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ANNUAL GENERAL MEETING CHAIR'S ADDRESS

Gascoyne Resources Ltd (ASX: GCY) hereby provides the Chair's Address presented at its Annual General Meeting of shareholders held at 9.30am WST today.

Good morning ladies and gentlemen. Thank you for joining us this morning for the Annual General Meeting of Gascoyne Resources for the 2018 Financial Year. My name is Sally-Anne Layman and I am the Chair of your Company, a role which I assumed in late October this year after joining the Board in June 2017.

Prior to commencing today, I'd like to run through the safety procedures for our venue.

There are fire escapes at both end of the room. If you could please make your way to the closest one, walk down the stairs and assemble on the footpath in front of the building.

I have been advised that the necessary quorum is present. I therefore formally declare the meeting open.

With us today is the Company's Board, our non-executive directors:

- **Mr Mike Joyce**, who is a Geologist with 30 years' experience in mineral exploration and who recently retired from the position of Chair of the Board,
- **Mr Mark Le Messurier**, who is a Mining Engineer with 35 years' experience in the mining industry,

our executive director:

- **Mr Ian Kerr**, the Company's Executive Director of Operations and Development who is an Engineer with 30 years' experience in the mining industry,

and our Chief Executive Officer:

- **Mr Michael Ball**, who is also the Company's Chief Financial Officer with significant mining/resource industry experience.

Apologies

There are no apologies.

We also have with us today Mr Lorenzo Stella representing the company's auditors Grant Thornton Audit, Milan Shah representing the company's share registry Advance Share Registry, and Mr Steven Penglis, SC who is assisting the Company in relation to this meeting.

Notice of this meeting was given on 25 October 2018 in accordance with the provisions of the company's constitution and the Corporations Act. The notice included an agenda specifying the resolutions to be proposed at this meeting and an explanatory memorandum providing further details on those resolutions.

As this is a shareholders' meeting, only shareholders, their attorneys, proxies and authorised corporate representatives are entitled to speak or vote at this meeting.

Voting on each resolution will be conducted by means of a poll to be conducted at the end of the meeting once all resolutions have been considered.

Before Mike Ball, our CEO provides his detailed presentation, I would like to take a few moments to provide a brief overview of our business.



While the focus of today's AGM is the FY18 period, I am very aware that many Gascoyne shareholders here today are most interested in the progress of commissioning our Dalgara Project and recent changes to the Board and Management of the Company.

There is no denying the past six months has been a challenging period for the business as we commenced operations at Dalgara.

The grade underperformance from the upper levels of the Gilbeys and Golden Wings pits, a slower than expected mining ramp-up and a number of temporary set-backs with the plant have all combined to extend the commissioning phase of Dalgara longer than expected.

In addition, Ian Murray's decision to step down from the Board within two weeks of being appointed Chairman and the subsequent resignation of Managing Director Mike Dunbar understandably caused further concern to our shareholders.

Ian's appointment came after he completed his due diligence on the Company. His decision to step down occurred some two weeks later and prior to his first Board meeting. There was no material change in the circumstances of the Company during this period.

The Board shares the disappointment of shareholders with these recent events and the impact they have had on the Company's share price. I can assure you that together with the management team, we are working tirelessly to improve the performance of Dalgara and restore the confidence of the market.

The biggest contributing factor to Dalgara's underperformance has been the lower than expected grades from the upper levels of the Gilbeys and Golden Wings pits.

In response, grade control drilling was significantly increased and a 33,000m drill program across the three deposits has been completed in September and October. The results are currently being incorporated into new resource models, with the Gilbey's model having been released to the market today, and an updated life of mine plan which is due to be released in December.

The grade control drilling completed to date has provided improved geological understanding of the three deposits at Dalgara which is assisting our operations team. Importantly, this work has largely confirmed the modelling of the Gilbeys deposit which provides the majority of ore in the current life of mine plan.

This morning we provided an update on the performance of the operation during the month of November which, while impacted by a severe rain event, continued to demonstrate progress with the ramp-up that we expect to continue in December and into the March 2019 quarter.

Our material movements continue to increase and the three pits are now providing a sustainable ore supply to the plant which has reduced our previous reliance on low grade stockpiled ore.

While we have also experienced a number of temporary set-backs that have impacted the performance of the processing plant, optimisation work and the replacement of certain components means we expect to see this performance improve moving forward.

From a safety perspective I am pleased to report that record at Dalgara continues to be strong, with no Lost Time Incidents (LTIs) reported since construction of the project commenced.

Our exploration at Dalgara continues to demonstrate the prospectivity of the near mine environment and significant potential to bring additional ore sources into the current mine plan.

In October, following the resignation of Managing Director Mike Dunbar, our CFO Mike Ball was appointed as interim CEO. He will provide a more comprehensive update on the Dalgara operations prior to the formal part of today's AGM.

We are currently conducting a process to recruit a permanent CEO and expect to make an appointment by early 2019.



The Board was pleased to welcome Mark Le Messurier as a Non-Executive Director in October. Mark is a highly respected mining engineer with extensive experience in gold mining operations and he has already made an important contribution to our Dalgara team.

I would like to thank the management team, our staff, contractors and the Board for their considerable efforts during the past 12 months.

The Company achieved a considerable amount in the 2018 Financial Year with the completion of the financing and construction of Dalgara. While the ramp-up of the project has not met our expectations, we are optimistic that the actions we have taken to improve the operation will result in a significant improvement to Dalgara's operational performance and financial return.

Prior to commencing the formal part of today's meeting, Mike Ball, our CEO, will give a short presentation on the activities of the company.

By Order of the Board

Gascoyne Resources Limited

