

Recapitalisation Update

Supporting Creditors Elect to Escrow their Shares

Summary:

- **Supporting Creditors have requested a holding lock be placed on the shares to be issued to them under the DOCA**
 - **50% of the shares of each Supporting Creditor under holding lock for 9 months**
 - **50% of the shares of each Supporting Creditor under holding lock for 18 months**
 - **Holding lock demonstrates support of this group to the long term success of the Company**
 - **Entitlement Offer closes 5pm (WST) Wednesday, 15 May 2019**
 - **Proxy vote cutoff for upcoming General Meeting is 11am Wednesday, 5 June 2019**
 - **The Directors unanimously recommend ALL shareholders vote in favour of all resolutions (except for resolutions where the Directors have abstained from making a recommendation) for the upcoming General Meeting, regardless of their intention to participate in the Entitlement Offer**
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The Deed Administrators and the new Board of Directors of Eastern Goldfields Limited (ASX:EGS) (“Company”) are pleased to announce that the Supporting Creditors pursuant to the Deed of Company Arrangement (“DOCA”) have requested that the Company’s share registry place a holding lock on all of the shares they are to be issued (subject to shareholder approval) in order to satisfy their claims under the DOCA.

Supporting Creditors Escrowed

Details of the Supporting Creditors are set out in the DOCA and Notice of General Meeting announced via the ASX on 30 April 2019. The Supporting Creditors have requested that the Company’s share registry place a holding lock on the shares they receive pursuant to their settlement terms.

Each Supporting Creditor will have 50% of its shares under holding lock for 9 months (from the date of issue) and each Supporting Creditor will have the remaining 50% of its shares under holding lock for 18 months.

Pursuant to the terms of the DOCA settlement, Supporting Creditors will, subject to shareholder approval at the upcoming General Meeting, be issued approximately 1.39 billion new shares in Ora Banda (on a pre-consolidation basis). Depending on the final quantum of the capital raising, this equates to between 16.7% and 19.1% of the total shares on issue (undiluted) post completion of the recapitalisation.

This commitment by Supporting Creditors is a significant demonstration of the desire for the Company to have long term success.

Entitlement Issue Closing Soon

Shareholders are also reminded that the current Entitlement Offer that is open to eligible shareholders is scheduled to soon **close this Wednesday, 15 May 2019**.

A copy of the Prospectus for the Offer is available on the Company's website www.easterngoldfields.com.au and on the ASX website at www.asx.com.au. Shares issued under the Entitlement Offer will be entitled to vote at the upcoming General Meeting being held to effect the proposed recapitalisation of the Company.

The Directors of the Company also unanimously recommend that Shareholders vote in favour of all resolutions (except for resolutions where the Directors have abstained from making a recommendation) at the upcoming General Meeting, as without approval, the Company will need to renegotiate with its secured creditors and there is a risk the Company's shares may not be reinstated to trading on ASX (or there may be a delay in reinstatement) or forced into liquidation. Shareholders should vote in the General Meeting, regardless of their intention to participate in the Entitlement Offer.

The closing date for proxy votes is Wednesday, 5 June 2019 at 11:00am (WST). Investors may vote online at www.investorvote.com.au

| Investor Queries: | Media Queries: |
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