

## Revised Annual Report

18 November 2016

The Company advises that the Annual Report lodged on 19 October 2016 did not include the updated Auditor's Declaration of Independence and Independent Auditor's Report dated 29 September 2016, reflecting the general purpose financial statements prepared based on the Company being listed on ASX on 13 September 2016.

The revised Annual Report attached includes the updated Auditors Declaration of Independence and Independent Auditor's Report. All other details remain the same as in the original report lodged.

-ENDS-

For more information

Simon Robertson

Company Secretary

**T. 08 6555 2955**

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**Annual Report for the  
Year ended  
30 June 2016**

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## **CORPORATE DIRECTORY**

### ***Head Company***

Egan Street Resources Limited (formerly Auricup Resources Ltd)  
ACN: 144 766 236

### ***Directors***

Barry Sullivan – Non-Executive Chairman  
Marc Ducler – Managing Director  
Simon Eley – Non-Executive Director  
Hedley Widdup – Non-Executive Director

### ***Company Secretary***

Mr Simon Robertson

### ***Registered and Principal Office***

68 Aberdeen St  
Northbridge WA 6003  
Telephone: (+61) 8 6555 1866

### ***Share Register***

Computershare Investor Services Pty Limited  
Level 11  
172 St Georges Terrace  
Perth Western Australia 6000

### ***Auditors***

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### ***Solicitors***

GTP Legal  
68 Aberdeen St  
***Northbridge WA 6003***

### ***Securities Exchange Listing***

The company is listed on the Australian Securities Exchange.  
ASX Codes: EGA/EGAO

### ***Website***

[www.eganstreetresources.com.au](http://www.eganstreetresources.com.au)



## DIRECTOR'S REPORT

Your directors present their report together with the financial statements on the Company and its controlled entities for the year ended 30 June 2016.

The names of directors in office at any time during or since the end of the year are:

Barry Sullivan – Non-Executive Chairman (appointed 6 May 2016)  
Marc Ducler – Managing Director (effective from 13 September 2016)  
Simon Eley – Non-Executive Director  
Hedley Widdup – Non-Executive Director (resigned as Non-Executive Chairman 6 May 2016)  
Lindsay Franker – Non-Executive Director (resigned 28 June 2016)

### *Qualifications, Experience and Special Responsibilities of Directors*

#### **BARRY SULLIVAN –NON-EXECUTIVE CHAIRMAN (APPOINTED 5 MAY 2016)**

Qualifications – BSc(MIN), ARSM, FAusIMM, MAICD

Mr Sullivan is an experienced and successful mining engineer, with a career spanning 40 years in the mining industry. His initial mining experience was gained in the South African gold mining industry, followed by more than 20 years with Mount Isa Mines (MIM). In the final five years of his tenure with MIM, Mr Sullivan was Executive General Manager, responsible for the extensive Mount Isa and Hilton operations.

Mr Sullivan was previously Chairman of Exco Resources, and was previously a non-executive Director of Bass Metals, Catalpa Resources, Sedimentary Holdings and Allegiance Mining. He is also the non-executive Chairman of Lion Selection Group.

Mr Sullivan also held directorship with the following ASX-listed companies in the 3 years immediately prior to the date of this report:

Name	Date Appointed	Date Resigned
Lion Selection Group Limited.	November 2011	current
Bass Metals Ltd	January 2012	October 2013

#### **MARC DUCLER –MANAGING DIRECTOR**

Qualifications – BSc(Metallurgy) WASM

Mr Ducler has over 20 years' experience in the mining industry. For the past 13 years, he has been in senior management roles. His operational experience has been gained through senior roles with; GoldFields Australia (St Ives & Agnew), BHP Billiton (Mt Whaleback), Fortescue Metals Group Limited (Cloudbreak), Mineral Resources Limited (Carina Iron Ore Mine) and Roy Hill.

Mr Ducler has over 11 years operational experience in the gold processing industry with exposure to conventional CIL/CIP circuits and heap leaching. Mr Ducler brings a process orientated operational understanding of the gold mining industry as well as an up to date understanding of what is required to get a greenfield mining operation from concept to production.

Mr Ducler has not held directorships with any other ASX-listed companies over the last three years.

**EGAN STREET RESOURCES LIMITED  
DIRECTOR'S REPORT  
30 JUNE 2016**

**SIMON ELEY –NON-EXECUTIVE DIRECTOR**

Qualifications – BA, LLB

Mr Eley is a solicitor with wide experience in the resource sector. He is a founding director of Auricup and led the acquisition of the Rothsay Gold Project. He was also Chairman of Tierra Grande Resources Inc. (OTCBB:TGRI) until the company entered a merger with VNUE Inc. (OTCQB: VNUE), a company focused on the development of advanced live music production, mobile distribution and automated rights clearing platform. Mr Eley was an Executive Director of Aragon Resources Limited (Aragon) and led the team that secured the Central Murchison Gold Project, which became Aragon's core asset with approximately 2 million ounces in JORC compliant resources. Aragon was taken over by Westgold Resources Limited in 2011 valuing Aragon at \$76 million.

Mr Eley previously worked for Woodside Petroleum Limited in Mauritania, West Africa in an advisory and commercial role dealing with government, joint venture partners and local and international contractors. He has also worked for Aquila Resources Limited (Aquila), Clough Limited and Clayton Utz. Mr Eley's experience includes capital raisings, corporate matters and dispute resolution. At Aquila he was engaged in corporate management and strategy and acquisitions and divestments. He also gained practical experience working in operating base metal and gold mines in Western Australia and the Northern Territory.

Mr Eley has not held directorships with any other ASX-listed companies over the last three years.

**HEDLEY WIDDUP – NON-EXECUTIVE DIRECTOR**

Qualifications – BSc(Hons Geology), MAusIMM

Mr Widdup graduated as a geologist with first class honours from the University of Melbourne in 2000. Upon finishing his degree, Mr Widdup joined WMC Resources as a geologist working at the Mt Keith Nickel Mine. Mr Widdup has extensive experience as a mine geologist having worked at Olympic Dam, Mt Isa (Black Star open cut mine) and the St Ives Gold Mine where he was Senior Mine Geologist of the combined open pits. Mr Widdup joined Lion Selection Group in July 2007 as an analyst and completed a Graduate Diploma in Applied Finance in 2011. Mr Widdup is currently an Executive Director of Lion Manager Pty Limited.

Mr Widdup is a member of the Australian Institute of Mining and Metallurgy.

Mr Widdup has not held directors with any other ASX-listed companies over the last three years.

**LINDSAY FRANKER –DIRECTOR (RESIGNED 28 JUNE 2016)**

Qualifications – BEng(Mining) WASM, MAusIMM

Mr Franker has over 20 years' mining experience in both operations and mining related finance. He has been employed by a number of mining companies in operations and consultancy – specialising in both underground and open pit mining in Australia. He has worked for several international investment banks, based out of Johannesburg and Singapore, with a global focus covering greenfield and brownfield projects. His experience includes capital markets in debt & equity, project & structured finance, M&A, ECA & asset backed finance, borrowing base finance, structured trade finance, commodity hedging and debt advisory. He has been involved in all stages of projects from exploration through to commercial production including project development, startups and expansions - in various commodities, mining methods for both open pit and underground. Mr Franker is a Member of the Australasian Institute of Mining and Metallurgy.

## ***Company Secretary***

**MR SIMON ROBERTSON, B.BUS, CA, M APPL. FIN.**

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson has experience as a Company Secretary and in transaction management. He has also been involved in management of the ASX listing process and several specific asset transfers, general accounting for public companies and preparation of financial statements.

## ***Principal Activities***

The principal activity of the consolidated group since incorporation has been the evaluation of opportunities to acquire and develop mineral tenements in Western Australia and Mexico. There were no significant changes in the nature of the consolidated group's principal activities during the year.

## ***Operating Results***

The consolidated loss of the consolidated group after providing for income tax amounted to \$1,383,477 (2015: \$961,001).

## ***Review and results of Operations***

The Company, Auricup Resources Limited was incorporated on 22 June 2010 and converted to a public company on 10 June 2011. On 21 June 2016 the Company changed its name to Egan Street Resources Limited.

The Company has six subsidiaries incorporated for the purpose of holding tenement packages;

- Auricup International Pty Ltd was incorporated on 17 March 2011. Auricup International Pty Ltd has a wholly owned subsidiary, Minera Auricup de R.L. de C. V., a company incorporated in Mexico on 14 April 2011.
- The wholly owned subsidiary, Auricup (Rothsay) Pty Ltd was incorporated on 25 May 2011.
- The wholly owned subsidiary, Auricup Baviacora Pty Ltd was incorporated on 16 of January 2013. Auricup Baviacora has a wholly owned subsidiary, Recursos Auricup de R.L. de C.V., a company incorporated in Mexico on 30 of January 2013.
- The wholly owned subsidiary, Auricup Victoria Bore Pty Ltd was incorporated on the 15 December 2012.

The Company's board also changed during the year. Lindsay Franker resigned as Director however, remains actively involved in the Company's operations. The Company is grateful for the contributions of Lindsay and looks forward to continuing working with him in a management capacity.

The Company is very pleased to have appointed Barry Sullivan to the board as Chairman. Barry is an experienced and successful mining engineer with a career spanning 40 years in the mining industry that will be invaluable to the Company.

The Company, in its own right and through its subsidiaries, holds tenements comprising the Rothsay Gold Project and Victoria Bore in Western Australia and the Mazocahui Project in Mexico.

As reported previously, a decision was taken by the board to reduce expenses and preserve the viability of the Company until such a time as either funding could be accessed on acceptable terms, or a corporate outcome resulted in the combination of our assets with those of another company with stronger finances.

The Company has received renewed interest in the Rothsay Gold Project. The board has regularly reviewed the preservation strategy of the company, and in late 2015, your directors determined that market conditions were such that the Company may once again consider pursuing the stand-alone development of the Rothsay project, subject to funding.

The Company also secured funding throughout the year in order to be prepared for improved market conditions. At various times throughout the year, five parties advanced the Company an aggregate sum of \$225,000 by way of unsecured convertible notes. These had a term of either 3 or 6 months with nil interest, and converted to shares upon the earlier of either expiration, listing of the Company or by agreement of the parties. The convertible notes were converted into shares in the Company at \$0.03 per share together with one attaching option for every share issued. Each option will be exercisable at \$0.045 on or before the date which is 2 years after the date of issue.

