

## QUARTERLY ACTIVITIES REPORT DECEMBER 2018

**Rothsay Mineral Resource grows further to 454,000oz at 9.2g/t Au as EganStreet prepares for its imminent transformation to a new high-grade gold operation in 2019**

### HIGHLIGHTS

- › Substantial further increase in the Mineral Resource Estimate (MRE) at the 100%-owned Rothsay gold project in WA's Midwest to 454,000oz. The new Resource comprises:
  - A 53,000-ounce (13%) increase in the total Mineral Resource to 1.54Mt<sup>1</sup> at 9.2g/t Au for 454,000oz of which 45,800-ounces were Indicated Resource, with the large majority of this expected to convert to Ore Reserves;
  - A significant increase in the average grade of the global Resource from 8.8g/t Au to 9.2g/t Au
  - The key Woodley's Shear Mineral Resource has increased by 46,000oz to 342,000oz, representing 75% of the total Resource.
- › The updated Mineral Resource incorporated the exceptional high-grade results generated during the Quarter from a 16-hole diamond drilling programme targeting southern extensions to the Woodley's and Woodley's East shears:
  - **2.0m @ 116.9g/t Au from 264m**
    - Including **0.3m @ 776g/t Au**
  - **2.63m @ 57.2g/t Au from 185.1m**
    - Including **0.5m @ 216g/t Au**
    - Including **0.48m @ 66.3g/t Au**
  - **1.02m @ 23.96g/t Au from 242.48m**
  - **0.7m @ 18.74g/t Au from 149.8m**
  - **0.97m @ 129.2g/t Au from 73m**
  - **2.58m @ 22.6g/t Au from 150.5m**
- › A 4,765m RC exploration drilling programme was completed during the quarter, targeting potential opportunities at the Orient and Clyde East Shears. Assays are pending.
- › Non-binding offers received for provision of financing solutions received ranging up to \$35 million of conventional debt.
- › Works Approval and Licence Application submitted, representing the final development approval for the Rothsay Gold Project.

<sup>1</sup> Note totals may not match due to rounding.

## OVERVIEW

Egan Street Resources Limited (ASX: EGA, **EganStreet** or the **Company**) made further significant progress during the December Quarter towards its goal of developing a new high-grade gold operation at its 100%-owned **Rothsay Gold Project** in WA, (**Rothsay** or the **Project**).

The key highlight of the quarter was the completion of an updated Mineral Resource incorporating the results of successful extensional drilling programmes.

The increased Resource comprises **1.54 million tonnes at 9.2g/t Au for 454,000oz**, reflecting the outstanding high-grade nature of the Project and therefore its strong potential to be a low-cost, high-margin project which can deliver robust financial returns.

The Mineral Resource Estimate has increased by 53,000 ounces, principally from shallow extensions to the main Woodley's Lode into areas that have historically been poorly, or not at all, tested, as well as identification of additional mineralisation on the Woodley's East hanging-wall lodes.

This stems from a combination of successful in-fill and extensional drilling completed since the last Mineral Resource update announced on 14 May 2018.

The Company also continued to progress approvals for Rothsay, permitting and project financing discussions during the Quarter, putting it in a strong position to make a Final Investment Decision and commence construction of a standalone mining and processing operation.



FIGURE 1 – ROTHSAY GOLD PROJECT, REGIONAL LOCATION

## NOVEMBER 2018 MINERAL RESOURCE UPDATE

The November 2018 MRE, which was independently estimated by Cube Consulting Pty Ltd, incorporates the results of two reverse circulation (RC) and one diamond drilling programme completed between May 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 1 & 2 below. Full details in relation to the updated Mineral Resource were provided in the Company's ASX announcement of 27 November 2018.

