

ASX Waiver of LR10.1 Granted

Eastern Goldfields Limited (Subject to Deed of Company Arrangement) (ASX:EGS) (“Company”) is pleased to announce that ASX Limited has granted the Company a waiver from Listing Rule 10.1 to the extent necessary to grant a first ranking security over all of the assets of the Company in favour of Hawke's Point Holdings I Limited (and/or its nominees).

The waiver was granted on the following terms:

- "1. *Based solely on the information provided, ASX Limited (“ASX”) grants Eastern Goldfields Limited (the “Company”) a waiver from listing rule 10.1 to the extent necessary to permit the Company to increase the maximum aggregate principal amount to \$63,700,000 of a funding facility (comprised of a revolving credit facility with a principal amount of \$15,000,000, a revolving credit facility with a principal amount of \$10,000,000 and the proposed issue of new convertible notes with a principal amount of \$38,700,000 (“Notes”)) provided by Hawke’s Point Holdings I Limited (and/or its nominees) (“Hawke’s Point”) (“Facility”), and which is secured by a first ranking security over all of the assets of the Company in favour of Hawke’s Point (“security”) to secure the Company’s obligations under the Facility, by way of the issue of the Notes without obtaining shareholder approval, on the following conditions.*
 - 1.1. *The Security includes a term that if an event of default occurs and Hawke’s Point exercises their rights under the Security, neither Hawke’s Point nor any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company’s obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by Hawke’s Point exercising their power of sale under the Security and selling the assets to an unrelated third party on arm’s length commercial terms and conditions and distributing the cash proceeds to the Lender or any of its associates in accordance with their legal entitlements.*
 - 1.2. *A summary of the material terms of the Security is made in each annual report of the Company during the term of the Security.*
 - 1.3. *Any variations to the terms of the Security which is:*
 - 1.3.1. *not a minor change; or*
 - 1.3.2. *inconsistent with the terms of the waiver, must be subject to shareholder approval.*

- 1.4. *The Company and Hawke's Point must discharge the Security when the funds advanced to the Company under the Facility are repaid (including by way of extinguishing the debt arising from the Notes and the Facility as a whole by the issue of shares in the issued capital of the Company), and in any event before the securities of the Company (which are currently suspended) are reinstated to official quotation on ASX.*
- 1.5. *The Company immediately releases to the market an announcement which sets out the terms of this waiver, and:*
 - 1.5.1. *the Company's plans with respect to the repayment of the funds advanced under the Facility, and discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur; and*
 - 1.5.2. *a statement of the reasons why the Company has chosen to obtain a financial accommodation from a listing rule 10.1 party rather than a lender that is not a related party of substantial holder, and the steps the Company's board has taken to satisfy itself that the transaction is being entered into on arms' length terms and is fair and reasonable from the perspective of the Company's securityholders.*
2. *ASX has considered listing rule 10.1 only and makes no statement as to the Company's compliance with other listing rules."*

Pursuant to paragraphs 1.5.1 and 1.5.2 above, the Company advises that:

- (a) following shareholder approval (to be sought at a general meeting to be held on or about 7 June 2019), the existing debt facility (funds advanced and applicable interest) will be satisfied by the issuance of fully paid ordinary shares ("Shares") in the Company at 1 cent per Share and the Notes/Facility will be converted to Shares at 1 cent per Share. The security will be discharged immediately once the existing debt facility has been repaid by the issuance of Shares and the Notes have been converted into Shares; and
- (b) it sought to obtain financial accommodation from Hawke's Point, as proponent of the Deed of Company Arrangement the Company is currently subject to (rather than a lender that is not a related party falling within the scope of listing rule 10.1), having considered the potential sources of funds available to the Company at the time and the costs of those funds to the Company. The purpose of Hawke's Point advancing additional funds to the Company and the security is to fund the amounts owed by the Company to its creditors under the Deed of Company Arrangement and for ongoing working capital purposes. The board of the Company determined that the funds to be provided from Hawke's Point was on no worse terms for the Company than terms available from third-party lenders at the time, and those directors therefore consider the terms of the facility to be reasonable in the circumstances, on arm's length terms and fair and reasonable to the Company's security holders and aligned with the terms of the convertible notes to be issues to new investors as part of the recapitalisation of the Company.

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