

## DECEMBER QUARTER ACTIVITIES AND LIFE OF MINE PLAN (LOMP) UPDATE

### DALGARANGA GOLD PROJECT:

#### 2019 Full and Half Year Operational Results:

- **20%** improvement in the second half 2019 (H2 2019) vs the first half 2019 (H1 2019) resulted in **61,673oz** produced in Calendar Year 2019 (CY19) (H1 2019: 28,003oz vs H2 2019: **33,670oz**)
- **11%** improvement in H2 tonnes processed for **2,843,783** in CY19 (H1 2019: 1,346,147 vs H2 2019: **1,497,636**);
- **7%** improvement in H2 processed head grade for **0.76g/t** in CY19 (H1 2019: 0.73g/t vs H2 2019: **0.78g/t**);
- **1.1%** improvement in H2 processing recovery for **89.3%** in CY19 (H1 2019: 88.8% vs H2 2019: **89.8%**);

#### December Quarter 2019 Operations:

- **Cutback acceleration** on schedule to expose **Gilbey's Main Zone (GMZ)** in January 2020;
- Acceleration of cutback to continue through to late February 2020 and TSF Lift completed (**c. \$10m invested**);
- Gilbey's pit effectively fully **dewatered**;
- **16,655oz** produced (17,016oz Sep Qtr);
- Record tonnes processed of **760,530** (737,107 Sep Qtr); at
- Processed grade of **0.73g/t** (0.83g/t Sep Qtr);
- Excellent processing recoveries of **93.6%** (86.3% Sep Qtr);
- AISC **A\$1,488** per oz.

#### March Quarter 2020 Guidance:

- Forecast production for the March quarter 2020 is in the range of **18,000oz – 21,000oz**;

#### Gilbey's Main Zone (GMZ):

- Some +300m length, 30-40m wide, continuous, +1.0g/t GMZ ore zone now accessed;
- GMZ is Dalgaranga's highest grade, continuous, wide, +800m long ore zone that remains open at depth;
  - o GMZ represents +90% of remaining Ore Reserves at Dalgaranga;
  - o Less than 10% poorly performing depleted oxide zone ore remaining,
  - o Transitional and fresh ore taking over as dominant feedstock, from end of March Qtr 2020;

#### Reconciliations Improved in H2 2019:

- Reconciliations significantly improved H2 2019 versus H1 2019 (93% vs 72% for ounces).
- LUC model performing significantly better than previous OK model.

#### Updated LOMP:

- Indicates a **7 year** mine life which includes;
  - o Mining (4 years) ending in December Qtr 2023; and
  - o Processing (7 years including low grade stockpiles);
- Total LOMP production target of 476koz<sup>1</sup>;
- LOMP mining waste to ore strip ratio of 3.6 for 3 open pit stages, with stage 3 commencing in March Qtr 2021;
- LOMP remains subject to ongoing optimisation;
  - o Geotechnical 3D Numerical Finite Element Analysis has confirmed wall steepening options;
  - o Options for a Stage 4 open pit to be evaluated;
- CY2020-CY2023 three-year (and LOMP) averages:
  - o Production range of 70-80koz (60-65koz);
  - o All In Cost (AIC) range of \$1,775-\$1,825/oz (\$1,500-\$1,550/oz);
  - o Mining waste to ore strip ratio of 4.7 (3.6);

#### Exploration and Corporate:

- Exploration activities limited to drill site rehabilitation, resource definition and regional drill program design;
- Process for a sale/recapitalisation of the company continued. In the meantime the Voluntary Administrators (Administrators) are continuing to trade the business;
- The Administrators wish to thank all employees, Lenders (Banking Syndicate), NRW Holdings, and all Gascoyne suppliers for their ongoing efforts and support to date.
- Expiry of unquoted employee incentive options.

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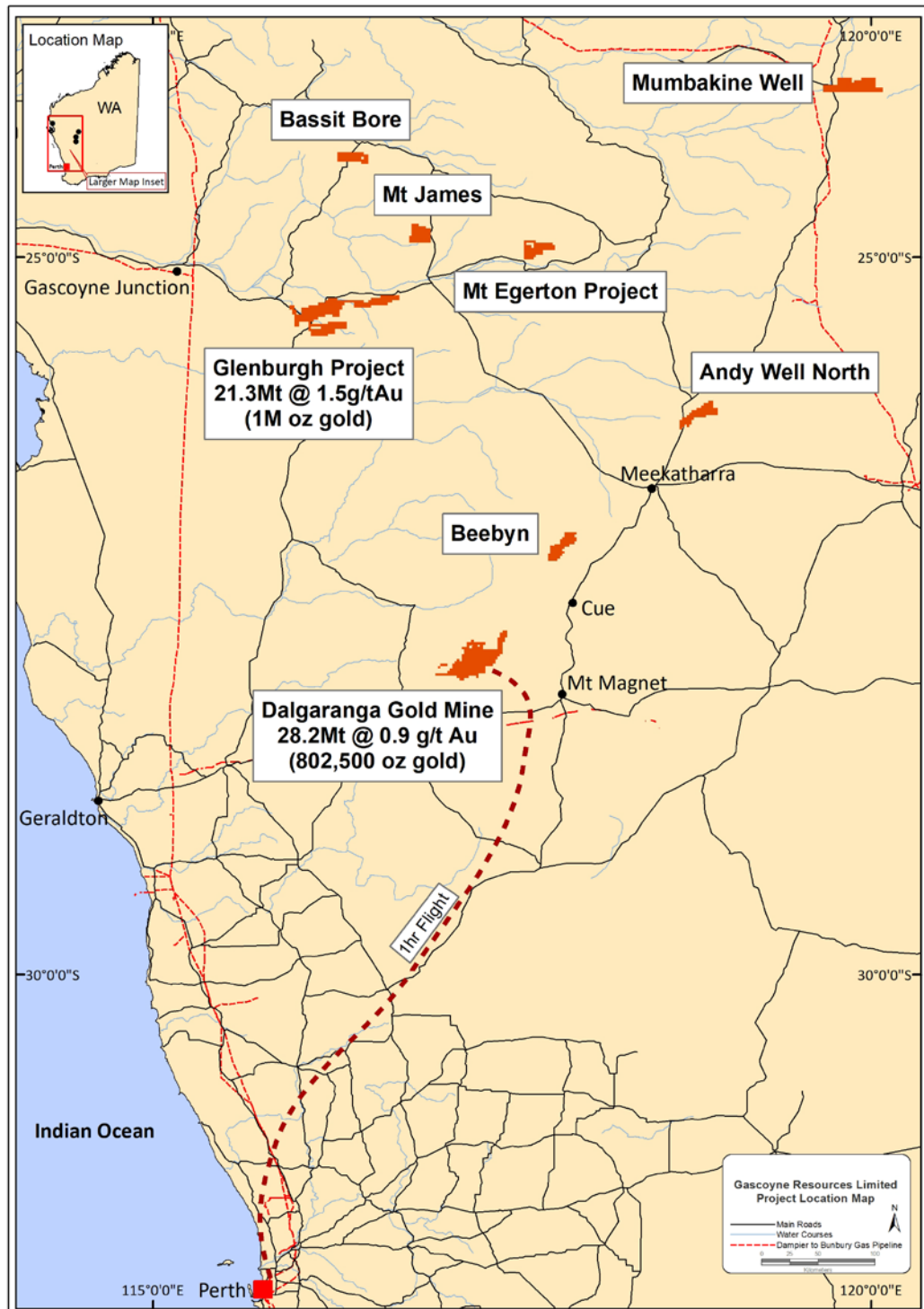
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*This announcement has been authorised for release to the ASX by the Joint and Several Voluntary Administrators of Gascoyne.*