The Company also completed a placement of \$300,000 to sophisticated and professional investors at \$0.16 per Share post consolidation (being a 20% discount to the IPO price) to fund the proposed IPO and activities until it is completed. This resulted in 7,500,000 Shares pre-consolidation being issued (1,875,000 Shares post consolidation).

On 21<sup>st</sup> June 2016, at a general meeting, the Company's shareholders agreed to a 1 for 4 consolidation of the Company's share capital in readiness for the proposed IPO of the Company.

## ***Financial Position and Significant Changes in the State of Affairs***

The net assets of the consolidated group totalled \$859,060 (2015: \$1,539,054). The loss for the year was \$1,383,477 (2015: \$961,001). Cash on hand at 30 June 2016 totalled \$184,461 (2015: \$14,882). There have been no significant changes in the state of affairs during the year.

## ***Dividends Paid or Recommended***

No dividend has been declared or paid by the Company. The directors do not recommend the payment of a dividend.

## ***After Balance Date Events***

On Tuesday 13<sup>th</sup> September 2016 the Company successfully listed on the Australian Securities Exchange, with official quotation of the Company's securities commencing at 12 noon AEST. The Company raised \$6,000,000 pursuant to the offer made under the prospectus dated 28 July 2016 and the supplementary prospectus dated 29 August 2016 by the issue of 30,000,000 fully paid ordinary shares at an issue price of \$0.20.

The following issues of shares were made:

Underwritten Rights issue – 27,097,765 shares with 24,827,271 attaching options  
Public Offer – 2,902,232 shares with 4,353,348 attaching options

Restricted securities issued in lieu of payment of fees and loans – 1,176,396 shares and 1,764,593 attaching options  
Unrestricted securities issued in lieu of payment of fees and loans – 885,500 shares and 1,328,250 attaching options

Quoted securities on listing were 57,151,430 fully paid ordinary shares (EGA) and 46,328,187 options (EGAO) with an exercise price of \$0.25 and an expiry date of 12 March 2018.

Mr Marc Ducler became Managing Director effective from 13 September 2016, with Mr Simon Eley resigning as Managing Director to become a Non-Executive Director.

There have been no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect:

- the consolidated group's operations in future years;
- the results of those operations in future years; or
- the consolidated entity's state of affairs in future years.

## ***Future Developments, Prospects and Business Strategies***

The consolidated group's primary strategy is the discovery and commercialisation of gold deposits.

The Company intends to continue its current operations of mineral exploration and tenement acquisition with a view to the commercial development of discovered or acquired mineral resources.

The ability of the Company to achieve successful commercial developments will depend upon the success of its exploration and project development programs.

## ***Native Title***

The consolidated group's activities in Australia are subject to the Native Title Act of the Commonwealth or State. There have been no significant known breaches of the consolidated entity's obligations under these Acts. The consolidated group is not aware of any matters that cannot be resolved through the normal legal process, should they arise.

## Share Options

### Unissued shares under option

At the date of this report, the unissued ordinary shares of Egan Street Resources Limited under option are as follows

Grant Date	Expiry Date	Exercise Price	Listed Options	Unlisted Options
11/8/2011	13 September 2018	\$1.00		700,000
27/05/2016	27 May 2018	\$0.18		1,875,000
17/06/2016	13 September 2019	\$0.25		8,250,000
13/09/2016	13 March 2018	\$0.25	48,092,780	
			<b>48,092,780</b>	<b>10,825,000</b>

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

### Shares issued as a result of the exercise of options

During the year, no shares have been issued as a result of the exercise of options.

## Information on Directors

The Table below sets out each of the Director's relevant interest in shares or options over shares of the Company as at the date of this report:

Current Director	Number of ordinary shares	Number of options granted	Expiry date	Exercise price
Barry Sullivan	100,000	-	-	-
- Unlisted Options	-	750,000	13 September 2019	\$0.25
- Listed Options	-	150,000	31 March 2018	\$0.25
Marc Ducler	1,136,957	-	-	-
- Unlisted Options		416,666 3,000,000	27 May 2018 13 September 2019	\$0.18 \$0.25
- Listed Options	-	846,060	13 March 2018	\$0.25
Simon Eley	3,095,809	-	-	-
- Unlisted Options		750,000	13 September 2019	\$0.25
- Listed Options	-	2,484,067	13 March 2018	\$0.25
Hedley Widdup	-	-	-	-
- Unlisted Options		-	-	-
- Listed Options	-	-	-	-

## ***Meetings of Directors***

The number of formal meetings of directors (including committees of directors) held during the year and the number of meetings attended by each director was as follows:

	<b>Directors' Meetings</b>	
	<b>Number eligible to attend</b>	<b>Number attended</b>
Hedley Widdup	9	9
Barry Sullivan	-	-
Simon Eley	9	9
Lindsay Franker	9	9
Marc Ducler	9	9

## ***Indemnification and Insurance of Directors and Officers***

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$8,215 (2015: \$14,125) exclusive of GST.

## ***Indemnity and Insurance of Auditor***

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## ***Proceedings on Behalf of Company***

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

## ***Remuneration Report (Audited)***

The full Board fulfils the roles of remuneration committee and is governed by the Group's adopted remuneration policy.

### **Remuneration Policy**

This policy governs the operations of the Board. The Board shall review and reassess the policy at least annually and obtain the approval of the Board.

### **General Director Remuneration**

Shareholder approval must be obtained in relation to the overall limit set for non-executive directors' fees. The Directors shall set individual Board fees within the limit approved by shareholders.

Shareholders must also approve the framework for any broad based equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

### **Executive Remuneration**

The Group's remuneration policy for executive directors and senior management is designed to promote superior performance and long term commitment to the Group. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Group and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- a) reward reflects the competitive market in which the Group operates;
- b) individual reward should be linked to performance criteria; and
- c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

- a) salary - executive directors and senior managers receive a sum payable monthly in cash;
- b) bonus - executive directors and nominated senior managers are eligible to participate in a bonus or profit participation plan if deemed appropriate;
- c) long term incentives - executive directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- d) other benefits - executive directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

Remuneration of other executives consists of the following:

- a) salary - senior executives receive a sum payable monthly in cash;
- b) bonus - each executive is eligible to participate in a bonus or profit participation plan if deemed appropriate;
- c) long term incentives - each senior executive may, where appropriate, participate in share option schemes which have been approved by shareholders; and
- d) other benefits – senior executive are eligible to participate in superannuation schemes and other appropriate additional benefits.

**EGAN STREET RESOURCES LIMITED**  
**DIRECTOR'S REPORT**  
**30 JUNE 2016**

**Non-executive Remuneration**

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for non-executive directors is currently \$300,000.

It is recognised that non-executive directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Group remains small and the full Board, including the non-executive directors, are included in the operations of the Group more closely than may be the case with larger companies the non-executive directors are entitled to participate in equity based remuneration schemes.

All directors are entitled to have their indemnity insurance paid by the Group.

**Bonus or Profit Participation Plan**

Performance incentives may be offered to executive directors and senior management of the Group through the operation of a bonus or profit participation plan at the ultimate discretion of the Board.

**Details of Remuneration for year ended 30 June 2016**

The remuneration for each Director and the senior Executive of Egan Street Resources Limited during the year and the previous year was as follows:

**2016**

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Salary	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity (i)	Options (v)			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Barry Sullivan	-	-	-	-	-	-	-	3,769	3,769	100	-
Simon Eley	30,000 <sup>(ii)</sup>	-	-	-	-	-	-	3,769	33,769	11	-
Hedley Widdup	30,000 <sup>(ii)</sup>	-	-	-	-	-	-	3,769	33,769	11	-
Marc Ducler	12,356 <sup>(iii)</sup>	-	-	-	-	-	-	15,076	27,432	55	-
Lindsay Franker	125,000 <sup>(iv)</sup>	-	-	-	-	-	-	15,076	140,076	11	-
	<b>197,356</b>	-	-	-	-	-	-	<b>41,459</b>	<b>238,815</b>		

**2015**

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Salary	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity (i)	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Simon Eley	46,332 <sup>(ii)</sup>	-	-	-	6,938	-	49,455	-	102,725	-	-
Hedley Widdup	30,000 <sup>(ii)</sup>	-	-	-	-	-	-	-	30,000	-	-
Christopher Newman	30,000 <sup>(ii)</sup>	-	-	-	-	-	-	-	30,000	-	-
	<b>106,332</b>	-	-	-	<b>6,938</b>	-	<b>49,455</b>	-	<b>162,725</b>		

(i) Directors received shares in lieu of fees during the year.

(ii) Directors salaries include an accrual of \$30,000 for unpaid Directors fees for the years ended 30 June 2015 and 30 June 2016. These director fees are still outstanding.

(iii) Marc Ducler's consulting fees and Directors fees have been accrued and are outstanding at 30 June 2016.

(iv) Lindsay Franker's consulting fees have an amount of \$30,000 (excluding GST) which has been accrued and is outstanding at 30 June 2016.

(v) The option charge is calculated using the Black Scholes model. Refer to Note 24 for further details of how the charge was calculated.



## Details of Shares Held by Key Management Personnel

**2016**

Key Management Person	Balance 1.7.2015	Received as Compensation	On Appointment	Conversion of loan/notes	Acquired	Consolidation 4:1 basis	Balance 30.6.2016
Barry Sullivan	-	-	-	-	-	-	-
Marc Ducler	-	-	-	1,666,667	625,000	(1,718,750)	572,917
Simon Eley	5,759,055	-	-	-	-	(4,319,291)	1,439,764
Hedley Widdup (1)	-	-	-	-	-	-	-
Lindsay Franker	-	-	-	1,666,667	-	(1,250,000)	416,667
	<b>5,759,055</b>	<b>-</b>	<b>-</b>	<b>3,333,334</b>	<b>625,000</b>	<b>(7,288,041)</b>	<b>2,429,348</b>

1. Mr Widdup is a director and shareholder of Lion Manger Pty Ltd, which holds 35,715 shares. Lion Manager Pty Ltd provides investment management services to Lion Selection Group Limited, which holds 5,552,930 shares.

