



**EGANSTREET**  
RESOURCES

**EGAN STREET RESOURCES LIMITED AND  
CONTROLLED ENTITIES  
ACN 144 766 236**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**



**EGANSTREET**  
RESOURCES

## CORPORATE DIRECTORY

### Head Company

Egan Street Resources Limited

### Directors

Barry Sullivan – Non-Executive Chairman  
Marc Ducler – Managing Director  
Simon Eley – Non-Executive Director  
Hedley Widdup – Non-Executive Director  
Lindsay Franker – Executive Director (appointed 4 July 2017)

### Company Secretary

Mr Simon Robertson

### Registered and Principal Office

Suite 8, 77 Mill Point Road  
South Perth WA 6151  
Telephone: (+61) 8 6424 8130

### 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)

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## DIRECTORS' REPORT

The directors present the financial report of Egan Street Resources Limited and controlled entities (the **Group** or **EganStreet** or the **Company**) for the half year ended 31 December 2017.

### DIRECTORS

The names of the directors who held office during or since the end of the half year are:

- > Mr Barry Sullivan – Non-Executive Chairman
- > Mr Marc Ducler – Managing Director
- > Mr Lindsay Franker – Executive Director (appointed 4 July 2017)
- > Mr Simon Eley – Non-Executive Director
- > Mr Hedley Widdup – Non-Executive Director

All directors were in office for the entire period unless otherwise stated.

### COMPANY SECRETARY

- > Mr Simon Robertson

## REVIEW AND RESULTS OF OPERATIONS

The net loss of the consolidated entity after income tax for the half year ended 31 December 2017 amounted to a loss of \$3,532,979 (2016: \$1,981,053).

### REVIEW OF OPERATIONS

The Company is pleased to report the significant progress during the half year to December 2017, during which it continued to make excellent progress with its strategy to develop a high-grade gold operation at the 100%-owned Rothsay Gold Project in WA's Midwest region (Figure 1).

The Company's development strategy received a significant boost during the half year with the completion of an updated Mineral Resource estimate for the Rothsay Project – resulting in a 17% overall increase in the resource to 307,000oz.

The increased Resource was based on the second and third diamond as well as the first reverse circulation (RC) drilling programmes completed at Rothsay.

The increased Mineral Resource estimate (MRE) comprises 880,000 tonnes at 10.9g/t Au, reflecting the outstanding high-grade nature of Rothsay and therefore its strong potential to be a low-cost, high-margin project which can deliver robust financial returns.

Major RC and diamond drilling programmes targeted in-fill and extensional drilling at the newly discovered Woodley's East zone with high-grade results of up to 110g/t Au reported demonstrating the potential to grow Resources.



FIGURE 1 – ROTHSAY REGIONAL LOCATION

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The high-grade results generated from these programmes supported the Company's decision to subsequently mobilise a third diamond rig which commenced operations in early January 2018.

This multi-pronged exploration effort, which includes the first meaningful regional exploration in 25 years on the remaining 13km of largely untested mineralised shears at Rothsay, will continue well into the March 2018 quarter ensuring strong news-flow into the New Year.

### DECEMBER 2017 MINERAL RESOURCE UPGRADE

As announced to the ASX on the 4<sup>th</sup> of December 2017, the Company completed and published a revised Mineral Resource Estimate for the Rothsay Gold Project. The total Rothsay Mineral Resource estimate increased to **880kt @ 10.9g/t Au for 307koz** (an increase of 17% from the previous Mineral Resource estimate of 701kt @ 11.6g/t Au for 262koz).

Importantly, the Indicated portion of the Mineral Resource, which is available for conversion to Ore Reserves, has increased **by 12% to 460kt @ 11.5g/t Au for 170koz** (from 399kt @ 11.9g/t Au for 152koz).

The Inferred portion of the Mineral Resource has increased to **420kt @ 10.2g/t Au for 137koz** (from 303kt @ 11.3g/t Au for 110koz).