1. Includes 11% Inferred Resources. The material assumptions on which this production target is based and cautionary statements are set out on pages 9-10 of this announcement.



**Figure 1: Gascoyne Resources Project Locations**

### **2019 FULL AND HALF YEAR RESULTS:**

Gascoyne Resources Limited (Administrators Appointed) (Gascoyne or the Company) provides the following update on activities at its 100% owned Dalgaranga operations (Dalgaranga; Figure 1), for the 2019 full year, half year and December quarter.

A **20% production improvement** in H2 2019 saw the full calendar year 2019 (CY19) result in a total of **61,673oz** produced (Table 1) (H1 2019: 28,003oz vs H2 2019: 33,670oz) from a total of 2.84M tonnes processed at a head grade of 0.76g/t and an average recovery of 89.3%.

The **improved second half result** was driven by the processing plant achieving significantly above name plate throughput (2.5Mtpa) with an **11% increase** (H1 2019: 1.35Mt vs H2 2019: 1.50Mt) at a marginally increased (**+7%**) head grade (H1 2019: 0.73g/t vs H2 2019: 0.78g/t) and a **1.1% improvement** to average recovery (H1 2019: 88.8% vs H2 2019: 89.8%) underpinned by an excellent average **recovery of 93.6%** achieved in the December quarter.

The improved second half of 2019 performance has demonstrated that the work undertaken to improve the business (whilst still mining the forecasted less reliable depleted oxide ore of the Gilbey's deposit), has allowed the business to **invest c. \$10m** in the future of the operation by accelerating the cutback to access a substantial length the GMZ by January 2020. As at the time of this announcement, access to +300m length of the GMZ south end had been achieved (Figure 2).



**Figure 2: Showing the +300m length of GMZ ore zone now exposed in the southern end of the Gilbey's pit.**

#### DECEMBER QUARTER 2019 ACTIVITIES:

Excellent progress was made during the quarter against planned targets for the accelerated western Gilbey's cutback with the primary focus of exposing the GMZ south over a +300m length. At the time of this announcement, the cutback had reached the GMZ upper hangingwall contact on the western side of the Gilbey's pit at the 365mRL, as well as the very southern end at the 330mRL (Figure 2). In addition, the GMZ has been exposed at the southern end of the Gilbey's Eastern Cutback (GECB) which is located at the base of the very southern end of the pre-existing pit historically mined by Equigold in the late 1990's (Figure 2). A total of 86kt at 1.17g/t for 3,228 contained ounces (unreconciled) of GMZ ore had been mined and processed in January 2020 (as at 21 January) indicating the strong likelihood of the GMZ to consistently produce substantial tonnages above 1.0g/t in the future.

Production statistics for the December quarter (Table 1) show the steady improvement being made by the Company to deliver consistent results. This is despite the challenges presented by the majority of the ore mined in H2 2019 being sourced from the less reliable oxide peripheral lodes, whilst the cutback acceleration was progressed to provide access to the GMZ from January 2020.

Mining total material movement increased to 3.4M bank cubic metres (BCM) during the quarter (September Qtr 2.8M BCM in) due primarily to the acceleration of the western Stage 1 cutback. An additional 250 tonne excavator, additional trucks and personnel commenced the cutback acceleration in November 2019 and will continue through to late February 2020.

Daily mining production rates averaged around 37,400 BCM for the quarter (~1.2M BCM per month). Focus was on maximising waste mining of the cutback whilst ensuring sufficient quantities of ore mined to keep the processing plant at maximum capacity. In line with this strategy, the Gilbey's pit lake dewatering continued ahead of mining to a point where it will no longer impact mining in the future (Figure 3).

**Table 1: Operational Performance Data**

| Production Summary      | Unit   | CY2019 <sup>(2)</sup> | H1 2019 | H2 2019 | Mar 19 Qtr | Jun 19 Qtr | Sep 19 Qtr | Dec 19 Qtr |
|-------------------------|--------|-----------------------|---------|---------|------------|------------|------------|------------|
| <b>Mining</b>           |        |                       |         |         |            |            |            |            |
| Total material movement | Kbcm   | 15,554                | 9,315   | 6,239   | 4,466      | 4,849      | 2,799      | 3,440      |
| Waste                   | Kbcm   | 13,949                | 8,653   | 5,296   | 4,155      | 4,498      | 2,276      | 3,020      |
| Ore (volume)            | Kbcm   | 1,605                 | 662     | 943     | 310        | 351        | 523        | 420        |
| Ore (tonnage)           | Kt     | 2,983                 | 1,239   | 1,744   | 585        | 655        | 737        | 1,007      |
| Mined grade             | g/t Au | 0.74                  | 0.77    | 0.72    | 0.79       | 0.75       | 0.83       | 0.65       |
| <b>Processing</b>       |        |                       |         |         |            |            |            |            |
| Throughput              | Kt     | 2,948                 | 1,451   | 1,497   | 735        | 716        | 737        | 761        |
| Feed grade              | g/t Au | 0.76                  | 0.74    | 0.78    | 0.70       | 0.77       | 0.83       | 0.73       |
| Recovery                | %      | 89.61                 | 89.15   | 90.01   | 89.7       | 88.7       | 86.5       | 93.6       |
| Recovered gold          | Oz     | 61,870                | 28,200  | 33,670  | 12,414     | 15,787     | 17,016     | 16,654     |
| Poured fine gold        | Oz     | 61,533                | 27,743  | 33,791  | 12,088     | 15,655     | 17,010     | 16,781     |

Note: Discrepancies in totals are a result of rounding

<sup>2</sup> CY refers to calendar year. Mining commenced in March 2018 and ore processing commenced in May 2018.