TABLE 1 – NOVEMBER 2018 MINERAL RESOURCE ESTIMATE (AS PER JORC CODE 2012)

Lode	Indicated			Inferred			Total		
	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)
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
<b>Total<sup>23</sup></b>	<b>950</b>	<b>9.6</b>	<b>292</b>	<b>590</b>	<b>8.6</b>	<b>162</b>	<b>1,540</b>	<b>9.2</b>	<b>454</b>

TABLE 2 – NOVEMBER 2018 MRE – SHOWING VARIOUS CUT-OFF GRADES (COG'S)

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
<b>2.5</b>	<b>1.54</b>	<b>9.2</b>	<b>454</b>
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

<sup>2</sup> Note Resources quoted above 2.5g/t Au cut-off.

<sup>3</sup> Note totals may not match due to rounding.

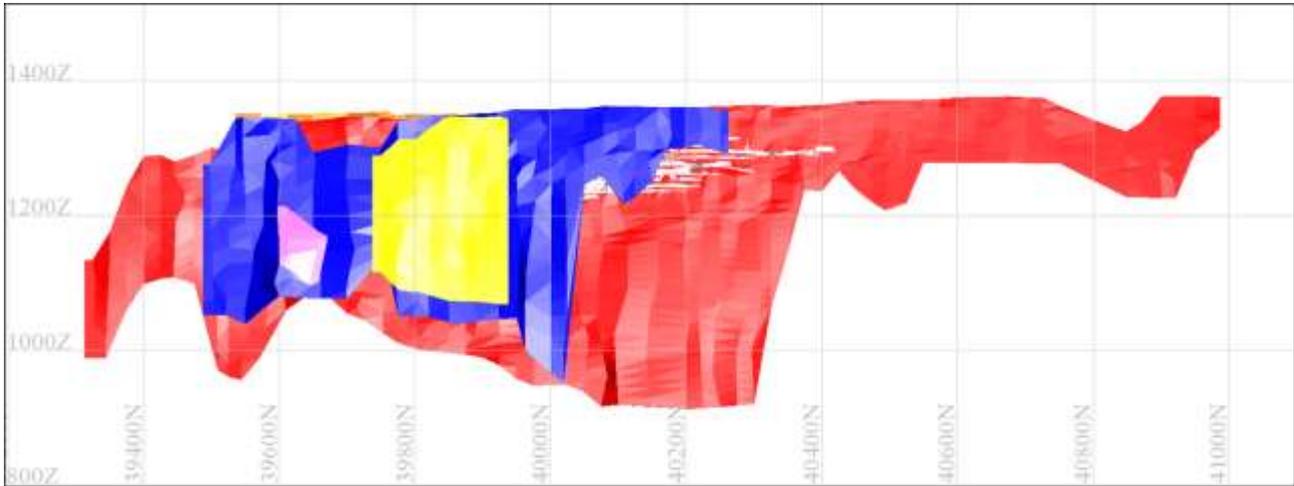


FIGURE 2 – LONG PROJECTION SHOWING THE WIREFRAME ENVELOPES OF WOODLEY'S MINERALISED ZONES

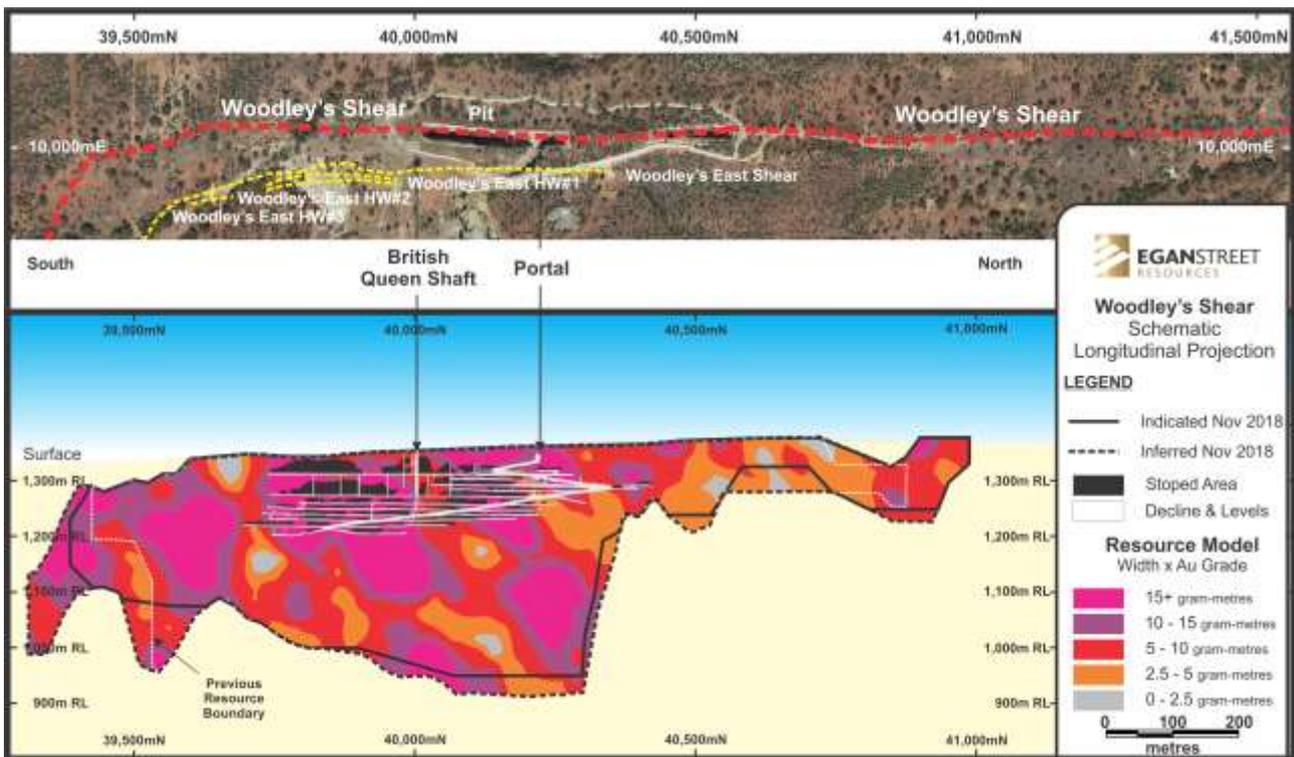


FIGURE 2 – WOODLEY'S SHEAR PROJECTION SHOWING MRE BOUNDARIES AND BLOCK MODEL INTERPRETATION.