This is a strong result which clearly demonstrates the significant upside to the deposit and supports the Company's strategy to target the area below the historical workings as the focus for its redevelopment strategy.

The December 2017 Mineral Resource estimate for the Rothsay Gold Project is set out in Table 1 below:

TABLE 1 – DECEMBER 2017 MINERAL RESOURCE ESTIMATE (AS PER JORC CODE 2012)

Resource Category	kt	Grade (g/t Au)	Contained Metal (Au koz)
Indicated	460	11.5	170
Inferred	420	10.2	137
Total <sup>1</sup>	<b>880</b>	<b>10.9</b>	<b>307</b>

<sup>1</sup> Note Resources quoted above 5.0g/t Au cut-off.

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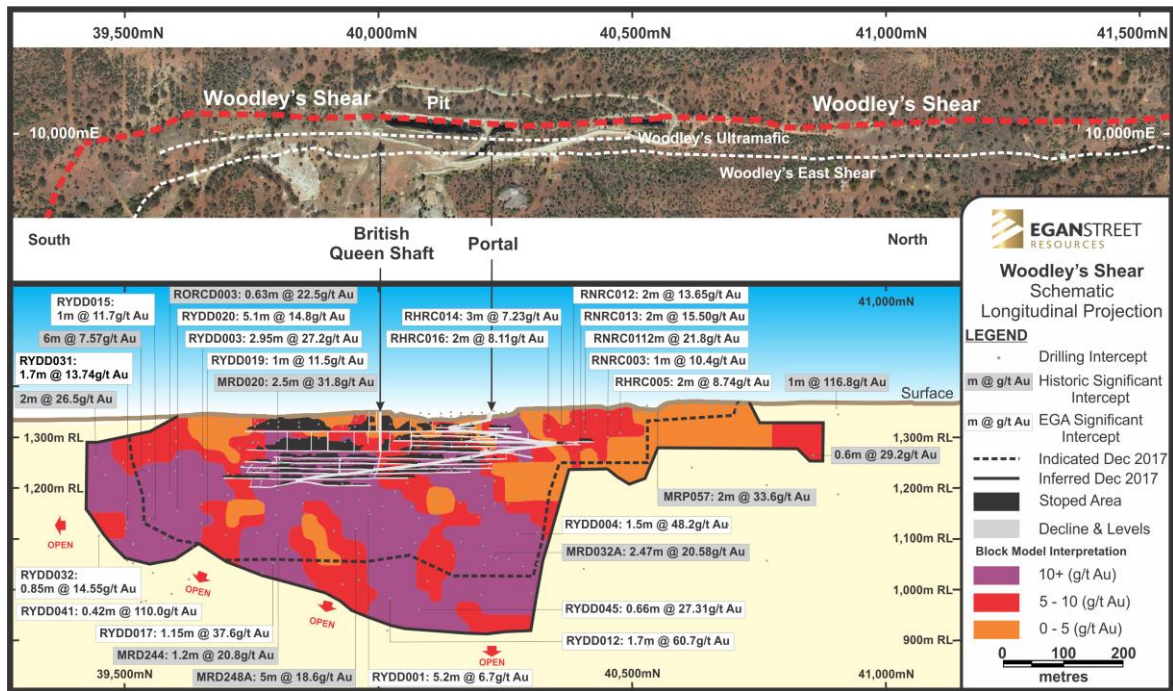


FIGURE 2 – WOODLEY'S SHEAR PROJECTION SHOWING MRE BOUNDARIES AND BLOCK MODEL INTERPRETATION.

The (previous) March 2017 MRE had over 99% of the Resource ounces contained within the Woodley's Shear.

The (current) December 2017 MRE incorporates results from successful drilling on the Woodley's East Shear, which now contains 110kt at 7.6g/t Au for 27koz, or ~9%, of the total Resource ounces. Follow up in-fill drilling has commenced and will continue on Woodley's East over the coming months.

