# EGAN STREET RESOURCES LIMITED
# ACN 144 766 236
*(and Controlled Entities)*

## Annual Report
## for the Year ended
## 30 June 2019

# CONTENTS

# 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

## *Company Secretary*
Mr Brendon Morton

## *Registered and Principal Office*
Suite 2, 6 Lyall Street
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

# LETTER FROM THE CHAIRMAN

Dear Shareholder,

During the past 12 months, your company has continued its commitment to realising the objective of becoming a new, high grade gold producer at the 100% owned Rothsay Gold Project which is located 300km north east of Perth in Western Australia's mid-west region. The Company achieved a number of significant milestones throughout the year and subsequent to the year end.

During July 2018, the Company announced a positive Definitive Feasibility Study (DFS), which was based on a Mineral Resource Estimate of 1.42Mt @ 8.8g/t gold for 402,000oz of gold.

During November 2018, the Company announced an increased Mineral Resource Estimate comprising 1.54 million tonnes at 9.2g/t Au for 454,000oz, an increase of 53,000 ounces and an average increase in the grade of the global resource from 8.8g/t Au to 9.2g/t Au. The increased Mineral Resource Estimate was independently estimated by Cube Consulting Pty Ltd and further highlighted the outstanding high-grade nature of the Rothsay Project and its strong potential to be a low-cost, high-margin project.

During February 2019, the Company announced an Updated DFS for Rothsay. The results of the Updated DFS demonstrating a significant increase in the production target, free cash flow generation and Net Present Value (NPV) of the Rothsay Project. The Updated DFS was released following a new mine design on the November 2018 Mineral Resource Estimate. The Updated DFS is based on processing 1.3Mt at an average grade of 7.2 g/t Au for approximately 289,000oz of gold production (up from 1.2Mt at 6.9 g/t Au for 250,000oz in the original DFS). Forecast life of mine (LOM) cash costs C1 are A$876/oz and all-in sustaining costs (AISC) are A$1,069/oz.

The Company continued its efforts to understand and exploit the geological prospectivity of the Rothsay gold field throughout the year. Drilling has confirmed the presence of significant high-grade mineralisation on the historically mined Orient Shear which is considerably more extensive than we previously thought. Drilling confirmed the mineralised position at Orient and Clyde East Shears extending beneath the existing three Orient open pits, with plans in place to follow up with in-fill and extensional drilling later this calendar year. During the year, the Company also identified a series of priority regional targets within the Karara Shear, immediately north of its existing high-grade resources. The new targets were identified during an extensive regional mapping review of the tenements.

The Company has been very well-led by a capable, professional, energetic and enthusiastic management team, well supported by equally enthusiastic Non-Executive Directors and involvement of a number of key external consultants. My sincere thanks to all who have contributed to the achievements of the past 12 months, I look forward to seeing this hard work rewarded through the future development of Rothsay.

*Off-Market Takeover Offer by Silver Lake*

During July 2019, the Company announced that it had entered into a Bid Implementation Deed, pursuant to which Silver Lake Resources Limited will, subject to a number of conditions, acquire all of the issued and outstanding ordinary shares of the Company, for consideration of 0.270 Silver Lake shares for every EganStreet share held, via an off market takeover offer.

At the time the takeover offer was announced, the offer Consideration valued EganStreet at $0.400 per share, which represented a premium of 28.9% to the Last Close Price of $0.310, being the price of EganStreet's shares on ASX at the close of trading on 29 July 2019.

The EganStreet Board of Directors have unanimously recommended that EganStreet shareholders accept the Offer and as at the date of this report, have accepted the Offer in respect of all EganStreet shares they own or control, in both instances in the absence of a superior proposal. The offer remains open for acceptance to all shareholders until 1 November 2019. The reasons for the Directors' recommendation and the risks of accepting or not accepting have been described in some detail within the Target's Statement sent to all shareholders. I recommend all shareholders read that document carefully.

Thank You All.

Barry Sullivan
Non-executive Chairman

# THE YEAR IN REVIEW – 2019 HIGHLIGHTS

- Updated Definitive Feasibility Study ("Updated DFS") announced in February 2019, providing further validation of the technical and economic viability of EganStreet's 100%-owned Rothsay Gold Project in WA, with key highlights including:
    - Maiden start-up Ore Reserve of 1.4Mt at 4.4g/t Au for 200,000oz of gold
    - High-grade, processing 1.3Mt at 7.2g/t for gold production of 289,000oz over an initial seven-year mine life
    - Undiscounted pre-tax project cash-flow of $116 million[1,2] from revenue of $470 million[3]
    - Estimated cash cost (C1) of A$876/oz and all-in sustaining cost (AISC) of A$1,069/oz[4]
    - Capital payback within 1.3 years of production
    - Pre-tax NPV5% of $95.1 million and IRR of 54% based on a A$1,700/oz gold price
- New Mineral Resource Estimate (MRE) at the 100%-owned Rothsay Gold Project announced during November 2018, increasing the total Mineral Resource to 1.54Mt at 9.2g/t Au for 454koz, an increase of 53,000 ounces and an average increase in the grade of the global resource from 8.8g/t Au to 9.2g/t Au.
- Results of RC drilling programme along the Orient Shear highlight the strong potential for further resource growth at Rothsay.
- Project development activities advanced well during the period, including the following:
    - Receipt of approval of Mining Proposal and associated Mine Closure Plan;
    - Receipt of approval for the Project Management Plan;
    - Works Approval and License Application well advanced and in the final stages of approval; and
    - Native Vegetation Clearing Permit well advanced and in the final stages of approval.

[1] *All Dollars are Australian Dollars unless otherwise specified.*

[2] *Both NPV and cash-flow are pre-tax, this applies for the entire document.*

[3] *Based on US$1,275 gold price and A$: US$ exchange rate of 1.00: 0.75.*

[4] *Cash Cost (C1) = mining, processing, site services & administration costs. AISC = Cash Cost (C1) + royalties + sustaining capital costs but excludes exploration and corporate costs. This applies for the entire announcement.*

# DIRECTORS' REPORT

Your directors present their report together with the financial statements on the Company and its controlled entities (collectively the "Group") for the year ended 30 June 2019.

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

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

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

### Barry Sullivan – Non-Executive Chairman

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 |

### 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.

### 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 EganStreet and led the acquisition of the Rothsay Gold Project in 2011. He was 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 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 |
|---|---|---|
| Celamin Holdings Limited | December 2018 | Current |
| Pura Vida Energy NL. | October 2016 | May 2018 |

### 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 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 |
|---|---|---|
| Kasbah Resources Limited. | February 2017 | July 2018 |

### Lindsay Franker – Executive Director

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, start-ups 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.

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

## *Company Secretary*

**Mr Brendon Morton** *(appointed 8 April 2019)*
Qualifications - B.Bus, CA, ACIS, AGIS

Mr Morton is a Chartered Accountant and Chartered Secretary with approximately 20 years' of experience across multiple sectors, including mining, resource exploration, project development, construction and professional practice. Brendon has held senior finance roles and company secretarial roles for a number of ASX listed companies operating in the resources sector. Brendon holds a Bachelor of Business degree and is a member of the Institute of Chartered Accountants Australia and a member of the Governance Institute of Australia.

**Mr Simon Robertson** *(resigned 8 April 2019)*
B.Bus, CA, M Appl. Fin.

Mr Robertson resigned as Company Secretary effective 8 April 2019.

## Principal Activities

The principal activity of the consolidated group during the year was the exploration, evaluation and development of the Rothsay Gold Project in the southern Murchison region of Western Australia.

## Financial Overview

The consolidated loss of the Group after providing for income tax amounted to $5,613,556 (2018: $7,459,595).

As at 30 June 2019, EganStreet had cash reserves of $3.09 million.

## Review of Operations

EganStreet Resources Limited (EganStreet or the Company) made further substantial progress during (and subsequent to) the year ended 30 June 2019 towards its objective of developing a new high-grade gold operation at the 100%-owned Rothsay Gold Project in Western Australia, (**Rothsay** or the **Project**) (*refer Figure 1*).

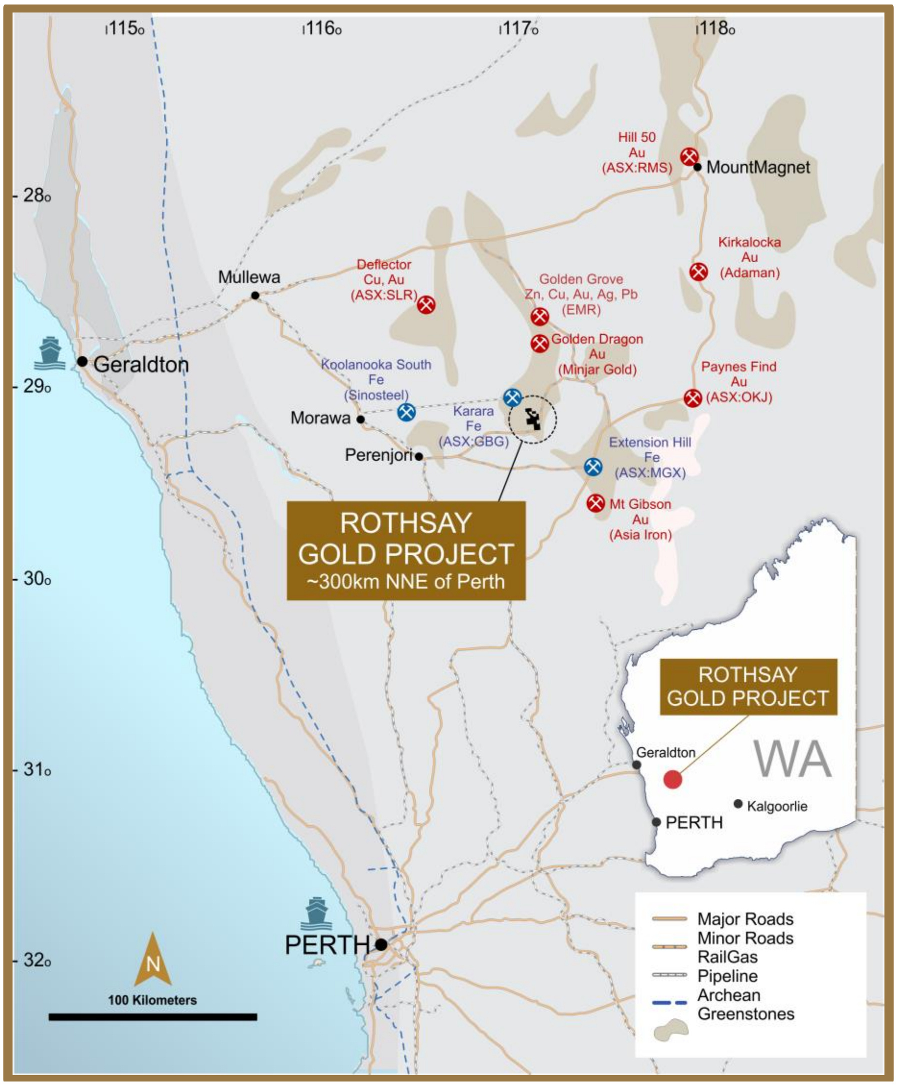

FIGURE 1 – ROTHSAY GOLD PROJECT, REGIONAL LOCATION

The most significant achievements during the year, were:

- the completion of a positive Definitive Feasibility Study (DFS) for Rothsay confirming Rothsay as a low capex, high-grade, high-margin project, with a maiden ore reserve of 200,000oz underpinning an initial 6.5-year mine life, ramping up to 60,000oz p.a. gold production, with a forecast all-in-sustaining-cost (AISC) of A$1,083/oz (refer to announcement "*Rothsay DFS Confirms Low Capex High Margin Operation*", dated 19 July 2018);
- approval received from the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS) for the Project Management Plan (PMP) for the Rothsay (refer to announcement "*Key Approval Received for the Development of Rothsay*", dated 3 October 2018);
- The release of updated Mineral Resource Estimate (MRE) incorporating the results of successful extensional and infill drilling programmes. The increased MRE comprises 1.54 million tonnes at 9.2 g/t Au for 454,000 oz, reflecting the outstanding high-grade nature of the Project and its strong potential to be a low-cost, high-margin project which can deliver robust financial returns (refer to announcement "*Rothsay Resource Increases to 454,000oz at 9.2g/t Au*", dated 27 November 2018);
- the announcement of an Updated Definitive Feasibility Study (**Updated DFS**) during February 2019. The Updated DFS built upon the July 2018 DFS (released July 2018 and discussed below) with the results demonstrating a significant increase in the production target, free cash flow generation and Net Present Value (NPV) of the Rothsay Project. The Updated DFS was released following a new mine design on the November 2018 Mineral Resource Estimate (refer to the announcement "*Rothsay Boosted by Production Target Upgrade*", dated 12 February 2019); and
- Approval received from DMIRS for the Mining Proposal and associated Mine Closure Plan for Rothsay (refer to the announcement "*EganStreet – Approval for Mining Proposal/Mine Closure Plan*", dated 3 June 2019).

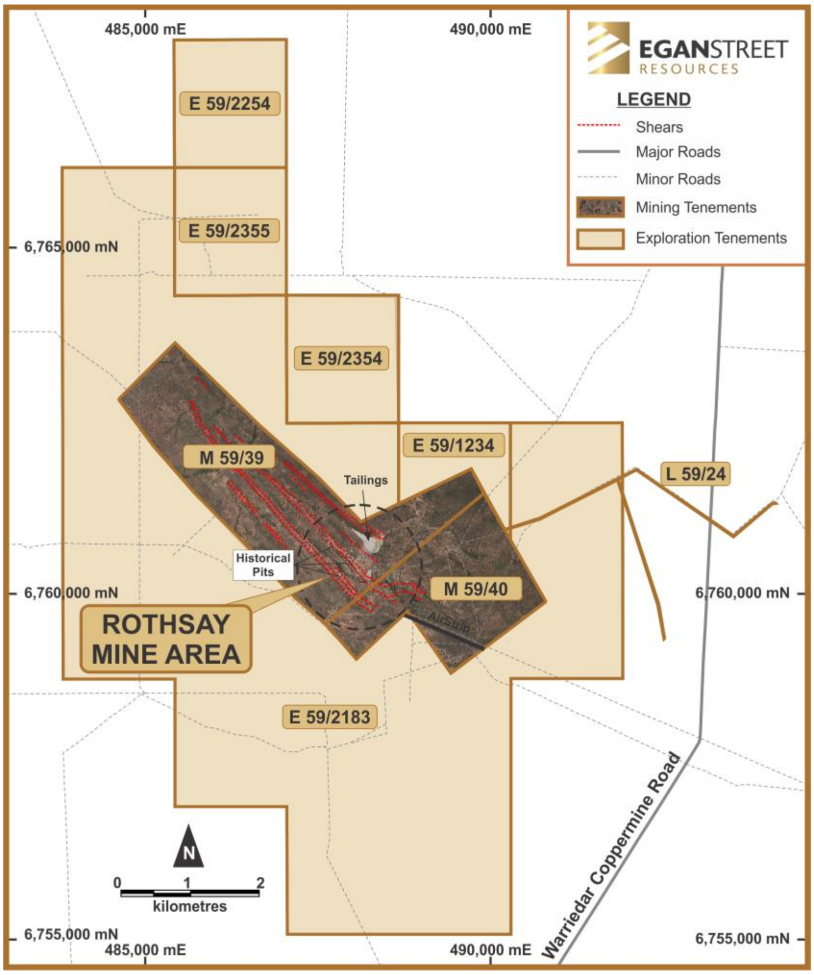


FIGURE 2 – EGANSTREET TENEMENT HOLDINGS AT ROTHSAY

## Definitive Feasibility Study

### *Updated Definitive Feasibility Study (February 2019)*

During February 2019 the Company announced an Updated DFS for Rothsay (refer to the announcement "Rothsay Boosted by Production Target Upgrade", dated 12 February 2019). The Updated DFS built upon the July 2018 DFS (released July 2018 and discussed below) with the results demonstrating a significant increase in the production target, free cash flow generation and Net Present Value (NPV) of the Rothsay Project. The Updated DFS was released following a new mine design on the November 2018 Mineral Resource Estimate (discussed below).

The Updated DFS is based on processing 1.3Mt at an average grade of 7.2 g/t Au for approximately 289,000oz of gold production (up from 1.2Mt at 6.9 g/t Au for 250,000oz in the July 2018 DFS).

Forecast life of mine (LOM) cash costs C1 are A$876/oz and all-in sustaining costs (AISC) are A$1,069/oz.

The proposed 7-year LOM production target contains material from both the Indicated and Inferred Resource categories. The majority of the production target (75% of ounces) is sourced from Indicated Resources with the remaining (25% of ounces) drawn from Inferred Resources.

Based on these parameters, the Rothsay Gold Project delivers a Net Present Value using a 5% discount rate of $95.1 million and has an estimated capital payback period of less than 1.3 years. A gold price of US$1,275/oz and an exchange rate (USD: AUD) of 75 cents (A$1,700/oz gold price) has been assumed for the Updated DFS.

Gold produced over the first four years averages 57,000ozpa (peaking at 64,000ozpa for the first two years), which equates to $32 million of free cash flow per year.

