

ASX/Media Release

30 October 2018

QUARTERLY ACTIVITIES REPORT SEPTEMBER 2018

The Rothsay Gold Project proceeding towards development with excellent progress on contractor engagement, funding and approvals; Exploration results highlight potential for Resource growth

HIGHLIGHTS

- › Excellent progress towards the development of the 100%-owned Rothsay Gold Project in WA following the release of the positive Definitive Feasibility Study (“DFS”) on 19 July:
 - › Indicative debt funding proposals received for financing of up to \$35M, paving the way for appointment of a preferred project financier.
 - › Project Management Plan (PMP) approved by the DMIRS, representing the first of three key Government approvals required to allow construction activities and operations to commence.
 - › Major Works Approval and License application expected to be submitted in late October.
 - › Procurement of major project development packages progressing well, with contract proposals received for Civils, Camp Accommodation & NPI, Water & Wastewater, Power Generation, Communications and Process Plant.
 - › Underground mining contract procurement to commence in Q4, 2018.
 - › Project development team bolstered with the appointment of a commercial manager, senior project engineer and construction manager.
- › Resource extension drilling indicates strong potential for near-term Resource growth, confirming extensions to high-grade mineralisation on the Woodley’s and Woodley’s East Shears. Assay results include:
 - › 0.97m @ 129.2g/t Au from 73m
 - › 1.02m @ 23.96g/t Au from 242.48m
 - › 2.58m @ 22.6g/t Au from 150.5m
 - › 0.7m @ 18.74g/t Au from 149.8m
- › Encouraging assays also received from the Clyde and Miners Shears, with results including:
 - › 1.0m @ 11.07g/t Au from 46.0m – Miners Shear
- › As at 30 September 2018, EganStreet had cash reserves of \$9.0M.

OVERVIEW

Following the release of a positive Definitive Feasibility Study (DFS) for its flagship 100%-owned **Rothsay Gold Project**, located 300km north-east of Perth in WA’s Midwest region (Figure 1), in July, EganStreet Resources Limited (EganStreet, ASX: EGA) has made strong progress over the course of the September Quarter in progressing the Rothsay Project towards development.

As outlined in the Company’s June 2018 Quarterly Report, the Rothsay Definitive Feasibility Study (DFS) confirmed the potential for a new low-cost, high-margin Australian gold project capable of delivering strong financial returns for shareholders (see ASX Announcement dated 19 July 2018).

Key outcomes from the study included forecast gold production of 250,000oz over an initial 6.5-year mine life, delivering undiscounted pre-tax project cash-flow of \$100 million from revenue of \$414 million. C1 cash costs have been estimated at A\$941/oz and all-in sustaining cost (AISC) at A\$1,083/oz.

With a low initial capital expenditure of \$36.1M, the Rothsay Project delivers a Net Present Value using a 5% discount rate of \$80.4 million and has an estimated capital payback period of less than 1.5 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.

Based on the positive outcomes of the DFS, the EganStreet board has approved the Rothsay Project to proceed to construction, subject to obtaining a suitable financing arrangement.

Following the release of the DFS, EganStreet has commenced multiple work streams to progress the Rothsay Project towards development.

PCF Capital Group (PCF), the Company's financial advisor, has commenced engagement with a range of financing groups, with indicative term sheets from financiers received subsequent to the end of the Quarter. These term sheets are currently being reviewed, with an agreed financing solution anticipated to be completed over the coming months.

In addition, significant progress has been made with pre-development activities, with procurement of major packages progressing well and key contractor proposals received.

Project permitting is now also nearing completion, with approval received from the WA Department of Mines, Industry Regulation and Safety (DMIRS) for the Project Management Plan (PMP) subsequent to Quarter end, representing the first of three key Government approvals required to allow construction activities and operations at Rothsay to commence.

The Company also maintained a strong focus on exploration, with a regional RC programme and an extensional diamond programme completed during the Quarter, with assays confirming extensions to high-grade mineralisation beyond the current Resource on the Woodley's and Woodley's East Shears.