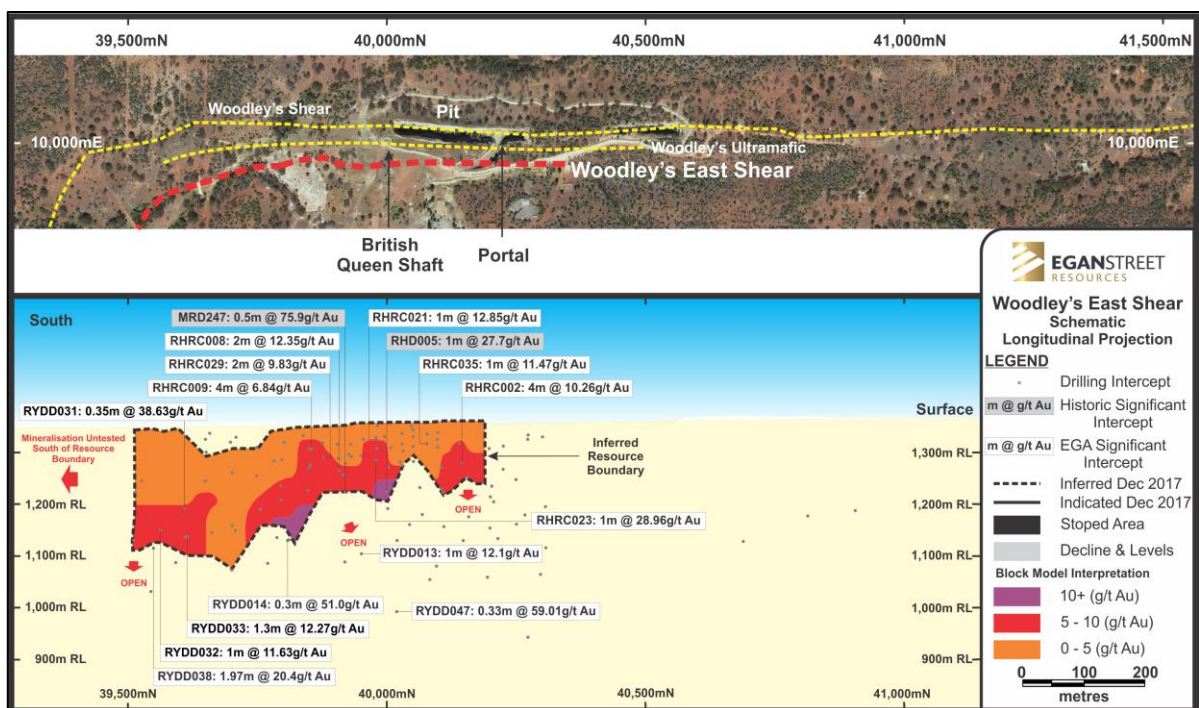


FIGURE 3 – WOODLEY'S EAST SHEAR PROJECTION SHOWING MRE BOUNDARY AND BLOCK MODEL INTERPRETATION.



## EGAN STREET RESOURCES LIMITED AND CONTROLLED ENTITIES

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In May 2017, EganStreet published a Pre-Feasibility Study (PFS) based on a redevelopment proposal targeting unmined fresh gold mineralisation which can be accessed via the existing portal and decline which requires rehabilitation. The key findings of this PFS included production of 201koz over an initial 5.5-year mine life, with a pre-production CAPEX estimate of A\$21.7 million, cash costs of A\$836/oz, and all-in sustaining costs (AISC) of A\$1,020/oz. (refer ASX Announcement – 16 May 2017, “Rothsay PFS Confirms Potential New High-Grade Gold Project”)

Following a detailed review of the upgraded December 2017 MRE and the results of the recent drilling campaigns, the Company is confident that, based on the increase in ounces in addition of Woodley's East Shear, the DFS may deliver a larger mining inventory, with multiple mining zones providing greater operational flexibility and ore throughput and consequently improved project value.

Full details of the updated Mineral Resource Estimate for the Rothsay Gold Project, including a summary of all the material information supporting the updated MRE and a JORC Table 1, was provided in the Company's ASX Announcement of 4 December 2017 (refer ASX Release, 4 December: “Rothsay Resources Grow Another 17% to More than 300,000oz at 11g/t Au).