The key outcomes of the Updated DFS are summarised in Tables 1 and 2 below:

| | | Total | Pre-Production | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Mining Production Physicals*** | | | | | | | | | | |
| Development Ore Mined | *kt* | **1,012** | 112 | 281 | 213 | 210 | 176 | 20 | - | - |
| Development Ore Grade | *g/t Au* | **2.7** | 3.2 | 3.1 | 2.7 | 2.4 | 2.0 | 1.9 | - | - |
| Stope Ore Mined | *kt* | **1,270** | 15 | 299 | 352 | 244 | 275 | 84 | - | - |
| Stope Ore Grade | *g/t Au* | **5.7** | 6.8 | 6.4 | 5.9 | 5.5 | 5.3 | 4.4 | - | - |
| **Total Ore Mined** | *kt* | **2,281** | 127 | 580 | 565 | 454 | 451 | 104 | - | - |
| **Mined Grade** | *g/t Au* | **4.4** | 3.6 | 4.8 | 4.7 | 4.1 | 4.0 | 3.9 | - | - |
| **Contained Ounces** | *koz* | **320** | **15** | **90** | **85** | **59** | **58** | **13** | **-** | **-** |
| ***Processing Physicals*** | | | | | | | | | | |
| Ore Processed | *kt* | **1,324** | 64 | 200 | 200 | 200 | 200 | 200 | 200 | 59 |
| Concentrate Grade | *g/t Au* | **7.2** | 6.5 | 10.7 | 10.3 | 8.2 | 8.0 | 5.1 | 2.4 | 2.4 |
| Contained Ounces | *kt* | **306** | 13 | 69 | 66 | 53 | 52 | 33 | 16 | 5 |
| Recovery | *%* | **94.5%** | 93.3% | 93.3% | 95.3% | 95.2% | 94.8% | 94.7% | 94.3% | 94.3% |
| **Ounces Produced** | *koz* | **289** | **13** | **64** | **63** | **50** | **49** | **31** | **15** | **4** |

TABLE 1 – KEY PHYSICALS

| Material in Mine Plan | Tonnage (kt) | Grade (g/t Au) | Contained Metal (Au koz) |
|---|---|---|---|
| Indicated Resources | 1,397 | 5.3 | 239 |
| Inferred Resources | 476 | 5.2 | 80 |
| Unclassified Waste | 407 | 0.0 | 1 |
| **Total** (Totals may not add due to rounding) | **2,281** | **4.4** | **320** |

| Material Processed | Tonnage (kt) | Grade (g/t Au) | Contained Metal (Au koz) |
|---|---|---|---|
| **Ore Processed** (Post Ore Sorter) | **1,324** | **7.2** | **306** |

| Initial Capital Costs | A$m |
|---|---|
| Process Plant | 28.7 |
| Non Process Infrastructure | 3.0 |
| Other Owners Costs | 4.3 |
| Contingency | 3.6 |
| **Total Initial Capital** | **39.7** |

| Production Summary | | |
|---|---|---|
| Initial LOM | Years | 7.7 |
| **Gold Production** | Ounces | **289,062** |
| Average LOM Metallurgical Recovery | % | 94.5 |

| Project Economics | | |
|---|---|---|
| Base Case gold price | US$/oz | 1,275 |
| Exchange Rate | A$:US$ | 1.00 : 0.75 |
| **Revenue** | **A$m** | **470.1** |
| Cash Cost (C1) | $/oz | 876 |
| **All In Sustaining Cost (AISC)** | **$/oz** | **1,069** |
| **Free Cashflow** $_{\text{Pre-Tax}}$ | **A$m** | **116.1** |
| NPV$_{\text{5\% Pre-tax}}$ | A$m | 95.1 |
| IRR $_{\text{Pre-Tax}}$ | % | 54 |
| Payback | Years | 1.3 |

TABLE 2 – KEY PROJECT STATISTICS

### *Definitive Feasibility Study (July 2018)*

The Company announced the completion of the DFS on the Rothsay Gold Project on 19 July 2018 (refer to announcement "*EganStreet Confirms Low Capex, High Margin Australian Gold Mine at Rothsay Gold Project, WA*", dated 19 July 2018), with the results confirming the potential for a new low-cost, high-margin Australian gold project capable of delivering strong financial returns for shareholders (**July 2018 DFS**). The July 2018 DFS was subsequently superseded by the Updated DFS, released during February 2019 (refer above).

## Ore Reserve Estimate

The Company released a maiden Ore Reserve of 200koz (**Maiden Ore Reserve**) in conjunction with the July 2018 DFS (refer to announcement "*Rothsay DFS Confirms Low Capex, High Margin Operation*" dated 19th July 2018). Subsequent to the end of the financial year, the Company completed an updated Ore Reserve estimate for Rothsay (**Ore Reserve Estimate**) (refer to announcement *"EganStreet Increases Rothsay Ore Reserve to 235,000oz"*, dated 1 August 2019).

The Ore Reserve Estimate is based on the updated Mineral Resource announced in November 2018 and builds on the updated Definitive Feasibility Study (**Updated DFS**) (See ASX announcement "*Rothsay Gold Boosted by Production Target Upgrade*" dated 12 February 2019) and Definitive Feasibility Study (**DFS**) (refer to announcement "*Rothsay DFS Confirms Low Capex, High Margin Operation*" dated 19 July 2018).

The Ore Reserve Estimate incorporates new information obtained from additional technical studies completed up until July 2019, and includes the following:

- November 2018 MRE (see ASX announcement "*Rothsay Resource Increases to 454,000oz at 9.2g/t Au*" dated 27th November 2018);
- Cost estimates as outlined in the Updated DFS;
- Additional geotechnical modelling based on drill holes completed up until November 2018;
- An updated mine plan targeting shorter pre-production period and lower pre-production capital (including working capital) which includes:
  - Boxcut and access to southern end of the orebody;
  - Increased sub-level interval;
  - Increased decline turning radius; and
  - Earlier establishment of primary ventilation and escapeway via shorter raises.
- All other assumptions are consistent with those outlined in the DFS

The new Ore Reserve stands at 235,000oz and is shown in Table 3 below:

| Reserve Category | kt | Grade (g/t Au) | Contained Metal (Au koz) |
|---|---|---|---|
| Proved | - | - | - |
| Probable | 1,605 | 4.5 | 235 |
| Total | 1,605 | 4.5 | 235 |

TABLE 3 – ORE RESERVE ESTIMATE

*The Ore Reserve has been estimated using the Updated DFS assumptions (detailed in the ASX announcement dated 12 February 2019) together with the DFS assumptions (detailed in the ASX announcement of 19 July) except for a de-rated gold price of $A1,600/oz, and is based upon Indicated Mineral resources only.*

The updated Ore Reserve estimate represents an 18% increase on the previously published Ore Reserve.

## November 2018 Mineral Resource Upgrade

During November 2018, the Company announced a substantial increase in the Rothsay Mineral Resource Estimate (**November 2018 MRE**) to 454,000 ounces. The increased Resource comprises 1.54 million tonnes at 9.2g/t Au for 454,000oz, highlighting the outstanding high-grade nature of the Rothsay Project and its strong potential to be a low-cost, high-margin project.

The November 2018 MRE, was independently estimated by Cube Consulting Pty Ltd and incorporated the results of two reverse circulation (RC) and one diamond drilling programme completed between May 2018 and September 2018, consisting of 46 holes for 5,042m of RC and 16 holes for 4,631m of diamond core.

The total Rothsay MRE has increased to 1.54 million tonnes at 9.2g/t Au for 454,000oz (an increase of 53,000 ounces from the previous MRE of 1.42Mt @ 8.8g/t Au for 401koz). Importantly, the Indicated portion of the Mineral

Resource, which is available for conversion to Ore Reserves, has increased by 45.8koz to 0.95Mt at 9.6g/t Au for 292koz (from 0.82Mt @ 9.3g/t Au for 246koz).

The Inferred portion of the Mineral Resource has increased by 5% to 0.59Mt @ 8.6g/t Au for 162koz (from 0.60Mt @ 8.0g/t Au for 155koz).

Exploration drilling programmes executed by EganStreet have intersected a third Woodley's East hanging-wall zone of mineralisation which now forms part of the MRE. Together, the three Woodley's East hanging-wall zones (Woodley's East HW), total 177kt at 5.3g/t Au for 30koz. These three lenses are parallel to Woodley's and Woodley's East Shears, are located in close proximity to the Woodley's East Shear and will be accessible by the underground mine development in the DFS. The new zone is located approximately 10m east of the Woodley's East Shear. These three lenses are open in all directions and their extents are not defined. Follow-up drilling will be required.

The November 2018 Mineral Resource estimate for the Rothsay Gold Project is set out in Table 4 & 5 below:

| | Indicated | | | Inferred | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| **Lode** | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) |
| **Woodley's** | 750 | 10.6 | 254 | 230 | 11.9 | 88 | 980 | 10.9 | 342 |
| **Woodley's East** | 200 | 5.8 | 38 | 140 | 8.8 | 40 | 340 | 7.0 | 78 |
| **Woodley's East HW** | | | | 180 | 5.3 | 30 | 180 | 5.3 | 30 |
| **Other** | | | | 40 | 3.3 | 5 | 40 | 3.3 | 5 |
| **Total[5][6]*** | **950** | **9.6** | **292** | **590** | **8.6** | **162** | **1,540** | **9.2** | **454** |

TABLE 4 – NOVEMBER 2018 MINERAL RESOURCE ESTIMATE (AS PER JORC CODE 2012) *TOTALS MAY NOT MATCH DUE TO ROUNDING

| COG | Tonnes (Mt) | Grade (g/t Au) | Ounces (koz) |
|---|---|---|---|
| 0.0 | 6.04 | 2.6 | 510 |
| 1.0 | 1.81 | 8.0 | 469 |
| 2.0 | 1.62 | 8.8 | 460 |
| 2.5 | 1.54 | 9.2 | 454 |
| 3.0 | 1.45 | 9.6 | 446 |
| 4.0 | 1.23 | 10.7 | 422 |
| 5.0 | 1.07 | 11.6 | 399 |
| 8.0 | 0.73 | 14.0 | 329 |

TABLE 5 – NOVEMBER 2018 MRE – SHOWING VARIOUS COG'S

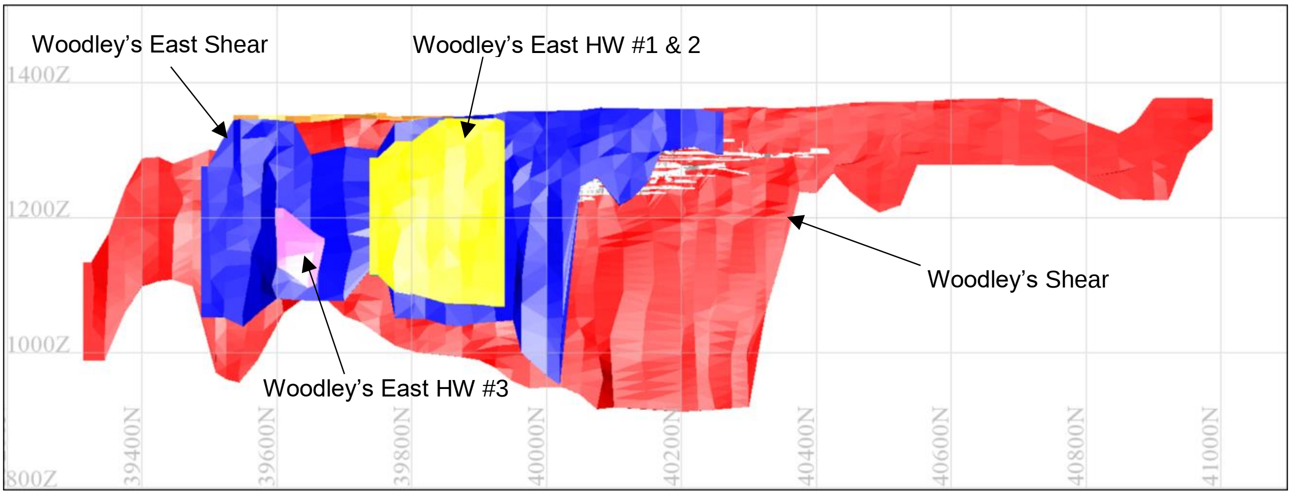


FIGURE 3 - LONG PROJECTION SHOWING THE WOODLEY'S MINERALISED ZONES

5 Note Resources quoted above 2.5g/t Au cut-off.

6 Note totals may not match due to rounding.

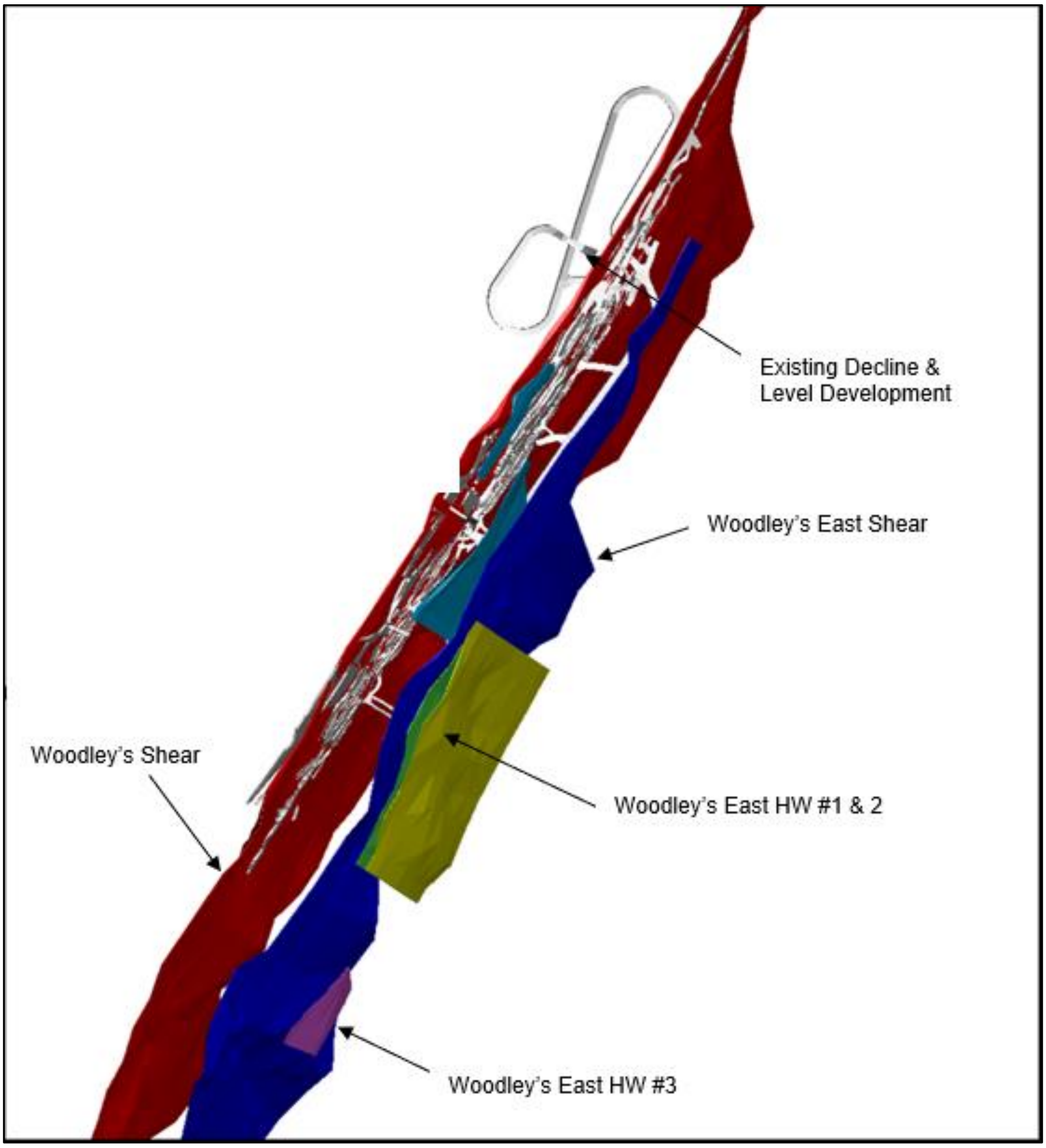


FIGURE 4 – OBLIQUE VIEW SHOWING THE WOODLEY'S MINERALISED ZONES

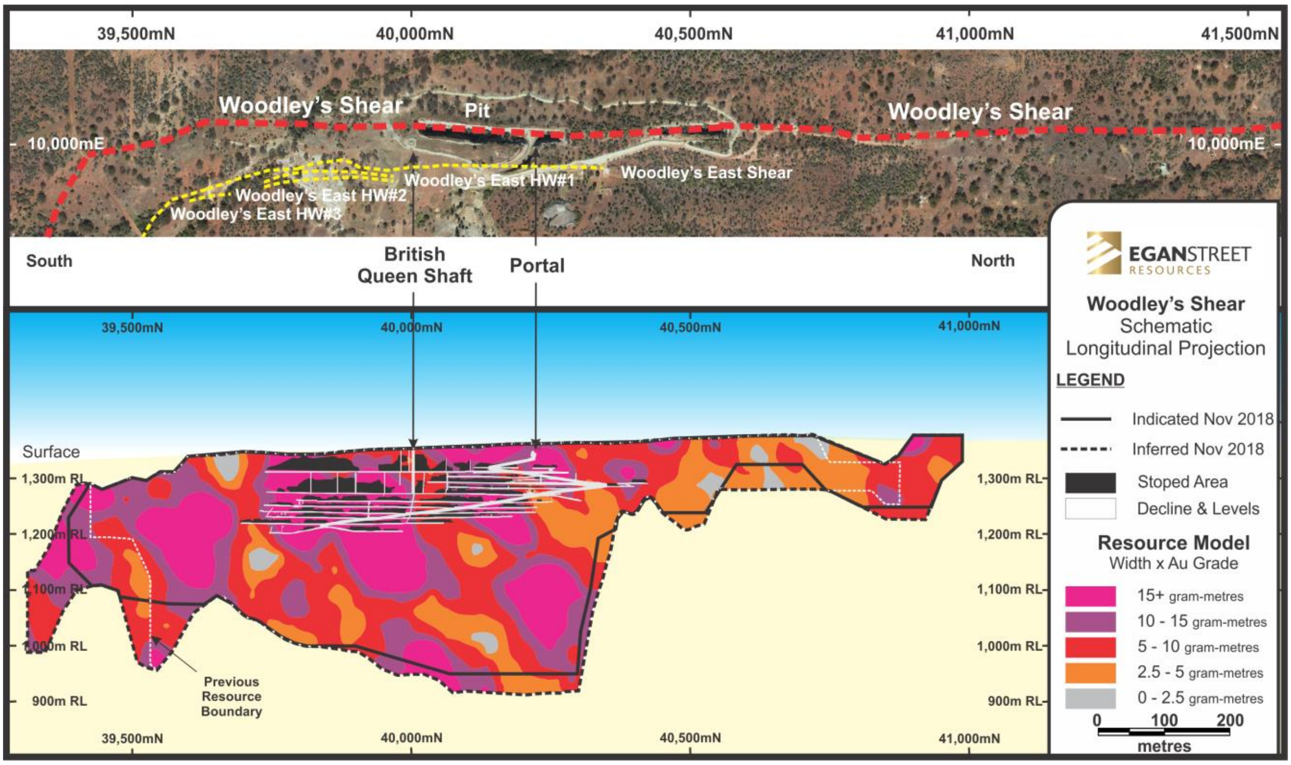


FIGURE 5 – WOODLEY'S SHEAR PROJECTION SHOWING MRE BOUNDARIES AND BLOCK MODEL INTERPRETATION.