## Details of Options Held by Key Management Personnel

**2016**

Key Management Person	Balance 1.7.2015	Granted as Compensation (3)	Conversion of loan/notes	Reduction due to Share Consolidation (2)	Balance 30.6.2016	Total Vested 30.6.2016	Total Exercisable 30.6.2016	Total Unexercisable 30.6.2016
Barry Sullivan	-	3,000,000	-	(2,250,000)	750,000	-	-	750,000
Marc Ducler	-	12,000,000	1,666,667	(10,250,000)	3,416,667	416,667	416,667	3,000,000
Simon Eley	-	3,000,000	-	(2,250,000)	750,000	-	-	750,000
Hedley Widdup (1)	-	-	-	-	-	-	-	-
Lindsay Franker	-	12,000,000	1,666,667	(10,250,000)	3,416,667	416,667	416,667	3,000,000
	<b>-</b>	<b>30,000,000</b>	<b>3,333,334</b>	<b>(25,000,000)</b>	<b>8,333,334</b>	<b>833,334</b>	<b>833,334</b>	<b>7,500,000</b>

1. Mr Widdup is a director and shareholder of Lion Manger Pty Ltd, which holds 750,000 Options.  
2. Net Change is due to the consolidation of shares on a 4:1 basis.  
3. Refer to Note 24 for details on options granted as compensation.

Details of the assumptions used in the valuation of these options issued are as follows:

Item	Tranche 1	Tranche 2	Tranche 3
Assessed fair value at grant date	\$0.0216	\$0.0216	\$0.0216
Number of options	11,000,000	11,000,000	11,000,000
Vesting Conditions	Upon successful listing of the Company	Delivery of a feasibility study, the necessary funding and the decision to mine	Upon the first gold production
Vesting date	17 September 2016	17 March 2018	17 March 2019
Exercise price (\$)	0.0625	0.0625	0.0625
Exercise period	3	3	3
Grant Date	17 June 2016	17 June 2016	17 June 2016
Expiry date	3 years from the date of official quotation	3 years from the date of official quotation	3 years from the date of official quotation
Share price at grant date	\$0.04	\$0.04	\$0.04
Expected volatility of the Company's shares (1)	101%	101%	101%
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.55%	1.55%	1.55%
Exercise conditions	nil	nil	nil

### **Details of loans and other transactions with Key Management Personnel**

Mr Simon Eley, a director of the company, loaned the company the following amount; \$8,000 on the 2<sup>nd</sup> November 2015, \$10,000 on 23<sup>rd</sup> November 2015, \$10,000 on 4<sup>th</sup> December 2015 for a total of \$28,000 during the year. The total loaned amount carried forward of \$153,200 from last year along with \$23,221 of expenditure paid on behalf of the company meant total outstanding loans to Mr Eley was equal to \$204,421. This leaves a total amount of loan payable at 30 June 2016 of \$204,421 (2015:\$153,200). This loan is non-interest bearing with no repayment term specified.

Mr Lindsay Franker, the chief operating officer of the company has invoiced the company through Gunda Gunda Mining Pty Ltd totalling \$125,000 excluding GST during the year, as at 30 June 2016 \$33,000 including GST is payable and this amount is included in trade payables and accruals. Also during the year Mr Franker advanced the Company the sum of \$50,000 by way of a convertible note through Franker Capital Pty Ltd on 2 July 2015 for a term of 3 months with nil interest, this is to be converted into shares upon the earlier of either expiration of the agreement or listing of the Company, the Note can be redeemed by agreement of the parties only upon the sale of an asset. The issue price of shares on expiration is that the note will convert into shares in the Company at \$0.03/share together with one attaching option for every share issued. Each option will be exercisable at \$0.045 on or before the date which is 2 years after the date of issue. On 27 May 2016 the shares and options were issued.

Mr Marc Ducler, a director of the company has invoiced the company for his fees totalling \$12,356 along with expenditure paid on behalf of the company of \$17,854, which totals \$30,211 payable at 30 June 2016. This amount is included in trade payables and accruals. Also during the year Mr Ducler advanced the Company the sum of \$50,000 by way of a convertible note through the Canard Super Fund on 17 September 2015 for a term of 3 months with nil interest, this is to be converted into shares upon the earlier of either expiration of the agreement or listing of the Company, the Note can be redeemed by agreement of the parties only upon the sale of an asset. The issue price of shares on expiration is that the note will convert into shares in the Company at \$0.03/share together with one attaching option for every share issued. Each option will be exercisable at \$0.045 on or before the date which is 2 years after the date of issue. The shares and options were issued on 27 May 2016.

### **Employment contracts of directors and senior executives**

**Mr Marc Ducler** – appointed 12 June 2015

#### **Managing Director**

The Company and Mr Ducler have entered into an executive service agreement for his role as Managing Director of the group.

The principal terms of the agreement are as follows:

- i. The employment term is not fixed and continues until the agreement is terminated in accordance with its terms.
- ii. The agreement may be terminated:
  - a. (subject to paragraph (iii) below) by either party without cause with six months' notice, or in the case of the Company, immediately with payment in lieu of notice (subject to the limitation of the Corporations Act and Listing Rules);
  - b. by the Company on one months' notice, if Mr Ducler is unable to perform his duties due to illness, accident or incapacitation, for three consecutive months or a period aggregating more than three months in any 12 month period; or
  - c. summarily following material breach or in the case of serious misconduct.
- iii. If the agreement is terminated by reason of redundancy, including in connection with a change of control of the Company, Mr Ducler will be entitled to receive 12 months' remuneration in addition to any redundancy amount payable under applicable law and any accumulated entitlements.
- iv. Mr Ducler must devote the whole of his time and attention to the business of the Company during normal working hours and at such times as may be reasonably necessary.
- v. The remuneration comprises:
  - a. A base salary of \$220,000 per annum (inclusive of 10% superannuation);
  - b. 3.0 million post consolidation Incentive Options each exercisable at \$0.25 on or before 3 years from the date of Official Quotation, vesting over several tranches.

The agreement otherwise contains industry-standard provisions for a senior executive of a public listed company.

**EGAN STREET RESOURCES LIMITED  
DIRECTOR'S REPORT  
30 JUNE 2016**

**Mr Barry Sullivan – appointed 6 May 2016  
Non-Executive Chairman**

The Company has entered into an agreement with Mr Sullivan in respect of his appointment as Non-Executive Chairman.

Mr Sullivan will be paid a fee of \$45,000 per annum (plus 10% superannuation) for his services as Non-Executive Director and Chairman and will be reimbursed for all reasonable expenses incurred in performing his duties. In addition, the Company has issued Mr Sullivan 750,000 post consolidation Incentive Options each exercisable at \$0.25 on or before 3 years from the date of Official Quotation, vesting over several tranches.

The appointment of Mr Sullivan as a Non-Executive Chairman is otherwise on terms that are customary for an appointment of this nature.

**Mr Hedley Widdup – appointed 19 December 2013  
Non-Executive Director**

The Company has entered into an agreement with Mr Widdup in respect of his appointment as Non-Executive Director.

Lion Manager Pty Ltd, a company of which Mr Widdup is a director and shareholder, will be paid a fee of \$38,500 per annum in respect of Mr Widdup's services as a Non-Executive Director and will be reimbursed for all reasonable expenses incurred in performing his duties. In addition, the Company has issued Lion Manager Pty Ltd 750,000 post consolidation Incentive Options each exercisable at \$0.25 on or before 3 years from the date of Official Quotation, vesting over several tranches.

The appointment of Mr Widdup as a Non-Executive Director is otherwise on terms that are customary for an appointment of this nature.

**Mr Simon Eley – appointed 11 March 2011  
Non-Executive Director**

The Company has entered into an agreement with Mr Eley in respect of his appointment as Non-Executive Director. Mr Eley will be paid a fee of \$35,000 per annum (plus 10% superannuation) for his services as Non-Executive Director and will be reimbursed for all reasonable expenses incurred in performing his duties. In addition, the Company has issued 750,000 post consolidation Incentive Options to Mr Eley's nominee each exercisable at \$0.25 on or before 3 years from the date of Official Quotation, vesting over several tranches.

The appointment of Mr Eley as a Non-Executive Director is otherwise on terms that are customary for an appointment of this nature.

**Consolidated entity performance and link to remuneration**

There is no director remuneration directly linked to performance of the consolidated entity. A portion of bonus and incentive payments are at the discretion of the Board.

***[End of Remuneration Report - Audited]***

## ***Non Audit Services***

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- All non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year, BDO prepared tax returns and provided tax advice and were paid \$11,380 (2015: \$9,665) for the services provided. Other than the tax returns and tax advice, no other fees were paid to BDO for non-audit services provided during the year ended 30 June 2016.

## ***Environmental Regulation and Performance***

The Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the Company during the financial period.

## ***Auditor's Independence Declaration***

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 10.

Signed in accordance with a resolution of the directors.



Marc Ducler  
Managing Director  
29 September 2016

## DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF EGAN STREET RESOURCES LIMITED

As lead auditor of Egan Street Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Egan Street Resources Limited and the entities it controlled during the period.