### EXPLORATION UPDATE

RC and diamond drilling continued throughout the half year. Results included:

- 0.42m at 110g/t Au from 418.7m (RYDD041) - Woodley's Shear
- 1.7m @ 13.7g/t Au from 270.6m (RYDD031) - Woodley's Shear
- 2m @ 21.8g/t Au from 64m (RNRC011) - Woodley's Northern Extension
- 2m @ 15.5g/t Au from 103m (RNRC013) - Woodley's Northern Extension
- 2m @ 13.7g/t Au from 57m (RNRC012) - Woodley's Northern Extension
- 3m @ 7.2g/t Au from 54m (RNRC014) - Woodley's Northern Extension
- 0.55m at 96.97g/t Au from 328.7m (RYDD041) - Woodley's East hanging-wall
- 1m @ 29.0g/t Au from 78m (RHRC023) - Woodley's East shear
- 4m @ 6.8g/t Au from 39m (RHRC009) - Woodley's East Shear
- 2m @ 12.3g/t Au from 104m, including 1m @ 22.5g/t Au (RHRC008) - Woodley's East Shear
- 1.3m @ 12.3g/t Au from 241.2m (RYDD033) - Woodley's East Shear
- 1.97m at 20.4g/t Au from 247.5m (RYDD038) - Woodley's East Shear
- 0.33m at 59.0g/t Au from 376.1m RYDD047 - Woodley's East Shear
- 4m @ 10.3g/t Au from 80m (RHRC002) - Woodley's Ultramafic
- 3m @ 11.0g/t Au from 50m (RHRC006) - Woodley's Ultramafic
- 2m @ 21.8g/t Au from 27m (RNRC016) - Woodley's Ultramafic

### ORE SORTING

EganStreet has identified an opportunity to optimise and significantly enhance the financial outcomes of the project through the application of state-of-the-art ore sorting technology.

Representative samples collected from the low-grade stockpile located adjacent to the portal of the historical Rothsay Gold Mine, which returned an average stockpile grade of 2.5g/t Au, was put through the Steinert Multi-Sensor Ore Sorter. The ore sorter was able to successfully reject the barren ultramafic material (planned mine dilution) located in the hanging wall of Woodley's Shear. The PFS production target of 936kt grading 7.0g/t Au consisted of 43% planned mine dilution (or 400kt of the total 936kt production target).

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The ultramafic component of this planned mine dilution represents 59% of the total dilution (or 236kt of the total 936kt production target).

The ability to substantially reduce, or potentially virtually eliminate, this hanging wall dilution may allow an increase in mine production, which will have a corresponding positive impact on underground mine productivity, operating costs and economics.

Further test work is being conducted in the 1<sup>st</sup> Quarter of 2018 to confirm these encouraging initial results. The potential of the multi-sensor ore sorter is that underground mine production rates can be increased by 34% without any increase in process plant size.

TABLE 1 – STEINERT MULTI-SENSOR ORE SORTER RESULTS

	Mass (%)	Grade (g/t Au)	Au Distribution (%)	Upgrade (%)
<b>Feed</b>	100.0	2.51	100.0	
<b>Reject</b>	33.2	0.21	2.8	
<b>Product</b>	66.8	3.65	97.2	45.5



FIGURE 4 – STEINERT MULTI-SENSOR ORE SORTER AT NAGROM IN WESTERN AUSTRALIA

### GRANTED EXPLORATION TENEMENT

EganStreet has recently been granted the exploration tenement E59/2254 by the Department of Mines & Petroleum. The tenement has been granted for a period of five years, and can be extended for a further five years.

The tenement is directly north of E59/1263 held by the Company and offers additional regional exploration upside. The tenement covers an area of 2.99km<sup>2</sup>, increasing the Company's total ground-holding at Rothsay to 62.3km<sup>2</sup>.



