	3.5	49
THIEL WELL	0	0.0	0	0.0	18	6.0	18	6.0	3
Siberia Subtotal	0	0.0	3 913	3.1	1 765	3.2	5 678	3.1	577
CALLION	0	0.0	86	2.8	83	2.3	169	2.6	14
Callion Subtotal	0	0.0	86	2.8	83	2.3	169	2.6	14
FEDERAL FLAG	32	2.0	112	1.8	238	2.5	382	2.3	28
SALMON GUMS	0	0.0	199	2.8	108	2.9	307	2.8	28
WALHALLA	0	0.0	448	1.8	216	1.4	664	1.7	36
WALHALLA NORTH	0	0.0	94	2.4	13	3.0	107	2.5	9
MT BANJO	0	0.0	109	2.3	126	1.4	235	1.8	14
MACEDON	0	0.0	0	0.0	186	1.8	186	1.8	11
Walhalla Subtotal	32	2.0	962	2.1	887	2.0	1 881	2.1	126
IGUANA	0	0.0	690	2.1	2 032	2.0	2 722	2.0	177
LIZARD	106	4.0	75	3.7	13	2.8	194	3.8	24
Lady Ida Subtotal	106	4.0	765	2.3	2 045	2.0	2 916	2.1	201
Low Grade Stockpiles	-	-	-	-	764	1.1	764	1.1	27
Davyhurst Total	138	3.5	12 441	2.5	8 187	2.4	21 492	2.4	1 668
BALDOCK	0	0.0	136	18.6	0	0.0	136	18.6	81
BALDOCK STH	0	0.0	0	0.0	0	0.0	0	0.0	0
METEOR	0	0.0	0	0.0	143	9.3	143	9.3	43
WHINNEN	0	0.0	0	0.0	39	13.3	39	13.3	17
Mount Ida Total	0	0.0	136	18.6	182	10.2	318	13.8	141
Combined Total	138	3.5	12 577	2.7	8 369	2.6	21 810	2.6	1 809

1. All Resources listed above with the exception of the Missouri and Sand King Resources were prepared and first disclosed under the JORC Code 2004 (refer to ASX release “*Swan Gold Prospectus*”, 13/2/2013). It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
2. The Missouri, Sand King and low grade stockpile Mineral Resources have been updated and comply with all relevant aspects of the JORC code 2012, and initially released to the market on 15 December 2016 (Missouri), 3 January 2017 (Sand King) and 14th July 2017.
3. The above table contains rounding errors.

Table 3: EGS Ore Reserve Statement

Reserve	Proven		Probable		Total		
	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000oz.)
Missouri - Dec 2016	-	-	1,205	2.2	1,205	2.2	85
Sand King – Feb 217	-	-	8,20	2.5	820	2.5	65
Combined Total	-	-	2,025	2.3	2,025	2.3	150