**Neil Smith**  
Director

**BDO Audit (WA) Pty Ltd**

Perth, 29 September 2016

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 30 June 2016*

		30 June 2016	30 June 2015
	Note	\$	\$
Revenue	4	693	4,305
Other Income		-	5,474
Employee benefits expense	5(a)	(116,148)	(103,020)
Administration expenses		(155,629)	(311,916)
Finance expense – convertible note	24	(151,300)	-
Exploration expenditure		(422,854)	(215,627)
Depreciation expense		(12,521)	(20,217)
Loss on disposal of property plant & equipment		(974)	-
Impairment of exploration and evaluation expenditure	11	(524,744)	(320,000)
<b>Loss before income tax</b>		<b>(1,383,477)</b>	<b>(961,001)</b>
Income tax benefit	6	-	-
<b>Loss from continuing operations</b>		<b>(1,383,477)</b>	<b>(961,001)</b>
<b>Other comprehensive income/(loss)</b>			
Exchange differences on translation of foreign operations		(5,052)	57,649
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(5,052)</b>	<b>57,649</b>
<b>Total comprehensive income/(loss) for the year, net of tax</b>		<b>(1,388,529)</b>	<b>(903,352)</b>
<b>Loss is attributable to:</b>			
Owners of Egan Street Resources Limited		(1,081,696)	(881,583)
Non-Controlling interests		(301,781)	(79,418)
Net loss for the year		(1,383,477)	(961,001)
<b>Total comprehensive income/(loss) for the year attributable to :</b>			
Owners of Egan Street Resources Limited		(1,084,607)	(845,773)
Non-controlling interests		(303,922)	(57,579)
Net loss for the period		(1,388,529)	(903,352)
<b>Earnings per share</b>			
Basic and diluted loss per shares (cents)	26	(1.99)	(1.61)

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2016*

	Note	30 June 2016 \$	30 June 2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8(a)	184,461	14,882
Trade and other receivables	9	11,909	15,759
<b>TOTAL CURRENT ASSETS</b>		<b>196,370</b>	<b>30,641</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	9	-	4,000
Property, plant and equipment	10	64,135	78,774
Exploration and evaluation expenditure	11	1,360,510	1,882,902
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,424,645</b>	<b>1,965,676</b>
<b>TOTAL ASSETS</b>		<b>1,621,015</b>	<b>1,996,317</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	748,702	444,010
Provisions	13	13,253	13,253
<b>TOTAL CURRENT LIABILITIES</b>		<b>761,955</b>	<b>457,263</b>
<b>TOTAL LIABILITIES</b>		<b>761,955</b>	<b>457,263</b>
<b>NET ASSETS</b>		<b>859,060</b>	<b>1,539,054</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	14	9,683,872	9,168,097
Reserves	15	400,260	207,500
Foreign exchange reserve	15	97,530	100,441
Accumulated losses		(8,508,548)	(7,426,852)
<b>Total Capital and Reserves attributable to the owners of Egan Street Resources Limited</b>		<b>1,673,114</b>	<b>2,049,186</b>
Non-Controlling Interests		(814,054)	(510,132)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>859,060</b>	<b>1,539,054</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 30 June 2016*

Consolidated Group	Issued Capital \$	Other Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$	Non controlling interest \$	Total Equity \$
<b>Balance at 30 June 2014</b>	8,991,926	207,500	64,631	(6,546,530)	2,717,527	(452,553)	2,264,974
<i>Total Comprehensive Income</i>							
Loss for the year	-	-	-	(881,583)	(881,583)	(79,418)	(961,001)
Other Comprehensive income	-	-	35,810	-	35,810	21,839	57,649
<b>Total comprehensive loss for the period</b>	-	-	35,810	(881,583)	(845,773)	(57,579)	(903,352)
Adjustment to prior year loss	-	-	-	1,261	1,261	-	1,261
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the period (net of costs)	176,171	-	-	-	176,171	-	176,171
<b>Balance at 30 June 2015</b>	9,168,097	207,500	100,441	(7,426,852)	2,049,186	(510,132)	1,539,054
<i>Total Comprehensive Income</i>							
Loss for the year	-	-	-	(1,081,696)	(1,081,696)	(301,781)	(1,383,477)
Other Comprehensive income	-	-	(2,911)	-	(2,911)	(2,141)	(5,052)
<b>Total comprehensive loss for the period</b>	-	-	(2,911)	(1,081,696)	(1,084,607)	(303,922)	(1,388,529)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the year (net of costs)	515,775	-	-	-	515,775	-	515,775
Convertible note options issued	-	151,300	-	-	151,300	-	151,300
Employee options issued	-	41,460	-	-	41,460	-	41,460
<b>Balance at 30 June 2016</b>	9,683,872	400,260	97,530	(8,508,548)	1,673,114	(814,054)	859,060

The accompanying notes form part of these financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended 30 June 2016*

	30 June 2016	30 June 2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest income	693	608
Payments to suppliers and employees	(138,921)	(221,245)
Payments for exploration expenditure	(202,019)	(148,107)
Net cash used in operating activities	8(c) (340,247)	(368,744)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration tenements	(16,158)	-
Forfeit of bank guarantees	-	31,254
Proceeds from the sale of plant and equipment	-	29,000
Net cash used in investing activities	(16,158)	60,254
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	300,000	-
Costs of capital raising	(9,225)	-
Proceeds from issue of convertible notes	225,000	-
Net cash provided by financing activities	515,775	-
Net increase (decrease) in cash held	159,370	(308,490)
Cash at beginning of financial period	14,882	322,463
Effect of exchange rate changes on cash balance	10,209	909
Cash at end of financial period	8(b) 184,461	14,882

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 30 June 2016*

### 1. CORPORATE INFORMATION

The financial report of Egan Street Resources Limited (the Company) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors.

Egan Street Resources Limited (the Company) is a listed public company effective from 13 September 2016 limited by shares incorporated in Australia.

The nature of operations and principal activities of the Company and its subsidiaries (the Group) are described in the Directors' Report.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for profit entity for the purposes of preparing the financial statements.

The financial report covers the consolidated financial statements of Egan Street Resources Limited and its subsidiaries.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars unless otherwise stated.

#### Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### *Going Concern*

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2016, the Group had negative working capital of \$565,585 (current assets less current liabilities). However, as disclosed in further detail in Note 21, the Group raised \$6m in a listing of its ordinary shares on the Australian Securities Exchange on 13 September 2016. As a result, the group has sufficient cash to discharge its current liabilities, and progress its budgeted, Board-approved, exploration programme.

#### *Exploration and evaluation expenditure*

Exploration and evaluation expenditure is written off in the year incurred, except for acquisition of exploration properties, which is capitalised and carried forward.

When production commences, any accumulated costs for the relevant area of interest, which have been capitalised and carried forward, will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each year to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at year end and the Directors have made the decision to impair amounts

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

***Income tax***

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates of (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

***Cash and cash equivalents***

Cash in the statement of financial position comprise cash at bank.

For the purposes of the cash flow statements, cash and cash equivalents consist of cash and cash equivalents as defined above.

***Trade and Other Receivables***

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

***Investments and Other Financial Assets***

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial period end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

***Plant and Equipment***

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

***Depreciation***

Depreciation is calculated on either the straight-line basis or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rate used for plant and equipment is 30%.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

***Derecognition***

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and other Other Comprehensive Income.

***Goods and services tax***

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

***Impairment***

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for each individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or group of assets being assessed.

***Leases***

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

***Payables***

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade accounts are normally settled within 60 days.

Payables to related parties are initially recognised at fair value and subsequently measured at amortised cost.

***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

***Issued capital***

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

***Provisions and Employee Benefits***

Provisions are recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

***Employee leave benefits***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

***Share Based Payment Transactions***

**Equity settled transactions**

The Group provides benefits to its employees, including key management personnel (KMP), in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Egan Street Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Profit or Loss and Other Comprehensive Income is the product of:

- (i) the grant date fair value of the award;
- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) The expired portion of the vesting period.

The charge to the Statement of Profit or Loss and Other Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged to previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Egan Street Resources Limited to employees of its subsidiary are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Egan Street Resources Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it was granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

***Operating Segments***

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regards, such information is provided using similar measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position.

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

***Principles of Consolidation***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Egan Street Resources Limited as at 30 June 2016 and the results of all subsidiaries for the year ended. Egan Street Resources Limited and its subsidiaries together are referred to as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transaction between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it de-recognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

***Foreign currency translation***

The financial report is presented in Australian dollars, which is Egan Street Resources Limited's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

***Foreign operations***

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

***New and amended standards adopted by the Group***

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

***New accounting standards and interpretations not yet adopted***

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

**EGAN STREET RESOURCES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

*AASB 16 Leases*

Under AASB 16 lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts.

This is a significant change compared to AASB 117 under which lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet).

The application date is for annual reporting periods beginning on or after 1 January 2019, the impact of its adoption is yet to be assessed by the consolidated entity.



**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

**Significant accounting estimates and assumptions**

**Impairment of exploration and evaluation expenditure**

The future recoverability of capitalised mineral acquisition expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related area of interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mineral acquisition expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

In addition, mineral acquisition expenditure is capitalised if activities in an area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which the determination is made.

**Income taxes**

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are a number of transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

No tax liabilities are recognised for the year ended 30 June 2016.

**Share based payment transactions**

The Group measures the cost of equity-settled share based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined using a recognised option valuation model. The expense from these options are recognised over the vesting period as estimated by the directors. Refer to note 24 for disclosure.

**EGAN STREET RESOURCES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	30 June 2016 \$	30 June 2015 \$
<b>4. REVENUE</b>		
Interest income	693	608
Profit on sale of property, plant & equipment	-	3,697
	<u>693</u>	<u>4,305</u>

**5. LOSS FOR THE PERIOD**

*(a) Employee benefits expense*

Wages and salaries	66,363	128,769
Superannuation expense	8,325	7,313
Annual leave	-	(44,067)
Share based payment expense	41,460	-
Other expenses	-	11,005
	<u>116,148</u>	<u>103,020</u>

*(b) Lease payments included in the  
Statement of Comprehensive Income*

Rental expense on operating leases		
— minimum lease payments	10,103	47,868

**6. INCOME TAX**

*(a) The major components of income tax  
expense are:*

**Current income tax**

-                      -

**Deferred income tax**

Income tax (benefit)/expense reported in  
the Statement of Comprehensive Income

-                      -

(b) A reconciliation between tax expense  
and the product of accounting loss before  
tax multiplied by the Group's applicable  
income tax rate is as follows:

Accounting loss before income tax	1,383,477	961,001
<i>At the Group's statutory income tax rate of 30%</i>	(415,043)	(288,300)
Non-deductible expenses	340,863	132,532
Deferred tax assets not brought to account as their realisation is not regarded as probable	<u>74,180</u>	<u>155,768</u>
Income tax benefit reported in the Statement of Comprehensive Income	<u>-</u>	<u>-</u>

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**6. INCOME TAX  
(CONTINUED)**

**Statement of Financial Position**

*(c) Deferred income tax*

	30 June 2016 \$	30 June 2015 \$
Deferred income tax at 30 June relates to the following:		
<b>Consolidated</b>		
<u>Deferred tax liabilities</u>		
Capitalised exploration and evaluation expenditure	(408,153)	(499,306)
Prepayments	-	(1,797)
Recognition of losses to offset future taxable income	408,153	501,103
	-	-
<u>Deferred tax assets</u>		
Accruals	7,950	37,392
Provisions	3,976	3,976
Losses available to offset against future taxable income	1,957,016	1,797,392
Share Issue costs	18,078	36,018
Property plant and equipment	780	1,439
Recognition of losses to offset future taxable income	(408,153)	(501,103)
Deferred tax assets not brought to account as their realisation is not regarded as probable	(1,579,647)	(1,375,113)
	-	-

*(d) Tax losses*

Tax losses carried forward - Australian	(i)	6,523,388	5,991,305
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(i) Tax losses are available to carry forward indefinitely. The Group has recognised a deferred income tax asset in relation to these losses only to the extent that they offset deferred tax liabilities. Realisation of the balance of these losses is not regarded as probable.