**Figure 3: Gilbey's Pit Lake Now Effectively Dewatered to a Point Where There Will Be No Impact on Mining (Gilbey's pit looking south)**

Process Plant feed was predominantly supplied from the lower grade Gilbey's footwall lodes (GECB: 47%), Gilbey's Final north end (GFIN: 12%), Gilbey's Stage 1 cutback hangingwall (GST1: 11%) and Golden Wings Pit (GWN: 18%) with only 11% coming from the Gilbey's Main Zone (GMZ). In line with forecasted ore sources, the December quarter was again limited to the availability of small amounts of the wide, continuous and higher grade GMZ. As at the time of this announcement, access to significant and sustainable tonnages of GMZ south ore has been achieved, with forecasted grade to improve from January 2020 onwards.

December quarter **processing recoveries averaged 93.6%**, well above expectations for the quarter as a result of operational improvements implemented. During December 2019, a cyanide and oxygen auto dosing control Cynoprobe system was procured and installed, to be fully commissioned with auto-programming by February 2020. It is expected that this new system will not only ensure the highest possible gold recoveries but will also decrease cyanide consumption.

A lift of the Tailings Storage Facility (TSF) walls was completed by the end of December costing c.\$1.7m increasing tailings storage capacity sufficiently for an additional 12-15 months of ore processing.

Production for the quarter of 16,655oz (17,016oz September quarter) was in line with expectations whilst continuing to mine the poorer performing oxide footwall lodes as the main cutback acceleration progressed to access the GMZ. Positive results were observed in the processing plant from the limited quantities of GMZ ore that was able to be mined and processed during the quarter.

The December quarter **gravity gold recovery averaged 13.6%**. As indicated in the September 2019 quarterly activities report (ASX announcement dated 31 October 2019), the increase in gravity gold recovery was expected to continue in line with the planned quantities of fresh and transitional ore that would be available to be processed. The gravity gold recovery in H1 2019 of 2.3% versus H2 2019 at 13.7% gives further confidence in the original feasibility study metallurgical test work, which identified a range of 30-50% gravity recoverable gold in the GMZ fresh ore.

All in Sustaining Costs decreased to \$1,488/oz (\$2,121 September quarter), primarily due to higher capitalisation of deferred waste stripping costs of \$983/oz (\$26/oz September quarter), as a result of waste:ore strip ratios being above the Life of Mine strip ratios for the quarter. Processing costs remained very low for the quarter at \$11.14 per tonne. Processing plant availability (92%) was in line with the prior quarter (94%). This consistent performance resulted in record quarterly processed tonnes of 760,530 for an equivalent average annual run rate of ~2.9Mt.

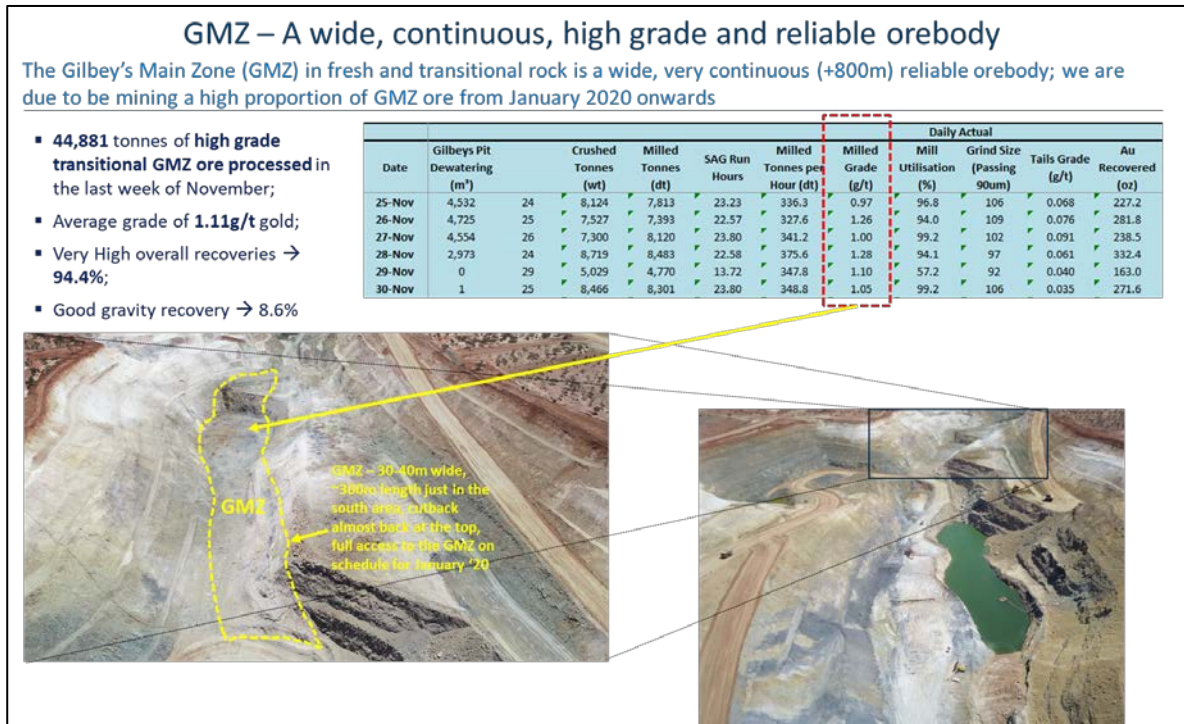
### **MARCH QUARTER GUIDANCE**

Production in the March 2020 quarter is forecasted to contain significantly higher quantities of higher grade GMZ ore (supplemented with high grade ore from the Golden Wings pit) compared with the prior H2 2019. When relatively low quantities of GMZ ore has been mined and processed in the December quarter (Figure 4) it has demonstrably lifted the overall mined and processed grade. As a result, the Company is more confident of improved production results, with a forecast range of **18,000oz to 21,000oz** produced for the March 2020 quarter.

