ASX Announcement

13 June 2019

**Gascoyne Resources Limited (ASX: GCY) and related entities** (all Administrators Appointed - refer Annexure A for related entities)

(Together, "**GCY**" or "**GCY Group**")

**Shareholder update on status of Administration**

FTI Consulting confirms that the first meeting of creditors of the GCY Group was held today. This follows the appointment on 2 June 2019 of Michael Ryan, Kathryn Warwick and Ian Francis all Senior Managing Directors of FTI Consulting as Voluntary Administrators ("**Administrators**").

**Items Covered at Creditor Meeting**

At the meeting the Administrators outlined that the current strategy has an objective of maximising the chances of the GCY Group, or as much as possible of its operations, continuing in existence OR, if this was not possible working to deliver an outcome that is better for the GCY Group's creditors than immediate liquidation.

To this end, with the support of key stakeholders including employees, banking lenders, the mining contractor NRW, and suppliers, the current intention of the Administrators is to continue operating the Dalgaranga mine.

With the assistance of expert technical advisors, the near term mine plan has been reviewed with the objective of identifying strategies to increase ore mining and reduce waste mining whilst to the extent possible, preserving and optimising the long term mine value – with the benefit of updated resource modelling. Together with the voluntary administration moratorium and the ability to sell gold at the currently high gold price the Administrators currently anticipate being able to trade the Group's operations on a break even or better basis, as mining progresses to access the more continuous area within the main Gilbeys ore-body.

The Administrators have appointed technical advisors, Mining One, and they and GCY Group management are working to develop an updated optimised life of mine plan for the Gilbeys ore body, reflecting updated Resource modelling, which will form the underlying basis for a dual track recapitalisation / sale process for the GCY Group. The administrators are also exploring options for short term funding in order to support ongoing trading.

The Administrators are independent and required to investigate the GCY Group's affairs, and present the results of that investigation in a Report to Creditors that also summarises options and provides a recommendation that is in the best interests of all creditors generally. Creditors will then decide the GCY Group's future at a second meeting. At this stage the Administrators expect that the Administration may last from two to six months, subject to the outcome of the technical review and ongoing trading performance including validation of mining performance to schedules and estimates. The Administrators also recommended an extension of the convening period of three to six months for the second meeting of creditors which was accepted by the meeting.

The creditors also resolved to appoint a Committee of Inspection to Gascoyne Resources Limited (Administrators Appointed) and GNT Resources Pty Ltd (Administrators Appointed).

**Appointment of Advisor**

The Administrators are acting to position the business for an optimised dual track recapitalisation and/or going concern sale process. To support this, the Administrators are in the process of appointing an experienced M&A advisor that can assist in expediting a successful outcome for the GCY group across three identified work streams:

1. **Debt:** securing bridge funding to support the operating runway to realise value from the GCY Group business, which may ultimately be in the form of a recapitalisation or asset sale;
2. **Capital Raise:** A recapitalisation of GCY would likely include an equity raise to progress the business through to improved production from its mine plan; and
3. **Asset Divestment:** Seeking expressions of interests to acquire the Dalgaranga Mine and other exploration tenements held by GCY Group.

Shareholders should note that there is no certainty that some or all of these workstreams will prove successful.

**Closure of Gold Hedging Position**

The Company's gold hedging program was closed out by the Company's hedge counterparties as a consequence of the appointment of Administrators. This has now crystallised a $29.7 million liability owing by the GCY Group to the hedge counterparties on the existing pre-appointment hedge position.

**Ongoing Updates**

The Administrators will continue to keep the market and shareholders informed of material developments, principally via ASX Announcements. At this stage, there is no further information that can be given to shareholders on the remaining equity value in the Company, if any, until the Administrators efforts to seek a successful outcome for the GCY Group are more mature. During an Administration, the creditors of the Company are given priority over shareholders.

Shareholders should also note that is likely that the Administrators will rely on certain ASIC granted relief on financial reporting obligations, and as such the Annual Reporting obligations may be delayed by several months. The Administrators confirm that the Company has put in place arrangements to respond, free of charge, to members and creditors queries in relation to the consequences and progress of the external administration. Relevant information will also be posted to the FTI Consulting and GCY website.

**Contact details and further information**

Information will be uploaded to the FTI Consulting website (www.fticonsulting.com) and the GCY website (www.gascoyneresources.com.au).

For all further enquiries please contact:


**Media enquiries:**

Shane Murphy
Strategic Communications
FTI Consulting
T: +61 8 9485 8888 / 0420 945 291
E: shane.murphy@fticonsulting.com

**Creditor & Shareholder enquiries:**

Gascoyne_enquiries@fticonsulting.com


| **Annexure A: GCY Group – Entities over which the Administrators are appointed** | |
|---|---|
| **Company** | **ACN** |
| Gascoyne Resources Limited | 139 522 900 |
| Gascoyne Resources (WA) Pty Ltd | 139 823 822 |
| Dalgaranga Operations Pty Ltd | 616 858 550 |
| GNT Resources Pty Ltd | 159 772 077 |
| Egerton Exploration Pty Ltd | 163 614 551 |
| Dalgaranga Exploration Pty Ltd | 623 055 550 |
| Gascoyne (Ops Management) Pty Ltd | 619 342 979 |

FTI CONSULTING