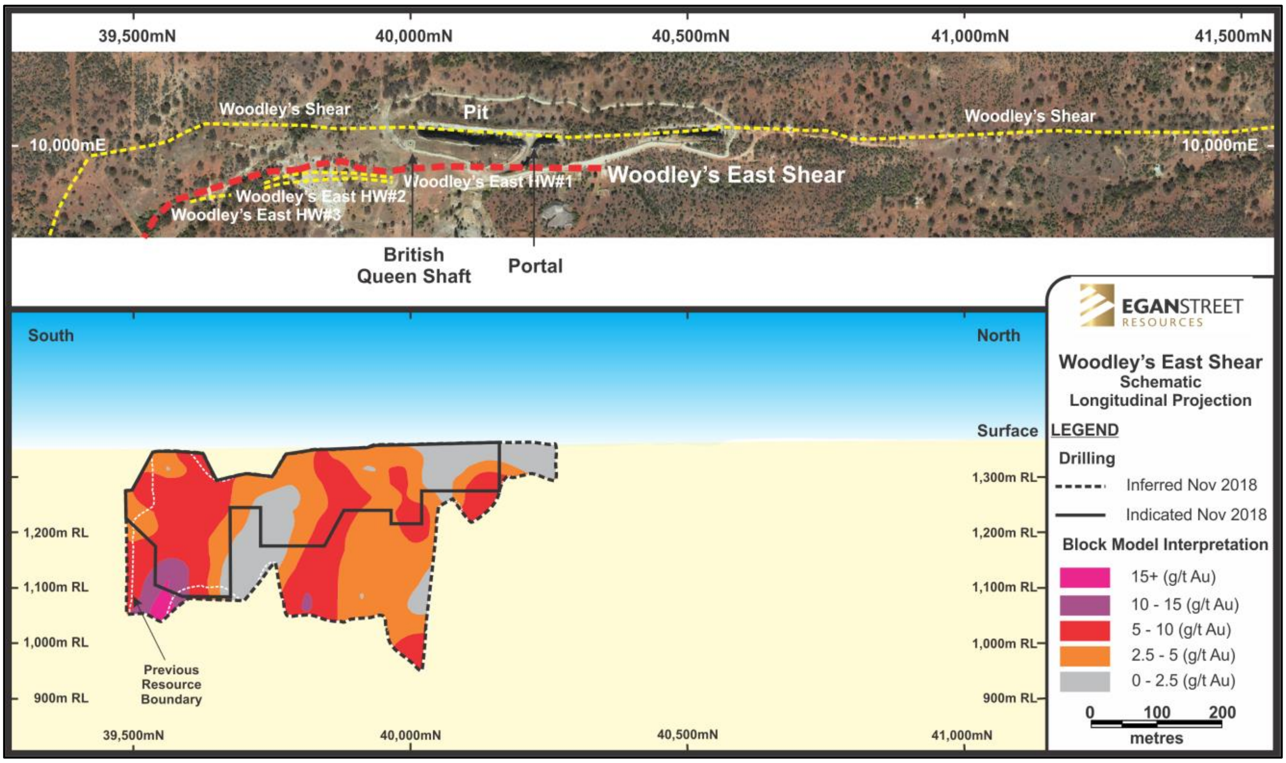


FIGURE 6 – WOODLEY'S EAST SHEAR PROJECTION SHOWING MRE BOUNDARY AND BLOCK MODEL INTERPRETATION.

## Regional Exploration

### *Orient Shear*

Following successful exploration drilling at the southern end of the Woodley's lode, and the subsequent announcement of the November 2018 MRE, EganStreet conducted an RC drilling programme designed to investigate potential mineralisation located below and along strike of small, historical (circa 1990) open pits at the southern end of the Orient Shear, and to identify a potential decline location with a new portal in one of the pits.

The Orient Shear is located less than 200m west of the Woodley's Shear, it exists on a different geological contact to Woodley's and Woodley's East, positioned on a gabbro/dolerite contact within the Clyde sequence. There are known historical (1930's era) underground workings on the Orient Shear, this includes some of the deepest workings (outside the historical British Queen Mine) within the Rothsay goldfield. Three shallow open pits were also excavated on the Orient Shear in around 1990. The Orient Shear converges with the Clyde East Shear (which is located to the west of the Orient) just south of the southernmost pit, and the recent RC drilling program also tested this zone.

Holes drilled by EganStreet in 2017 intersected patchy mineralisation at the southern end of the Clyde sequence. Results included ***2m @ 21.6g/t Au*** (HSRC010) from 42m (Clyde East shear), below a major historical working, and ***1m @ 3.1g/t Au*** (HSRC012) from 51m (Clyde shear).

Historical intersections on the Orient line include MRP426 – ***1m @ 43.8g/t Au*** from 22m (25m north of HSRC010), MRP204 – ***1m @ 5.0g/t Au*** from 30m, MRP232 – ***1m @ 12.8g/t Au*** from 21m, MRP236 – ***1m @ 12.4g/t Au*** from 16m, MRP391 – ***3m @ 18.0g/t Au*** from 20m (125m north of Orient pits) and MRP450 (located 250m north of the Orient pits) – ***1m @ 7.5g/t Au*** from 15m.

60 holes for 4,765m were completed along 800m of strike. Quartz was intersected in many holes on the basalt(amphibolite)-gabbro contact, which is the Orient Shear position. Drilling also intersected mineralised quartz veining within the hanging wall gabbro as well as a weakly mineralised sub-parallel footwall shear.

Results from intersections within the Orient Shear include:

- *1.0m @ 29.6g/t Au* from 68m in RORC040,
- *1.0m @ 29.14g/t Au* from 61m in RORC027,
- *1.0m @ 25.0g/t Au* from 57m in RORC025,
- *2.0m @ 6.3g/t Au* from 90m in RORC038 and
- *1.0m @ 7.5g/t Au* from 74m in RORC037.

In the northern portion of the Orient Shear, a few deeper holes that were collared further east intersected quartz veining within shears in a footwall gabbro unit with results of

- 1m @ 34.58g/t Au and 1m @ 3.77g/t Au in RORC028 and
- 1m @ 4.98g/t Au in RORC039.

These results demonstrate that mineralisation on the Orient Shear is more extensive than previously understood and presents a target for further drilling.

The drilling campaign has been sufficient to demonstrate the potential to extend the current Resource on both the Orient and Clyde East Shears, drilling is required to in-fill and test for potential extensions of this mineralisation with further work to be progressed at a later date.

Historical drilling also intersected the Clyde East with MRP191 returning ***2m @ 84.12g/t Au*** from 8m; MRP185 – ***1m @ 5.94g/t Au*** from 13m and MRP186 – ***1m @ 3.35g/t Au*** from 26m.

EganStreet intersected the Clyde East Shear in the two southernmost holes with

- *2m @ 4.27g/t Au* from 79m in RORC062; and
- *1m @ 2.35g/t Au* from 54m in RORC061.

Due to the proximity of the Orient pit and bund wall, this lode was not able to be fully tested. Further work is required to test this shear down-plunge toward the Orient Shear intersection.

| Hole ID | Location | From (m) | To (m) | Length (m) | Grade g/t Au |
|---|---|---|---|---|---|
| RORC040 | Orient Shear | 68 | 69 | 1 | 29.59 |
| RORC027 | Orient Shear | 61 | 62 | 1 | 29.14 |
| RORC025 | Orient Shear | 57 | 58 | 1 | 25.04 |
| RORC028 | Orient HW Gabbro | 24 | 25 | 1 | 34.58 |
| RORC037 | Orient Shear | 74 | 75 | 1 | 7.54 |
| RORC046 | Orient Shear | 55 | 56 | 1 | 6.38 |
| RORC038 | Orient Shear | 90 | 92 | 2 | 6.30 |
| RORC004 | Orient Shear | 50 | 51 | 1 | 5.92 |
| RORC039 | Orient HW Gabbro | 99 | 100 | 1 | 4.98 |
| RORC062 | Clyde East Shear | 50 | 51 | 2 | 4.27 |

TABLE 6 – SIGNIFICANT INTERSECTIONS & RESULTS (ORIENT & CLYDE SHEARS)

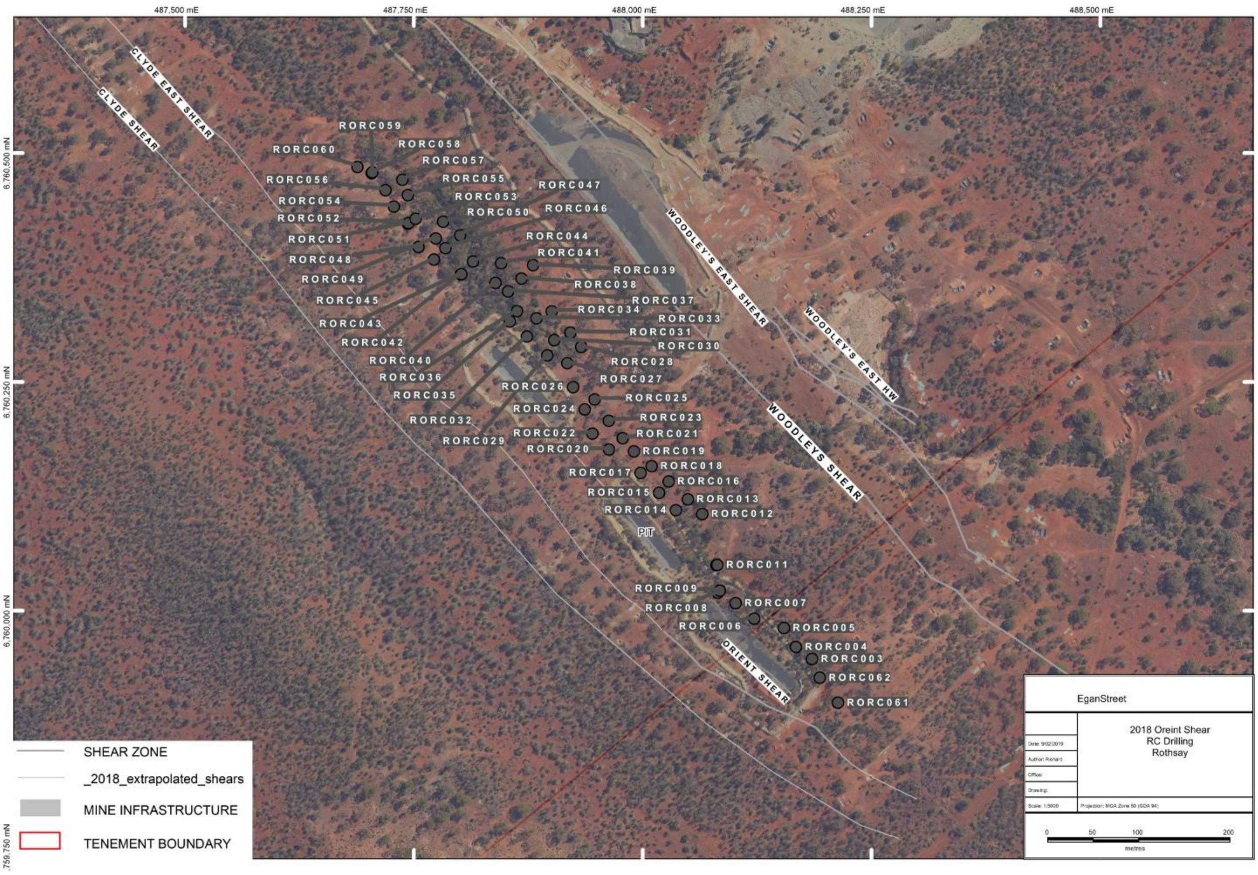


FIGURE 7 – RC DRILL COLLAR LOCATIONS

EGANSTREET RESOURCES

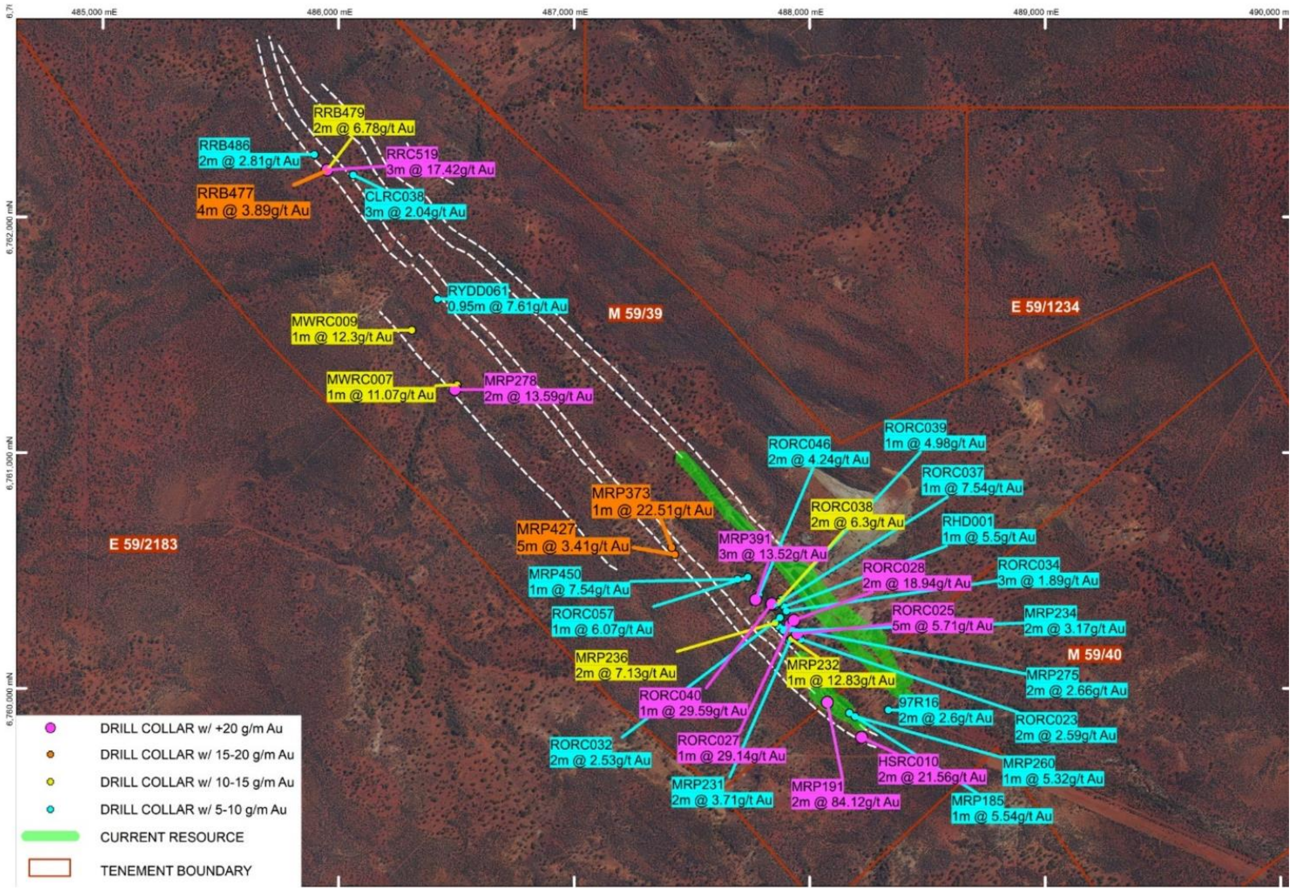


**FIGURE 8 – SIGNIFICANT HISTORICAL RC HITS INCLUDED TO HIGHLIGHT POTENTIAL PROSPECTIVITY OUTSIDE CURRENT MINERAL RESOURCE ESTIMATE**

## *Karara Shear*

During the year, EganStreet further expanded the regional exploration potential at Rothsay, after identifying a series of priority regional targets within the Karara Shear, immediately north of its existing high-grade resources. The new targets were identified during an extensive regional mapping review of the Company's 100%-owned exploration tenements. This exercise was undertaken in order to enhance EganStreet's pipeline of high-potential gold exploration opportunities at Rothsay.

To date, EganStreet has focused its assessment of geological potential on the Mining Leases (ML's) at Rothsay, principally the main area of and the area immediately surrounding the Woodley's Resource. The Company is now combining the assessment of the surrounding exploration leases, which includes geological mapping and the identification of historical mining areas. This will in turn lead to a full field data and prospectivity review.

Mapping of the exploration leases immediately to the north of the ML's is now complete. Two areas of historical mining activity have now been identified:

- The Karara workings, located to the north of the ML's. These workings have been historically described by Hunter Exploration (1997) and drilled by Metana Minerals (10 holes in circa 1990); and
- A line of workings located immediately north of the Tailings Storage Facility (TSF) (see figure 9) which, while being located within the ML's, have previously been mapped, however not drilled.