### **GILBEY'S MAIN ZONE (GMZ) – WIDE, CONTINUOUS, HIGH GRADE AND MORE RELIABLE OREBODY**

The GMZ contains +90% of the remaining Ore Reserves (as at 30 November 2019) within the Dalgara operations. Of this, +95% is either transitional rock (harder ore) or fresh rock (hardest ore but importantly not depleted by oxidation processes as experienced in the shallow oxide ore) with fresh rock accounting for +98% of remaining Ore Reserves. Figures 3 and 4 show the GMZ southern zone which is now being accessed with increasing percentages of ore feed over the next 4 months (supplemented by Golden Wings ore) to the end of June 2020, when the GMZ will become sufficiently exposed by mining to be the primary ore source.

To date, limited access to GMZ ore has prevented a prolonged period of testing against the LUC model in transitional and fresh rock. Figure 4 shows the processed grade for the last week in November 2019 where some 45kt of GMZ transitional ore was continuously processed achieving an average grade of **1.11g/t gold** with very high overall recoveries above **94%**. This ore had not been extensively depleted of gold by the ancient groundwater oxidation process, that has been evident in the mining experience to date in the shallow oxidised levels of the Gilbey's pit. It is therefore encouraging and thought to be more representative of the future GMZ ore performance compared to the troublesome depleted oxide ore in the shallow levels. These limited results are in line with past production results achieved from the historical Equigold pit (mined in the late 1990's) mining the same GMZ ore zone.



**Figure 4: Showing the GMZ south end including recent results from a batch of GMZ ore in late November 2019.**

## GEOLOGICAL MODEL RECONCILIATION

Data collected over the December quarter shows that reconciliation between Declared Ore Mined (DOM) versus Grade Control (GC) model was very good (Table 2). The reconciliation of DOM versus the Localised Uniform Conditioning (LUC) recoverable resource (OR) for the quarter was within 10% of ounces at 93%, however the grade comparison was lower (82%). This is a significant improvement when compared with the H1 2019 results of 66% for grade and 72% for ounces

Whilst significant improvements have been achieved, the reconciliations are not as close as required (target of +/- 10%), however it is important to recognise that from July to December 2019, the ore sources mined were predominantly from areas located outside of the GMZ and the large improvement should therefore be viewed as a good result, especially when compared with the H1 2019 reconciliation results (Tables 3 & 4). It is anticipated that sufficient data will be available by the end of April 2020 to give a more reliable indication of how well the GMZ is performing against the LUC model.

**Table 2 – Reconciliation data December Quarter for Gilbey's LUC model Only**

|  <h2 style="text-align: center;">Gilbey's Only Overall Reconciliation LUC</h2> <p style="text-align: center;">&gt;0.5g/t Au</p> |                                                                                        |                |                |               |                                                                            |                |                |               |                                          |                |                |               |                   |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------|----------------|---------------|----------------------------------------------------------------------------|----------------|----------------|---------------|------------------------------------------|----------------|----------------|---------------|-------------------|------------------|
| Period                                                                                                                                                                                                           | DECLARED ORE MINED (DOM)<br>Reconciled Mined - excludes material outside of digblocks. |                |                |               | GRADE CONTROL (GC)<br>Digblocks - constructed using GC model and isoshells |                |                |               | ORE RESERVE (OR)<br>Recoverable Resource |                |                |               | Estimation method | Reported Cut-off |
|                                                                                                                                                                                                                  | Volume (BCM)                                                                           | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                                                               | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                             | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   |                   |                  |
| Oct-19                                                                                                                                                                                                           | 79,122                                                                                 | 174,069        | 0.80           | 4,495         | 75,355                                                                     | 165,782        | 0.92           | 4,928         | 66,425                                   | 146,134        | 1.02           | 4,801         | LUC               | >0.5g/t Au       |
| Nov-19                                                                                                                                                                                                           | 101,766                                                                                | 223,885        | 0.76           | 5,489         | 91,968                                                                     | 202,329        | 0.94           | 6,093         | 83,678                                   | 184,092        | 0.87           | 5,125         | LUC               | >0.5g/t Au       |
| Dec-19                                                                                                                                                                                                           | 89,310                                                                                 | 196,483        | 0.67           | 4,202         | 87,637                                                                     | 192,802        | 0.83           | 5,173         | 89,765                                   | 197,484        | 0.85           | 5,397         | LUC               | >0.5g/t Au       |
| <b>Total</b>                                                                                                                                                                                                     | <b>270,198</b>                                                                         | <b>594,437</b> | <b>0.74</b>    | <b>14,186</b> | <b>254,960</b>                                                             | <b>560,913</b> | <b>0.90</b>    | <b>16,195</b> | <b>239,868</b>                           | <b>527,710</b> | <b>0.90</b>    | <b>15,323</b> |                   |                  |
|  <h2 style="text-align: center;">Metrics</h2>                                                                                   |                                                                                        |                |                |               |                                                                            |                |                |               |                                          |                |                |               |                   |                  |
| Period                                                                                                                                                                                                           | DOM vs. GC                                                                             |                |                |               | GC vs. OR                                                                  |                |                |               | DOM vs. OR                               |                |                |               |                   |                  |
|                                                                                                                                                                                                                  | Volume (BCM)                                                                           | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                                                               | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                             | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   |                   |                  |
| Oct-19                                                                                                                                                                                                           | 105%                                                                                   | 105%           | 87%            | 91%           | 113%                                                                       | 113%           | 90%            | 103%          | 119%                                     | 119%           | 79%            | 94%           |                   |                  |
| Nov-19                                                                                                                                                                                                           | 111%                                                                                   | 111%           | 81%            | 90%           | 110%                                                                       | 110%           | 108%           | 119%          | 122%                                     | 122%           | 88%            | 107%          |                   |                  |
| Dec-19                                                                                                                                                                                                           | 102%                                                                                   | 102%           | 80%            | 81%           | 98%                                                                        | 98%            | 98%            | 96%           | 99%                                      | 99%            | 78%            | 78%           |                   |                  |
| <b>Total</b>                                                                                                                                                                                                     | <b>106%</b>                                                                            | <b>106%</b>    | <b>83%</b>     | <b>88%</b>    | <b>106%</b>                                                                | <b>106%</b>    | <b>99%</b>     | <b>106%</b>   | <b>113%</b>                              | <b>113%</b>    | <b>82%</b>     | <b>93%</b>    |                   |                  |

