

## Quarterly Activities Report – December 2016

### EganStreet delivers Scoping Study, completes announced infill drilling and commences Feasibility Study on the Rothsay Gold Project

27 January 2017

#### Highlights

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- On 13 December 2016, the Company released the results of the Rothsay Gold Project Scoping Study (**Scoping Study**), 3 months to the day of admission to the official list of ASX:
- The Scoping Study shows a technically and financially viable project based on the key assumptions adopted for the purpose of the study
- Diamond drilling, designed to infill a portion of the current Inferred Category of the Mineral Resource on A Shear, was completed at the Rothsay Gold Project (**Rothsay or Project**):
  - 11 holes were drilled for a total of 3,546 metres
  - Intersections of the “A” Shear mineralisation have been submitted for assay, along with several intersections of mineralisation intersected in the hangingwall which were not the target of the programme
- Following completion of the Rothsay Gold Project Scoping Study, EganStreet commenced working on the feasibility study to increase the confidence of the viability of Rothsay prior to a decision to mine (**Feasibility Study**)

#### Rothsay Scoping Study Confirms a Robust Gold Project

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Egan Street Resources Limited (**EganStreet** or the **Company**) was pleased to report results of the Scoping Study for the Rothsay Gold project on the 13 December 2016, 3 months to the day since its official listing on ASX. The Scoping Study has determined Rothsay represents a robust Project, which is economically attractive and with low technical risk. The Scoping Study has been completed with a  $\pm 25\%$  level of accuracy indicates that based on a A\$1,600 gold price and 8% discount rate the Project will generate approximately A\$26.8m in free cash flow and an approximate NPV<sup>1</sup> of A18.6m equating to an approximate IRR of 40%.

Key findings of the Scoping Study:

- Low capex (A\$20.4m)
- Short payback (1.8 years)
- Cash costs of A\$907 per oz, AISC of A\$1,056
- High grade gold project with an expected ROM grade of 6.7g/t Au
- Standard gravity and CIL gold processing flowsheet
- Short construction and rehabilitation period – 6 months from construction to commissioning
- High proportion of the mine plan is in the Indicated Category of the Mineral Resource (73%)

Table 1 below shows the Rothsay Gold Projects sensitivity to the gold price and operating expenditure.

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<sup>1</sup> NPV, IRR and Payback period are calculated at A\$1,600/oz and at an 8% discount rate

**TABLE 1 – GOLD PRICE AND OPEX SENSITIVITY**

(A\$/oz)	NPV <sub>8%</sub> (A\$m)	IRR (%)	Payback (Years)	Sensitivity %	Opex (\$/t)	NPV <sub>8%</sub> (A\$m)	IRR (%)	Payback (Years)
1,400	1.3	11%	2.4	-25	140.3	41.3	72%	1.4
1,500	9.9	27%	2.0	-15	157.3	32.2	60%	1.5
1,550	14.3	33%	1.9	-5	174.2	23.1	47%	1.7
<b>1,600</b>	<b>18.6</b>	<b>40%</b>	<b>1.8</b>	<b>Base Case</b>	<b>182.7</b>	<b>18.6</b>	<b>40%</b>	<b>1.8</b>
1,650	22.9	46%	1.7	+5	191.2	14.1	33%	1.9
1,700	27.3	52%	1.6	+15	208.2	5.0	18%	2.2
1,800	36.0	63%	1.5	+25	225.1	-4.1	1.0%	2.8

Key components and material assumptions of the Scoping Study are set out in the tables 2 and 3 below:

**TABLE 2 - KEY PHYSICALS**

		Pre-Production	Year 1	Year 2	Year 3	Year 4	Total
<b>Ore Mined</b>	kt	10.4	121.8	188.1	160.0	12.6	<b>492.9</b>
<b>ROM Grade</b>	g/t	4.00	5.92	7.30	6.65	6.63	<b>6.66</b>
<b>Ounces Mined</b>	koz	1.3	23.2	44.1	34.2	2.7	<b>105.5</b>
<b>Ore Processed<sup>2</sup></b>	kt	-	140.2	186.6	161.5	12.6	<b>500.9</b>
<b>Plant Recovery</b>	%		95%	95%	95%	95%	<b>95%</b>
<b>Ounces Produced</b>	koz		24.0	41.6	32.8	2.6	<b>100.9</b>
<b>Cash Cost</b>	\$/oz		1,103	794	870	1,375	<b>907</b>
<b>AISC<sup>3</sup></b>	\$/oz		1,338	920	998	1,375	<b>1,056</b>
<b>Gross Revenue</b>	A\$m	(28.1)	6.3	28.3	19.7	0.6	<b>26.8</b>
<b>Cumulative Revenue</b>	A\$m	(28.1)	(21.8)	6.5	26.2	26.8	
<b>NPV<sub>8%</sub></b>	A\$m	(28.0)	(22.2)	2.3	18.2	18.6	<b>18.6</b>
<b>IRR</b>	%		(143%)	15%	40%	40%	<b>40%</b>