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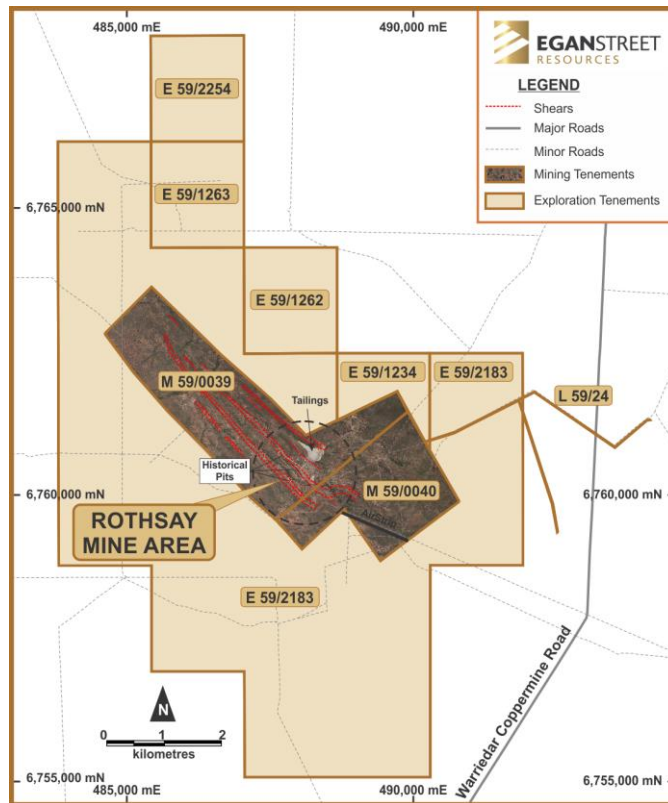


FIGURE 5 – EGANSTREET TENEMENT HOLDINGS AT ROTHSAY

### DEFINITIVE FEASIBILITY STUDY STATUS

The DFS is well advanced with all work fronts on schedule. The Woodley's East Shear now forms part of the December 2017 MRE, with drilling ongoing to confirm infrastructure locations, and to infill the inferred portion and target extensions to the MRE.

The following sections of the DFS are complete:

- > Flora and Fauna
- > Surface and Ground Water
- > Tailings Storage Detailed Design
- > Process Plant DFS
- > Geotechnical DFS
- > Mining Contractor Pricing
- > Mine Ventilation and Mining Services Design
- > Mine Design and Mine Schedule

The following sections of the DFS are outstanding, however remain on schedule:

- > Non-production infrastructure
- > Financial Modelling

Ore sorting test work is ongoing and may be incorporated into the Process Plant DFS. Following completion of the upcoming MRE, the mine design and schedule will be updated and incorporated into the financial model for inclusion in the DFS.

The DFS remains on track for completion Q2, 2018.

## EGAN STREET RESOURCES LIMITED AND CONTROLLED ENTITIES

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### CORPORATE

During the half year, EganStreet successfully raised a total of \$4.035 million in a heavily oversubscribed share placement. The share placement, comprised 16.14 million shares at an issue price of 25c, was undertaken to institutional and sophisticated investors, and resulted in the introduction of several leading Australian institutional investors to the EganStreet register. The shares were issued on 22 September 2017.

As announced to the ASX on 11 October 2017, Richard Hill was appointed as Chief Financial Officer. Mr Hill is an accomplished finance professional with more than 20 years of experience in the resources sector, primarily in the gold industry. He was most recently CFO at WA gold producer Millennium Minerals and has held the positions of General Manager, Finance with ASX-listed Adamus Resources and Commercial Manager with Newmont Asia Pacific.

### SUBSEQUENT EVENTS

Subsequent to 31 December 2017, on 8 March 2018, EganStreet announced that it had entered into an underwriting agreement to underwrite the Company's listed options (ASX:EGAO) up to a value of \$6.89 million. In conjunction with the execution of firm commitment agreements with existing option-holders and the early exercise of options this amounts to total funding of \$11.9 million (before costs).