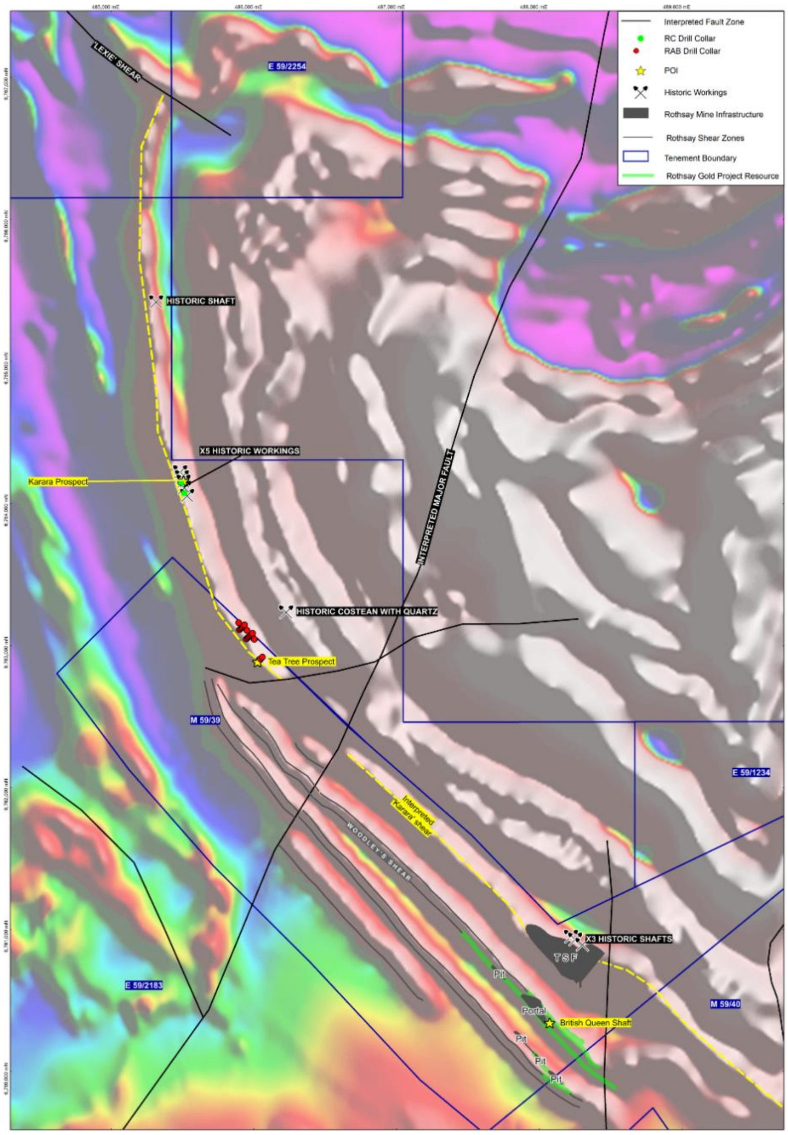


FIGURE 9 - ROTHSAY AIRBORNE MAGNETICS

Recent field mapping completed by EganStreet has traced a band of tremolite altered rock which is semi-continuous over a strike extent of 4km linking and continuing to the north and south of both sets of workings. This geological feature, named the Karara Shear, bears several similarities to the Woodley's Shear which hosts the main Mineral Resource at Rothsay, namely:

- It comprises mafic/ultramafic host rocks;
- The Karara Shear and Woodley's Shear are coincident with linear magnetic highs (as are the other identified mineralised shears at Rothsay); and
- Gold mineralisation, where it has been identified, is contained by quartz veins with a selvedge of intense tremolite alteration.

Drilling coverage of prospective shears, outside the Mineral Resource at Rothsay is sparse, and drilling density is logically concentrated in and around the area where there is a Mineral Resource. In other areas drilling is typically shallow and wide-spaced.

The Company will soon lodge relevant approval applications to commence exploration across the Karara Shear and is developing a target inventory across the entire landholding.

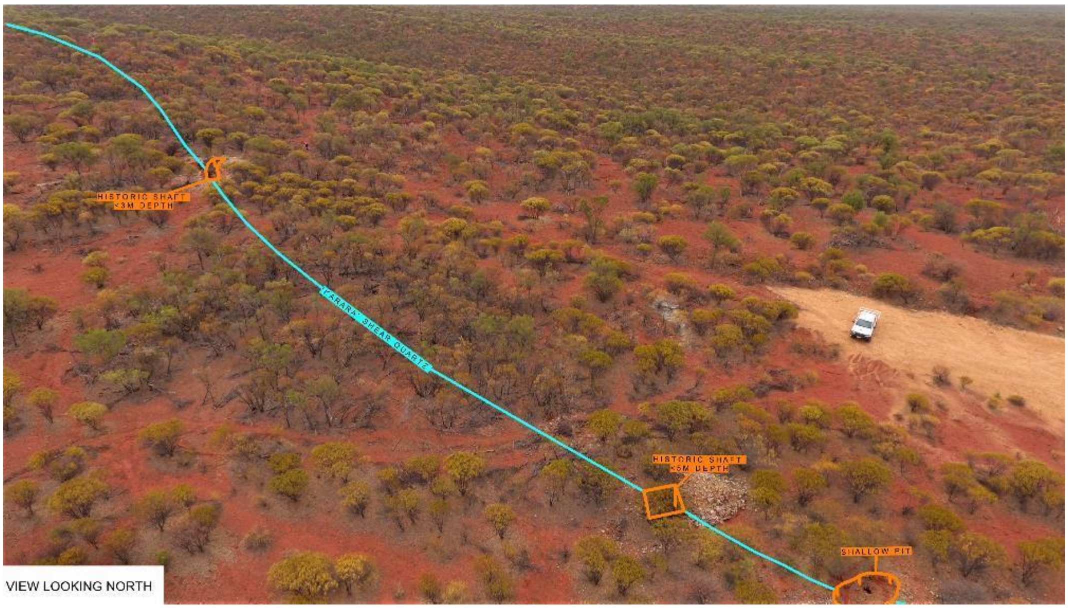


FIGURE 10 - KARARA SOUTH SHEAR WITH HISTORICAL WORKINGS

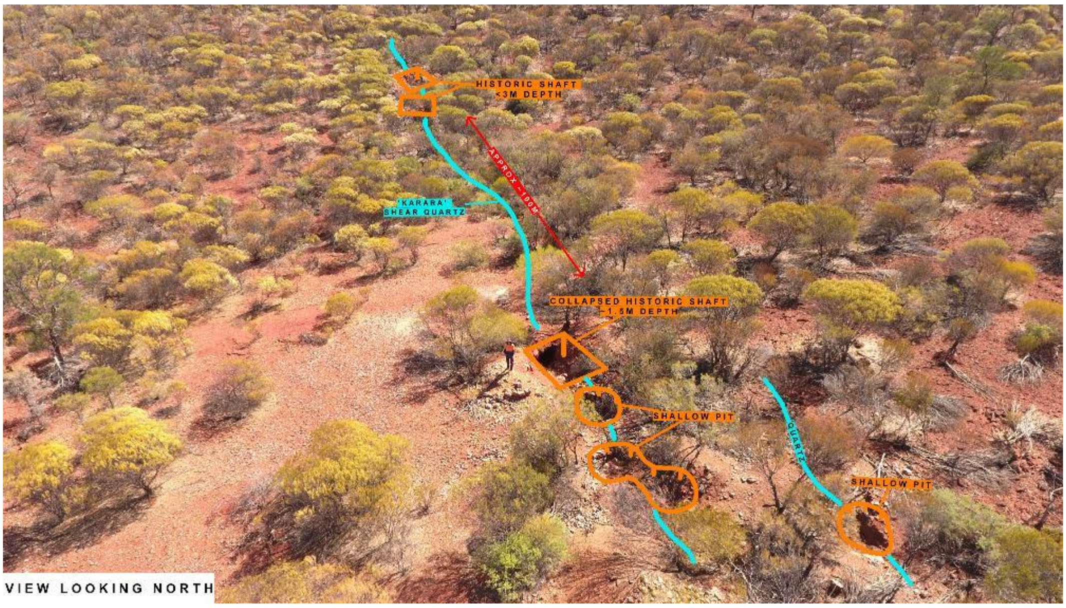


FIGURE 11 - KARARA NORTH SHEAR SHOWING HISTORICAL WORKINGS

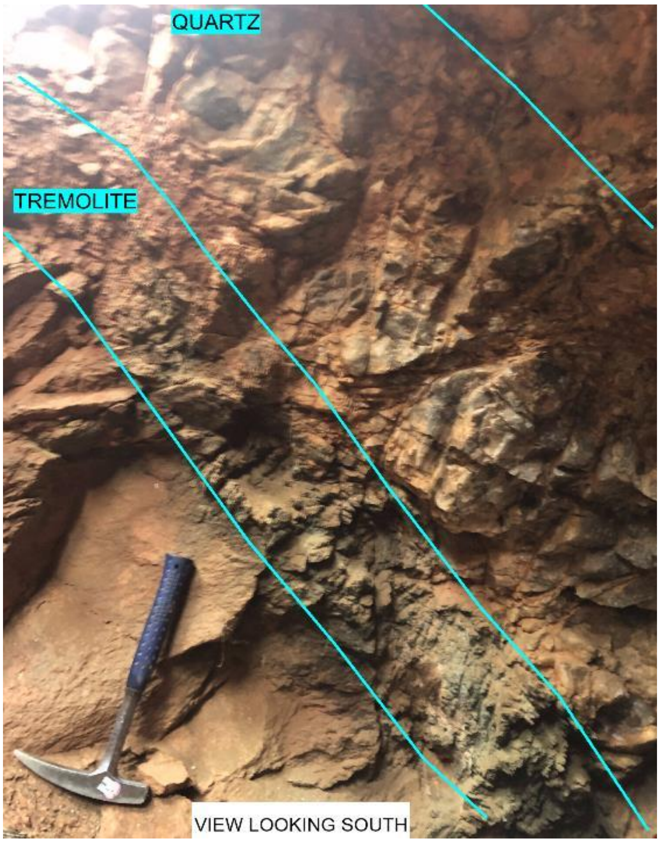


FIGURE 12 - KARARA SHEAR SHOWING QUARTZ & TREMOLITE ZONES

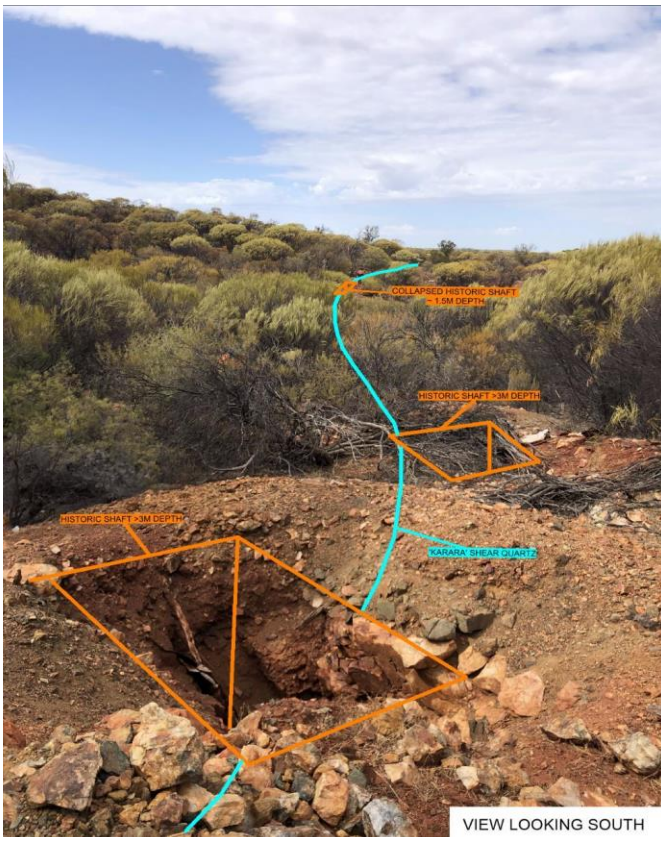


FIGURE 13 - KARARA SHEAR SHOWING HISTORICAL WORKINGS

## Forward Looking Statements & Disclaimers

*This report includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of EganStreet.*

*Actual values, results, interpretations or events may be materially different to those expressed or implied in this report. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the report as they speak only at the date of issue of this report. Subject to any continuing obligations under applicable law and ASX Listing Rules, EganStreet does not undertake any obligation to update or revise any information or any of the forward-looking statements in this report or any changes in events, conditions or circumstances on which any such forward-looking statement is based.*

*This report has been prepared by EganStreet. The document contains background information about EganStreet current at the date of this report. The information contained within this report is in summary form and does not purport to be all-inclusive or complete.*

*Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this report.*

*The report is for information purposes only. Neither this report nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction. The report may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply to their own jurisdiction as a failure to do so may result in a violation of securities laws in such jurisdiction.*

*This report does not constitute investment advice and has been prepared without considering the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this report are not intended to represent recommendations of particular investments to particular persons.*

*Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. To the fullest extent of the law, EganStreet, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from the announcement arising out of negligence or otherwise is accepted.*

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

The net assets of the consolidated group totalled $7,111,055 (2018: $12,265,758). The loss for the year was $5,613,556 (2018: $7,459,595). Cash on hand at 30 June 2019 totalled $3,085,261 (2018: $11,506,291). 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.

## Events Occurring After the Reporting Period

*Off-Market Takeover Offer by Silver Lake*
On 30 July 2019, EganStreet announced that the Company had entered into a Bid Implementation Deed ("**BID**"), pursuant to which Silver Lake will acquire all of the issued and outstanding ordinary shares (the "**Offer**") of EganStreet (the "**EganStreet Shares**"). Under the terms of the BID, each EganStreet Shareholder will receive 0.270 Silver Lake shares for every EganStreet share held (the "**Offer Consideration**").

At the time the Offer was announced, the Offer Consideration valued EganStreet at $0.400[7] per share, which implied a $52[8] million total transaction enterprise value which represented a premium of 28.9% to the Last Close Price of $0.310, being the price of EganStreet's shares on ASX at the close of trading on 29 July 2019.

The EganStreet Board of Directors unanimously recommended that EganStreet shareholders accept the Offer and as at the date of this report, have accepted the Offer in respect of all EganStreet shares they own or control, in both instances in the absence of a superior proposal. In addition, EganStreet's largest shareholder, Lion Selection, has entered into a Pre-Bid acceptance Deed with Silver Lake under which it has accepted the Offer in respect of its 15.1% holding.

*Other*

On 1 August 2019, the Company announced an increase in the Rothsay ore reserve to 235,000 ounces. The updated Ore Reserve represents an 18% increase on the previously published ore reserve of 200,000 ounces.

During August 2019, the Company received approval from the Department of Mines, Industry Regulation and Safety (**DMIRS**) for the Native Vegetation Clearing Permit (**NVCP**) for the Rothsay Gold Project.

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 exploration, evaluation and development of the Rothsay Gold Project.

The ability of the Company to achieve successful commercial developments will depend upon the success of the project development programmes and obtaining suitable financing arrangement for the Project.

## Native Title

The consolidated group's activities in Australia are subject to the Native Title Act of the Commonwealth or State. The Company is not aware of any breaches of the consolidated entity's obligations under these Acts. The

[7] Based on Silver Lake's closing share price of $1.480 on 29 July 2019
[8] Total transaction enterprise value calculated based on (a) the fully diluted transaction equity value of $60 million, which includes performance rights and options that are in-the-money options based on the Offer Consideration; (b) EganStreet's cash balance of A$4.5 million as at 31 March 2019; and (c) A$3.7 million of cash received proceeds that would be received from the exercise of the options that are in-the-money based on the Offer Consideration and assumes they are capable of exercise

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 |
|---|---|---|---|---|
| 23/08/2018 | 22/08/2021 | $0.300 | - | 1,500,000 |
| | | | **-** | **1,500,000** |

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, NIL shares have been issued as a result of the exercise of options. Post year end 2,000,000 shares were issued as a result of the exercise of 2,000,000 options at $0.25 with an expiration date of 13 September 2019.

## Information on Directors

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

| Current Director | Number of ordinary shares | Number granted | Expiry date | Exercise price |
|---|---|---|---|---|
| Barry Sullivan | 1,000,000 | - | - | - |
| Marc Ducler | 4,879,715 | - | - | - |
| Simon Eley | 3,299,512 | - | - | - |
| Hedley Widdup | - | - | - | - |
| Lindsay Franker | 3,955,647 | - | - | - |

## 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:

| | Directors' Meetings | |
|---|---|---|
| | Number eligible to attend | Number attended |
| Barry Sullivan | 10 | 10 |
| Marc Ducler | 10 | 10 |
| Hedley Widdup | 10 | 9 |
| Simon Eley | 10 | 8 |
| Lindsay Franker | 10 | 10 |

## 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.

## 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 remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its regulations. The Remuneration Report forms part of the Directors' Report. The disclosures contained within this report have been audited.

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company, directly and indirectly, including any director (whether executive or otherwise) of the Company.

### KEY MANAGEMENT PERSONNEL

Details of the Key Management Personnel (KMP) are as follows:

| Name | Position | Term as KMP |
|---|---|---|
| **DIRECTORS** | | |
| B Sullivan | Non-executive Chairman | Full Financial Year |
| M Ducler | Managing Director | Full Financial Year |
| L Franker | Executive Director | Full Financial Year |
| H Widdup | Non-executive Director | Full Financial Year |
| S Eley | Non-executive Director | Full Financial Year |
| **EXECUTIVES** | | |
| B Morton | Chief Financial Officer and Company Secretary | From appointment date – 15 February 2019 |
| R Hill | Chief Financial Officer | To resignation date – 28 February 2019 |
| J Whitford | General Manager - Rothsay | Full Financial Year |

### PRINCIPLES OF REMUNERATION

The full Board governs the Group's remuneration structures. When Board members have an interest in a matter put forward for discussion by the Board, they excuse themselves from the discussion whilst the matter is being considered by the Board and may not vote on the matter.