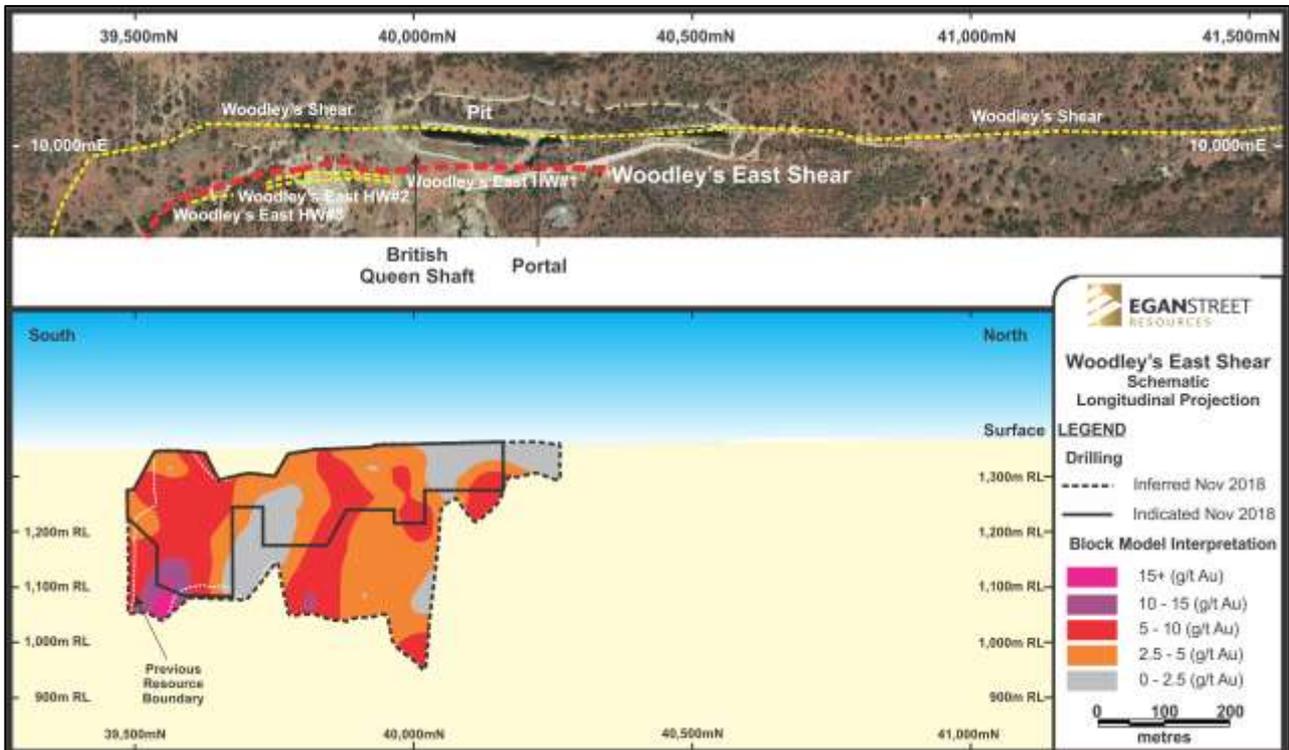


FIGURE 3 – WOODLEY'S EAST SHEAR PROJECTION SHOWING MRE BOUNDARY AND BLOCK MODEL INTERPRETATION.

The 13% increase (401koz to 454koz) since May 2018 in the Rothsay MRE is a very positive result achieved on a modest exploration expenditure of \$1.6 million over a six-month period.

Additionally, the Mineral Resource has more than doubled since listing in 2016 (226koz to 454koz), clearly demonstrating the significant upside to the deposit and supports the Company's strategy of targeting the area below the historical workings as well as along strike north and south, as the focus for the redevelopment of this high-grade mine.

Rothsay has a rich mining history dating back to the discovery of gold in 1894 and includes several phases of mining, most recently by Metana Minerals in the early 1990s.

In July 2018, EganStreet published a Definitive Feasibility Study (DFS) based on a redevelopment proposal targeting unmined fresh material which can be accessed via the existing portal and decline which requires rehabilitation. The key findings of this DFS included production of 250koz over an initial 6.5-year mine life, with a pre-production CAPEX estimate of A\$36.1 million, cash costs of A\$941/oz, and all-in sustaining costs (AISC) of A\$1,083/oz. (refer ASX Announcement – 19 July 2018, "Rothsay DFS Confirms Low Capex High Margin Operation")

The November 2018 MRE has extended defined Resources by approximately 200m to the south, and this is currently being incorporated into an updated mine design and schedule.

With the increase in the MRE, the Company is confident that the updated mine design will deliver a larger mining inventory to the DFS, with multiple mining zones providing greater operational flexibility and ore throughput and consequently improved project value.

## RESOURCE EXTENSION DRILLING

### Woodley's Shear

The resource extension drilling program at Woodley's was completed during the Quarter comprising 15 holes for 4,219 metres. The programme was designed to target the extension of the Woodley's Shear position up-dip and to the south of an offset of the lode position that was interpreted from magnetics, plus one extensional hole at depth in the central section of Woodley's and Woodley's East.