*(e) Tax consolidation*

Egan Street Resources Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group.

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**7. PARENT ENTITY – EGAN RESOURCES LIMITED**

	<b>30 June 2016 \$</b>	<b>30 June 2015 \$</b>
<b>Financial Position</b>		
Current assets	192,456	26,491
Non-current assets	30,336	21,372
Total Assets	<u>222,792</u>	<u>47,863</u>
Current Liabilities	545,120	454,783
Total Liabilities	<u>545,120</u>	<u>454,783</u>
Shareholders' Equity		
Share Capital	9,683,873	9,168,098
Reserves	400,260	207,500
Accumulated losses	(10,406,461)	(9,782,518)
Total Shareholders' deficiency in equity	<u>(322,328)</u>	<u>(406,920)</u>

**Financial Performance**

Loss for the period	(623,943)	(832,348)
Other Comprehensive Income	-	-
Total Comprehensive Loss	<u>(623,943)</u>	<u>(832,348)</u>

The Parent Company Egan Street Resources Limited has no contingent liabilities as at 30 June 2016 (2015: Nil) refer to Note 20 for further information.

**Capital commitments - Property, plant and equipment**

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2016 and 30 June 2015.

**8. CASH AND CASH EQUIVALENTS**

**(a) Cash and cash equivalents in the Statement of Financial Position**

Cash at bank and in hand	174,461	4,882
Restricted cash	10,000	10,000
	<u>184,461</u>	<u>14,882</u>

**(b) Reconciliation to the cash flow statement**

Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	<u>184,461</u>	<u>14,882</u>
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**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**8. CASH AND CASH EQUIVALENTS (CONTINUED)**

	<b>30 June 2016</b>	<b>30 June 2015</b>
<i>(c) Reconciliation of net loss after income tax to cash flows used in operations</i>		
Net loss after income tax	(1,383,477)	(961,001)
<i>Non-cash items</i>		
Employee options	41,460	176,171
Convertible note options	151,300	-
Foreign exchange gain/(loss)	(313)	48,791
Depreciation	12,521	20,217
Disposal of Property, Plant & Equipment	976	21,643
Impairment of Exploration	524,744	320,000
<i>Changes in assets and liabilities</i>		
Decrease/(Increase) in receivables	3,850	31,254
Decrease/(Increase) in other current assets	4,000	31,254
Increase/(decrease) in provisions	-	(44,067)
Increase/(decrease) in payables	304,692	11,330
Net cash used in operations	<u>(340,247)</u>	<u>(368,744)</u>
<i>(d) Non-cash investing and financing activities</i>		
Shares issued on conversion of convertible note	225,000	-
Shares issued in lieu of loan repayment	-	105,500
Total	<u>225,000</u>	<u>105,500</u>

**9. TRADE AND OTHER RECEIVABLES**

**CURRENT**

Prepayments	3,967	5,990
GST receivable	7,942	9,769
Other receivables	-	-
	<u>11,909</u>	<u>15,759</u>

**NON CURRENT**

Deposits and Guarantees	-	4,000
	<u>-</u>	<u>4,000</u>

None of the receivables are past due. Receivables are therefore not impaired and are within initial trade terms.

**EGAN STREET RESOURCES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>30 June 2016</b>	<b>30 June 2015</b>
<b>10. PLANT AND EQUIPMENT</b>		
Plant & equipment, at cost	59,628	98,286
Accumulated depreciation	(17,020)	(49,238)
	<u>42,608</u>	<u>49,048</u>
Vehicles, at cost	75,304	78,375
Accumulated depreciation	(53,777)	(48,649)
	<u>21,527</u>	<u>29,726</u>
Total plant and equipment	134,932	176,661
Accumulated depreciation	(70,797)	(97,887)
Net carrying amount	<u>64,135</u>	<u>78,774</u>
At 1 July	78,774	148,471
Foreign Exchange revaluation	(1,142)	1,163
Additions	-	-
Disposals	(976)	(50,643)
Depreciation expense	(12,521)	(20,217)
At 30 June	<u>64,135</u>	<u>78,774</u>

**11. EXPLORATION AND EVALUATION  
EXPENDITURE**

At 1 July	1,882,902	2,194,855
Expenditure incurred	16,158	-
Impairment of exploration and evaluation expenditure	(524,744)	(320,000)
Foreign exchange revaluation	(13,806)	8,047
At 30 June	<u>1,360,510</u>	<u>1,882,902</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. Exploration activities have been discontinued in Mexico resulting in an impairment of \$524,744 (2015: \$320,000 on Victoria Bore Project)

**12. TRADE AND OTHER PAYABLES**

**CURRENT**

Trade payables and accruals		544,281	290,810
Unsecured Director loans	Note 16(b)	204,421	153,200
		<u>748,702</u>	<u>444,010</u>

**13. PROVISIONS**

**CURRENT**

Provision for employee benefits	(i)	<u>13,253</u>	<u>13,253</u>
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(i) The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>14. ISSUED CAPITAL</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
<i>(a) Ordinary Shares</i>		
Issued and fully paid	32,517,398	216,030,958

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

<b>a) Ordinary Shares</b>	<b>2016</b>		<b>2015</b>	
	<b>Number of Shares</b>	<b>\$</b>	<b>Number of Shares</b>	<b>\$</b>
At the beginning of the year	216,030,958	9,168,097	213,514,227	8,991,926
Shares issued during the year				
25 July 2014 – shares issued in lieu of directors fees and loans	-	-	2,516,731	176,171
27 May 2016 – conversion of Convertible notes	7,499,998	225,000	-	-
27 May 2016 – Capital Raising	7,500,000	300,000	-	-
Consolidation of shares 1:4 basis	(97,552,114)	-	-	-
Share issue costs	-	(9,225)	-	-
At the end of the year	32,517,398	9,683,872	216,030,958	9,168,097

**Subsequent Event**

On Tuesday 13 September 2016 the Company successfully listed on the Australian Stock Exchange, with official quotation of the Company's securities commencing at 12 noon AEST. The Company raised \$6,000,000 pursuant to the offer made under the prospectus dated 28 July 2016 and the supplementary prospectus dated 29 August 2016 by the issue of 30,000,000 fully paid ordinary shares at an issue price of \$0.20.

The following issues of shares were made:

Underwritten Rights issue – 27,097,765 shares with 24,827,271 attaching options  
Public Offer – 2,902,232 shares with 4,353,348 attaching options

Restricted securities issued in lieu of payment of fees and loans – 1,176,396 shares and 1,764,593 attaching options  
Unrestricted securities issued in lieu of payment of fees and loans – 885,500 shares and 1,328,250 attaching options

Quoted securities on listing were 57,151,430 fully paid ordinary shares (EGA) and 46,328,187 options (EGAO) with an exercise price of \$0.25 and an expiry date of 12 March 2018.

**(b) Capital Management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group is not subject to any externally imposed capital requirements.

**EGAN STREET RESOURCES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		<b>30 June 2016</b>	<b>30 June 2015</b>
<b>15. RESERVES</b>			
Option Expense Reserve	(a)	400,260	207,500
Foreign Currency Translation Reserve	(b)	97,530	100,441
		<u>497,790</u>	<u>307,941</u>
<i>(a) Movement in option expense reserve:</i>			
At 1 July		207,500	207,500
Convertible note options issued	Note 24	151,300	-
Employee options issued	Note 24	41,460	-
At 30 June		<u>400,260</u>	<u>207,500</u>

The Option Reserve is used to record the value of options issued share based payments

During the year, the Group raised funds totalling \$225,000 through the issuance of convertible loan notes. The notes were both entered into, and converted, during the year, for a total of 7,499,998 (pre consolidation) shares (at \$0.03 per share), and an equal number of options. The terms that the options were granted, and the expense charged to the Statement of Profit and Loss and Other Comprehensive Income, are disclosed in Note 24.

*(b) Movement in foreign currency translation reserve:*

At 1 July	100,441	64,631
Other comprehensive income	(2,911)	35,810
At 30 June	<u>97,530</u>	<u>100,441</u>

The Foreign Currency Translation Reserve is used to recognise exchange differences arising from translation of the foreign operations in Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in a foreign operation.

**16. RELATED PARTY DISCLOSURE**

*(a) Key Management Personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity is considered Key Management Personnel (KMP). For details of disclosures relating to KMP, refer to Note 23.

*(b) Transactions with Key Management Personnel and Other Related Parties*

Mr Simon Eley, a director of the company, loaned the company the following amount; \$8,000 on the 2<sup>nd</sup> November 2015, \$10,000 on 23<sup>rd</sup> November 2015, \$10,000 on 4<sup>th</sup> December 2015 for a total of \$28,000 during the year. The total loaned amount carried forward of \$153,200 from last year along with \$23,221 of expenditure paid on behalf of the company meant total outstanding loans to Mr Eley was equal to \$204,421. This leaves a total amount of loan payable at 30 June 2016 of \$204,421 (2015:\$153,200). This loan is non-interest bearing with no repayment term specified.