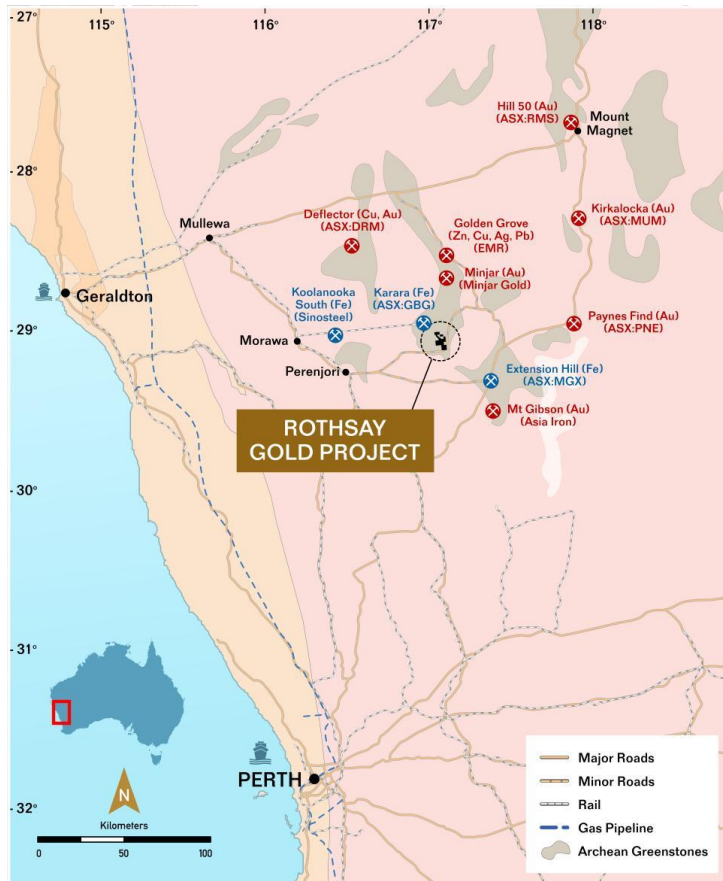


FIGURE 1 – ROTHSAY GOLD PROJECT, REGIONAL LOCATION

DEFINITIVE FEASIBILITY STUDY

The DFS for the Rothsay Gold Project was announced on 19 July 2018, and a detailed summary was provided in the Company's June 2018 Quarterly Activities Report.

The DFS confirmed that the Rothsay Project is financially and technically viable based on the previously announced redevelopment strategy targeting unmined fresh material which can be accessed via an existing decline (see ASX announcement, 19 July: "Rothsay DFS Confirms Low Capex High-Margin Operation").

CURRENT PROJECT STATUS

Approvals

Subsequent to Quarter end, on 3rd October, the WA Department of Mines, Industry Regulation and Safety (DMIRS) approved the Project Management Plan (PMP) for the Rothsay Project, which is the first of three key Government approvals required to allow construction activities and operations at Rothsay to commence.

The Company has also submitted its Mining Proposal to the DMIRS. Once the Mining Proposal approval is received, EganStreet will then be able to commence key works at Rothsay including construction of the camp and other key infrastructure including site offices and power station.

Works Approval and License Application documentation is in its final stages of preparation and will be submitted in late October to the Department of Water and Environmental Regulation (DWER).

Project Development

During the Quarter, the Company advanced a number of key project contracts for the development of the Rothsay Project.

Following an Early Contractor Involvement (ECI) phase, in which a number of process plant contractors participated, a preferred contractor has been selected for a fixed price lump sum, design & construct (D&C) contract for the 200ktpa process plant. The preferred contractor has been provided with a limited order to proceed to complete the detailed design and secure long lead procurement items identified during the ECI.

Full contract award is anticipated in the following quarter (Q4, 2018) with on-site construction targeted to commence early next year (Q1, 2019).

A 100-person camp and non-process infrastructure (NPI) contract is also at preferred contractor status. A limited order to proceed has been granted to the contractor to allow detailed design and progress key approvals. Camp construction is expected to commence in the following quarter (Q4, 2018).

A reverse osmosis water treatment plant (WTP) and wastewater treatment plant (WWTP) contract is also at preferred contractor status. A limited order to proceed has been granted to the contractor to allow detailed design and progress with key approvals. WTP and WWTP construction is expected to commence in the following quarter (Q4, 2018).

A Build, Own and Operate (BOO) contract for on-site power generation for use at the plant, mine and camp at Rothsay is at a preferred contractor status. Options for both LNG and diesel power generation configurations have been incorporated with a limited order to proceed being granted to secure an option over several second-hand LNG engines.