**Table 3 - Reconciliation data H1 2019 (January – June 2019) for Gilbey's OK model (+ June LUC)**

|  <h2 style="text-align: center;">Gilbey's Only Overall Reconciliation OK + LUC</h2> <p style="text-align: center;">&gt;0.5g/t</p> |                                                                                        |                  |                |               |                                                                                    |                |                |               |                                          |                |                |               |                   |                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------------------|----------------|---------------|------------------------------------------------------------------------------------|----------------|----------------|---------------|------------------------------------------|----------------|----------------|---------------|-------------------|------------------|
| Period                                                                                                                                                                                                              | DECLARED ORE MINED (DOM)<br>Reconciled Mined - excludes material outside of digblocks. |                  |                |               | GRADE CONTROL (GC)<br>Digblocks - constructed using GC model and isoshells (guide) |                |                |               | ORE RESERVE (OR)<br>Recoverable Resource |                |                |               | Estimation method | Reported Cut-off |
|                                                                                                                                                                                                                     | Volume (BCM)                                                                           | Tonnes (t)       | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                                                                       | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                             | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   |                   |                  |
| Jan-19                                                                                                                                                                                                              | 53,427                                                                                 | 117,539          | 0.68           | 2,561         | 38,090                                                                             | 83,799         | 1.13           | 3,055         | 43,996                                   | 96,792         | 1.28           | 3,976         | OK                | 0.5g/t           |
| Feb-19                                                                                                                                                                                                              | 38,625                                                                                 | 84,975           | 0.80           | 2,182         | 40,361                                                                             | 88,795         | 1.20           | 3,415         | 42,223                                   | 92,891         | 1.35           | 4,041         | OK                | 0.5g/t           |
| Mar-19                                                                                                                                                                                                              | 111,882                                                                                | 246,140          | 0.83           | 6,581         | 116,598                                                                            | 256,516        | 1.16           | 9,550         | 88,353                                   | 194,377        | 1.29           | 8,048         | OK                | 0.5g/t           |
| Apr-19                                                                                                                                                                                                              | 72,682                                                                                 | 159,900          | 0.67           | 3,456         | 69,462                                                                             | 152,817        | 0.95           | 4,672         | 76,679                                   | 168,694        | 1.08           | 5,842         | OK                | 0.5g/t           |
| May-19                                                                                                                                                                                                              | 99,170                                                                                 | 218,174          | 0.72           | 5,070         | 91,588                                                                             | 201,493        | 0.96           | 6,207         | 88,065                                   | 193,742        | 1.06           | 6,625         | OK                | 0.3g/t           |
| Jun-19                                                                                                                                                                                                              | 86,823                                                                                 | 191,010          | 0.87           | 5,339         | 77,366                                                                             | 170,206        | 0.92           | 5,053         | 83,790                                   | 184,338        | 1.05           | 6,222         | LUC               | 0.5g/t           |
| <b>Total</b>                                                                                                                                                                                                        | <b>462,608</b>                                                                         | <b>1,017,737</b> | <b>0.77</b>    | <b>25,189</b> | <b>433,466</b>                                                                     | <b>953,626</b> | <b>1.04</b>    | <b>31,953</b> | <b>423,106</b>                           | <b>930,834</b> | <b>1.16</b>    | <b>34,754</b> |                   |                  |
|  <h2 style="text-align: center;">Metrics</h2>                                                                                    |                                                                                        |                  |                |               |                                                                                    |                |                |               |                                          |                |                |               |                   |                  |
| Period                                                                                                                                                                                                              | DOM vs. GC                                                                             |                  |                |               | GC vs. OR                                                                          |                |                |               | DOM vs. OR                               |                |                |               |                   |                  |
|                                                                                                                                                                                                                     | Volume (BCM)                                                                           | Tonnes (t)       | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                                                                       | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                             | Tonnes (t)     | Grade (g/t Au) | Ounces (oz)   |                   |                  |
| Jan-19                                                                                                                                                                                                              | 140%                                                                                   | 140%             | 60%            | 84%           | 87%                                                                                | 87%            | 89%            | 77%           | 121%                                     | 121%           | 53%            | 64%           |                   |                  |
| Feb-19                                                                                                                                                                                                              | 96%                                                                                    | 96%              | 67%            | 64%           | 96%                                                                                | 96%            | 88%            | 85%           | 91%                                      | 91%            | 59%            | 54%           |                   |                  |
| Mar-19                                                                                                                                                                                                              | 96%                                                                                    | 96%              | 72%            | 69%           | 132%                                                                               | 132%           | 90%            | 119%          | 127%                                     | 127%           | 65%            | 82%           |                   |                  |
| Apr-19                                                                                                                                                                                                              | 105%                                                                                   | 105%             | 71%            | 74%           | 91%                                                                                | 91%            | 88%            | 80%           | 95%                                      | 95%            | 62%            | 59%           |                   |                  |
| May-19                                                                                                                                                                                                              | 108%                                                                                   | 108%             | 75%            | 82%           | 104%                                                                               | 104%           | 90%            | 94%           | 113%                                     | 113%           | 68%            | 77%           |                   |                  |
| Jun-19                                                                                                                                                                                                              | 112%                                                                                   | 112%             | 94%            | 106%          | 92%                                                                                | 92%            | 88%            | 81%           | 104%                                     | 104%           | 83%            | 86%           |                   |                  |
| <b>Total</b>                                                                                                                                                                                                        | <b>107%</b>                                                                            | <b>107%</b>      | <b>74%</b>     | <b>79%</b>    | <b>102%</b>                                                                        | <b>102%</b>    | <b>90%</b>     | <b>92%</b>    | <b>109%</b>                              | <b>109%</b>    | <b>66%</b>     | <b>72%</b>    |                   |                  |

