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Australian Securities Exchange Limited
Via ASX Market Announcements Platform

DALGARANGA OPERATIONS UPDATE – RECORD MONTHLY PRODUCTION

- Month of June record reconciled monthly gold production of 6,561 ounces recovered (first month above 6koz);
- Month of June reconciled production derived from processing of 275 kt at 0.84 g/t Au at 88.7% recovery;
- Reduced Total Material Moved of 1.1M BCM in June in line with reducing waste movement to reduce costs;
- Improved grade control geological models adopted using 0.2g/t and 0.3g/t Au ISO shells sees improved reconciliation in June;
- Vastly improved processed grade predictability with positive 8% Mine Call factor for June;
- Blast Movement Indicator (BVI) trial underway in July using GPS locatable “blast balls” technology;
- Interim mine plan developed under Voluntary Administration to ensure trade on viability for next 6 months;
- Cash flow positive for June under Voluntary Administration (financials to follow in quarterly activities report);

Long Term Planning

- New Localised Uniform Conditioning (LUC) geological models for Mineral Resource estimation for Gilbey’s and Golden Wings are completed;
- Updated Mineral Resource and Reserve estimation process using optimised pit shells, underway with final results expected in late August;
- A new Life of Mine Plan is being developed, based on the new LUC models, focussing on minimising waste to ore strip ratios whilst maximising grade;

Gascoyne Resources Limited (Administrators Appointed) (“**Gascoyne**” or “**Company**”)(ASX:GCY) is pleased to provide the following update on recent operational activities, and changes to management arrangements for the Company. A full quarterly production report and accompanying Appendix 5B will be issued prior to 31 July.

June Production

Final reconciled production for the full month of June was a record 6,561 ounces recovered with 6,914 fine ounces poured. This is the first month where production has exceeded 6koz. Production was derived from 275 kt of ore milled at an average grade of 0.84 g/t Au with metallurgical recoveries at 88.7% highlighting the improvements achieved compared with April and May (Table 1).

Table 1

	April	May	June	June Qtr
Tonnes processed (t)	228,956	211,713	275,074	715,744
Daily Average (t)	7,632	7,057	9,169	7,865
Dry tph	375	410	396	393
Availability (%)	85%	69%	97%	84%
Feed grade (g/t)	0.73	0.73	0.84	0.77
Recovery (%)	90.6%	86.7%	88.7%	88.7%
Recovered gold (oz)	4,893	4,332	6,561	15,787
Produced Fine gold (oz)	5,107	3,634	6,914	15,655

Note: Discrepancies in totals are a result of rounding

At the end of May, a scheduled 3-day mill shutdown was safely completed, installing a full set of liners into the SAG mill including improved discharge grate configurations. Additional improvements were completed on the mill Variable Speed Driver (VSD) resistor installation and two conveyor transfer chutes. As a result of the work completed during the shutdown, addressing known plant reliability issues, June availability was higher than forecast at 97%, allowing a record monthly throughput of 275 kt to be achieved.

Total material mined of 1.1M BCM was achieved in June, reflecting the decision to immediately reduce costs by reducing total material movement (TMM) compared with May (1.8M BCM). July month to date material movements have been adversely affected by two significant rain events in June and one in July leading to waterlogged areas slowing mining rates and restricting ore supply, however this deficit is expected to be recouped by the end of July. Actions to dewater these areas as fast as possible is underway. Forecast material movements for July are expected to be approximately 1.1 - 1.2M BCM.

Reconciliation

During June, new grade control models using ISO Shell domaining methodologies for grade control were adopted and implemented. Models using ISO shells at 0.2g/t and 0.3g/t envelopes were used throughout June with a final decision made mid-month to adopt the ISO 0.2g/t shell model as the preferred ongoing grade control model. The use of these two models vastly improved the grade predictability of estimated mined ore processed during the month with a positive grade “mine call factor” of positive 8%. This is the first month in Dalgaranga’s recent history that a positive mine call factor has been achieved, further highlighting the significant improvements being realised from focussed and detailed in depth investigations leading to fundamental changes to geological models.