Expressions of interest (EOI) for the underground mining contract incorporating dewatering, rehabilitation of the existing portal and decline, development works and underground mining activities have been received from the market. A short-list of mining contractors will be invited to participate in the tender process in the following quarter (Q4, 2018) with underground activities targeted to commence early next year (Q1, 2019).

Contract proposals for camp operations, civils and communications have been received and are in various stages of being reviewed. The Project Team has also been further bolstered with the appointment of a commercial manager, senior project engineer and construction manager.

Project Finance

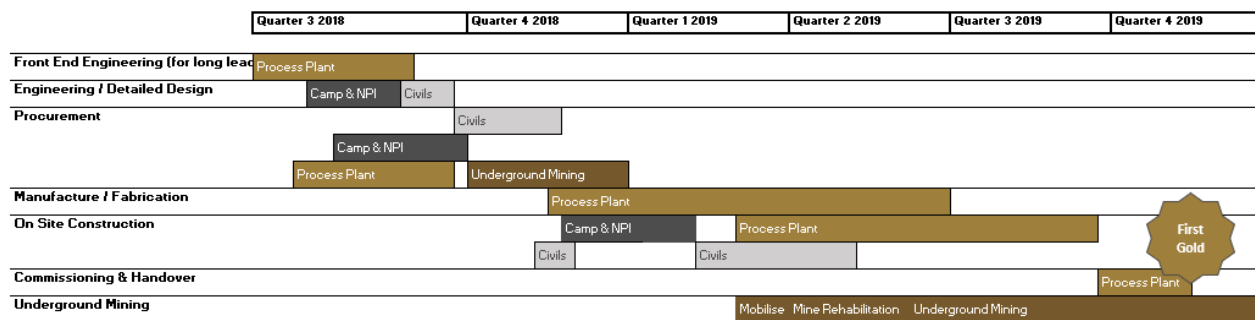
In conjunction with its financial adviser, PCF Capital Group, EganStreet has received and completed an initial assessment of several indicative and non-binding offers, which were received from a range of financing groups.

The non-binding offers provide for financing solutions ranging up to \$35 million of conventional debt alternatives and contain attractive commercial terms consistent with a project financing of this nature.

An independent technical engineer has been selected, with work commencing on both technical and legal due diligence fronts.

Project Schedule

TABLE 1 - PROJECT SCHEDULE



First gold production from the Rothsay Gold Project remains targeted for Q4, 2019

EXTENSIONAL AND REGIONAL DRILLING RESULTS

During the Quarter, the Company reported results from an RC drilling programme designed to test the upper zone of the Woodley's Northern and Southern Extensions, as well as the gold mineralisation on the Clyde North and Miners Shears (see ASX announcements, 11 July 2018: "High-Grade Results From Regional Drilling Highlight Potential To Grow Resources At Rothsay" and 6 September 2018 "High-Grade Hits Of Up To 129.2g/t Au Point to Southern Extensions of Rothsay Resource").

Subsequent to Quarter-end, the Company reported further results from regional drilling conducted outside the current Rothsay Resource in the Clyde North Shear, Miners and Great Northern Shear (see ASX announcement, 11 October 2018: "Additional Strong Results Highlight Potential for Resource Increase At Rothsay Gold Project In WA").

Resource Extension Drilling

Significant results were received from extensional drilling outside the current Resource area, with assays confirming extensions to high-grade mineralisation on the Woodley's and Woodley's East Shears. Significant intersections included:

- 2m @ 26.3g/t Au from 33m – Woodley's Northern Extension (RNRC030)
- 1m @ 5.2g/t Au from 67m – Woodley's Northern Extension (RNRC032)
- 1m @ 4.5g/t Au from 96m – Woodley's Northern Extension (RNRC033)
- 1m @ 4.2g/t Au from 61m – Woodley's Northern Extension (RNRC026)
- 0.4m @ 14.8g/t Au from 131.7m – Woodley's East (RYDD066)
- 0.97m @ 129.2g/t Au from 73.0m – Woodley's East (RYDD067)
- 0.3m @ 9.9g/t Au from 83.55m – Foot wall of Woodley's East (RYDD068)
- 0.95m @ 1.29g/t Au from 75.75m – Woodley's East (RYDD068)
- 2.58m @ 22.6g/t Au from 150.55m – Woodley's Shear (RYDD067)

- > Including – 1.26m @ 37.6g/t Au and 0.52m @ 18.3g/t Au
- > 1.02m @ 23.96g/t Au from 242.48m – Woodley's Shear (RYDD072)
- > 0.7m @ 18.74g/t Au from 149.8m – Woodley's Shear (RYDD068)
- > 0.6m @ 2.87g/t Au from 284.0m – Woodley's Shear (RYDD070)
- > 0.55m @ 1.84g/t Au from 167.1m – Woodley's Shear (RYDD071)

The results confirm that the Woodley's Shear continues through the interpreted offset and is mineralised. This drilling has added approximately a further 150 metres of strike to the south of the known extent of mineralisation based on assays received and visual observations of gold in quartz from logged holes.