<sup>2</sup> Includes current surface ore stockpile of 8,000t at 2.8g/t

<sup>3</sup>ASIC = Cash Cost (site based mining, processing & site services operating costs + administration costs + royalties) + sustaining capital costs

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**TABLE 3 - KEY FINANCIALS**

Description				
<b>Capex</b>				A\$m
UG Rehabilitation & Mining				2.9
Process Plant				14.1
Camp				1.3
HV Power Plant				1.2
Other Infrastructure				0.9
<b>Total Capex</b>				<b>20.4</b>
Contingency 15%				3.1
Working Capital				4.6
<b>Funding Requirement</b>				<b>28.1</b>
<b>Opex</b>				
	A\$/t	A\$/oz	A\$m	
Mining	101.7	505	51	
Processing	46.8	232	23	
Site Services	24.8	123	12	
Royalties	9.5	47	5	
<b>Cash Costs</b>	<b>182.7</b>	<b>907</b>	<b>92</b>	
Sustaining Capex	30.1	149	15	
<b>AISC</b>	<b>212.8</b>	<b>1,056</b>	<b>107</b>	
<b>Project</b>				
Initial LOM	Years	3.75		
NPV (Pre-Tax) at discount rate of 8%	A\$m	18.6		
IRR (Pre-Tax)	%	40%		
Payback	Years	1.8		

## Feasibility Study Commenced

Subsequent to the positive results of the Scoping Study the Company has commenced work on the Feasibility Study on the Rothsay Gold Project in order to progress to a decision to mine. The Feasibility Study will include the results of the current drill programme, which will be incorporated into a new Mineral Resource Estimate scheduled for completion in Q1, 2017.

The Project is expected to have a relatively short construction and mine rehabilitation timeframe. The Scoping Study has indicated a 6-month time frame from start of plant construction to commissioning. It is expected that underground mine rehabilitation, mine capital development and production stoping will be well enough advanced to allow a smooth transition from commissioning to steady state production.

Approximately 73% of the total production target is in the Indicated Resource category. The remainder of the production target is in the Inferred Resource category (25%) and planned mine dilution (2%).

As detailed in the Scoping Study announced on 23 December 2016, EganStreet believes an initial circa 3.75 year LOM for 101k ounces of gold production is possible and the Feasibility Study, scheduled for completion in Q3, 2017, will serve to increase the level of confidence in the viability of Rothsay. Following the delivery of a positive Feasibility Study the EganStreet Board will then proceed to the decision to mine.

Rothsay is located approximately 300km NNE of Perth, and 68km by road to the town of Perenjori, in the Southern Murchison region of Western Australia. The Project is well serviced, with a RAV 7 road network up to the Rothsay mine gate and is only 250kms by road from the regional city of Geraldton.

The low capital investment requirement, the standard gold processing flowsheet (with known historic recoveries in fresh rock from the previous mine operator), the short construction to production time frame and a relatively short pay-back period, make the Rothsay Gold Project an exciting, high grade opportunity.

For further information please see the full Scoping Study announcement released on 23 December 2016 which is available to view at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) and [www.asx.com.au](http://www.asx.com.au).

## Rothsay Diamond Drilling Programme

EganStreet is also pleased to advise that diamond drilling which was announced on 28 October 2016 and updated on 16 November 2016 has been completed with 11 holes drilled for a total 3,546 metres.

The diamond core has been cut and submitted for analysis. EganStreet will update the market once the results have been received and appropriately interpreted.

The Company is pleased to report that the "A" Shear was intersected in all of the holes drilled with the exception of RYDD011 (see figure 1), this hole was terminated due to deviation, having lifted above the intended target.