Mr Lindsay Franker, the chief executive officer of the company has invoiced the company through Gunda Gunda Mining Pty Ltd totalling \$125,000 excluding GST during the year, as at 30 June 2016 \$33,000 including GST is payable and this amount is included in trade payables and accruals. Also during the year Mr Franker advanced the Company the sum of \$50,000 by way of a convertible note through Franker Capital Pty Ltd on 2 July 2015 for a term of 3 months with nil interest, this is to be converted into shares upon the earlier of either expiration of the agreement or listing of the Company, the Note can be redeemed by agreement of the parties only upon the sale of an asset. The issue price of shares on expiration is that the note will convert into shares in the Company at \$0.03/share together with one attaching option for every share issued. Each option will be exercisable at \$0.045 on or before the date which is 2 years after the date of issue. On 27 May 2016 the shares and options were issued.

Mr Marc Ducler, a director of the company has invoiced the company for his fees totalling \$12,356 along with expenditure paid on behalf of the company of \$17,854, which totals \$30,211 payable at 30 June 2016. This amount is included in trade payables and accruals. Also during the year Mr Ducler advanced the Company the sum of \$50,000 by way of a convertible note through the Canard Super Fund on 17 September 2015 for a term of 3 months with nil interest, this is to be converted into shares upon the earlier of either expiration of the agreement or listing of the Company, the Note can be redeemed by agreement of the parties only upon the sale of an asset. The issue price of shares on expiration is that the note will convert into shares in the Company at \$0.03/share together with one attaching option for every share issued. Each option will be exercisable at \$0.045 on or before the date which is 2 years after the date of issue. The shares and options were issued on 27 May 2016.

All the related party transactions listed above are considered to be at arm's length.

Other than the above, there were no other transactions with related parties during the current or previous financial period.



**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**17. FINANCIAL INSTRUMENTS**

*(a) Financial Risk Management*

The Group's principal financial instruments comprise cash and short term deposits.

The main purpose of these financial instruments is to fund capital expenditure on the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. Being at an exploration stage, the Group has limited exposure to risks arising from its financial instruments.

Currently the Group does not have any exposure to commodity price risk. As the Group moves into development and production phases, exposure to commodity price risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2.

	<b>Note</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>(b) Interest rate risk</i>		
At balance date, the Group had the following financial assets exposed to interest rate risk:		
Cash and cash equivalents (i)	184,461	14,882
Receivables (ii)	-	4,000
	<u>184,461</u>	<u>18,882</u>

(i) The weighted average interest rate of cash and cash equivalents is 1.05% (2015: 0.01%)

(ii) Receivables are non interest bearing.

None of the Group's financial liabilities are interest bearing.

*(c) Credit Risk*

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Group has in place policies that aim to ensure that counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to one financial institution is limited as far as is considered commercially appropriate. Since the Group trades only with recognised third parties, there is no requirement for collateral.

*(d) Liquidity Risk*

Liquidity risk is the risk that the Company does not have sufficient funds to pay its debts as and when they become due and payable. The Company currently does not have major funding in place. However the Company continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if and when required.

Cash at bank and on hand, as set out in Note 8, is available for use by the Company without restrictions.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
At balance date, the Group had the following financial liabilities:		
Trade and other payables	748,702	444,010
	<u>748,702</u>	<u>444,010</u>

Financial liabilities of the Company at 30 June 2016 and 30 June 2015 are expected to be settled within 6 months of year end.

*(e) Foreign Exchange Risk*

The group operates internationally and is exposed to foreign exchange risk, primarily with respect to the Mexican Peso. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars is not material.

**EGAN STREET RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**17. FINANCIAL INSTRUMENTS (CONTINUED)**

*(f) Net Fair Values*

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2

**18. INTERESTS IN SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business/ Country of incorporation	Ownership Interest	
		2016 %	2015 %
Auricup (Rothsay) Pty Ltd	Australia	100%	100%
Auricup Victoria Bore Pty Ltd	Australia	100%	100%
Auricup Baviacora Pty Ltd	Australia	100%	100%
Recursos Auricup de R.L de C.V.	Mexico	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy in note 1:

Name	Principal place of business/ Country of incorporation	Parent		Non-Controlling Interest	
		Ownership Interest 2016	Ownership Interest 2015	Ownership Interest 2016	Ownership Interest 2015
Auricup International Pty Ltd	Australia	60%	60%	40%	40%
Minera Auricup de R.L de C.V.	Mexico	60%	60%	40%	40%

*Summarised financial information*

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below

	2016 \$	2015 \$
<i>Summarised statement of financial position</i>		
Current Assets	2,232	4,523
Non-Current Assets	7,349	574,473
Total Assets	9,581	578,996
Current Liabilities	2,364,682	2,381,752
Non-current liabilities	-	-
Total Liabilities	2,364,682	2,381,752
Net Assets	(2,355,101)	(1,802,756)
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Profit before income tax expense	(601,400)	(173,205)
Income tax expense	-	-
Profit after income tax expense	(601,400)	(173,205)
Other comprehensive income	-	-
Total comprehensive income	(601,400)	(173,205)
<i>Statement of cash flows</i>		
Net cash from operating activities	(99)	(89,386)
Net cash used in investing activities	-	-
Net cash used in financing activities	-	91,879
Net increase/(decrease) in cash and cash equivalents	(99)	2,493
<i>Other financial information</i>		
Profit/(loss) attributable to NCI	(301,781)	(69,282)
Accumulated NCI at the end of reporting period	(814,054)	(567,157)

**EGAN STREET RESOURCES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**19. COMMITMENTS**

*Mineral Acquisition Exploration Tenements*

In order to maintain current rights of tenure to exploration tenements the consolidated entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent periods will be similar to that for the forthcoming twelve months. These obligation are not provided for in the financial report.

Minimum expenditure on exploration tenements Payable:	2016 \$	2015 \$
— not later than 1 year	291,254	452,849
— later than 1 year but not later than 5 years	1,529,082	1,598,866
	<u>1,820,336</u>	<u>2,051,715</u>

**20. PROVISIONS AND CONTINGENT LIABILITIES**

The Group is party to a claim regarding the final payment for a lease and is currently unresolved. A provision has been raised based on Management's estimate at this time.

There are no other contingent liabilities as at 30 June 2016.

**21. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

On Tuesday 13 September 2016 the Company successfully listed on the Australian Stock Exchange, with official quotation of the Company's securities commencing at 12 noon AEST. The Company raised \$6,000,000 pursuant to the offer made under the prospectus dated 28 July 2016 and the supplementary prospectus dated 29 August 2016 by the issue of 30,000,000 fully paid ordinary shares at an issue price of \$0.20.

The following issues of shares were made:

Underwritten Rights issue – 27,097,765 shares with 24,827,271 attaching options  
Public Offer – 2,902,232 shares with 4,353,348 attaching options

Restricted securities issued in lieu of payment of fees and loans – 1,176,396 shares and 1,764,593 attaching options  
Unrestricted securities issued in lieu of payment of fees and loans – 885,500 shares and 1,328,250 attaching options

Quoted securities on listing were 57,151,430 fully paid ordinary shares (EGA) and 46,328,187 options (EGAO) with an exercise price of \$0.25 and an expiry date of 12 March 2018.

Mr Marc Ducler became Managing Director effective from 13 September 2016, with Mr Simon Eley resigning as Managing Director to become a Non-Executive Director.

There have been no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect:

- the consolidated group's operations in future years;
- the results of those operations in future years; or
- the consolidated entity's state of affairs in future years.

**EGAN STREET RESOURCES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<hr/>		
<b>22. AUDITORS' REMUNERATION</b>		
The auditor of Egan Street Resources Limited for the year ended 30 June 2016 is BDO Audit (WA) Pty Ltd		
<i>Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:</i>		
An audit or review the financial report of the entity and any other entity in the consolidated group	18,560	21,897
Other services – Tax	11,380	10,621
Total Remuneration	<u>29,940</u>	<u>32,518</u>

**23. KEY MANAGEMENT PERSONNEL DISCLOSURES**

Compensation for Key Management Personnel		
Short term employee benefits	197,356	106,332
Post employment benefits	-	6,938
Share based payments	41,460	49,455
Total	<u>238,816</u>	<u>162,725</u>

**24. SHARE BASED PAYMENTS**

During the year, the following options were issued:

- 7,499,998 options to convertible note holders, on conversion of the notes exercisable at \$0.04 on or before 27 May 2018.
- 33,000,000 incentive options to directors exercisable at \$0.0625 on or before 3 years following the date the Company receives official quotation on the ASX and is subject to milestones;

**Convertible note options**

7,499,998 Options were issued to Convertible Note holders on 27 May 2016, on conversion of their convertible notes at \$0.045 each expiring 27 May 2018 on the basis of 1 option for every 1 share. These options were fair valued using the Black Scholes option valuation methodology taking into account the exercise price, term of the options, share price at grant date, expected volatility of the underlying share, expected dividend yield and the risk free interest rate for the term of the option.

Details of the assumptions used in the valuation of these options issued are as follows:

**EGAN STREET RESOURCES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**24. SHARE BASED PAYMENTS (CONTINUED)**

Item	Convertible Note Options
Assessed fair value at grant date	\$0.0202
Number of options	7,499,998
Vesting date	27 May 2016
Exercise price (\$)	0.045
Exercise period	2
Grant Date	27 May 2016
Expiry date	27 May 2018
Share price at grant date	\$0.04
Expected volatility of the Company's shares (1)	101%
Expected dividend yield	0%
Risk-free interest rate	1.59%
Exercise conditions	nil

Total value of \$151,300 is expensed as a finance cost of the convertible notes. Following the consolidation of shares on a 1 for 4 basis on 30 June 2016 the options are now as 1,875,002 options with an exercise price of \$0.18.

**Employee incentive options**

The following incentive options were issued to key management personnel:

30,000,000 incentive options were issued to Directors and 3,000,000 incentive options were issued to Lion Manager Pty Ltd on 17 June 2016, these options were granted with an exercise price of \$0.0625, an expiry date being 3 years following the date the Company receives official quotation on ASX and is subject to milestones. These options were fair valued using the Black and Scholes option valuation methodology taking into account the exercise price, term of the options, share price at grant date, expected volatility of the underlying share, expected dividend yield and the risk free interest rate for the term of the option.