The southernmost holes did not intersect the Woodley's East stratigraphic position, as it appears a faulted ultramafic package has terminated the Woodley's East Shear south of RYDD068.

A 15-hole RC programme has also been completed to test the southern extensions to Woodley's and Woodley's East, and samples have been submitted for assay.

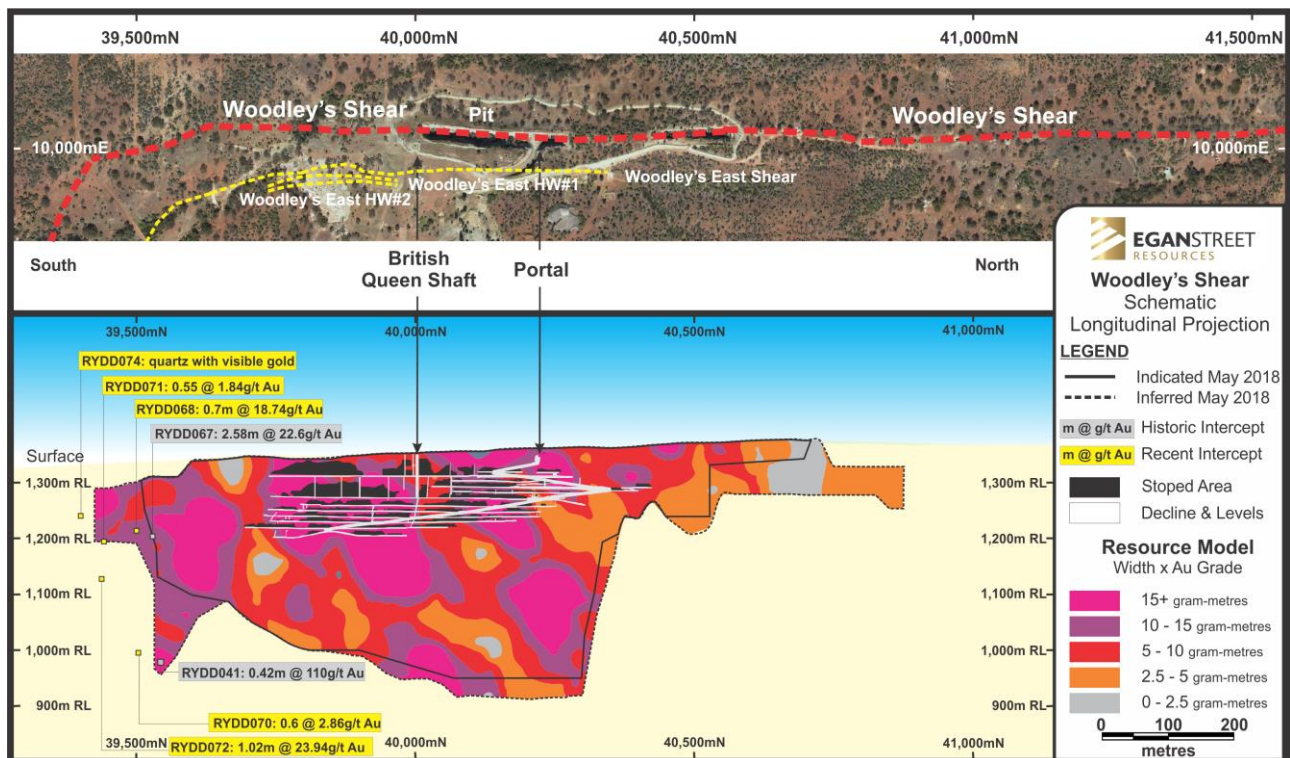


FIGURE 2 - WOODLEY'S SHEAR LONG PROJECTION WITH RECENT DRILLING RESULTS

Regional Drilling

Encouraging assays have been received from regional RC drilling testing the Clyde and Miners Shears, confirming the potential of the field to host further high-grade Resources. Significant regional intersections included:

