

Update on Recapitalisation and Restart Planning

A New Dawn as Ora Banda Mining Limited

Summary:

- **Recapitalisation transaction to be undertaken in coming months**
 - **New Board appointed to take full control upon completion of transaction**
 - **Back to basics corporate strategy to add value and increased scale to Resources and Reserves, aimed at maximising asset value before completion of a Definitive Feasibility Study**
 - **Company to be re-named Ora Banda Mining Limited**
 - **Proposed to undertake a capital raising of between \$30-40 million leaving the Company well-funded and debt-free**
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The Deed Administrators and the new Board of Directors of Eastern Goldfields Limited (ASX:EGS) ("Company") are pleased to update shareholders and other stakeholders on the progress made towards a recapitalisation and re-quotations of the Company ("Transaction").

Completion of the Transaction is conditional on completion of the Capital Raising (defined below). Another important aspect of the Transaction is the passing of all resolutions to be put to shareholders at a general meeting ("General Meeting"), indicatively scheduled for late May 2019.

Significant Recent Clean-Up Efforts

For the past six months, a group of supportive stakeholders has been working hard to give substance to the Company's revised "back to basics" strategy. This has entailed detailed analysis of the Company's financial and tenement positions. Pleasingly, this process has yielded a number of planned solutions, which the Board believes will give the Company a new life.

The Company has arrived at a settlement plan with its creditors through the Deed of Company Arrangement ("DOCA") process, in which creditors have agreed to extinguish their claims through cash payments and, in the case of some shareholders, conversion to new equity. It has established a new well-credentialed Board and senior management team (detailed further below); has undertaken an independent review of its JORC Resources & Reserves; has secured its tenement position and has implemented strong internal financial practices and systems.

To complete the Transaction, the Company will re-set its balance sheet, and has appointed Hartleys Limited as Lead Manager to a proposed capital raising of between \$30M to \$40M ("Capital Raising"). This will ensure the Company is well-funded to progress a methodical and measured asset development strategy. The

Company has had significant undertakings of support from existing shareholders in relation to the proposed Capital Raising.

The Company will seek to change its name to Ora Banda Mining Limited. This change will be one of a number of resolutions put to shareholders at the General Meeting.

On completion of the Transaction, all claims and debts existing against the Company pre-administration will be extinguished and the Company will be in a strong financial position, being debt-free and with a strong cash position to execute its “back to basics” strategy.

New Board & Considered Corporate Strategy

The new Board, comprising Peter Mansell (Non-Executive Chairman), David Quinlivan (Managing Director), Mark Wheatley (Non-Executive Director) and Keith Jones (Non-Executive Director) have been appointed and will take control of the Company following completion of the DOCA.

This Board has developed a well-considered and robust program focussed on unlocking the potential value from the large and highly prospective strategic landholding held by the Company through:

- **Extensive Resource Definition:** Systematic drill program including infill and extensional drilling, plus testing of exciting regional prospects.
- **Detailed Mine Planning:** 12 month evaluation period for resource to reserve definition and mine modelling prior to production restart.

The Company has now defined a pathway to undertake a Definitive Feasibility Study, which the Board expects will provide a further trigger to unlocking additional value of the Company’s assets.

The Company has always had a very promising portfolio of assets – attractive deposits with known high-grade resources, an existing processing plant, and a large and prospective land holding in a tier 1 gold mining jurisdiction – and it will now seek to maximise that value.

Tony Brazier has been appointed Chief Financial Officer. He has extensive and substantive experience in similar roles. Company secretarial duties will be handled jointly by Susan Hunter and Tony Brazier.

Upcoming Administrative Milestones

Further to the work undertaken to position the Company for a recapitalisation, the Company will also shortly release to ASX a number of completed administrative compliance items – including the 2018 annual report, December 2018 half yearly report and updated ASX compliance filings.

A Prospectus and Notice of Meeting will be released in the coming weeks as part of the Capital Raising and for shareholders to consider the resolutions put forward at the General Meeting.

Finally, we welcome a new dawn for the Company, and the highly promising assets it holds. Under the name Ora Banda, we look forward to executing our strategy to provide a clean de-risked future for the Company.

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