Remuneration structures are aligned with the long-term interests of the Company and its shareholders. Executive remuneration and other terms of employment are reviewed annually.

Key objectives of the Group's remuneration policy are to ensure that remuneration practices:

a) Attraction and retention of capable and experiences management;
b) Performance incentives designed to motivate toward the achievement of strategic objectives
c) Provide strong linkage between executive incentive rewards and creation of value for shareholders;
d) The competitive state of the employment market for different specific skill sets;
e) Comply with applicable legal requirements and appropriate standards of governance.

## REMUNERATION STRUCTURE

### Director Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. 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.

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.

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

### Assessing performance

The Board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the Board receives detailed reports on performance from management which are based on independently verifiable data such as financial measures and market performance of the Company and peer group.

### Fixed Remuneration

Fixed remuneration of executives comprises base remuneration and employer contributions to superannuation funds.

### Performance Linked Remuneration

Performance linked remuneration are designed to reward key management personnel for meeting and exceeding their objectives and include:

a) Short-Term Incentives

Performance incentives may be offered to executive directors and senior management of the Group through the operation of a cash bonus at the ultimate discretion of the Board. The discretionary performance incentive can range up to 50% of executive director salaries and up to 30% of senior management salaries.

The Managing Director reviews the performance of KMP and makes recommendations to the Board in relation to awarding of any short-term incentive. In addition, the Board assess the performance of executive directors. A cash bonus may be recommended at the discretion of the Board where the Group's objectives have been met or exceeded or individual personal performance expectations have been exceeded.

b) Long Term Incentives

The Board of Directors may allow KMP to participate in Long Term Incentive Plans (LTI). The LTIs are in the form of share options or performance rights given to eligible participants with attached vesting conditions that align KMP's interests with those of shareholders and the generation of long-term shareholder value. LTI share options or performance rights can be granted up to the equivalent value of 100% of executive director salaries or a discretionary percentage of senior management salaries as agreed by the Board.

At the Annual General Meeting on 29 November 2017 shareholders approved the adoption of the Egan Street Resources Limited Long-Term Incentive Plan.

The table below sets out the summary information about the Company's earnings and movements in shareholder wealth since listing:

| | 30-Jun-19 | 30-Jun-18 | 30-Jun-17 |
|---|---|---|---|
| | $ | $ | $ |
| Revenue | 90,000 | 44,348 | 21,313 |
| Net (Loss) / Profit before tax | (5,613,556) | (7,459,595) | (3,827,551) |
| Share price at year-end | 0.25 | 0.23 | 0.23 |

The details of the options issued to KMP in the year are noted in the table below.

## DETAILS OF REMUNERATION FOR YEAR ENDED 30 JUNE 2019

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

**2019**

| 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 and Fees | Cash Bonus (vii) | Non-cash benefit | Other | Super-annuation | Other | Equity (i) (iii) | Options (ii) (iii) | | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | % | % |
| Non-Executive Directors | | | | | | | | | | | |
| Barry Sullivan | 45,000 | - | - | - | 4,500 | - | - | 8,898 | 58,398 | 15 | 15 |
| Simon Eley | 35,000 | - | - | - | 3,500 | - | - | 8,898 | 47,398 | 19 | 19 |
| Hedley Widdup | 35,000 | - | - | - | - | - | - | 8,898 | 43,898 | 20 | 20 |
| Executive Directors | | | | | | | | | | | |
| Marc Ducler | 279,469 | - | - | - | 20,531 | - | 53,092 | 35,591 | 388,683 | 9 | 23 |
| Lindsay Franker (iv) | 279,469 | - | - | - | 20,531 | - | 53,092 | 35,591 | 388,683 | 9 | 23 |
| Executives | | | | | | | | | | | |
| Richard Hill (v) | 144,152 | - | - | - | 12,641 | - | - | - | 156,793 | - | - |
| Jed Whitford (vi) | 279,469 | - | - | - | 20,531 | - | 4,026 | 112,701 | 416,727 | 27 | 28 |
| Brendon Morton (viii) | 91,409 | - | - | - | 7,788 | - | 2,088 | - | 101,285 | - | 2 |
| | **1,188,968** | **-** | **-** | **-** | **90,022** | **-** | **112,298** | **210,577** | **1,601,865** | | |

**2018**

| 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 and Fees | Cash Bonus | Non-cash benefit | Other | Super-annuation | Other | Equity | Options (i) | | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | % | % |
| Non-Executive Directors | | | | | | | | | | | |
| Barry Sullivan | 45,000 | - | - | - | 4,500 | - | - | 15,746 | 65,246 | 24 | 24 |
| Simon Eley | 35,000 | - | - | - | 3,500 | - | - | 15,746 | 54,246 | 29 | 29 |
| Hedley Widdup | 35,000 | - | - | - | - | - | - | 15,746 | 50,746 | 31 | 31 |
| Executive Directors | | | | | | | | | | | |
| Marc Ducler | 279,951 | 112,657 | - | - | 20,544 | - | 21,722 | 62,985 | 497,859 | 16 | 40 |
| Lindsay Franker (iv) | 279,951 | 112,657 | - | - | 20,544 | - | 21,722 | 62,985 | 497,859 | 16 | 40 |
| Executives | | | | | | | | | | | |
| Richard Hill (v) | 132,835 | 22,531 | - | - | 12,620 | - | 5,524 | 39,750 | 213,260 | 21 | 32 |
| Jed Whitford (vi) | 22,218 | 5,000 | - | - | 1,671 | - | - | 39,750 | 68,639 | 58 | 31 |
| | **829,955** | **252,845** | **-** | **-** | **63,379** | **-** | **48,968** | **252,708** | **1,447,855** | | |

(i) Performance rights. Refer to Note 25 for further details of how the charge was calculated.
(ii) The option charge is calculated using the Black Scholes model. Refer to Note 25 for further details of how the charge was calculated.
(iii) No options or performance rights were issued to non-executive directors during the 2018 financial year.
(iv) Mr Franker was appointed as Executive Director on 4 July 2017. Mt Franker was formerly Chief Operating Officer of the Company.
(v) Mr Hill commenced with the company on 10 October 2017 and resigned effective 28 February 2019.
(vi) Mr Whitford commenced with the company on 4 June 2018.
(vii) A Short-Term incentive (STI) cash bonus was awarded to KMP in relation to the 2018 financial year and was to be paid in September 2018.
(viii) Mr Morton commenced with the company on 15 February 2019.

## DETAILS OF PERFORMANCE BASED REMUNERATION GRANTED AND FORFEITED DURING THE YEAR

The following table shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited. It also shows the value of options and performance rights that were granted, exercised and forfeited during 2019.

| Key Management Person | Total STI Bonus (cash) | | | LTI Options and Rights | |
|---|---|---|---|---|---|
| | Total Opportunity | Awarded | Forfeited | Value Granted | Total Exercised |
| | $ | % | % | $ | $ |
| Non-Executive Directors | | | | | |
| Barry Sullivan | - | - | - | - | - |
| Simon Eley | - | - | - | - | - |
| Hedley Widdup | - | - | - | - | - |
| Executive Directors | | | | | |
| Marc Ducler | - | - | - | 61,541 | - |
| Lindsay Franker | - | - | - | 61,541 | - |
| Executives | | | | | |
| Jed Whitford | - | - | - | 19,277 | - |
| Brendon Morton | - | - | - | 26,146 | - |
| Richard Hill | - | - | - | - | - |

The number of options and performance rights for each grant are disclosed below.

## DETAILS OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

| Key Management Person | Balance 1.7.2018 | Received as Compensation | On Appointment | Disposal | Acquired | On Resignation | Balance 30.6.2019 |
|---|---|---|---|---|---|---|---|
| Barry Sullivan | 250,000 | - | - | - | - | - | 250,000 |
| Marc Ducler | 2,053,623 | - | - | - | - | - | 2,053,623 |
| Simon Eley | 3,299,512 | - | - | - | - | - | 3,299,512 |
| Hedley Widdup (i) | - | - | - | - | - | - | - |
| Lindsay Franker | 1,629,555 | - | - | - | - | - | 1,629,555 |
| Brendon Morton | - | - | - | - | - | - | - |
| Richard Hill | 120,000 | - | - | - | - | 120,000 | - |
| Jed Whitford | - | - | - | - | - | - | - |
| | **7,352,690** | **-** | **-** | **-** | **-** | **120,000** | **7,232,690** |

(i) Mr Widdup is a director and shareholder of Lion Manager Pty Ltd, which holds 1,397,438 shares. Lion Manager Pty Ltd provides investment management services to Lion Selection Group Limited, which holds 21,137,007 shares.

## DETAILS OF OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

| Key Management Person | Balance 1.7.2018 | Granted as Compensation | Exercised/ Expired | Acquired | Balance 30.6.2019 | Total Vested 30.6.2019 | Total Exercisable 30.6.2019 | Total Unexercisable 30.6.2019 |
|---|---|---|---|---|---|---|---|---|
| Barry Sullivan | 750,000 | - | - | - | 750,000 | 250,000 | 250,000 | 500,000 |
| Marc Ducler | 3,000,000 | - | - | - | 3,000,000 | 1,000,000 | 1,000,000 | 2,000,000 |
| Simon Eley | 781,250 | - | (31,250) | - | 750,000 | 250,000 | 250,000 | 500,000 |
| Hedley Widdup (i) | - | - | - | - | - | - | - | - |
| Lindsay Franker | 3,000,000 | - | - | - | 3,000,000 | 1,000,000 | 1,000,000 | 2,000,000 |
| Brendon Morton | - | - | - | - | - | - | - | - |
| Richard Hill | 1,500,000 | - | (1,500,000) | - | - | - | - | - |
| Jed Whitford | 1,500,000 | - | - | - | 1,500,000 | - | - | - |
| | **10,531,250** | - | (1,531,250) | - | **9,000,000** | **2,500,000** | **2,500,000** | **5,000,000** |

**(i)** Mr Widdup is a director and shareholder of Lion Manager Pty Ltd, which holds 750,000 Options of which 250,000 are vested and exercisable. Lion Manager Pty Ltd provides investment management services to Lion Selection Group Limited, which does not hold any Options.

## SHARE BASED PAYMENTS – OPTIONS GRANTED, VESTED AND OUTSTANDING DURING THE YEAR

| Key Management Person | Tranche | Options Granted | | Terms and Conditions for each Grant | | | | Vested | |
|---|---|---|---|---|---|---|---|---|---|
| | | Number | Grant Date | Fair Value per Option at Grant | Exercise Price per Option | Expiry Date | Vesting Date | Number | % Vested During Year |
| Barry Sullivan | Tranche 2 | 250,000 | 17-Jun-16 | 0.086 | 0.25 | 13-Sep-19 | 30-Sep-18 | - | 0% |
| | Tranche 3 | 250,000 | 17-Jun-16 | 0.086 | 0.25 | 13-Sep-19 | 1-Sep-19 | - | 0% |
| Marc Ducler | Tranche 2 | 1,000,000 | 17-Jun-16 | 0.086 | 0.25 | 13-Sep-19 | 30-Sep-18 | - | 0% |
| | Tranche 3 | 1,000,000 | 17-Jun-16 | 0.086 | 0.25 | 13-Sep-19 | 1-Sep-19 | - | 0% |
| Lindsay Franker | Tranche 2 | 1,000,000 | 17-Jun-16 | 0.086 | 0.25 | 13-Sep-19 | 30-Sep-18 | - | 0% |
| | Tranche 3 | 1,000,000 | 17-Jun-16 | 0.086 | 0.25 | 13-Sep-19 | 1-Sep-19 | - | 0% |
| Simon Eley | Tranche 2 | 250,000 | 17-Jun-16 | 0.086 | 0.25 | 13-Sep-19 | 30-Sep-18 | - | 0% |
| | Tranche 3 | 250,000 | 17-Jun-16 | 0.086 | 0.25 | 13-Sep-19 | 1-Sep-19 | - | 0% |
| Hedley Widdup (i) | Tranche 2 | - | - | - | - | - | - | - | - |
| | Tranche 3 | - | - | - | - | - | - | - | - |
| Brendon Morton | Tranche 2 | - | - | - | - | - | - | - | - |
| | Tranche 3 | - | - | - | - | - | - | - | - |
| Richard Hill | Tranche 2 | - | - | - | - | - | - | - | - |
| | Tranche 3 | - | - | - | - | - | - | - | - |
| Jed Whitford | Tranche 2 | 750,000 | 8-May-18 | 0.110 | 0.375 | 13-Sep-19 | 30-Sep-18 | - | 0% |
| | Tranche 3 | 750,000 | 8-May-18 | 0.110 | 0.375 | 13-Sep-19 | 1-Sep-19 | - | 0% |

(i) Mr Widdup is a director and shareholder of Lion Manager Pty Ltd, which holds 750,000 Options of which 250,000 are vested and exercisable. Lion Manager Pty Ltd provides investment management services to Lion Selection Group Limited, which does not hold any Options.

The Terms and Conditions of all options granted in any year which affected or will affect compensations are as follows:

| Item | Tranche 2 | Tranche 3 |
|---|---|---|
| Assessed fair value at grant date | $0.0216 | $0.0216 |
| Number of options | 11,000,000 | 11,000,000 |
| Vesting Conditions | Delivery of a feasibility study, the necessary funding and the decision to mine | Upon the first gold production |
| Vesting date | 30 September 2018 | 1 September 2019 |
| Exercise price ($) | 0.0625 | 0.0625 |
| Exercise period | 3 | 3 |
| Grant Date | 17 June 2016 | 17 June 2016 |
| Expiry date | 3 years from the date of official quotation | 3 years from the date of official quotation |

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.

| Item | Tranche 2 | Tranche 3 |
|---|---|---|
| Assessed fair value at grant date | $0.11 | $0.11 |
| Number of options | 2,750,000 | 2,750,000 |
| Vesting Conditions | Delivery of a feasibility study, the necessary funding and the decision to mine | Upon the first gold production |
| Vesting date | 30 September 2018 | 1 September 2019 |
| Exercise price ($) | 0.375 | 0.375 |
| Exercise period | 13 September 2019 | 13 September 2019 |
| Grant Date | 8 May 2018 | 8 May 2018 |
| Expiry date | 13 September 2019 | 13 September 2019 |

## DETAILS OF PERFORMANCE RIGHTS HELD BY KEY MANAGEMENT PERSONNEL

| Key Management Person | Balance 1.7.2018 | Granted as Compensation | Exercised/ Expired | Acquired | Balance 30.6.2019 | Total Vested 30.6.2019 | Total Exercisable 30.6.2019 | Total Un-exercisable 30.6.2019 |
|---|---|---|---|---|---|---|---|---|
| Barry Sullivan | - | - | - | - | - | - | - | - |
| Marc Ducler (1)(2) | 1,119,402 | 1,206,690 | - | - | 2,326,092 | - | - | 2,326,092 |
| Simon Eley | - | - | - | - | - | - | - | - |
| Hedley Widdup | - | - | - | - | - | - | - | - |
| Lindsay Franker (1) (2) | 1,119,402 | 1,206,690 | - | - | 2,326,092 | - | - | 2,326,092 |
| Brendon Morton | - | 502,816 | - | - | 502,816 | - | - | 502,816 |
| Richard Hill | 373,134 | 502,008 | (875,142) | - | - | - | - | - |
| Jed Whitford | - | 602,410 | - | - | 602,410 | - | - | 602,410 |
| | 2,611,938 | **4,020,614** | (875,142) | - | 5,757,410 | - | - | 5,757,410 |

1. Approved by shareholders on 29 November 2017.
2. Approved by shareholders on 19 October 2018.

## SHARE BASED PAYMENTS – PERFORMANCE RIGHTS GRANTED, VESTED AND OUTSTANDING DURING THE YEAR

| Key Management Person | Tranche | Rights Granted | | Terms and Conditions for each Grant | | Vested | |
|---|---|---|---|---|---|---|---|
| | | Number | Grant Date | Fair Value per Right at Grant | Test Date | Number | % Vested During Year |
| Marc Ducler | Tranche 1 | 559,701 | 29-Nov-17 | 0.010 | 30-Jun-20 | - | 0% |
| | Tranche 2 | 559,701 | 29-Nov-17 | 0.162 | 30-Jun-20 | - | 0% |
| | Tranche 3 | 603,345 | 19-Oct-18 | 0.001 | 30-Jun-21 | - | 0% |
| | Tranche 4 | 603,345 | 19-Oct-18 | 0.101 | 30-Jun-21 | - | 0% |
| Lindsay Franker | Tranche 1 | 559,701 | 29-Nov-17 | 0.010 | 30-Jun-20 | - | 0% |
| | Tranche 2 | 559,701 | 29-Nov-17 | 0.162 | 30-Jun-20 | - | 0% |
| | Tranche 3 | 603,345 | 19-Oct-18 | 0.001 | 30-Jun-21 | - | 0% |
| | Tranche 4 | 603,345 | 19-Oct-18 | 0.101 | 30-Jun-21 | - | 0% |
| Brendon Morton | Tranche 5 | 251,408 | 13-Mar-19 | 0.003 | 30-Jun-21 | - | 0% |
| | Tranche 6 | 251,408 | 13-Mar-19 | 0.101 | 30-Jun-21 | - | 0% |
| Jed Whitford | Tranche 3 | 301,205 | 19-Dec-18 | 0.001 | 30-Jun-21 | - | 0% |
| | Tranche 4 | 301,205 | 19-Dec-18 | 0.101 | 30-Jun-21 | - | 0% |

The Terms and Conditions of all performance rights granted in any year which affected or will affect compensations are as follows:

*Executive Director Performance Rights*

| Item | Tranche 1 | Tranche 2 |
|---|---|---|
| Assessed fair value at grant date | $0.010 | $0.162 |
| Number of Rights | 1,119,402 | 1,119,402 |
| Vesting Conditions | Total Shareholder Return $\geq$30% over the period 1 July 2017 to 30 June 2020 | Peer Total Shareholder Return Comparison $\geq$ 75$^{th}$ percentile over the period 1 July 2017 to 30 June 2020 |
| Valuation Date | 29 November 2017 | 29 November 2017 |
| Expiry Date | 31 July 2020 | 31 July 2020 |
| Life of the Rights | 2.67 | 2.67 |
| Performance period start | 1 July 2017 | 1 July 2017 |
| Performance period end | 30 June 2020 | 30 June 2020 |
| Remaining performance period | 2.59 | 2.59 |
| Dividends | Nil | Nil |
| Volatility of the 30-day VWAP | 20% | 20% |
| Underlying share price | $0.26 | $0.26 |
| Risk free rate | 1.86% | 1.86% |

| Item | Tranche 3 | Tranche 4 |
|---|---|---|
| Assessed fair value at grant date | $0.001 | $0.101 |
| Number of Rights | 1,206,690 | 1,206,690 |
| Vesting Conditions | Total Shareholder Return ≥30% over the period 1 July 2018 to 30 June 2021 | Peer Total Shareholder Return Comparison ≥ 75th percentile over the period 1 July 2018 to 30 June 2021 |
| Valuation Date | 19 October 2018 | 19 October 2018 |
| Expiry Date | 31 July 2021 | 31 July 2021 |
| Life of the Rights | 2.78 | 2.78 |
| Performance period start | 1 July 2018 | 1 July 2018 |
| Performance period end | 30 June 2021 | 30 June 2021 |
| Remaining performance period | 2.70 | 2.70 |
| Dividends | Nil | Nil |
| Volatility of the 30-day VWAP | 15% | 15% |
| Underlying share price | $0.220 | $0.220 |
| Risk free rate | 2.08% | 2.08% |

*Other KMP Performance Rights*

| Item | Tranche 1 | Tranche 2 |
|---|---|---|
| Assessed fair value at grant date | $0.016 | $0.144 |
| Number of Rights | 340,485 | 340,485 |
| Vesting Conditions | Total Shareholder Return ≥30% over the period 1 July 2017 to 30 June 2020 | Peer Total Shareholder Return Comparison ≥ 75th percentile over the period 1 July 2017 to 30 June 2020 |
| Valuation Date | 18 January 2018 | 18 January 2018 |
| Expiry Date | 31 July 2020 | 31 July 2020 |
| Life of the Rights | 2.53 | 2.53 |
| Performance period start | 1 July 2017 | 1 July 2017 |
| Performance period end | 30 June 2020 | 30 June 2020 |
| Remaining performance period | 2.45 | 2.45 |
| Dividends | Nil | Nil |
| Volatility of the 30-day VWAP | 20% | 20% |
| Underlying share price | $0.28 | $0.28 |
| Risk free rate | 2.20% | 2.20% |

| Item | Tranche 3 | Tranche 4 |
|---|---|---|
| Assessed fair value at grant date | $0.000 | $0.064 |
| Number of Rights | 521,084 | 521,084 |
| Vesting Conditions | Total Shareholder Return ≥30% over the period 1 July 2018 to 30 June 2021 | Peer Total Shareholder Return Comparison ≥ 75th percentile over the period 1 July 2018 to 30 June 2021 |
| Valuation Date | 24 December 2018 | 24 December 2018 |
| Expiry Date | 31 July 2021 | 31 July 2021 |
| Life of the Rights | 2.60 | 2.60 |
| Performance period start | 1 July 2018 | 1 July 2018 |
| Performance period end | 30 June 2021 | 30 June 2021 |
| Remaining performance period | 2.52 | 2.52 |
| Dividends | Nil | Nil |
| Volatility of the 30-day VWAP | 15% | 15% |
| Underlying share price | $0.195 | $0.195 |
| Risk free rate | 1.87% | 1.87% |

| Item | Tranche 5 | Tranche 6 |
|---|---|---|
| Assessed fair value at grant date | $0.003 | $0.101 |
| Number of Rights | 402,573 | 402,573 |
| Vesting Conditions | Total Shareholder Return ≥30% over the period 1 July 2018 to 30 June 2021 | Peer Total Shareholder Return Comparison ≥ 75th percentile over the period 1 July 2018 to 30 June 2021 |
| Valuation Date | 20 March 2019 | 20 March 2019 |
| Expiry Date | 31 July 2021 | 31 July 2021 |
| Life of the Rights | 2.37 | 2.37 |
| Performance period start | 1 July 2018 | 1 July 2018 |
| Performance period end | 30 June 2021 | 30 June 2021 |
| Remaining performance period | 2.28 | 2.28 |
| Dividends | Nil | Nil |
| Volatility of the 30-day VWAP | 15% | 15% |
| Underlying share price | $0.255 | $0.255 |
| Risk free rate | 1.55% | 1.55% |

## DETAILS OF LOANS AND OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Mr Hedley Widdup is a director and shareholder of Lion Manager Pty Ltd which was paid $11,791 during the year by way of reimbursements for travel expenditure.

## EMPLOYMENT CONTRACTS OF DIRECTORS AND SENIOR EXECUTIVES

**Mr Marc Ducler** – appointed as Managing Director 13 September 2016

**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 base salary of $300,000 per annum (inclusive of superannuation);

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

**Mr Lindsay Franker**– appointed as Executive Director 4 July 2017

**Executive Director**

The Company and Mr Franker have entered into an executive service agreement for his role as Executive 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 Franker 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 Franker will be entitled to receive 12 months' remuneration in addition to any redundancy amount payable under applicable law and any accumulated entitlements.
iv. Mr Franker 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 base salary of $300,000 per annum (inclusive of superannuation);

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

**Mr Brendon Morton** – appointed 15 February 2019

**Chief Financial Officer & Company Secretary**

The Company and Mr Morton entered into an executive service agreement for his role as Chief Financial Officer of the Group with effect from 15 February 2019. Following Mr Morton's appointment as Company Secretary, the executive service agreement was updated with effect from 8 April 2019.

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 three 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 Morton 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 Morton will be entitled to receive a severance payment, which is exclusive of the notice period, which is equal to three months' remuneration or greater in accordance with applicable law and any accumulated entitlements.
iv. Mr Morton 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 base salary of $275,000 per annum (inclusive of superannuation)

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

**Mr Richard Hill** – resigned 28 February 2019

**Chief Financial Officer**

Mr Hill resigned as Chief Financial Officer of the Company on 28 February 2019. Mr Hill provided notice of his resignation in accordance with the terms of his services agreement.

Mr Hill was compensated for any accrued entitlements up to and including his resignation date. Mr Hill did not receive a termination payment.

**Mr Jed Whitford**– appointed 4 June 2018

**General Manager - Rothsay**

The Company and Mr Whitford have entered into an executive service agreement for his role as General manager - Rothsay.

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 summarily following material breach or in the case of serious misconduct.
iii. If the agreement is terminated by reason of redundancy, Mr Whitford is to receive three months remuneration.
iv. If Mr Whitford suffers a material diminution, Mr Whitford is to receive, in lieu of notice period, six months remuneration.
v. Mr Whitford 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.

vi. The remuneration comprises a base salary of $300,000 per annum (inclusive of superannuation)
The agreement otherwise contains industry-standard provisions for a senior executive of a public listed company.

**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. 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 $35,000 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. 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. 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

Fixed remuneration paid to KMP is not directly linked to performance of the consolidated entity. Directors and executives have been granted performance rights and options which vest based on meeting certain milestones as set out in this report. Bonus and incentive payments may be paid at the discretion of the Board.

### VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING ON 19 OCTOBER 2018

EganStreet received more than 90% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

***[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 $15,810 (2018: $15,452) 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 2019.

## *Environmental Regulation and Performance*

The Group'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 Group during the financial period.

The Group's exploration activities are governed by environmental regulation and The National Greenhouse and Energy Reporting Act 2007 (NGER Act). To the best of the Directors' knowledge, the Group believes it has adequate systems in place to ensure compliance with the requirements of applicable environmental legislation and is not aware of any material breach of those requirements during the financial year and up to the date of the Directors' Report.

## *Auditor's Independence Declaration*

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 38.

Signed in accordance with a resolution of the directors.

Marc Ducler
Managing Director
27 September 2019

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Australia

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 2019, 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, 27 September 2019

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|---|
| Revenue | 4 | 90,000 | 44,348 |
| Employee benefits expense | 5(a) | (2,166,102) | (755,260) |
| Administration expenses | | (949,972) | (568,877) |
| Exploration expenditure | | (2,059,015) | (5,744,377) |
| Depreciation expense | | (69,614) | (16,470) |
| Share based payments | 25 | (458,853) | (418,959) |
| **Loss from continuing operations before income tax** | | (5,613,556) | (7,459,595) |
| Income tax benefit | 6 | - | - |
| **Loss from continuing operations after tax** | | (5,613,556) | (7,459,595) |
| Other comprehensive expenses for the year | | - | - |
| **Net loss for the year** | | (5,613,556) | (7,459,595) |
| **Total comprehensive loss for the year, net of tax** | | (5,613,556) | (7,459,595) |
| **Loss per share for the year attributable to the members of Egan Street Resources Ltd:** | | | |
| Basic and diluted loss from continuing and discontinued operations (cents) | 27 | (4.30) | (8.15) |
| Basic and diluted loss from continuing operations per shares (cents) | 27 | (4.30) | (8.15) |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2019

| | Note | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 8(a) | 3,085,261 | 11,506,291 |
| Trade and other receivables | 9 | 95,717 | 74,252 |
| Other current assets | | 24,630 | - |
| **TOTAL CURRENT ASSETS** | | 3,205,608 | 11,580,543 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 10 | 1,270,980 | 118,010 |
| Exploration and evaluation expenditure | 11 | 7,890 | 1,360,510 |
| Mine Development expenditure | 12 | 3,328,412 | - |
| **TOTAL NON-CURRENT ASSETS** | | 4,607,282 | 1,478,520 |
| **TOTAL ASSETS** | | 7,812,890 | 13,059,063 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | 603,775 | 706,566 |
| Provisions | 14 | 98,060 | 86,739 |
| **TOTAL CURRENT LIABILITIES** | | 701,835 | 793,305 |
| **TOTAL LIABILITIES** | | 701,835 | 793,305 |
| **NET ASSETS** | | 7,111,055 | 12,265,758 |
| **SHAREHOLDERS' EQUITY** | | | |
| Issued capital | 15 | 31,248,386 | 31,248,386 |
| Reserves | 16 | 1,762,905 | 1,304,051 |
| Accumulated losses | | (25,900,235) | (20,286,679) |
| **TOTAL SHAREHOLDERS' EQUITY** | | 7,111,055 | 12,265,758 |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2019

| Consolidated Group | Issued Capital $ | Other Reserve $ | Accumulated Losses $ | Total $ | Total Equity $ |
|---|---|---|---|---|---|
| **Balance at 30 June 2017** | 15,561,901 | 885,092 | (12,827,084) | 3,619,909 | 3,619,909 |
| *Total Comprehensive Income* | | | | | |
| Loss for the year | - | - | (7,459,595) | (7,459,595) | (7,459,595) |
| *Other comprehensive income* | | | | | |
| Foreign currency translation difference | - | - | - | - | - |
| **Total comprehensive loss for the year** | - | - | (7,459,595) | (7,459,595) | (7,459,595) |
| *Transactions with owners in their capacity as owners* | | | | | |
| Shares issued during the year (net of costs) | 15,686,485 | - | - | 15,686,485 | 15,686,485 |
| Performance rights issued | - | 59,049 | - | 59,049 | 59,049 |
| Employee options issued | - | 359,910 | - | 359,910 | 359,910 |
| **Balance at 30 June 2018** | 31,248,386 | 1,304,051 | (20,286,679) | 12,265,758 | 12,265,758 |
| *Total Comprehensive Income* | | | | | |
| Loss for the year | - | - | (5,613,556) | (5,613,556) | (5,613,556) |
| Other Comprehensive income | - | - | - | - | - |
| **Total comprehensive loss for the year** | - | - | (5,613,556) | (5,613,556) | (5,613,556) |
| *Transactions with owners in their capacity as owners* | | | | | |
| Shares issued during the year (net of costs) | - | - | - | - | - |
| Performance rights issued | - | 135,226 | - | 135,226 | 135,226 |
| Employee options issued | - | 323,627 | - | 323,627 | 323,627 |
| **Balance at 30 June 2019** | 31,248,386 | 1,762,904 | (25,900,235) | 7,111,055 | 7,111,055 |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest income | | 90,000 | 44,348 |
| Payments to suppliers and employees | | (2,656,980) | (1,008,408) |
| Payments for exploration expenditure | | (2,663,564) | (5,905,554) |
| Net cash used in operating activities | 8(c) | (5,230,544) | (6,869,614) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | | (1,222,584) | (84,704) |
| Payments for development | | (1,967,902) | - |
| Net cash used in investing activities | | (3,190,486) | (84,704) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | - | 4,035,000 |
| Proceeds from option conversions | | - | 12,318,690 |
| Costs of capital raising | | - | (667,205) |
| Net cash provided by financing activities | | - | 15,686,485 |
| Net increase in cash held | | (8,421,030) | 8,732,167 |
| Cash at beginning of financial year | | 11,506,291 | 2,774,124 |
| Cash at end of financial year | 8(b) | 3,085,261 | 11,506,291 |

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2019

### 1. Corporate Information

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 settlement of liabilities in the normal course of business.

As at 30 June 2019, the Group had cash and cash equivalents of $3,085,261 and had net working capital of $2,503,773. The Group incurred a loss for the year ended 30 June 2019 of $5,613,556 (30 June 2018: $7,459,595) and net cash outflows used in operating activities and investing activities totalling $8,421,030 (30 June 2018: $6,934,318).

The Company is currently the subject of an off-market takeover offer by Silver Lake Resources Limited (the Offer), pursuant to which Silver Lake will acquire all of the issued and outstanding shares of the Company for consideration of 0.27 Silver Lake shares for every EganStreet share held (the Offer Consideration). The Offer will remain open for acceptance until Friday 1 November 2019, unless extended under the Corporations Act. As at the date of this report, the Company is unable to assess the likelihood or associated timeframe of the Offer being successful and the takeover completing.

The Group has assessed its working capital requirements, based on the Offer being successful, whilst continuing normal business activity. The Group has also assessed its working capital requirements, based on the Offer not being successful and the Group reverting its efforts to project development and exploration activities at Rothsay.

The ability of the Group to continue as a going concern is dependent on a timely and successful outcome to the Offer and/or securing additional funding through an equity capital raising and/or debt raising to continue to fund its planned normal business activity, project development and exploration activities.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe that, as at the date of this report, there will be sufficient funds available to continue to meet the Group's working capital requirements for the following reasons:

- The Group has recently raised an additional $500,000 via the conversion of options exercised on the 13th September 2019;
- The directors of Egan Street have reason to believe that in addition to the currently available working capital, additional funds can be readily raised via equity capital and/or debt raisings in the foreseeable future; and
- The level of operating expenditure continuing to be managed.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

***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.

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 Statement of Profit or Loss and other comprehensive income.

***Mine Properties in Development***

Mine properties in development represent the expenditure incurred when technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, and includes the costs incurred up until such time as the asset is capable of being operated in a manner intended by management. These costs are not amortised but the carrying value is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Mine properties are assessed for impairment upon initial classification and tested annually for impairment, incorporating an assessment of recoverability of cash generating assets.

When production commences, mine development costs will be transferred to Mine Properties in Production for the relevant area of interest and will be amortised over the life of the mine according to the rate of depletion of the economically recoverable reserve.

***Income tax***

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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 reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and other comprehensive income.

***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***

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

***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 reporting 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 Profit or Loss and other 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 between 5 - 25%.

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 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.

***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 or 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 Profit or Loss and other 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.

***Trade and Other 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 upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

***Contributed Equity***

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.

***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.

***Segment Reporting***

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 regard, such information is provided using similar measures to those used in preparing the Statement of Profit or Loss and other comprehensive income and Statement of Financial Position.

***Principles of Consolidation***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Egan Street Resources Limited as at 30 June 2019 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.

***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.

Under AASB 9, the Group was required to revise the impairment methodology used in the calculation of its provision for doubtful debts to the expected credit loss model. This change in methodology has not had a material impact on the financial statements. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure or a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

AASB 9 Financial Instruments – Accounting Policies applied from 1 July 2018

*Classification*
From 1 July 2018, the Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on how the Group manages the financial assets and the contractual terms of the cash flows. At year end, all of the Group's financial assets have been classified as those to be measured at amortised cost.

*Measurement*
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*Impairment*
From 1 July 2018, the Group assesses expected credit losses associated on a forward-looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

AASB 15 Revenue from Contracts with Customers – Impact of Adoption
The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018 which resulted in changes to accounting policies but no adjustments to the amounts recognised in the financial statements.

AASB 15 Revenue from Contracts with Customers – Accounting policies applied from 1 July 2018
Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.
The Group has no material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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 2019. 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.

Forthcoming requirements
As at 27 September 2019, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 30 June 2019.

*AASB 16 Leases*

AASB 16 replaces AASB 117 *Leases*. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.

*Impact on operating leases*

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group has elected not to early adopt AASB 16 but has conducted an assessment of the impact of the new standard and have determined that there is no material impact.

*Interpretation 23 Uncertainty over Income Tax Treatments*
The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method best predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

## 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.

**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.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated 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 enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future. Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

No tax liabilities are recognised for the year ended 30 June 2019.

**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 inputs into this model are judgemental, and the use of different inputs could materially alter the amounts recorded. The expense from these options are recognised over the vesting period as estimated by the directors. Refer to note 25 for disclosure.