Results from intersections within the Woodley's Shear include:

- **2.63m @ 57.2g/t Au** from 185.1m in RYDD074,
  - Including **0.5m @ 216g/t Au** & **0.48m @ 66.3g/t Au**
- **0.6m @ 8.33g/t Au** from 134.2m in RYDD078,
- **1.02m @ 23.96g/t Au** from 242.48m in RYDD072
- **2.58m @ 22.6g/t Au** from 150.55m in RYDD067 (previously reported)
- **0.7m @ 18.74g/t Au** from 149.8m in RYDD068

Full details of the extensional drilling results were provided in the Company's ASX announcement of 11 October 2018 and 7 November 2018.

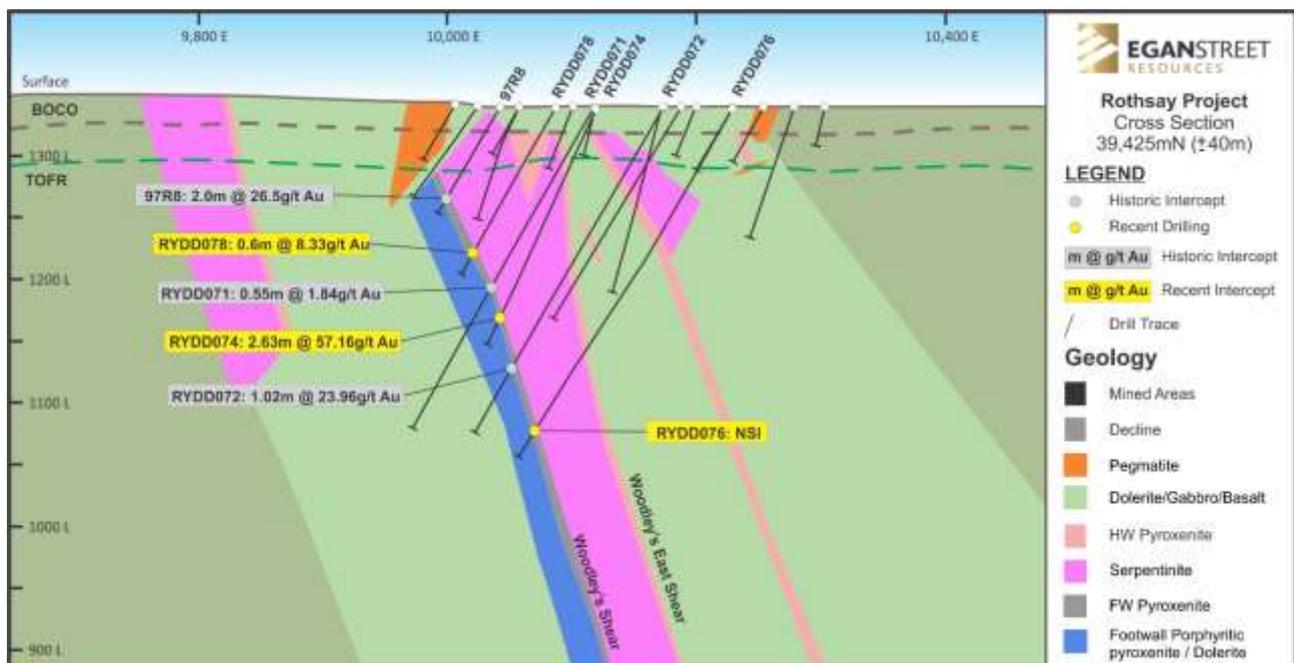


FIGURE 5 – GEOLOGICAL CROSS-SECTION SHOWING INTERSECTIONS

## Woodley's East Shear

The extent of the Woodley's East Shear was confirmed with the following intersections:

- **2.0m @ 116.9g/t Au** from 264.0m in RYDD080,
  - **Including 0.3m @ 776g/t Au**
- **0.8m @ 5.6g/t Au** from 259.0m in the HW of Woodley's East of RYDD080,
- **0.3m @ 7.01g/t Au** from 218.0m in the HW of Woodley's East of RYDD080,
- **0.97m @ 129.2g/t Au** from 73.0m in RYDD067 (previously reported),
- **0.4m @ 14.8g/t Au** from 131.7m in RYDD066 (previously reported) and
- **0.3m @ 9.9g/t Au** from 83.55m in the FW of Woodley's East of RYDD068 (previously reported).