**Table 4 - Reconciliation data July - December 2019 for Gilbey's LUC model only**

|  <div> <b>Gilbey's Only Overall Reconciliation LUC</b><br/> &gt;0.5g/t Au </div> |                                                                                        |                  |                |               |                                                                            |                  |                |               |                                          |                  |                |               |                   |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------------------|----------------|---------------|----------------------------------------------------------------------------|------------------|----------------|---------------|------------------------------------------|------------------|----------------|---------------|-------------------|------------------|
| Period                                                                                                                                                            | DECLARED ORE MINED (DOM)<br>Reconciled Mined - excludes material outside of digblocks. |                  |                |               | GRADE CONTROL (GC)<br>Digblocks - constructed using GC model and isoshells |                  |                |               | ORE RESERVE (OR)<br>Recoverable Resource |                  |                |               | Estimation method | Reported Cut-off |
|                                                                                                                                                                   | Volume (BCM)                                                                           | Tonnes (t)       | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                                                               | Tonnes (t)       | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                             | Tonnes (t)       | Grade (g/t Au) | Ounces (oz)   |                   |                  |
| Jul-19                                                                                                                                                            | 101,101                                                                                | 222,421          | 0.88           | 6,267         | 95,212                                                                     | 209,467          | 0.93           | 6,250         | 76,079                                   | 167,373          | 1.06           | 5,710         | LUC               | >0.5g/t Au       |
| Aug-19                                                                                                                                                            | 114,398                                                                                | 251,675          | 0.77           | 6,244         | 109,789                                                                    | 241,536          | 0.93           | 7,250         | 96,568                                   | 212,449          | 1.00           | 6,825         | LUC               | >0.5g/t Au       |
| Sep-19                                                                                                                                                            | 78,509                                                                                 | 172,720          | 0.89           | 4,934         | 75,769                                                                     | 166,691          | 0.95           | 5,074         | 80,023                                   | 176,050          | 1.02           | 5,749         | LUC               | >0.5g/t Au       |
| Oct-19                                                                                                                                                            | 79,122                                                                                 | 174,069          | 0.80           | 4,495         | 75,355                                                                     | 165,782          | 0.92           | 4,928         | 66,425                                   | 146,134          | 1.02           | 4,801         | LUC               | >0.5g/t Au       |
| Nov-19                                                                                                                                                            | 101,766                                                                                | 223,885          | 0.76           | 5,489         | 91,968                                                                     | 202,329          | 0.94           | 6,093         | 83,678                                   | 184,092          | 0.87           | 5,125         | LUC               | >0.5g/t Au       |
| Dec-19                                                                                                                                                            | 89,310                                                                                 | 196,483          | 0.67           | 4,202         | 87,637                                                                     | 192,802          | 0.83           | 5,173         | 89,765                                   | 197,484          | 0.85           | 5,397         | LUC               | >0.5g/t Au       |
| <b>Total</b>                                                                                                                                                      | <b>564,206</b>                                                                         | <b>1,241,252</b> | <b>0.79</b>    | <b>31,631</b> | <b>535,730</b>                                                             | <b>1,178,607</b> | <b>0.92</b>    | <b>34,768</b> | <b>492,537</b>                           | <b>1,083,582</b> | <b>0.96</b>    | <b>33,607</b> |                   |                  |
|  <div> <b>Metrics</b> </div>                                                     |                                                                                        |                  |                |               |                                                                            |                  |                |               |                                          |                  |                |               |                   |                  |
| Period                                                                                                                                                            | DOM vs. GC                                                                             |                  |                |               | GC vs. OR                                                                  |                  |                |               | DOM vs. OR                               |                  |                |               |                   |                  |
|                                                                                                                                                                   | Volume (BCM)                                                                           | Tonnes (t)       | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                                                               | Tonnes (t)       | Grade (g/t Au) | Ounces (oz)   | Volume (BCM)                             | Tonnes (t)       | Grade (g/t Au) | Ounces (oz)   |                   |                  |
| Jul-19                                                                                                                                                            | 106%                                                                                   | 106%             | 94%            | 100%          | 125%                                                                       | 125%             | 87%            | 109%          | 133%                                     | 133%             | 83%            | 110%          |                   |                  |
| Aug-19                                                                                                                                                            | 104%                                                                                   | 104%             | 83%            | 86%           | 114%                                                                       | 114%             | 93%            | 106%          | 118%                                     | 118%             | 77%            | 91%           |                   |                  |
| Sep-19                                                                                                                                                            | 104%                                                                                   | 104%             | 94%            | 97%           | 95%                                                                        | 95%              | 93%            | 88%           | 98%                                      | 98%              | 87%            | 86%           |                   |                  |
| Oct-19                                                                                                                                                            | 105%                                                                                   | 105%             | 87%            | 91%           | 113%                                                                       | 113%             | 90%            | 103%          | 119%                                     | 119%             | 79%            | 94%           |                   |                  |
| Nov-19                                                                                                                                                            | 111%                                                                                   | 111%             | 81%            | 90%           | 110%                                                                       | 110%             | 108%           | 119%          | 122%                                     | 122%             | 88%            | 107%          |                   |                  |
| Dec-19                                                                                                                                                            | 102%                                                                                   | 102%             | 80%            | 81%           | 98%                                                                        | 98%              | 98%            | 96%           | 99%                                      | 99%              | 78%            | 78%           |                   |                  |
| <b>Total</b>                                                                                                                                                      | <b>105%</b>                                                                            | <b>105%</b>      | <b>86%</b>     | <b>91%</b>    | <b>109%</b>                                                                | <b>109%</b>      | <b>95%</b>     | <b>103%</b>   | <b>115%</b>                              | <b>115%</b>      | <b>82%</b>     | <b>94%</b>    |                   |                  |

Note: Discrepancies in totals are a result of rounding

## UPDATED LIFE OF MINE PLAN

The Company has completed an updated Life of Mine Plan (LOMP) for its 100% owned Dalgara operations. The Ore Reserve and Mineral Resource estimates underpinning the updated LOMP (refer Table 5 and Table 6) have been prepared by competent persons in accordance with the requirements in the JORC Code 2012. Results and assumptions underpinning the LOMP production targets are summarised below.

During October 2019, the Company commissioned Mining One Consultants (Mining One) to conduct a 3-Dimensional Numerical Finite Element Geotechnical Analysis of the Gilbey's pit to determine if an opportunity exists to steepen the Stage 3 final pit walls, whilst ensuring that a factor of safety (FOS) of at least 1.3 can be maintained throughout the life of the open pit.

The results indicated that the overall slope angle (OSA) of the final pit wall could be safely steepened, subject to maintaining high quality blasting practices and ensuring pit walls are effectively depressurised, remaining dry through effective dewatering in advance of mining.

As a result, Mining One then completed a comprehensive re-run of optimised open pit shells using Whittle™ software to be used as a guide for a complete re-design of Stages 1, 2 and 3 pits. Redesign pits identified a material reduction in waste rock required to be moved, versus the previous mine design, to access the ore at deeper levels. Updated mining and processing schedules have been developed indicating a 7 year operational mine life, comprising 4 years of open pit mining followed by 3 years processing low grade stockpiles.