Details of the assumptions used in the valuation of these options issued are as follows:

Item	Tranche 1	Tranche 2	Tranche 3
Assessed fair value at grant date	\$0.0216	\$0.0216	\$0.0216
Number of options	11,000,000	11,000,000	11,000,000
Vesting Conditions	Upon successful listing of the Company	Delivery of a feasibility study, the necessary funding and the decision to mine	Upon the first gold production
Vesting date	17 September 2016	17 March 2018	17 March 2019
Exercise price (\$)	0.0625	0.0625	0.0625
Exercise period	3	3	3
Grant Date	17 June 2016	17 June 2016	17 June 2016
Expiry date	3 years from the date of official quotation	3 years from the date of official quotation	3 years from the date of official quotation
Share price at grant date	\$0.04	\$0.04	\$0.04
Expected volatility of the Company's shares (1)	101%	101%	101%
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.55%	1.55%	1.55%
Exercise conditions	nil	nil	nil

Total value of the options issued is \$712,194. During the year \$41,460 was expensed to employee benefit expenses commensurate with the vesting period see note 5(a). Following the consolidation of shares on a 1 for 4 basis on 30 June 2016 the options are now held as 8,250,000 options with an exercise price of \$0.25.

(1) Management have used an expected volatility of 101% in the calculation of the share option charge. This amount was determined through assessment of the two-year historic volatilities of the share prices of comparable companies. Comparability was based on factors including: having equities listed on the Australian Securities Exchange; being gold exploration entities with a primary area focus in Australia; and having a market capitalisation of less than \$20m.

**EGAN STREET RESOURCES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**25. SEGMENT INFORMATION**

The Group operates in one business segment, namely the mineral exploration industry. AASB 8 'Operating Segments' states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds and as such do not have to be reported separately. Egan Street Resources Limited has therefore decided to aggregate all its operating segments into one reportable operating segment.

The revenues and results of this segment are those of the Group as a whole and are set out in the statement of profit or loss and other comprehensive income.

The Group has exploration and evaluation assets in Australia and Mexico and geographical information is shown below:

<b>Geographical Segment Information</b>	<b>2016 Revenue</b>	<b>2016 Non-Current Assets</b>	<b>2015 Revenue</b>	<b>2015 Non-Current Assets</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Australia	-	1,417,296	-	1,416,226
Mexico	-	7,349	-	549,450
<b>Total</b>	-	<b>1,424,645</b>	-	<b>1,965,676</b>

**26. EARNINGS PER SHARE**

	<b>2016 \$</b>	<b>2015 \$</b>
(a) Loss used to calculate basic EPS	(1,081,696)	(881,583)
	<b>Number of shares</b>	<b>Number of shares</b>
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	54,356,100	54,007,740

Subsequent to year end, the company listed on the ASX, which resulted in a significant increase in the number of ordinary shares in issue. Please refer to Note 21 for further details.

## DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes set out on page 11 to 41 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the period ended on that date.
2. The financial report also complies with International Financial Reporting Standards.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended to 30 June 2016.

This declaration is made in accordance with a resolution of the Board of Directors.



Marc Ducler  
Managing Director  
29 September 2016

## INDEPENDENT AUDITOR'S REPORT

To the members of Egan Street Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of Egan Street Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Egan Street Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### Opinion

In our opinion:

- (a) the financial report of Egan Street Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Egan Street Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit (WA) Pty Limited**



**Neil Smith**

**Director**

Perth, 29 September 2016

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Egan Street Resources Limited (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with 3<sup>rd</sup> edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

Further information about the Company's corporate governance practices is set out on the Company's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au)

This Statement was approved by the Board of Directors and is current as at 12 October 2016.

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

**ASX Recommendation 1.1: a listed entity should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.**

The Board has adopted a formal charter that details the respective board and management functions and responsibilities. A copy of this board charter is available in the corporate governance section of the Company's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au)

The Company has complied with this recommendation.

**ASX Recommendation 1.2: a listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.**

Appropriate checks were undertaken on Directors as part of the process for the Initial Public Offer of the Company's shares and listing on ASX.

Information in relation to Directors seeking reappointment is set out in the Directors report and Notice of Annual General Meeting.

The Company has complied with this recommendation.

**ASX Recommendation 1.3: a listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.**

The Company has in place written agreements with each Director.

The Company has complied with this recommendation.

**ASX Recommendation 1.4: the company secretary of a listed company should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.**

The Board Charter provides for the Company Secretary to be accountable directly to the board through the Chair.

The Company has complied with this recommendation.

**ASX Recommendation 1.5: a listed entity should:**

- have a diversity policy which includes the requirement for the board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity's progress to achieving them;
- disclose the policy or a summary of it;
- disclose the measurable objectives and progress towards achieving them; and
- disclose the respective proportions of men and women on the board and at each level of management and the company as a whole.

The Company has adopted a Diversity Policy which is available in the corporate governance section of the Company's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au)

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

As at 30 June 2016, the Company does not have any female Board members or employees (2015: nil).

The Company partly complies with this recommendation.

**ASX Recommendation 1.6: a listed entity should disclose the process for evaluating the performance of the board, its committees and individual directors and whether a performance evaluation was carried out during the reporting period in accordance with that process.**

An informal process has been established to review and evaluate the performance of the Board. Given the size of the Company, the Board is continuously reviewing the role of the Board, assessing its performance over the previous period, including comparison with others, and examining ways in which the Board can better perform its duties.

The Chairman will have primary responsibility for conducting performance appraisals of non-executive Directors in conjunction with each non-executive Director.

As the Company was not listed on ASX until 13 September 2016 a performance review was not undertaken during the reporting period. The Company has therefore not complied with this recommendation.

**ASX Recommendation 1.7: a listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.**

The Managing Director will conduct a performance evaluation of the senior executives on a yearly basis to review performance against the senior executive's responsibilities through a formal process involving an annual formal meeting with each senior executive and ongoing informal monitoring throughout each financial year.

The performance of the Managing Director will be reviewed by the Board.

As the Company was not listed on ASX until 13 September 2016 a performance review was not undertaken during the reporting period. The Company has therefore not complied with this recommendation.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

**ASX Recommendation 2.1: The board of a listed entity should establish a nomination committee:**

- with at least three members the majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

Given the present size and complexity of the Company the Board has not constituted a Nomination Committee with the full Board carrying out the role of a Nomination Committee.

The Company has not complied with this recommendation.

**ASX Recommendation 2.2: a listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.**

The Board has established a skills matrix. On a collective basis the Board has the following skills:

**Strategic expertise** - ability to identify and critically assess strategic opportunities and threats, to develop strategies and review strategies through constructive questioning and suggestion.

**Legal** – Overseeing compliance with numerous laws, ensuring appropriate legal and regulatory compliance frameworks and systems are in place and understanding an individual Director's legal duties and responsibilities.

**Accounting and finance** - the ability to read and comprehend the company's accounts, financial material presented to the board, financial reporting requirements and some understanding of corporate finance;

**Risk management** - Identify and monitor risks to which the Company is, or has the potential to be exposed to.

**Experience with financial markets** - Experience in working in or raising funds from the equity or capital markets.

**Investor relations** - Experience in identifying and establishing relationships with Shareholders, potential investors, institutions and equity analysts.

**Experience with financial markets** - Experience in working in or raising funds from the equity, debt or other capital markets.

**Industry knowledge** – Geological, mining, metallurgical or engineering qualifications and/or a broad background and experience in the resources sector including exploration, permitting, mineral resource evaluation, project development and mining.

**International experience** - Understanding the complexities of operating in foreign jurisdictions, particularly developing countries, including a basic knowledge of the general corporate, mining, fiscal and labour laws and regulations.

**Government relations** - Experience in dealing with relevant Government authorities to ministerial or director level.

The Company has complied with this recommendation.

**ASX Recommendation 2.3: a listed entity should disclose the names of the directors considered by the board to be independent directors and provide details in relation to the length of service of each Director.**

Mr Simon Eley is considered to be an independent Director.

Mr Barry Sullivan and Mr Hedley Widdup are nominees of a substantial shareholder of the Company and as such are not considered to be independent.

Mr Marc Ducler is an Executive Director and is not considered an independent Director as he is employed in an executive capacity.

**EGAN STREET RESOURCES LIMITED  
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The appointment date of Directors is set out below:

- |                  |                  |
|------------------|------------------|
| • Barry Sullivan | 5 May 2016       |
| • Marc Ducler    | 14 June 2015     |
| • Hedley Widdup  | 19 December 2013 |
| • Simon Eley     | 11 March 2011    |

The Company has complied with this recommendation.

**ASX Recommendation 2.4: the majority of the board of a listed entity should be independent directors.**

The majority of the Board are not considered independent directors.

The Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. These skills include members with significant experience as directors of public companies, relevant experience in the management and growth of businesses together with extensive experience in the industry in which Egan Street Resources operates.

The Board will review its composition as the Company's circumstances change.

The Company has not complied with this recommendation.

**ASX Recommendation 2.5: The Chair of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.**

The Chairperson, Mr Barry Sullivan is not considered to be an independent Director. Notwithstanding this the Directors believe that Mr Sullivan is able to, and does make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board.

Mr Marc Ducler is Managing Director of the Company.

The Company has partly complied with this recommendation.

**ASX Recommendation 2.6: a listed entity should have a program for inducting new directors and provide appropriate professional development opportunities.**

The Board is responsible for providing new directors with an induction to the Company and for the program for providing adequate professional development opportunities for directors and management.

The Company has complied with this recommendation.

**PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

**ASX Recommendation 3.1: a listed entity should establish a code of conduct and disclose the code or a summary of the code.**

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au)

The Company has complied with this recommendation.

**PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

**ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:**

- with at least three members, all of whom are non-executive directors and a majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

Given the present size and complexity of the Company the Board has not constituted an Audit Committee with the full Board carrying out the role of an Audit Committee.

The qualifications of the members of the Board are set out in the Directors report forming part of the Annual Financial Statements.

The Company has not complied with this recommendation.

**ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give**

**EGAN STREET RESOURCES LIMITED  
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**a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the year ended 30 June 2016 from the Managing Director and CFO (or equivalent).

The Company has complied with this recommendation.

**ASX Recommendation 4.3: a listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.**

The external auditor will attend the Annual General Meeting and be available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

The Company has complied with this recommendation.

**PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

**ASX Recommendation 5.1: a listed entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.**

The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Non-Executive Chairman, Managing Director and the Company Secretary act as the persons responsible for ensuring that this policy is implemented and enforced and that all required price sensitive information is disclosed to the ASX as required.

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) after ASX confirms an announcement has been made.

The Company has complied with this recommendation.

**PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

**ASX Recommendation 6.1: a listed entity should provide information about itself and its governance to investors via its website.**

The Company's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) contains information about the Company's projects, Directors and management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual and half year financial results are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on the website.

The Company has complied with this recommendation.

**ASX Recommendation 6.2: a listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

The Company's Board are the Company's main contact for investors and potential investors and make themselves available to discuss the Company's activities when requested together with other Directors as required. In addition to announcements made in accordance with its continuous disclosure obligations the Company, from time to time, prepares and releases general investor updates about the Company.

Contact with the Company can be made via email addresses provided on the website.

The Company has complied with this recommendation.

**ASX Recommendation 6.3: a listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting.

The full text of all notices of meetings and explanatory material are posted on the Company's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au)

The Company has complied with this recommendation.

**ASX Recommendation 6.4: a listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.**

Contact with the Company can be made via email addresses provided on the website and investors can subscribe to the Company's mailing list.

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The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share register via telephone, facsimile or email.

The Company has complied with this recommendation.

**PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

**ASX Recommendation 4.1: The Board of a listed entity should have a committee to oversee risk:**

- with at least three members, all of whom are non-executive directors and a majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

Given the present size and complexity of the Company the Board has not constituted a Risk Committee with the full Board responsible for risk management.

The Company has not complied with this recommendation.

**ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken.**

The Board is responsible for the oversight of the Company's risk management and control framework.

As the Company was not listed on ASX until 13 September 2016 a review of the risk management framework was not undertaken during the reporting period. The Company has therefore not complied with this recommendation. A review will be undertaken during the reporting period ending 30 June 2017.

**ASX Recommendation 7.3: a listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes.**

Given the Company's current size and level of operations it does not have an internal audit function.

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and design of risk management is delegated to the appropriate level of management within the Company the Board being responsible for the risk management and control framework.

The Company has complied with this recommendation.

**ASX Recommendation 7.4: a listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.**

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle.

There may be a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behavior expected from employees when dealing with stakeholders.

The Company has complied with this recommendation.

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

**ASX Recommendation 8.1: The board of a listed entity should establish a remuneration committee:**

- with at least three members the majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

Given the present size and complexity of the Company, the Board has not constituted a Remuneration Committee with the full Board responsible for remuneration role and responsibilities.

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The Company has not complied with this recommendation.

**ASX Recommendation 8.2: a listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

The Company remunerates non-executive Directors at a fixed fee for time, commitment and responsibilities. In addition non-executive Directors may be paid fees under consulting arrangements. Remuneration for non-executive Directors is not linked to individual performance. From time to time the Company may, subject to shareholder approval) grant options to non-executive Directors. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in bonus arrangements and may, subject to shareholder approval if appropriate, be granted options.

The Company has complied with this recommendation.

**ASX Recommendation 8.3: a listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.**

A participant in an equity based remuneration plan operated by the Company must not enter into a transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the equity based remuneration plan.

The Company has complied with this recommendation.

## ASX ADDITIONAL INFORMATION

The Shareholder information set out below was applicable as at 5 October 2016:

### 1. Twenty Largest Shareholders

Ordinary Shares	Number	Percentage
Lion Selection Group Limited	10,714,562	16.59
Resmin Pty Ltd <SPE Investment A/C>	3,095,809	4.79
Retzos Executive Pty Ltd <Retzos Executive S/F A/C>	2,383,333	3.69
Retzos Executive Pty Ltd <Retzos Executive S/F A/C>	1,968,333	3.05
Mr Robert Leon	1,821,429	2.82
Valbonne II	1,821,429	2.82
Retzos Family Pty Ltd <Retzos Family S/Fund A/C>	1,191,666	1.85
Sam Gouloupoulos Pty Ltd <S Gouloupoulos F/Super A/C>	1,186,067	1.84
Brown Bricks Pty Ltd <HM A/C>	1,170,387	1.81
Silver Lake Resources Ltd	1,041,667	1.61
GP Securities Pty Ltd	922,727	1.43
Bouchi Pty Ltd	916,666	1.42
Retzos Executive Pty Ltd	875,682	1.36
Ms Julie Strinich	844,627	1.31
C G Nominees (Australia) Pty Ltd	778,384	1.21
Mr Lindsay Franker	763,889	1.18
Mr Marc Ducler Des Rauches <Canard Super Fund A/C>	763,889	1.18
GP Securities Pty Ltd	700,000	1.08
T E & J Pasias Pty Ltd	682,291	1.06
Mr John Cedris Callegari	625,000	0.97
<b>Total Top 20</b>	<b>34,267,837</b>	<b>53.07</b>
Other	30,311,454	46.93
<b>Total ordinary shares on issue</b>	<b>64,579,291</b>	<b>100.00</b>

### 2. Substantial Shareholders

Substantial Holder	Number
Lion Selection Group Limited	10,714,562
Mr Chris Retzos	6,663,300



**EGAN STREET RESOURCES LIMITED**  
**ASX ADDITIONAL INFORMATION**

**3. Twenty Largest Listed Option Holders**

Listed Options expiring 13 March 2018 at \$0.25	Number	Percentage
Lion Selection Group Limited	7,742,445	16.71
Resmin Pty Ltd <SPE Investment A/C>	1,853,250	4.00
Retzos Executive Pty Ltd <Retzos Executive S/F A/C>	1,624,999	3.51
Retzos Executive Pty Ltd	1,313,523	2.84
GP Securities Pty Ltd	1,312,840	2.83
Sam Goulopoulos Pty Ltd <S Goulopoulos F/Super A/C>	1,263,475	2.73
Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	1,249,999	2.70
C G Nominees (Australia) Pty Ltd	1,167,576	2.52
Mr Robert Leon	1,125,000	2.43
Valbonne II	1,125,000	2.43
HSBC Custody Nominees (Australia) Limited	875,682	1.89
Retzos Family Pty Ltd <Retzos Family S/Fund A/C>	812,499	1.75
Brown Bricks Pty Ltd <HM A/C>	797,991	1.72
Ms Julie Strinich	766,938	1.66
Bouchi Pty Ltd	624,999	1.35
Atlantis MG Pty Ltd <MG Family Super Fund A/C>	620,430	1.34
T E & J Pasias Pty Ltd	601,561	1.30
Netwealth Investments Limited <Wrap Services A/C>	577,500	1.25
Netwealth Investments Limited <Wrap Services A/C>	560,682	1.21
Mr Lindsay Franker	520,833	1.12
<b>Total Top 20</b>	<b>26,537,222</b>	<b>57.29</b>
Other	19,790,965	42.71
<b>Total Listed Options on issue</b>	<b>46,328,187</b>	<b>100.00</b>

**EGAN STREET RESOURCES LIMITED**  
**ASX ADDITIONAL INFORMATION**

**4. Distribution of Equity Securities**

	Ordinary Shares	Listed options	Listed options (Escrowed 13 Sept 18)	Unlisted options	Unlisted options	Unlisted options (Escrowed 2 Feb 17)	Unlisted options (Escrowed 13 Sept 18)	Unlisted options (Escrowed 13 Sept 18)
		At \$0.25 Expiring 13 March 2018	At \$0.25 Expiring 13 March 2018	At \$1.00 Expiring 13 Sept 18	At \$0.18 Expiring 27 May 18	At \$0.18 Expiring 27 May 18	At \$0.18 Expiring 27 May 18	At \$0.25 Expiring 13 Sept 19
1 - 1,000	0	-	-	-	-	-	-	-
1,001 - 5,000	11	-	-	-	-	-	-	-
5,001 - 10,000	65	-	-	-	-	-	-	-
10,001 - 100,000	213	180	-	10	1	2	2	5
100,001 - 1,000,000	103	78	5	2	-	-	-	-
<b>Total</b>	<b>392</b>	<b>258</b>	<b>5</b>	<b>12</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>5</b>
<b>Number</b>	<b>64,579,291</b>	<b>46,328,187</b>	<b>1,764,593</b>	<b>700,000</b>	<b>416,667</b>	<b>625,001</b>	<b>833,332</b>	<b>8,250,000</b>
Number being held less than a marketable parcel	0							

**5. Option Holders**

Unlisted Options (holders > 20%)	Number
<b>Unlisted Options exercisable at \$0.25 expiring 13 September 2019</b>	
Mrs Rebecca Mary Ducler Des Rauches	3,000,000
Mr Lindsay Franker	3,000,000
<b>Unlisted Options exercisable at \$0.18 expiring 27 May 2018</b>	
Mr Aiden Seethal and Mrs Meryl Seethal <Seethal Super Fund A/C>	416,667
Miss Mei Yen Tan	416,667
Mr Lindsay Franker	416,666
Mr Marc Ducler Des Rauches <Canard Super Fund A/C>	416,666
<b>Unlisted Options exercisable at \$1.00 expiring 13 September 2018</b>	
Aviador Corporation Pty Ltd	187,500

**6. Securities subject to Escrow**

Security	Escrow Expiry	Number
Ordinary Shares	2 Feb 2017	250,000
Ordinary Shares	13 Sept 2018	7,177,861
Listed Options exercisable at \$0.25 expiring 13 Sept 2019	13 Sept 2018	1,764,593
Unlisted Options exercisable at \$0.18 expiring 27 May 2019	2 Feb 2017	625,001
Unlisted Options exercisable at \$0.18 expiring 27 May 2019	13 Sept 2018	833,332
Unlisted Options exercisable at \$0.25 expiring 13 May 2019	13 Sept 2018	8,250,000

**7. Voting Rights**

See Note 14 to the Annual Financial Statements.

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**8. On-Market Buy Back**

There is currently no on-market buyback program for any of the Company's listed securities.

**9. Listing Rule 4.10.19 confirmation**

The Company has used the cash and assets readily convertible to cash that it had at the time of admission to ASX (13 September 2016) in a way consistent with the business objectives set out in the prospectus.