On 12 January 2018, 250,000 Unlisted Options exercisable at \$0.381 on or before 13 September 2019 were issued pursuant to the Egan Street Resources Limited Employee Option Plan.

On 2 February 2018, 3,292,908 Performance Rights were issued to directors and employees pursuant to the Egan Street Resources Limited Long Term Incentive Plan following approvals at the 2017 Annual General Meeting.

Other than these matters, there have been no matters or circumstances that have arisen since 31 December 2017 that have significantly affected or may significantly affect:

- > the Group's operations in future years; or
- > the results of those operations in future years; or
- > the Group's state of affairs in future years.

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**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration to the directors of the consolidated entity on page 21 forms part of the Directors' report for the half year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors.



Marc Ducler

Managing Director

8 March 2018

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### Competent Persons' Statement

Various information in this report that relates to exploration and ore sorting results is extracted from the following announcements:

- "EganStreet Accelerates Exploration Drilling at Rothsay" dated 19 January 2018, and
- "Outstanding Results from Ore Sorting Testwork at Rothsay" dated 9 January 2018, and
- "Hits up to 110g/t to Underpin a Resource Update Revised" dated 15 December 2017, and
- "More High-Grade Hits at Rothsay Gold Project" dated 24 October 2017, and
- "New High-Grade Discoveries Expand Scale and Potential" dated 8 August 2017, and
- "Near-mine Targets highlight the Growth Potential at Rothsay" dated 11 July 2017, and
- "Drilling Confirms More High-Grade Gold Intersections" dated 6 February 2017, and
- the Prospectus lodged on 28 July 2016.

All of above listed ASX announcements are 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 announcements referred to above or 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 announcements referred to above or the Prospectus.

The information in this announcement that relates to the Rothsay Mineral Resource is extracted from the announcement titled "Rothsay Resources Grow to More Than 300,000ozs" lodged on 4 December 2017 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 original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimate 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 original market announcement.

Information in relation to the Rothsay Project Pre-feasibility Study, including production targets and financial information, included in this report is extracted from an ASX Announcement dated 16 May 2017 (see ASX Announcement – 16 May 2017, "Rothsay PFS Confirms Potential New High-Grade Gold Project", [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) and [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 16 May 2017 continue to apply and have not materially changed.

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**CONDENSED CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Half year ended 31 December 2017	Half year ended 31 December 2016
	\$	\$
Revenue	7,735	10,830
Employee benefits expense	(190,761)	(62,536)
Administration expenses	(263,466)	(378,245)
Exploration expenditure	(2,917,847)	(1,156,493)
Depreciation and amortisation	(5,333)	(9,525)
Share based payments	(163,307)	(326,299)
<b>Loss from continuing operations before income tax</b>	<b>(3,532,979)</b>	<b>(1,922,268)</b>
Income tax	-	-
<b>Loss from continuing operations after tax</b>	<b>(3,532,979)</b>	<b>(1,922,268)</b>
<b>Discontinued operations</b>		
Loss for the year from discontinued operations	-	(58,785)
<b>Net loss for the year</b>	<b>(3,532,979)</b>	<b>(1,981,053)</b>
<b>Other comprehensive Income</b>		
<i>Items that may subsequently be reclassified to profit or loss</i>		
Translation difference on foreign exchange	-	17,457
<b>Total comprehensive loss for the period</b>	<b>(3,532,979)</b>	<b>(1,963,596)</b>
<b>Net loss is attributable to:</b>		
Owners of Egan Street Resources Limited	(3,532,979)	(1,957,655)
Non-controlling interests	-	(23,398)
<b>Net loss for the period</b>	<b>(3,532,979)</b>	<b>(1,981,053)</b>
<b>Total comprehensive loss attributable:</b>		
Owners of Egan Street Resources Limited	(3,532,979)	(1,947,181)
Non-controlling interests	-	(16,415)
<b>Net loss for the period</b>	<b>(3,532,979)</b>	<b>(1,963,596)</b>
<b>Overall Operations</b>		
Basic and diluted loss per share (cents per share)	(4.82)	(3.83)

The accompanying condensed notes form part of these financial statements.