The updated LOMP consists of 3 open pit stages (Stage 1 currently being mined, with Stage 2 cutback currently underway). Stage 3 cutback is due to commence in March quarter 2021. A low overall waste to ore mining strip ratio of 3.6 has improved the project economics particularly in the first 2 years.

## Opportunity to reduce LOMP mining cost in first three years, by safely steepening the stage 3 pit walls, supported by 3D geotechnical numerical modelling analysis

Major mine design physical improvement has been identified, underpinned by comprehensive technical work

- Mining One finite element analysis (FEA) study supports favourable pit slope and ramp design, removing c. 9.0 BCM of waste movement from Stage 3 of the LOMP, saving c.\$56m cost;
- Findings supported by historical Equigold actual pit slopes, which remain competent after 19 years;

Options available to maximise near term cashflow by deferring commencement of Stage 3

- LOMP Stage 1 & 2 maximises near term cashflow;
- LOMP Stage 1, 2 & 3 mining plan produces maximum mine life, cashflows and NPV;
- The decision to progress Stage 3 mining can be deferred to January 2021;
- Potential for a Stage 4 pit, still to be evaluated.

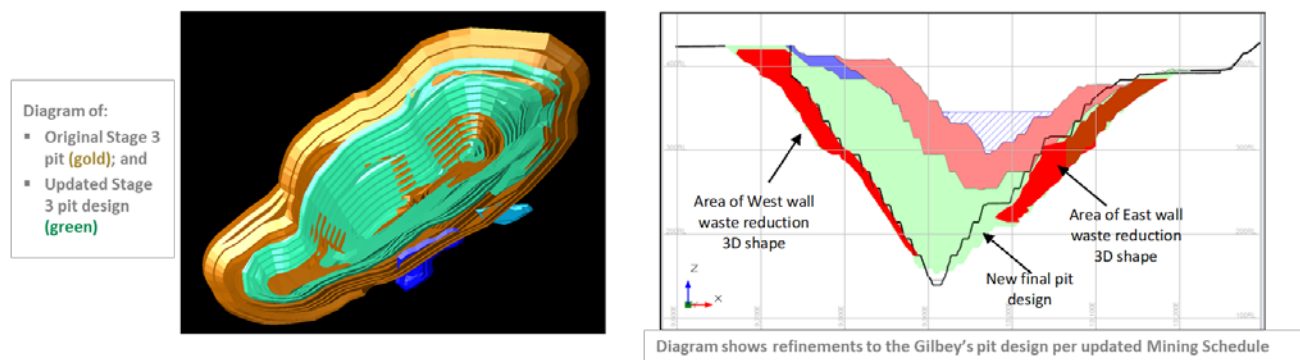


Figure 4: Showing updated LOMP pit designs, area of waste rock reduction and basis for wall steepening.

## MATERIAL ASSUMPTIONS FOR LOMP PRODUCTION TARGETS

The following material assumptions apply to the LOMP production targets.

- **100% of the Proved and Probable Ore Reserves** totalling 16.9M tonnes at 0.9g/t for 501.8koz of gold (see Table 6 and ASX announcement dated 3 October 2019) has underpinned the production target;
- The same inputs, modifying factors and costs to produce the Ore Reserve estimate have been applied to estimate the LOMP production targets;
- **An additional 11% of the Inferred Mineral Resource** totalling 0.8M tonnes at 0.82g/t for 20,834oz of gold was used to underpin the LOMP production targets (7.2Mt) (see ASX announcement dated 28 August 2019);
- The **Inferred Mineral Resource** used in this production target is located **entirely** within the Ore Reserve estimate final pit design;
  - *There is a low level of geological confidence associated with **Inferred Mineral Resources** and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised;*
- **NO** exploration targets have been used in the LOMP production targets;
- Processing throughput and gold recoveries are based on results achieved over the last 18 months of operational data; and
- All estimates of future costs for mining, processing, general/administration and capital costs are based on 18 months of operational data projected forward over the LOMP;

Inferred Mineral Resources cannot be considered for conversion to Ore Reserves (JORC Code 2012) and therefore carries a higher risk of accuracy, however, the low quantity (only 11% of the total 7.2Mt) of Inferred Mineral Resource tonnes used for the LOMP production target is located in the hangingwall mineralised structure contained entirely within the Ore Reserve estimate pit design. Of note, the Inferred Mineral Resource mineralised structure is currently being successfully mined as ore, located outside of Ore Reserves. This can occur based on new grade control drilling results as mining progresses deeper bench by bench. This fact gives strong support that a large proportion of Inferred Mineral Resource material will be mined as ore above a 0.3g/t cutoff grade, but will likely never be converted to Ore Reserves due to the very short time frame between grade control drilling and mining (approximately 3-6 months).

The LOMP remains subject to ongoing optimisation, including longer term options for a Stage 4 open pit which is yet to be evaluated. The prospects of a Stage 4 will likely be further enhanced by successful infill resource definition drilling in the southern end of the pit.

## PRODUCTION TARGETS

Production targets for the **next 3 years** in CY2020-CY2023 are as follows:

Production range of 70-80koz of gold with an All In Cost (AIC) range of \$1,775-\$1,825/oz. The mining strip ratio in the first 3 years at 4.7 is slightly higher than the overall strip ratio (3.6) reflecting the higher waste rock movement of the cutbacks associated with Stages 2 and 3. **Importantly, the GMZ represents 30-40% of production from January 2020 increasing to +80% by June 2020.**

Full LOMP production range over the 7 years is lower than the first 3 years, estimated as 60-65koz of gold, primarily driven by lower production in the last 3 years when processing low grade stockpiles, with an AIC range of \$1,500-\$1,550/oz. The overall strip ratio is estimated at 3.6. The total 7 year LOMP production target is 476koz.

## Revenue Protection

To protect the short-term viability of the Dalgaranga operations under Voluntary Administration, the Administrators purchased short term put options during the quarter to protect revenue from the majority of gold production over the period from 20 December 2019 to 30 April 2020 (put options for 1 October to 20 December now expired). A strike price of A\$2,050 per ounce was secured over 14,600oz between 20 December 2019 and 28 February 2020 (at 1,400oz per week). Due to the extended period of the sale/recapitalisation process, the Administrators purchased further put options at an exercise price of A\$2,000 per ounce for the period between 1 March 2020 and 1 May 2020 (again at 1,400oz per week) for an additional 12,600oz.