The programme which was designed to infill the current Inferred Category of the "A" Shear Mineral Resource has also intersected the "H" Shear further to the South than previous known intercepts. The "H" Shear intercepts have been submitted for assay, the results of which will be incorporated into future Mineral Resource Estimates to determine their economic viability.

An update of the Mineral Resource Estimate for Rothsay is scheduled for Q1, 2017 following receipt of assay results.

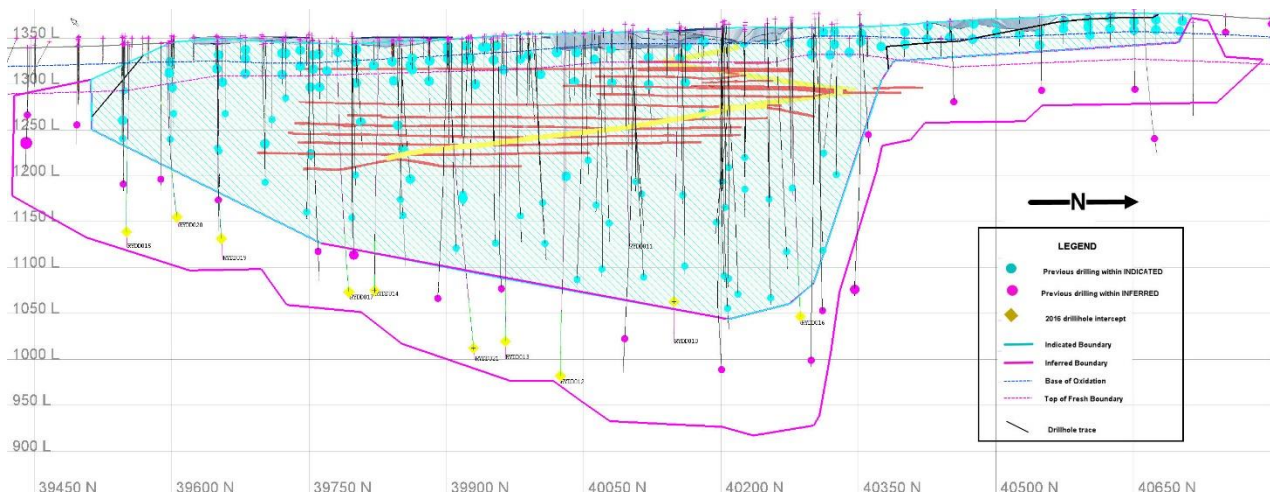


FIGURE 1 - "A" SHEAR LONGSECTION SHOWING DRILL INTERCEPTS OF RECENTLY COMPLETED DRILLING

## Other Exploration Activities

High resolution aerial photography (undertaken to provide surface contour information for site layout and surface water studies) has also been used to map the distribution of historic workings as part of an assessment of the potential of the Rothsay field.

EganStreet holds the view that historic mining activity provides a high risk of contamination of surface geochemistry, however also a commensurate high quality indication of potential high grade mineralisation. All historic workings were excavated by hand and whilst few production records exist, the Company considers that any area with historic, shallow, underground workings provides sufficient reason to warrant further assessment.

The extent and number of historic workings revealed by the aerial photography exceeded EganStreet's previous understanding. This requires further work to assess the extents of workings in advance of future exploration. These findings will form part of an exploration review to be conducted in parallel to feasibility studies in early 2017, to assess potential for further mine life at the Rothsay Gold Project.

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## Subsequent Events to Period End

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The Company is pleased to advise of the sale of EganStreet's remaining interest in Auricup International Pty Ltd. Auricup International through a Mexican subsidiary is the holder of eight mining concessions within the Sierra Madre Belt in Sonora, Mexico. This transaction was effected on 13 January 2017.

In addition, an option agreement to sell Auricup Baviacora Pty Ltd has been executed with the purchaser of Auricup International. Auricup Baviacora through a Mexican subsidiary is the holder of five mining concessions within the Sierra Madre Belt in Sonora, Mexico adjacent to the concessions held by Auricup International. The option expires on 31 January 2017.

The sale of EganStreet's interests in Auricup International and Auricup Baviacora is consistent with the Company's strategy to focus on the assessment, development and further exploration of Rothsay.

## Corporate Information

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As at 31 December 2016, EganStreet had cash reserves of \$4.25 million.