**EGAN STREET RESOURCES LIMITED AND CONTROLLED ENTITIES**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION**

**AS AT 31 DECEMBER 2017**

	Notes	31 December 2017	30 June 2017
<b>CURRENT ASSETS</b>		\$	\$
Cash and cash equivalents		2,880,798	2,774,124
Trade and other receivables		181,822	106,047
Other current assets		6,700	-
<b>TOTAL CURRENT ASSETS</b>		3,069,320	2,880,171
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		73,565	49,776
Exploration and asset acquisition expenditure	6	1,360,510	1,360,510
<b>TOTAL NON-CURRENT ASSETS</b>		1,434,075	1,410,286
<b>TOTAL ASSETS</b>		4,503,395	4,290,457
<b>CURRENT LIABILITIES</b>			
Trade and other payables		371,619	594,151
Provisions		61,842	76,397
<b>TOTAL CURRENT LIABILITIES</b>		433,461	670,548
<b>TOTAL LIABILITIES</b>		433,461	670,548
<b>NET ASSETS</b>		4,069,934	3,619,909
<b>EQUITY</b>			
Issued capital	4	19,381,598	15,561,901
Reserves		1,048,399	885,092
Accumulated losses		(16,360,063)	(12,827,083)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		4,069,934	3,619,909

The accompanying condensed notes form part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Accumulated Losses	Reserves	Foreign Exchange Reserve	Total	Non controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	9,683,872	(8,508,548)	400,260	97,530	1,673,114	(814,054)	859,060
Loss for the year	-	(1,957,655)	-	-	(1,957,655)	(23,398)	(1,981,053)
Other Comprehensive income	-	-	-	10,474	10,474	6,983	17,457
<b>Total comprehensive loss for the period</b>	-	(1,957,655)	-	10,474	(1,947,181)	(16,415)	(1,963,596)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the period (net of costs)	5,465,648	-	-	-	5,465,648	-	5,465,648
Share based payments	412,379	-	326,299	-	738,678	-	738,678
<b>Balance at 31 December 2016</b>	15,561,899	(10,466,203)	726,559	108,004	5,930,259	(830,469)	5,099,790
	Issued Capital	Accumulated Losses	Reserves	Foreign Exchange Reserve	Total	Non controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	15,561,901	(12,827,084)	885,092	-	3,619,909	-	3,619,909
Loss for the year	-	(3,532,979)	-	-	(3,532,979)	-	(3,532,979)
Other Comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	(3,532,979)	-	-	(3,532,979)	-	(3,532,979)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the period (net of costs)	3,819,697	-	-	-	3,819,697	-	3,819,697
Share based payments	-	-	163,307	-	163,307	-	163,307
<b>Balance at 31 December 2017</b>	19,381,598	(16,360,063)	1,048,399	-	4,069,934	-	4,069,934

The accompanying condensed notes form part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Half year ended 31 December 2017	Half year ended 31 December 2016
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(475,483)	(326,556)
Interest received	7,735	10,830
Payments for exploration expenditure	(3,216,153)	(1,076,206)
<b>Net cash used by operating activities</b>	<b>(3,683,901)</b>	<b>(1,391,932)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(29,122)	(5,991)
<b>Net cash provided by investing activities</b>	<b>(29,122)</b>	<b>(5,991)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	4,035,000	6,000,000
Costs of capital raising	(215,303)	(534,352)
<b>Net cash provided by financing activities</b>	<b>3,819,697</b>	<b>5,465,648</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>106,674</b>	<b>4,067,725</b>
Cash at the beginning of the financial period	2,774,124	184,461
Exchange rate changes on the balance of cash held in foreign currencies	-	1,287
<b>Cash and cash equivalents at 31 December</b>	<b>2,880,798</b>	<b>4,253,473</b>

The accompanying condensed notes form part of these financial statements.

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2017, together with any public announcements made during the half-year.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as disclosed below.