June mill reconciled mined material against the June dig blocks mined (designed using the ISO Shell grade control models) recorded 8% higher tonnes, at 11% lower grade for 3% higher total metal. This result compares very favourably to May results where mill reconciled mined grade was 23% lower for 17% less metal compared to May dig blocks mined, and months prior to May experiencing greater than 20% less metal.

Further adjustments and improvements to the grade control models will be greatly assisted by a Blast Movement Indicator (BVI) trial using high precision GPS locatable “blast balls”. This trial commenced in the first week of July. The individual balls are strategically placed in drill holes near ore boundaries, prior to blasting, to detect vertical and horizontal displacement during the blast. Detecting and measuring the blast displacement allows very accurate survey mark-ups of the actual location of the ore boundaries after blasting. Trials at other gold mines in Australia have demonstrated clear benefits in reducing dilution and ore loss resulting in an increase to grade mined. An update of the trial results will be available in the June quarterly activities report.

Interim Mine Plan

To ensure short term viability of the Dalgaranga operations under Voluntary Administration and to allow the business to continue trading, a short-term interim mine plan (IMP) was developed in June. The IMP focusses on minimising costs from June 2019 to September 2019 by reducing TMM (predominantly waste) whilst maintaining access to sufficient ore in the near term.

Long Term Planning

Geological models for Gilbey's and Golden Wings utilising the Localised Uniform Conditioning (LUC) approach were completed in late June. The final updated Mineral Resource and Mineral Reserve estimates will not be available until a suite of optimised pit shells are completed at different gold prices, allowing new open pit designs and staging to be completed. A final decision will then be made as to which gold price and associated optimised pit shell within which to constrain the Mineral Resource estimate. Final results are expected to be reported in late August.

Mining One consultants, the Voluntary Administrator's appointed technical experts, are closely involved with monitoring and agreeing the inputs and assumptions used throughout the Mineral Resource and Mineral Reserve estimation work, prior to the final results being signed off by the respective Competent Persons.

CEO AND KEY MANAGEMENT CHANGES

Mr Richard Hay has been re-appointed, as of 3 June (Mr Hay resigned as CEO on 31 May), under a new employment agreement as the Company's Chief Executive Officer (Administrators Appointed) (CEO). The key terms and conditions of employment are detailed at the end of this announcement. The new employment arrangements are day rate based, in keeping with the fact that Administration of a company is a temporary, not long term measure.

In addition, the Company has appointed Mr Mike McCracken as Site General Manager of its Dalgara operations reporting directly to Mr Richard Hay (CEO). Mr McCracken is a highly experienced Mining Engineer with over 35 years' experience in hard rock underground and open pit mining. He has a wide range of experience in both operating and technical environments. He is able to provide team leadership focused on the basics of process and developing efficiencies of cost and production from that base. Mike will initially be focussing on building a highly collaborative team-based culture including working very closely with NRW (Mining Contractor) to maximise efficiencies and production, whilst ensuring plant throughput is maximised.

On behalf of
Gascoyne Resources Limited

Eva O'Malley
Company Secretary

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Key terms and conditions of employment for Mr Richard Hay (CEO)

Position	Chief Executive Officer (Administrators Appointed)
Employment status	Casual basis
Reports to	FTI Consulting (As Administrator)
Commencement Date	Back Dated to 3 June 2019
Remuneration	Daily rate of \$1,909.02/per day inclusive of superannuation at the statutory rate (currently 9.5%)
Notice of Termination	4 weeks' written notice
Incentives	\$50,000 cash retention payment, payable if: - the Company elects to terminate employment for convenience by providing written notice prior to 31 December 2019; or - employment continues as at 31 December 2019 and is not subject to a termination notice for serious or wilful misconduct. \$50,000 cash payment, payable if: - the Company is subject to a sale or recapitalisation offer by 31 December 2019 (whether completed or at an unconditional status);