Hole RYDD080, which was outside the previous Mineral Resource on Woodley's East, is an extremely encouraging intersection, as it indicates not only that the mineralisation is high-grade but also that the orebody remains open at depth.

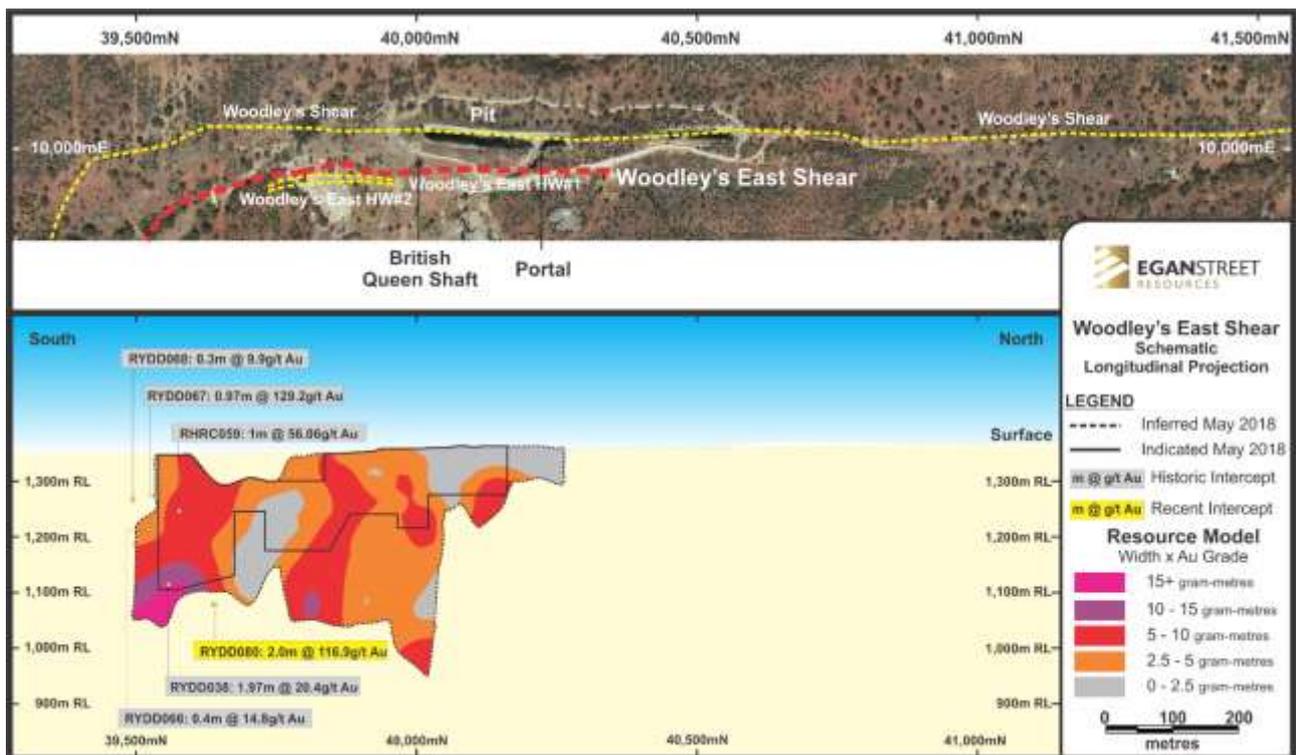


FIGURE 6 – WOODLEY'S EAST SHEAR SHOWING SIGNIFICANT & RECENT INTERSECTIONS



FIGURE 7 – RYDD080 DIAMOND CORE SHOWING VISABLE GOLD & RETURNING 776g/t Au

## ORIENT SHEAR RC PROGRAMME

An RC drilling programme was completed during the Quarter on the Orient Shear (previously named the “B” Shear), which is located ~200m west of Woodley’s, and is on a basalt/gabbro contact.