- > 1.0m @ 3.80g/t Au from 113m - Clyde position (CLRC037),
- > 3.0m @ 2.04g/t Au from 34m - Clyde East position (CLRC038)
- > 1.0m @ 11.07g/t Au from 46m - Miners Shear (MWRC007)
- > 1.0m @ 2.2g/t Au from 84m - Miners Shear (MWRC002)
- > 1.0m @ 3.7g/t Au from 45m - Miners Shear (MWRC005)

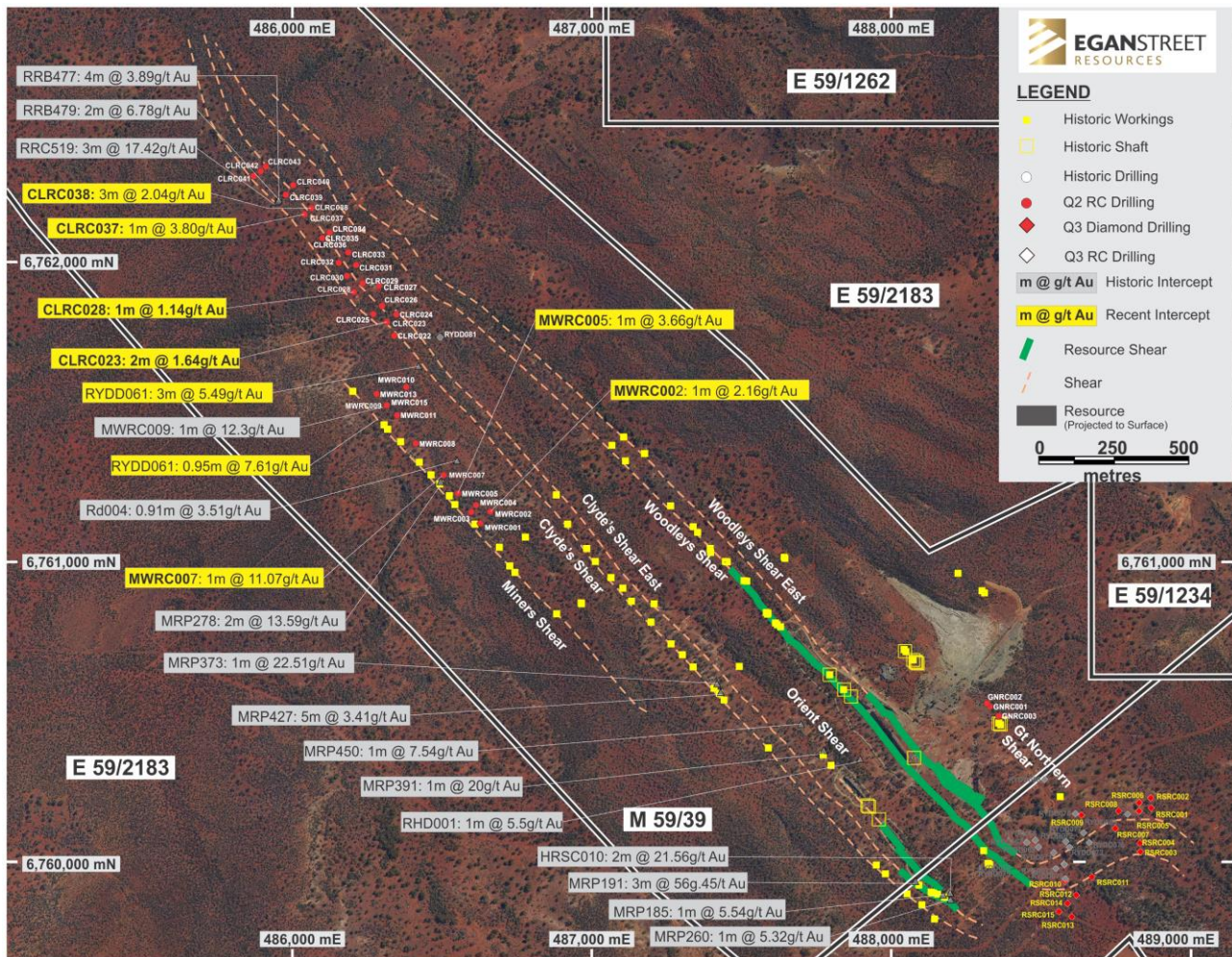


FIGURE 3 – HISTORICAL AND RECENT DRILL RESULTS IN PLAN VIEW

CORPORATE

As at 30 September 2018, EganStreet had cash reserves of \$9.0 million.

