
SUPPLEMENTARY PROSPECTUS

Egan Street Resources Limited (ACN: 144 766 236)

1. Important Information

This Supplementary Prospectus is dated 29 August 2016 and is supplementary to the prospectus dated 28 July 2016 (**Prospectus**) issued Egan Street Resources Limited ACN 144 766 236 (**Company**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 26 August 2016. ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms defined in the Prospectus have the same meaning where used in this Supplementary Prospectus. For the avoidance of doubt, references to 'Section' in this Supplementary Prospectus mean references to that section of the Prospectus, unless otherwise stated.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged.

2. Reasons for Supplementary Prospectus

2.1 Purpose of this document

The purpose of this Supplementary Prospectus is to provide further disclosure about the terms and conditions of the 1,875,000 Options that have an exercise price of \$0.18 and expire on 27 May 2018 (**Existing Options**) that the Company currently has on issue. These Existing Options are detailed in the capital structure of the Company in Section 6.10 of the Prospectus.

2.2 Application Forms

As the content of this Supplementary Prospectus is not considered to be materially adverse to investors, applicants who have already subscribed for Securities under the Prospectus to the date of this Supplementary Prospectus do not need to take any action.

3. Amendments to the Prospectus

As detailed in Section 14.10 of the Prospectus, the exercise price of the Existing Options is less than the 20 cent exercise price required by Listing Rule 1.1 Condition 11. The Company has obtained in principle confirmation from ASX that a waiver of Listing Rule 1.1 Condition 11 will be available on listing, to allow the Company to have the Existing Options on issue with an exercise price of 18 cents.

Following consultation with ASX regarding listing, ASX has advised that it requires the Company to disclose the full terms and conditions of the Existing Options in the Original Prospectus to facilitate the grant of the Listing Rule 1.1 Condition 11 waiver.

Accordingly, the full terms and conditions of the Existing Options are included in this Supplementary Prospectus as follows.

- (a) (**Entitlement**) The Existing Options (**Existing Options**) entitle the holder to subscribe for one Share upon the exercise of each Existing Option.

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- (b) **(Exercise price)** The exercise price of each Existing Option is \$0.18.
- (c) **(Expiry date)** Each Existing option expires on 27 May 2018.
- (d) **(Exercise period)** The Existing Options are exercisable at any time on or prior to the Expiry Date.
- (e) **(Notice of exercise)** The Existing Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Existing Option being exercised. Any notice of exercise of an Existing Option received by the Company will be deemed to be a notice of the exercise of that Existing Option as at the date of receipt.
- (f) **(Shares issued on exercise)** Shares issued on exercise of the Existing Options rank equally with the Shares of the Company.
- (g) **(Quotation of Shares on exercise)** Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Existing Options.
- (h) **(Timing of issue of Shares)** After an Existing Option is validly exercised the Company must as soon as possible following receipt of cleared funds equal to the sum payable on the exercise of the Existing Options:
- (i) issue the Share; and
 - (ii) do all such acts matters and things to obtain:
 - (A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Existing Option; and
 - (B) receipt of cleared funds equal to the sum payable on the exercise of the Existing Options.
- (i) **(Participation in new issues)** There are no participation rights or entitlements inherent in the Existing Options and a holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Existing Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holder of Existing Options the opportunity to exercise their Existing Options prior to the date for determining entitlements to participate in any such issue.

- (j) **(Adjustment for bonus issues of Shares)** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- (i) the number of Shares which must be issued on the exercise of an Existing Option will be increased by the number of Shares which the Existing Option holder would have received if the Existing Option holder had exercised the Existing Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.
- (k) **(Adjustment for rights issue)** If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Existing Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

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- O = the old Exercise Price of the Existing Option.
- E = the number of underlying Shares into which one (1) Existing Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new share.

- (l) **(Adjustments for reorganisation)** If there is any reconstruction of the issued share capital of the Company, the rights of the Existing Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (m) **(Quotation of Existing Options)** The Existing Options will be unlisted Options. No application for quotation of the Existing Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for quotation of the Existing Options and the ASX accepts the application for quotation of the options then the Existing Options will be listed Options from time to time that the ASX accepts such application.
- (n) **(Existing Options transferable)** The Existing Options are transferable.
- (o) **(Lodgement Instructions)** Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Existing Options with the appropriate remittance should be lodged with the Company's Share Registry.

Further, Sections 6.10 (Note 1 to the table), 6.11 (5th and 6th bullet point), 8.3(a) (Note 5 to the table) and 8.3(b) (Note 7 to the table) state the expiry date of the Existing Options as 17 June 2018. As per the above, the expiry date of the Existing Options is actually 27 May 2018. The expiry date of the Existing Options in these Sections of the Original Prospectus is hereby updated.

4. Directors' Authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.

This Supplementary Prospectus is signed for and on behalf of Company by:



Marc Ducler
Director
29 August 2016

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