#### New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

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

#### Going concern

The financial statements are prepared on a going concern basis.

As detailed in Note 7 EganStreet has entered into an underwriting agreement to underwrite the Company's listed options (ASX:EGAO) up to a value of \$6.89 million. In conjunction with the execution of firm commitment agreements with existing option-holders and the early exercise of options this amounts to total funding of \$11.9 million (before costs).

In addition, at the balance date the Group had an excess of current assets over current liabilities of \$2,635,859 (30 June 2017: \$2,209,623).

# EGAN STREET RESOURCES LIMITED AND CONTROLLED ENTITIES

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## CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

### NOTE 2: OPERATING SEGMENTS

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The consolidated entity operates as a single segment which is mineral exploration.

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.

### NOTE 3: FAIR VALUES OF FINANCIAL INSTRUMENTS

#### Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurement.

#### Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of trade and other receivables and trade and other payables are assumed to equal their fair value.

### NOTE 4: ISSUED CAPITAL

	31 December 2017 Number	30 June 2017 Number	31 December 2017 \$	30 June 2017 \$
Ordinary fully paid Shares	80,719,291	64,579,291	19,381,598	15,561,901

	31 December 2017		30 June 2017	
(a) Movements in ordinary share capital	Number of shares	\$	Number of shares	\$
Balance at the beginning of the period	64,579,291	15,561,901	32,517,395	9,683,872
Issued during the period:				
– Shares issued	16,140,000	4,035,000	32,061,896	6,412,379
Capital raising costs	-	(215,303)	-	(535,350)
Balance at the end of the period	80,719,291	19,381,598	64,579,291	15,561,901

### NOTE 5: DIVIDENDS

The Company did not pay or propose any dividends in the half year to 31 December 2017.



**EGAN STREET RESOURCES LIMITED AND CONTROLLED ENTITIES**  
**ACN 144 766 236**

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**NOTE 6: RECONCILIATION OF EXPLORATION EXPENDITURE**

	<b>31 December 2017</b>	<b>30 June 2017</b>
Opening balance	1,360,510	1,360,510
Tenement acquisition costs	-	-
Impairment	-	-
Foreign exchange revaluation	-	-
Closing balance	<u>1,360,510</u>	<u>1,360,510</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.

**NOTE 7: SUBSEQUENT EVENTS**

Subsequent to 31 December 2017, on 8 March 2018, EganStreet announced that it had entered into an underwriting agreement to underwrite the Company's listed options (ASX:EGAO) up to a value of \$6.89 million. In conjunction with the execution of firm commitment agreements with existing option-holders and the early exercise of options this amounts to total funding of \$11.9 million.

On 12 January 2018, 250,000 Unlisted Options exercisable at \$0.381 on or before 13 September 2019 were issued pursuant to the Egan Street Resources Limited Employee Option Plan.

On 2 February 2018, 3,292,908 Performance Rights were issued to directors and employees pursuant to the Egan Street Resources Limited Long Term Incentive Plan following approvals at the 2017 Annual General Meeting.

Other than these matters, there have been no matters or circumstances that have arisen since 31 December 2017 that have significantly affected or may significantly affect:

- > the Group's operations in future years; or
- > the results of those operations in future years; or
- > the Group's state of affairs in future years.

**NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES**

Commitments and contingent liabilities remain as those disclosed in the 30 June 2017 financial report.

**EGAN STREET RESOURCES LIMITED AND CONTROLLED ENTITIES**  
**ACN 144 766 236**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 19 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the period ended on that date.
2. 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.

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



Marc Ducler  
Managing Director  
8 March 2018

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

As lead auditor for the review of Egan Street Resources Limited for the half-year ended 31 December 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in blue ink, appearing to read 'Neil Smith', is written over a faint, light blue circular stamp.

**Neil Smith**

Director

**BDO (Audit) WA Pty Ltd**

Perth, 8 March 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Egan Street Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Egan Street Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

In conducting our review, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Neil Smith', with the BDO logo written above it.

**Neil Smith**

**Director**

Perth, 8 March 2018