The establishment of the Egan Street Resources Limited Long-Term Incentive Plan was approved by shareholders at the 2017 annual general meeting. The Long-Term Incentive Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted performance rights and options which only vest if certain performance standards are met. Participation in the plan is at the board’s discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of performance rights that will vest depends on EganStreet's total return to shareholders (TSR), including share price growth, dividends, capital return and a ranking within a peer group of ASX Gold Companies on the ASX Accumulation Index over a three-year period. Once vested, 25% of the shares are escrowed for one year and 25% escrowed for two years.

Performance rights and options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option and performance right is convertible into one ordinary share.

The number of performance rights issued, and exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the week up to and including the date of the grant.

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| **4. Revenue** | | |
| Interest income | 90,000 | 44,348 |
| | 90,000 | 44,348 |
| **5. Loss for the Period** | | |
| *(a) Employee benefits expense* | | |
| Wages and salaries | 1,668,568 | 512,839 |
| Superannuation expense | 152,384 | 100,944 |
| Annual leave | 134,344 | 60,342 |
| Other expenses | 210,806 | 81,135 |
| | 2,166,102 | 755,260 |
| *(b) Lease payments included in the Statement of Profit or Loss and Other Comprehensive Income* | | |
| Rental expense on operating leases | | |
| — minimum lease payments | 51,681 | 7,247 |
| **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 Profit or Loss and Other 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 | 5,613,556 | 7,459,595 |
| *At the Group's statutory income tax rate of 27.5%* | (1,543,728) | (2,051,389) |
| *Non-deductible expenses* | 126,298 | 117,053 |
| *Deferred tax assets not brought to account as their realisation is not regarded as probable* | 1,417,430 | 1,934,336 |
| *Income tax benefit reported in the Statement of Profit or Loss and other comprehensive income* | - | - |

**Statement of Financial Position**

*(c) Deferred income tax*

| | | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|---|
| Deferred income tax at 30 June relates to the following: | | | |
| **Consolidated** | | | |
| Deferred tax liabilities | | | |
| Capitalised exploration and evaluation expenditure | | (374,140) | (374,140) |
| Prepayments | | (6,024) | (1,540) |
| Recognition of losses to offset future taxable income | | 380,164 | 375,680 |
| | | - | - |
| Deferred tax assets | | | |
| Accruals | | 21,863 | 13,907 |
| Provisions | | 26,967 | 23,853 |
| Losses available to offset against future taxable income | | 6,181,096 | 4,696,578 |
| Capital Losses | | 939,867 | 939,867 |
| Blackhole Expenditure | | 189,936 | 266,816 |
| Property plant and equipment | | - | - |
| Recognition of losses to offset future taxable income | | (380,164) | (375,680) |
| Deferred tax assets not brought to account as their realisation is not regarded as probable | | (6,979,564) | (5,565,341) |
| | | - | - |
| (d) Tax losses | | | |
| Tax losses carried forward (revenue) | (i) | 22,476,712 | 17,078,466 |
| Tax losses carried forward (capital) | (i) | 3,417,699 | 3,417,699 |
| | (i) | 25,894,411 | 20,496,165 |

(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.

## 7. Parent Entity – Egan Resources Limited

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| **Financial Position** | | |
| Current assets | 3,205,609 | 11,580,543 |
| Non-current assets | 4,607,282 | 98,118 |
| Total Assets | 7,812,891 | 11,678,661 |
| | | |
| Current Liabilities | 701,835 | 793,305 |
| Total Liabilities | 701,835 | 793,305 |
| | | |
| Shareholders' Equity | | |
| Share Capital | 31,248,386 | 31,248,386 |
| Reserves | 1,762,905 | 1,304,051 |
| Accumulated losses | (25,900,235) | (21,667,081) |
| Total Shareholders' equity | 7,111,055 | 10,885,356 |
| | | |
| **Financial Performance** | | |
| Loss for the period | (5,613,556) | (7,459,919) |
| Other Comprehensive Income | - | - |
| Total Comprehensive Loss | (5,613,556) | (7,459,919) |

The Parent Company Egan Street Resources Limited has no contingent liabilities as at 30 June 2019 (2018: Nil). Refer to Note 21 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 2019 and 30 June 2018.

## 8. Cash and Cash Equivalents

| | | |
|---|---|---|
| *(a) Cash and cash equivalents in the Statement of Financial Position* | | |
| Cash at bank and in hand | 3,055,261 | 11,487,291 |
| Restricted cash (i) | 30,000 | 19,000 |
| | 3,085,261 | 11,506,291 |

(i) Restricted cash – these deposits are subject to regulatory restrictions and are therefore not available for general use by the entities within the Group.

| | | |
|---|---|---|
| *(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 | 3,085,261 | 11,506,291 |

Refer to Note 18 for financial risk exposure details.

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| *(c) Reconciliation of net loss after income tax to cash flows used in operations* | | |
| Net loss after income tax | (5,613,556) | (7,459,595) |
| *Non-cash items* | | |
| Share based payments | 458,853 | 418,959 |
| Foreign exchange gain/(loss) | - | - |
| Depreciation | 69,614 | 16,470 |
| Disposal of subsidiary | - | - |
| *Changes in assets and liabilities* | | |
| Decrease/(Increase) in receivables | - | 37,395 |
| Decrease/(Increase) in other current assets | - | (5,600) |
| Decrease/(Increase) in exploration and evaluation | 1,360,455 | - |
| Increase/(Decrease) in provisions | 11,321 | 10,342 |
| Increase/(Decrease) in payables | (110,625) | 112,415 |
| Increase/(Decrease) in receivables | (46,096) | - |
| Net cash used in operations | (3,870,034) | (6,869,614) |

## 9. Trade and Other Receivables

CURRENT

| | | |
|---|---|---|
| Prepayments | 21,905 | 8,149 |
| GST receivable | 73,812 | 60,503 |
| Other receivables | - | 5,600 |
| | 95,717 | 74,252 |

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|

## 10. Plant and Equipment

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| Plant & equipment, at cost | 1,079,809 | 88,294 |
| Accumulated depreciation | (38,177) | (29,170) |
| | 1,041,632 | 59,124 |
| Computer & Equipment at cost | 167,354 | 14,071 |
| Accumulated depreciation | (45,158) | (3,556) |
| | 122,196 | 10,515 |
| Furniture & Fittings at cost | 77,786 | - |
| Accumulated depreciation | (6,912) | - |
| | 70,874 | - |
| Vehicles, at cost | 101,451 | 101,451 |
| Accumulated depreciation | (65,172) | (53,080) |
| | 36,279 | 48,371 |
| Total plant and equipment | 1,426,401 | 203,816 |
| Accumulated depreciation | (155,421) | (85,806) |
| Net carrying amount | 1,270,980 | 118,010 |
| At 1 July | 118,010 | 49,776 |
| Additions | 1,222,584 | 84,704 |
| Disposals | - | - |
| Depreciation expense | (69,614) | (16,470) |
| At 30 June | 1,270,980 | 118,010 |

## 11. Exploration and evaluation Expenditure

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| At 1 July | 1,360,510 | 1,360,510 |
| Expenditure incurred | 7,890 | - |
| Transfer to Mine Development Expenditure | (1,360,510) | - |
| At 30 June | 7,890 | 1,360,510 |

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.

## 12. Mine Development Expenditure

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| At 1 July | - | - |
| Transfer from exploration expenditure | 1,360,510 | - |
| Additions | 1,967,902 | - |
| At 30 June | 3,328,412 | - |

## 13. Trade and Other Payables

CURRENT

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| Trade payables and accruals | 603,775 | 706,566 |
| | 603,775 | 706,566 |

## 14. Provisions

| | | | |
|---|---|---|---|
| CURRENT | | | |
| Provision for employee benefits | (i) | 98,060 | 86,739 |
| Provision for lease expense | | - | - |
| | | 98,060 | 86,739 |

(i) The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

## 15. Issued Capital

| | 30 June 2019 No. | 30 June 2018 No. |
|---|---|---|
| *(a) Ordinary Shares* | | |
| Issued and fully paid | 130,453,719 | 130,453,719 |

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.

**a) Ordinary Shares**

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Number of Shares** | **$** | **Number of Shares** | **$** |
| At the beginning of the year | 130,453,719 | 31,248,386 | 64,579,291 | 15,561,901 |
| Shares issued during the year | | | | |
| 22 September 2017 – Capital raising | - | - | 16,140,000 | 4,035,000 |
| 16 February 2018 – Option conversion | - | - | 416,666 | 75,000 |
| 21 February 2018 – Option conversion | - | - | 1,908,014 | 477,003 |
| 1 March 2018 – Option conversion | - | - | 5,871,027 | 1,467,757 |
| 9 March 2018 – Option conversion | - | - | 14,761,531 | 3,690,383 |
| 16 March 2018 – Option conversion | - | - | 14,428,382 | 3,607,095 |
| 22 March 2018 – Option conversion | - | - | 60,000 | 15,000 |
| 27 March 2018 – Option conversion | - | - | 11,063,808 | 2,765,952 |
| 31 May 2018 – Option conversion | - | - | 1,225,000 | 220,500 |
| Share issue costs | - | - | - | (667,205) |
| At the end of the year | 130,453,719 | 31,248,386 | 130,453,719 | 31,248,386 |

(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.

## 16. Reserves

| | | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|---|
| Share-Based Payments Expense Reserve | (a) | 1,762,905 | 1,304,051 |
| | | 1,762,905 | 1,304,051 |
| *(a) Movement in share-based payments expense reserve:* | | | |
| At 1 July | | 1,304,051 | 885,092 |
| Performance rights issued | Note 25 | 140,750 | 59,049 |
| Employee options issued | Note 25 | 318,104 | 359,910 |
| At 30 June | | 1,762,905 | 1,304,051 |

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

## 17. 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 24.

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

Lion Manager Pty Ltd which Mr Hedley Widdup is a director and shareholder of, was paid $11,791 during the year by way of reimbursements for travel expenditure.

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.

## 18. 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.

| | Note | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|---|
| *(b) Interest rate risk* | | | |
| At reporting date, the Group had the following financial assets exposed to interest rate risk: | | | |
| Cash and cash equivalents (i) | | 3,085,261 | 11,506,291 |
| Receivables (ii) | | - | - |
| | | 3,085,261 | 11,506,291 |

(i) The weighted average interest rate of cash and cash equivalents is 0.6% (2018: 0.6%)
(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.

The credit quality of financial assets that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) as determined by a reputable credit rating agency (e.g. Standards & Poor's) or to historical information about counterparty default rates.

*(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 Group without restrictions.

| | **30 June 2019 $** | **30 June 2018 $** |
|---|---|---|
| At reporting date, the Group had the following financial liabilities: | | |
| Trade and other payables | 603,775 | 706,566 |
| | 603,775 | 706,566 |

Financial liabilities of the Group at 30 June 2019 and 30 June 2018 are expected to be settled within six (6) months of year-end.

*(e) 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.

## 19. 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 2:

| | **Principal Place of Business / Country of Incorporation** | **Ownership Interest 2019 %** | **Ownership Interest 2018 %** |
|---|---|---|---|
| Egan Street Rothsay Pty Ltd (formerly Auricup (Rothsay) Pty Ltd) | Australia | 100% | 100% |
| Egan Street Victoria Bore Pty Ltd (formerly Auricup Victoria Bore Pty Ltd) | Australia | 100% | 100% |

## 20. Commitments

*(a) Operating Lease Commitments*

Non-cancellable operating leases contracted for but not capitalised in the financial statements

| | **30 June 2019** $ | **30 June 2018** $ |
|---|---|---|
| - Not later than 1 year | - | - |
| - Later than 1 year but not later than 5 years | - | - |
| | | |

*(b) 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 year. These obligations are not provided for in the financial report.

| | | |
|---|---|---|
| Minimum expenditure on exploration tenements payable: | | |
| - Not later than 1 year | 199,200 | 159,200 |
| - Later than 1 year but not later than 5 years | 796,800 | 636,800 |
| | 996,000 | 796,000 |

## 21. Provisions and Contingent Liabilities

The Company is not aware of any other contingent liabilities as at 30 June 2019 (2018: nil).

## 22. Events After the Reporting Date

Off-Market Takeover Offer by Silver Lake

On 30 July 2019, EganStreet announced that the Company had entered into a Bid Implementation Deed ("**BID**"), pursuant to which Silver Lake Resources Limited ("**Silver Lake**") will acquire all of the issued and outstanding ordinary shares (the "**Offer**") of EganStreet (the "**EganStreet Shares**"). Under the terms of the BID, each EganStreet Shareholder will receive 0.270 Silver Lake shares for every EganStreet share held (the "**Offer Consideration**").

At the time the Offer was announced, the Offer Consideration valued EganStreet at $0.400[9] per share, which implied a $52[10] million total transaction enterprise value which represented a premium of 28.9% to the Last Close Price of $0.310, being the price of EganStreet's shares on ASX at the close of trading on 29 July 2019.

The EganStreet Board of Directors unanimously recommended that EganStreet shareholders accept the Offer and as at the date of this report, have accepted the Offer in respect of all EganStreet shares they own or control, in both instances in the absence of a superior proposal. In addition, EganStreet's largest shareholder, Lion Selection, has entered into a Pre-Bid acceptance Deed with Silver Lake under which it has accepted the Offer in respect of its 15.1% holding.

In the event that the Offer becomes unconditional, Silver Lake are likely to conduct an operational review of the Company. That operational review and any associated decisions which arise, may result in the crystallisation of certain liabilities (including redundancy obligations). As at the date of this report, the Company is not able to estimate the likelihood of the Offer becoming unconditional, nor is it able to assess the likely outcomes of an operational review and the likelihood, timing and amount of any liabilities that may arise.

Other

On 1 August 2019, the Company announced an increase in the Rothsay ore reserve to 235,000 ounces. The updated Ore Reserve represents an 18% increase on the previously published ore reserve of 200,000 ounces.

During August 2019, the Company received approval from the Department of Mines, Industry Regulation and Safety (**DMIRS**) for the Native Vegetation Clearing Permit (**NVCP**) for the Rothsay Gold Project.

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.

[9] Based on Silver Lake's closing share price of $1.480 on 29 July 2019

[10] Total transaction enterprise value calculated based on (a) the fully diluted transaction equity value of $60 million, which includes performance rights and options that are in-the-money options based on the Offer Consideration; (b) EganStreet's cash balance of A$4.5 million as at 31 March 2019; and (c) A$3.7 million of cash received proceeds that would be received from the exercise of the options that are in-the-money based on the Offer Consideration and assumes they are capable of exercise

## 23. Auditors' Remuneration

The auditor of Egan Street Resources Limited for the year ended 30 June 2019 is BDO Audit (WA) Pty Ltd

| | | |
|---|---|---|
| *Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:* | | |
| - An audit or review of the financial report | 63,435 | 52,195 |
| - Other services – Taxation review services (BDO Corporate Tax (WA) Pty Ltd) | 15,810 | 15,452 |
| Total Remuneration | 79,245 | 67,647 |

## 24. Key Management Personnel Disclosures

| | | |
|---|---|---|
| Compensation for Key Management Personnel | 1,278,991 | 1,082,800 |
| Short-term employee benefits | - | 63,379 |
| Share-based payments | 322,874 | 301,676 |
| Total | 1,601,865 | 1,447,855 |

## 25. Share-Based Payments

**Employee incentive options**
During the year, NIL options were issued as part of the Employee Option Plan.

**Performance Rights**
During the year, 4,260,695 Peformance Rights issued to directors and employees subject to vesting conditions, expiring 31 July 2021. 2,413,380 Performance Rights were issued to directors on 19 October 2018. The Tranche 1 performance rights have been valued using a Hybrid multiple share price barrier model. The model incorporates a Monte Carlo similuation, and simulates the stock's share price at the test date. The Tranche 2 performance rights were valued using a Hybrid employee share option pricing model which uses a correlated simulation that simultaneously calcuates the Total Shareholder Return (TSR) of the Company and each constituent of the Peer Group on a risk neutral basis as at the vesting date with regards to the performance period The performance of the TSR of the Company is ranked against the TSR of each constituent of the Peer Group as at the vesting date and a vesting percentage is calculated from the vesting schedule.

Details of the assumptions used in the valuation of these performance rights are as follows:

| Item | Tranche 1 | Tranche 2 |
|---|---|---|
| Assessed fair value at grant date | $0.001 | $0.101 |
| Number of Rights | 1,206,690 | 1,206,690 |
| Vesting Conditions | Total Shareholder Return $\geq$30% over the period 1 July 2018 to 30 June 2021 | Peer Total Shareholder Return Comparison $\geq$ 75th percentile over the period 1 July 2018 to 30 June 2021 |
| Valuation Date | 19 October 2018 | 19 October 2018 |
| Expiry Date | 31 July 2021 | 31 July 2020 |
| Life of the Rights | 2.78 | 2.78 |
| Performance period start | 1 July 2018 | 1 July 2018 |
| Performance period end | 30 June 2021 | 30 June 2021 |
| Remaining performance period | 2.70 | 2.70 |
| Dividends | Nil | Nil |
| Volatility of the 30 day VWAP | 15% | 15% |
| Underlying share price | $0.22 | $0.22 |
| Risk free rate | 2.08% | 2.08% |

Total value of the director performance rights issued is $123,082. During the year $31,739 was expensed to employee benefit expenses commensurate with the vesting period

1,042,169 Performance Rights were issued to employees on 24 December 2018. The Tranche 1 performance rights have been valued using a Hybrid multiple share price barrier model. The model incorporates a Monte Carlo simulation and simulates the stock's share price at the test date. The Tranche 2 performance rights were valued using a Hybrid employee share option pricing model which uses a correlated simulation that simultaneously calculates the TSR of the Company and each constituent of the Peer Group on a risk neutral basis as at the vesting date with regards to the performance period The performance of the TSR of the Company is ranked against the TSR of each constituent of the Peer Group as at the vesting date and a vesting percentage is calculated from the vesting schedule.

| Item | Tranche 1 | Tranche 2 |
|---|---|---|
| Assessed fair value at grant date | $0.000 | $0.064 |
| Number of Rights | 521,084 | 521,084 |
| Vesting Conditions | Total Shareholder Return ≥30% over the period 1 July 2018 to 30 June 2021 | Peer Total Shareholder Return Comparison ≥ 75th percentile over the period 1 July 2018 to 30 June 2021 |
| Valuation Date | 24 December 2018 | 24 December 2018 |
| Expiry Date | 31 July 2021 | 31 July 2021 |
| Life of the Rights | 2.60 | 2.60 |
| Performance period start | 1 July 2018 | 1 July 2018 |
| Performance period end | 30 June 2021 | 30 June 2021 |
| Remaining performance period | 2.52 | 2.52 |
| Dividends | Nil | Nil |
| Volatility of the 30 day VWAP | 15% | 15% |
| Underlying share price | $0.195 | $0.195 |
| Risk free rate | 1.87% | 1.87% |

Total value of the employee performance rights issued is $33,349. During the year $6,966 was expensed to employee benefit expenses commensurate with the vesting period.