Capital Structure:

- Shares on issue 64.6 million
- Listed options 48.1 million
- Unlisted options 10.8 million

## About Egan Street Resources Limited

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EganStreet owns the Rothsay Gold Project, which hosts high-grade Mineral Resources of 226,000 ounces at an average grade of 11.3 g/t Au (Indicated 318kt @ 11.7g/t Au and Inferred 306kt @ 10.8 g/t).

The Company is focused on increasing the geological confidence of the Mineral Resource, expanding the known mineralisation and carrying out the necessary evaluation, modelling and feasibility studies to progress a potential near term, low capital intensity opportunity to commence mine development and gold production operations.

EganStreet has a strong Board and Management team which has the necessary range of technical and commercial skills to progress the Rothsay Gold Project.

The Company remains appropriately funded to progress the Rothsay Gold Project to a decision to mine (technical and commercial studies completed, funding secured and key construction, mining and processing contracts in place).

For more information

Marc Ducler, Managing Director

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**TABLE 4 - MINERAL RESOURCE ESTIMATE JUNE 2016**

Cut-off (g/t)	INDICATED			INFERRED			TOTAL		
	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)
5.0	318	11.7	119	306	10.8	107	<b>624</b>	<b>11.3</b>	<b>226</b>

**TABLE 5 - TENEMENT SCHEDULE AS AT 31 DECEMBER 2016**

TENEMENT	STATUS	LOCATION	INTEREST HELD (%)
E 59/1234-I	Granted	Western Australia	100
E 59/1262-I	Granted	Western Australia	100
E 59/1263-I	Granted	Western Australia	100
E 59/2183	Pending	Western Australia	100
M 59/39-I	Granted	Western Australia	100
M 59/40-I	Granted	Western Australia	100
L59/24	Granted	Western Australia	100
232000	Granted	Mexico	50
232056	Granted	Mexico	50
232057	Granted	Mexico	50
234888	Granted	Mexico	50
234890	Granted	Mexico	50
234889	Granted	Mexico	50
237808	Granted	Mexico	50
238729	Granted	Mexico	50
215786	Granted	Mexico	100
234353	Granted	Mexico	100
222403	Granted	Mexico	100
216770	Granted	Mexico	100
243541	Granted	Mexico	100

**Competent Person Statements**

The information in this report that relates to Exploration Results for the Rothsay Gold Project is extracted from the Prospectus lodged on 28 July 2016, which is available to view at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) and [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Prospectus.

The information in this report that relates to the estimation and reporting of the Rothsay Mineral Resource is extracted from the Independent Geologists Report included in the Prospectus lodged on 28 July 2016 which is available to view at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) / [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Independent Geologists Report included in the Prospectus and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the Independent Geologists Report included in the Prospectus continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Independent Geologists Report included in the Prospectus.

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#### Production Targets and Financial Information

Information in relation to the Rothsay Project Scoping Study , including production targets and financial information, included in this report is extracted from an ASX Announcement dated 23 December 2016, (see ASX Announcement – 23 December 2016, “Rothsay Scoping Study Revised”, [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) / [www.asx.com.au](http://www.asx.com.au).) The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 23 December 2016 continue to apply and have not materially changed.

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

EGAN STREET RESOURCES LIMITED

**ABN**

91 144 766 236

**Quarter ended ("current quarter")**

DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(484)	(633)
(b) development	-	-
(c) production	-	-
(d) staff costs (including exploration & evaluation)	(260)	(281)
(e) administration and corporate costs	(232)	(365)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	11
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(968)</b>	<b>(1,269)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(6)
(b) tenements (see item 10)	-	-
(c) investments	-	-

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(12)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(18)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	6,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(540)	(644)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(540)</b>	<b>5,356</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,766	184
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(968)	(1,269)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(18)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(540)	5,356

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	(1)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,252</b>	<b>4,252</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,242	5,756
5.2	Call deposits	10	10
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,252</b>	<b>5,766</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
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97

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6.1 Payment for directors fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
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## Mining exploration entity and oil and gas exploration entity quarterly report

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	701
9.2 Development	-
9.3 Production	-
9.4 Staff costs	192
9.5 Administration and corporate costs	113
9.6 Other (capital raising costs)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,006</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: 27 January 2017

Print name: Simon Robertson

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.