Capital Structure:

- › Shares on issue 130.5 million
- › Unlisted options 15.2 million
- › Performance Rights 3.3 million

TENEMENTS, RESOURCE & RESERVE INFORMATION

TABLE 2 – MAY 2018 MINERAL RESOURCE ESTIMATE AND JULY 2018 ORE RESERVE ESTIMATE

Resource Category	kt	Grade (g/t Au)	Contained Metal (Au koz)
Indicated	820	9.3	246
Inferred	600	8.0	155
Total ¹	1,420	8.8	401

¹ Note Resources quoted above 2.5g/t Au cut-off.

Reserve Category	kt	Grade (g/t Au)	Contained Metal (Au koz)
Proved	-	-	-
Probable	1,400	4.4	200
Total	1,400	4.4	200

TABLE 3 – TENEMENT SCHEDULE AS AT 30 SEPTEMBER 2018

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
E59/2320	Pending	Western Australia	100
E08/2847	Pending	Western Australia	100

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ABOUT EGANSTREET RESOURCES

EganStreet is an emerging Western Australian gold company which is focused on the exploration and development of the 100%-owned Rothsay Gold Project, located 300 km north-east of Perth in WA's Midwest region.

The Rothsay Gold Project currently hosts high-grade Mineral Resources of 401koz at an average grade of 8.8g/t Au (Indicated 820kt @ 9.3g/t Au and Inferred 600kt @ 8.0g/t Au) and a production target (Definitive Feasibility Study published 19 July 2018) of 2.1Mt mined and 1.4Mt processed at 6.9g/t Au for 250koz of gold produced.

The Company is focused on successfully bringing the Rothsay Gold Project into production. EganStreet has a strong Board and Management team which has the necessary range of technical and commercial skills to progress the Rothsay Gold Project.

EganStreet's longer term growth aspirations are based on a strategy of utilising the cash-flow generated by an initial mining operation at Rothsay to target extensions of the main deposit and explore the surrounding tenements, which include a 14 km strike length of highly prospective and virtually unexplored stratigraphy.

APPENDIX 1 – COMPETENT PERSON’S STATEMENT

Various information in this announcement that relates to exploration other than the new exploration results released in this announcement is extracted from the following announcements:

- › the ASX announcement dated 11 October 2018, “Results Highlight Potential for Resource Increase at Rothsay”
- › the ASX announcement dated 6 September 2018, “Hits up to 129g/t Au Point to Southern Extensions at Rothsay”
- › the ASX announcement dated 11 July 2018, “High Grade Results from Regional Drilling at Rothsay”
- › the Prospectus lodged on 28 July 2016

All of 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 Resource Jumps 31% to 401,000 Ounces” lodged on 14 May 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 Rothsay Project Definitive Feasibility Study, including ore reserve, production targets and financial information, included in this report is extracted from an ASX Announcement dated 19 July 2018 (see ASX Announcement – 19 July 2018, “Rothsay DFS Confirms Low Capex High-Margin Operation”, 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 announcement released on 19 July 2018 continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

EGAN STREET RESOURCES LIMITED

ABN

91 144 766 236

Quarter ended ("current quarter")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,453)	(1,453)
(b) development	(228)	(228)
(c) production	-	-
(d) staff costs (including exploration)	(566)	(566)
(e) administration and corporate costs	(242)	(242)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	34	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,455)	(2,455)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(69)	(69)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(69)	(69)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,508	11,508
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,455)	(2,455)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(69)	(69)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,984	8,984

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,965	5,489
5.2	Call deposits	19	6,019
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,984	11,508

6. Payments to directors of the entity and their associates

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

**Current quarter
\$A'000**

406

-

6.1 Payment for directors fees, salaries and executive director bonus.

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

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

**Current quarter
\$A'000**

-

-

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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	531
9.2 Development	1,930
9.3 Production	-
9.4 Staff costs	603
9.5 Administration and corporate costs	297
9.6 Other (capital raising costs)	-
9.7 Total estimated cash outflows	3,361

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

Compliance statement

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



30 October 2018

Sign here:
(Director/Company secretary)

Date:

Simon Robertson

Print name:

Notes

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