805,146 Performance Rights were issued to employees on 13 March 2019. The Tranche 1 performance rights have been valued using a Hybrid multiple share price barrier model. The model incorporates a Monte Carlo simulation and simulates the stock's share price at the test date. The Tranche 2 performance rights were valued using a Hybrid employee share option pricing model which uses a correlated simulation that simultaneously calculates the TSR of the Company and each constituent of the Peer Group on a risk neutral basis as at the vesting date with regards to the performance period The performance of the TSR of the Company is ranked against the TSR of each constituent of the Peer Group as at the vesting date and a vesting percentage is calculated from the vesting schedule.

| Item | Tranche 1 | Tranche 2 |
|---|---|---|
| Assessed fair value at grant date | $0.003 | $0.101 |
| Number of Rights | 402,573 | 402,573 |
| Vesting Conditions | Total Shareholder Return ≥30% over the period 1 July 2018 to 30 June 2021 | Peer Total Shareholder Return Comparison ≥ 75th percentile over the period 1 July 2018 to 30 June 2021 |
| Valuation Date | 20 March 2019 | 20 March 2019 |
| Expiry Date | 31 July 2021 | 31 July 2021 |
| Life of the Rights | 2.60 | 2.60 |
| Performance period start | 1 July 2018 | 1 July 2018 |
| Performance period end | 30 June 2021 | 30 June 2021 |
| Remaining performance period | 2.37 | 2.37 |
| Dividends | Nil | Nil |
| Volatility of the 30 day VWAP | 15% | 15% |
| Underlying share price | $0.255 | $0.255 |
| Risk free rate | 1.55% | 1.55% |

Total value of the employee performance rights issued is $41,868. During the year $5,433 was expensed to employee benefit expenses commensurate with the vesting period

**Reconciliation of Share Based payments Expense**

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| 8,250,000 unlisted options exercisable at $0.25 expiring 13 September 2019 | 99,403 | 173,208 |
| 350,000 unlisted options exercisable at $0.453 expiring 13 September 2019 | 18,017 | 21,585 |
| 450,000 unlisted options exercisable at $0.476 expiring 13 September 2019 | 22,754 | 27,425 |
| 270,000 unlisted options exercisable at $0.339 expiring 13 September 2019 | 11,976 | 16,300 |
| 250,000 unlisted options exercisable at $0.381 expiring 13 September 2019 | 14,590 | 11,416 |
| 2,650,000 unlisted options exercisable at $0.375 expiring 13 September 2019 (reduced from 4,150,000) | 151,363 | 109,976 |
| 4,652,184 director performance rights (increased from 2,238,804) | 106,184 | 43,443 |
| 2,528,286 employee performance rights (increased from 1,054,104) | 34,566 | 15,606 |
| Total share-based payments | 458,853 | 418,959 |

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year.

| | 2019 No. | 2019 WAEP | 2018 No. | 2018 WAEP |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 14,420,000 | $0.34 | 59,987,780 | $0.26 |
| Granted during the period | 1,500,000 | $0.30 | 4,400,000 | $0.38 |
| Expired during the period | (2,200,000) | $0.57 | (233,352) | $0.18 |
| Exercised during the period | - | - | (49,734,428) | $0.25 |
| Outstanding at the end of the year | 13,720,000 | $0.30 | 14,420,000 | $0.34 |
| Weighted average remaining contractual life of options outstanding at end of the financial year | | 1.44 years | | 1.17 years |

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.

## 26. 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. The Group divested its interests in Mexico in the 2017 financial year. Geographical information is shown below:

| Geographical Segment Information | 30-June-2019 | | 30-June-2018 | |
|---|---|---|---|---|
| | Revenue $ | Non-Current Assets $ | Revenue $ | Non-Current Assets $ |
| Australia | - | 4,607,282 | - | 1,478,520 |
| Total | - | 4,607,282 | - | 1,478,520 |

## 27. Earnings Per Share

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| (a) Loss per share | | |
| Loss used in calculating basic and dilutive loss per share for continuing and discontinued operations | (5,613,556) | (7,459,595) |
| Loss used in calculating basic and dilutive loss per share for continuing operations | (5,613,556) | (7,459,595) |
| Loss used in calculating basic and dilutive loss per share for discontinued operations | - | - |
| | **Number of shares** | **Number of shares** |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 130,453,719 | 91,535,386 |

# DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes set out on page 39 to 64 are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 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 2019.

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

Marc Ducler
Managing Director
27 September 2019

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Egan Street Resources Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Egan Street Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Egan Street Resources Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Egan Street Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## Measurement of Share-based Payments

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| Egan Street Resources Limited awarded share options and performance rights to eligible executives and employees, which have been accounted for as share-based payments and disclosed in Note 25 of the financial report.<br><br>In addition, there were a number of performance rights issued to key management personnel in the prior year period which required management to re-assess the expected achievement and timing of non-market and hurdle performance conditions.<br><br>Share-based payments are a complex accounting area and due to the judgemental estimates used in determining the fair value of the share-based payments in accordance with AASB 2: Share Based Payments, we consider management's calculation of the share based payment expense to be a key audit matter. | Our audit procedures included, but were not limited to:<br><br>• Reading relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;<br><br>• Considering the appropriateness of the valuation methodology used by management to measure and value the share-based payments;<br><br>• Involving our valuation specialists to assess the assumptions and inputs used in the valuation;<br><br>• Holding discussions with management to understand the share-based payment arrangements in place, and, where applicable evaluating management's assessment of the likelihood of achieving the non-market and hurdle performance conditions attached to the share-based payments;<br><br>• Assessing the allocation of the share-based payment expense over management's expected vesting period; and<br><br>• Assessing the adequacy of the related disclosures in Note 25 of the financial report. |

## Carrying amount of Mine Development

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| During the year the Group transferred $1.36 million from exploration and evaluation expenditure to mine development following the decision, subject to funding, to commence development at the Rothsay Project.<br><br>The impairment assessment conducted under AASB 136 Impairment of Assets involved a comparison of the recoverable amount of the Rothsay Project asset with its carrying amount at the date of transfer.<br><br>This assessment was based on a financial model contained in the definitive feasibility study ('DFS model') announced by the company, which required significant judgements in determining expected discounted future cash flows of the Rothsay Project.<br><br>Subsequent to transfer, an additional $1.96 million was incurred and capitalised as mine development. The carrying amount of mine development at 30 June 2019 was $3.32 million as disclosed in Note 12.<br><br>The carrying amount of the capitalised mine development expenditure was considered to be a key audit matter, due to the significant judgements and estimates used by management in assessing for impairment at the date of transfer, and its carrying amount at 30 June 2019. | Our audit procedures included, but were not limited to:<br><br>• Agreeing the amount transferred to mine development assets to supporting documentation;<br>• Obtaining an understanding of the process associated with the preparation of the DFS model;<br>• Critically evaluating management's methodology in the DFS model and key assumptions including the discount rate applied;<br>• Performing sensitivity analysis in relation to key inputs in the DFS model that either individually or collectively would be required for the Rothsay Project asset to be impaired, and considering the likelihood of such movement in those key inputs;<br>• Comparing the carrying value of capitalised mine development expenditure to the project net present value of the DFS model, and cross checking this with the market capitalisation of the company at 30 June 2019;<br>• Assessing the competency and objectivity of, and work performed by management's experts in respect of the DFS model;<br>• Testing a sample of expenditure subsequent to date of transfer by agreeing to supporting documentation; and<br>• Assessing the adequacy of the related disclosures in Note 2 and Note 12 of the financial report. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 36 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Egan Street Resources Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

### Responsibilities

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.

BDO Audit (WA) Pty Ltd

BDO

Neil Smith

Director

Perth, 27 September 2019

# ASX ADDITIONAL INFORMATION

The following additional information required by the ASX listing rules is current at 6 September 2019:

**1. Twenty Largest Shareholders**

| Ordinary Shares | Number | Percentage |
|---|---|---|
| LION SELECTION GROUP LIMITED | 21,137,007 | 15.36 |
| RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C> | 9,715,869 | 7.06 |
| NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C> | 3,318,924 | 2.41 |
| RESMIN PTY LTD <SPE INVESTMENT A/C> | 3,262,476 | 2.37 |
| BNP PARIBAS NOMS PTY LTD <DRP> | 2,946,429 | 2.14 |
| VALBONNE II | 2,946,429 | 2.14 |
| MR RICHARD THOMAS HAYWARD DALY + MRS SARAH KAY DALY <THE DALY FAMILY S/F RTH A/C> | 2,941,573 | 2.14 |
| NATIONAL NOMINEES LIMITED | 2,726,281 | 1.98 |
| NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C> | 2,701,820 | 1.96 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 2,486,918 | 1.81 |
| MR LINDSAY FRANKER | 2,326,092 | 1.69 |
| MR MARC DUCLER DES RAUCHES | 2,326,092 | 1.69 |
| RETZOS FAMILY PTY LTD <RETZOS FAMILY S/FUND A/C> | 2,247,410 | 1.63 |
| T E & J PASIAS PTY LTD | 2,145,410 | 1.56 |
| BROWN BRICKS PTY LTD <HM A/C> | 1,968,378 | 1.43 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 1,804,735 | 1.31 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 1,784,972 | 1.30 |
| MS JULIE STRINICH | 1,750,444 | 1.27 |
| SAM GOULOPOULOS PTY LTD <S GOULOPOULOS F/SUPER A/C> | 1,700,000 | 1.24 |
| MISS MEI YEN TAN | 1,674,167 | 1.22 |
| **Total Top 20** | **73,911,426** | 53.70 |
| Other | 63,722,763 | 46.30 |
| **Total ordinary shares on issue** | 137,634,189 | 100.00 |

**2. Substantial Shareholders**

| Substantial Holder | Number |
|---|---|
| Lion Selection Group Limited | 21,137,007 |
| Mr Chris Retzos | 13,287,779 |

### 3. Distribution of Equity Securities

| | Ordinary Shares | Options at $0.375 Expiring 13 September 2019 | Options at $0.453 Expiring 13 September 2019 | Options at $0.476 Expiring 13 September 2019 | Options at $0.25 Expiring 13 September 2019 | Options at $0.339 Expiring 13 September 2019 | Options at $0.381 Expiring 13 September 2019 | Options at $0.30 Expiring 22 August 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 - 1,000 | 19 | - | - | - | - | - | - | - |
| 1,001 - 5,000 | 199 | - | - | - | - | - | - | - |
| 5,001 - 10,000 | 162 | - | - | - | - | - | - | - |
| 10,001 - 100,000 | 430 | - | - | - | - | - | - | - |
| 100,001 over | 147 | 2 | 1 | 1 | 5 | 1 | 1 | 1 |
| **Total** | **957** | 2 | 1 | 1 | 5 | 1 | 1 | 1 |
| **Number** | **137,634,189** | **2,650,000** | **350,000** | **450,000** | **8,250,000** | **270,000** | **250,000** | **1,500,000** |
| Number being held less than a marketable parcel | 28 | | | | | | | |

### 4. Option Holders

| **Unlisted Options (holders > 20% of options issued other than pursuant to an employee option plan)** | **Number** |
|---|---|
| **Unlisted Options exercisable at $0.25 expiring 13 September 2019** | |
| Mrs Rebecca Mary Ducler des Rauches | 3,000,000 |
| Mr Lindsay Franker | 3,000,000 |

### 5. Securities subject to Escrow

There are no securities subject to escrow.

### 6. Voting Rights

See Note 15 to the Annual Financial Statements.

## 7. On-Market Buy Back

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

## 8. Mineral Resource

At 30 June 2019 the Company has the Rothsay Mineral Resource estimate, which was completed by Cube Consulting in November 2018 as set out below:

| | Indicated | | | Inferred | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| **Lode** | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) |
| Woodley's | 750 | 10.6 | 254 | 230 | 11.9 | 88 | 980 | 10.9 | 342 |
| Woodley's East | 200 | 5.8 | 38 | 140 | 8.8 | 40 | 340 | 7.0 | 78 |
| Woodley's East HW | | | | 180 | 5.3 | 30 | 180 | 5.3 | 30 |
| Other | | | | 40 | 3.3 | 5 | 40 | 3.3 | 5 |
| **Total (i) (ii)** | **950** | **9.6** | **292** | **590** | **8.6** | **162** | **1,540** | **9.2** | **454** |

(i) Resources quoted above 2.5g/t Au lower cut-off.
(ii) Totals may not match due to rounding

In preparing the Mineral Resource estimate, Cube Consulting Pty Ltd:

1. Reviewed available gold assay QAQC data, with a view towards establishing the suitability of the informing data for mineral resource estimation;
2. Conducted database validation checks;
3. Carried out geological and mineralisation interpretations leading to the definition of estimation domains;
4. Carried out estimation of gold and density;
5. Carried out estimation, validation and reporting of Mineral Resources, and
6. Authoring a technical report detailing the work completed, according to JORC (2012) guidelines.

At 30 June 2018 the Company has the Rothsay Mineral Resource estimate, which was completed by Cube Consulting in May 2018 as set out below:

| | Indicated | | | Inferred | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| **Lode** | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) | Tonnes (kt) | Grade (g/t Au) | Ounces (koz) |
| Woodley's | 630 | 10.6 | 213 | 240 | 10.6 | 83 | 870 | 10.6 | 296 |
| Woodley's East | 190 | 5.3 | 33 | 160 | 9.1 | 45 | 350 | 6.9 | 78 |
| Woodley's East HW | | | | 160 | 4.3 | 22 | 160 | 4.3 | 22 |
| Other | | | | 40 | 3.3 | 5 | 40 | 3.3 | 5 |
| **Total (i) (ii)** | **820** | **9.3** | **246** | **600** | **8.0** | **155** | **1,420** | **8.8** | **401** |

(i) Resources quoted above 2.5g/t Au lower cut-off.
(ii) Totals may not match due to rounding

In preparing the Mineral Resource estimate, Cube Consulting Pty Ltd:

1. Reviewed available gold assay QAQC data, with a view towards establishing the suitability of the informing data for mineral resource estimation;
2. Conducted database validation checks;
3. Carried out geological and mineralisation interpretations leading to the definition of estimation domains;
4. Carried out estimation of gold and density;
5. Carried out estimation, validation and reporting of Mineral Resources, and
6. Authoring a technical report detailing the work completed, according to JORC (2012) guidelines.

## 9. Schedule of Tenements

The Group holds the following tenements or Mineral Concessions:

| Tenement | Status | Location | Interest Held (%) |
|---|---|---|---|
| E 59/1234-I | Granted | Western Australia | 100 |
| E 59/2183 | Granted | Western Australia | 100 |
| E59/2254 | Granted | 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 |
| E59/2354 | Granted | Western Australia | 100 |
| E59/2355 | Granted | Western Australia | 100 |
| E59/2320 | Pending | Western Australia | 100 |
| E08/2847 | Granted | Western Australia | 100 |

## 10. Competent Persons Statements

*The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Ms. Julie Reid, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Ms. Reid is a full-time employee of the Company. Ms. Reid has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms. Reid consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

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

- *"Rothsay Boosted by Production Target Upgrade" dated 12 February 2019, and*
- *"High-Grade Gold Hits on the Orient Shear", dated 11 February 2019; and*
- *"Rothsay Resource Increases to 454,000oz at 9.2 g/t Au", dated 27 November 2018; and*
- *"New Bonanza Hits of up to 776 g/t Gold", dated 7 November 2018; and*
- *"Results Highlight Potential for Resource Increase at Rothsay", dated 11 October 2018; and*
- *"Hits up to 129 g/t Au Point to Southern Extensions at Rothsay", dated 6 September 2018; and*
- *"Rothsay DFS Confirms Low Capex High Margin Operation", dated 19 July 2018; and*
- *"High Grade Results from Regional Drilling at Rothsay", dated 11 July 2018; and*
- *the Prospectus lodged on 28 July 2016.*

*All above listed ASX announcements are available to view at www.eganstreetresources.com.au and 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 Increases to 454,000oz at 9.2 g/t AU" lodged on 27 November 2018, which is available to view at www.eganstreetresources.com.au and 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 Updated Rothsay Project Definitive Feasibility Study, including ore reserve, production targets and financial information, included in this report is extracted from the ASX announcements dated 12 February 2019 (refer to ASX Announcement – "Rothsay Boosted by Production Target Upgrade"), dated 19 July 2018 (refer ASX Announcement – 19 July 2018, "Rothsay DFS Confirms Low Capex High-Margin Operation", dated 1 August 2019 (refer to ASX Announcement – "EganStreet Increases Rothsay Ore Reserve to 235,000oz") and the ASX announcement dated 13 August 2019 (refer to ASX Announcement – "Rothsay Ore Reserve – Supplementary Release") available at www.eganstreetresources.com.au and www.asx.com.au. The Company confirms that all material assumptions underpinning the ore reserve, production target and financial information set out in the announcements released on 12 February 2019, 1 August 2019 and 13 August 2019 continue to apply and have not materially changed.*