The drill programme was designed to test below the historical Orient South Pit where a proposed portal and decline may be required to access the Southern zone of the now extended Woodley’s Shear.

This sterilisation programme was part of a greater Orient RC programme, which covers the area beneath all three historical Orient pits to test for further mineralisation. Historical high-grade assays such as MRP191, which returned 2m @ 84.12g/t Au (including 1m @ 145.9g/t Au) below the current Orient pits, have not been followed up since they were drilled nearly 30 years ago.

The programme consisted of 60 RC holes for 4,765 metres. Results are pending.

## CURRENT PROJECT STATUS

### Approvals

On 3<sup>rd</sup> 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 be in a position 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 has been submitted to the Department of Water and Environmental Regulation (DWER). Once the approval is received, EganStreet will be in a position to commence construction of the process plant and associated infrastructure requiring licensing.

### PROJECT DEVELOPMENT

Contracts have been awarded to allow construction works to commence when approvals have been received.

A contract for the 100-person camp and non-process infrastructure (NPI) is anticipated to be executed in early 2019. Camp construction will commence as soon as approvals are received.

The reverse osmosis water treatment plant (WTP) and wastewater treatment plant (WWTP) contract has been awarded and is progressing on schedule.

The Build, Own and Operate (BOO) contract for on-site power generation for use at the plant, mine and camp at Rothsay is in the final stages of negotiation, with award expected early 2019.

The fixed price lump sum, design & construct (D&C) contract is ready to award and onsite construction will commence on receipt of environmental approvals. Detailed design and long lead procurement has been progressed on a limited order to proceed basis.

Invitations for Tender (ITT) 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 during the quarter.

### FINANCING UPDATE

During the Quarter, in conjunction with its financial adviser, PCF Capital Group, EganStreet 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 which contain attractive commercial terms consistent with a project financing of this nature.

The Company appointed an Independent Technical Expert (ITE) during the quarter to review the DFS, the ITE report has now been finalised, all material assumptions in the DFS have been confirmed and no material risks have been identified. The ITE report has been submitted to the Company's preferred financiers.

## CORPORATE

As at 31 December 2018, EganStreet had cash reserves of \$5.9 million.

### Capital Structure:

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

## TENEMENTS INFORMATION

TABLE 3 – TENEMENT SCHEDULE AS AT 30 SEPTEMBER 2018

Tenement	Status	Location	Interest Held (%)
E 59/1234-l	Granted	Western Australia	100
E 59/2183	Granted	Western Australia	100
E59/2254	Granted	Western Australia	100
M 59/39-l	Granted	Western Australia	100
M 59/40-l	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 454koz at an average grade of 9.2g/t Au (Indicated 949kt @ 9.6g/t Au and Inferred 590kt @ 8.6g/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 11 October 2018, “Additional Strong Results Highlight Potential for Resource Increase at Rothsay Gold Project in WA”

All of above listed ASX announcements are available to view at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) and [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements referred to above or the Prospectus. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the announcements referred to above or the Prospectus.

The information in this announcement that relates to the Rothsay Mineral Resource is extracted from the announcement titled “Rothsay 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](http://www.eganstreetresources.com.au) and [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Information in relation to the Rothsay Project 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](http://www.eganstreetresources.com.au) and [www.asx.com.au](http://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 2 – FORWARD LOOKING STATEMENTS & DISCLAIMERS

This announcement may include forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of EganStreet.

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