## EXPLORATION AND CORPORATE

### Exploration

Exploration activities for the quarter were limited to rehabilitation of drill sites in the field and the generation of resource definition drill programs to extend the mine life of the Dalgaranga mine in addition to geochemistry survey plans and drill programs to test the regional exploration tenements surrounding the Dalgaranga mine. Details of the expenditure incurred on these activities is set out in the Appendix 5B accompanying this announcement.

### Voluntary Administration Update

The dual track process for a recapitalisation or sale continued. In the meantime the Administrators continued to trade the business. Discussions with all stakeholders to determine the optimal course of action have continued.

The Administrators wish to thank all employees, Lenders (Banking Syndicate), NRW Holdings, and all Gascoyne suppliers for their ongoing efforts and support to date.

### Expiry of Unquoted Employee Incentive Options

The Company advises the expiry of 7,850,000 unquoted employee incentive options exercisable at \$0.53 on 16 December 2019.

Following the expiry of these options the Company has the following capital structure:

#### Quoted Securities

1,004,864,955 fully paid ordinary shares (ASX: GCY)

#### Unquoted Securities

3,800,000 employee incentive options exercisable at \$0.38 expiring on 7 Oct 2021

## Mining Tenements held at 31<sup>st</sup> December 2019

(All the company's tenements are within Western Australia)

| Tenement                 | Location         | Name        | Ownership               |
|--------------------------|------------------|-------------|-------------------------|
| ELA09/2352               | Gascoyne Region  | Bassit Bore | 100% Gascoyne Resources |
| EL21/195                 | Murchison Region | Dalgaranga  | 80% Gascoyne Resources  |
| EL59/1709                | Murchison Region | Dalgaranga  | 80% Gascoyne Resources  |
| EL59/1904                | Murchison Region | Dalgaranga  | 80% Gascoyne Resources  |
| EL59/1906                | Murchison Region | Dalgaranga  | 80% Gascoyne Resources  |
| L59/141                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| L59/142                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| L59/151                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| L59/152                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| L59/153                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| L59/167                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| L59/168                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| L59/169                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| L59/170                  | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| ML59/749                 | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| EL59/2150                | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| EL59/2053                | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| EL59/2289                | Murchison Region | Dalgaranga  | 100% Gascoyne Resources |
| EL52/3531                | Pilbara Region   | Elphin Bore | 100% Gascoyne Resources |
| EL09/1325                | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| EL09/1764                | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| EL09/1865                | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| EL09/1866                | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| EL09/2025                | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| EL09/2148                | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| L09/56                   | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| L09/62                   | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| ML09/148                 | Gascoyne Region  | Glenburgh   | 100% Gascoyne Resources |
| EL51/1648 <sup>(1)</sup> | Murchison Region | Murchison   | 100% Gascoyne Resources |
| EL51/1681                | Murchison Region | Murchison   | 100% Gascoyne Resources |
| EL52/2117                | Gascoyne Region  | Mt Egerton  | 100% Gascoyne Resources |
| EL52/2515                | Gascoyne Region  | Mt Egerton  | 100% Gascoyne Resources |
| EL52/3574                | Gascoyne Region  | Mt Egerton  | 100% Gascoyne Resources |
| ML52/343                 | Gascoyne Region  | Mt Egerton  | 100% Gascoyne Resources |
| ML52/567                 | Gascoyne Region  | Mt Egerton  | 100% Gascoyne Resources |
| EL52/3490                | Gascoyne Region  | Mt James    | 100% Gascoyne Resources |

All the company's tenements are within Western Australia

(1) Doray Minerals Limited (ASX:DRM) earning into the project

### Abbreviations and Definitions used in Tenement Schedule:

|    |                     |     |                                 |
|----|---------------------|-----|---------------------------------|
| EL | Exploration Licence | ELA | Exploration Licence Application |
| ML | Mining Lease        | L   | Miscellaneous Licence           |

## BACKGROUND ON GASCOYNE RESOURCES

Gascoyne Resources Limited was listed on the ASX in December 2009 and is focused on exploration, development and production of a number of gold projects in Western Australia. The Company's 100% owned gold projects combined have over **1.8 million ounces of contained gold on granted Mining Leases**:

### DALGARANGA:

The Dalgaranga Gold Project (DGP) is located approximately 65km by road NW of Mt Magnet in the Murchison gold mining region of Western Australia and covers the majority of the Dalgaranga greenstone belt (Refer figure 1). After discovery in the early 1990's, the project was developed and from 1996 to 2000 produced 229,000 oz's of gold with reported cash costs of less than \$350/oz.

The Feasibility Study (FS) completed on the DGP in November 2016 highlighted a robust development case for the Project based on the development of two open pits feeding a 2.5 Mtpa processing facility resulting in production of around 100,000 ozpa for 6 years. As a result of the FS, the Company progressed through the funding, development and construction phases for the Project. Construction was completed ahead of schedule and under budget, with first gold poured in late May 2018.

Poor reconciliation results against the original Mineral Resource model in the first 12 months of production, resulted in a requirement to update the Mineral Resource and Ore Reserve estimates targeting a greater reliability of prediction of future performance.

An updated Mineral Resource was completed in August 2019 with the Dalgaranga Gold Project Mineral Resource containing 28.2Mt @ 0.9 g/t gold for 802,500oz of gold (ASX Announcement 28 August 2019). Refer table 5.

An updated Ore Reserve Estimate was completed in October 2019 with the Dalgaranga Gold Project Ore Reserve containing 16.9Mt at 0.9 g/t for 502koz of contained gold (ASX Announcement 3 October 2019). Refer table 6.

Significant exploration potential remains at Dalgaranga within the Company's extensive tenement holdings.

**Table 5 : Dalgaranga Gold Project**

#### 30 June 2019 Summary Mineral Resource Statement

| Classification       | Mt          | Au g/t      | Au koz       |
|----------------------|-------------|-------------|--------------|
| Measured             | 1.6         | 0.91        | 45.5         |
| Indicated            | 19.4        | 0.90        | 560.1        |
| Measured + Indicated | 21.0        | 0.90        | 605.7        |
| Inferred             | 7.2         | 0.85        | 196.8        |
| <b>TOTAL</b>         | <b>28.2</b> | <b>0.89</b> | <b>802.5</b> |

Note: Discrepancies in totals are a result of rounding

**Table 6 : Dalgaranga Gold Project**

#### 30 June 2019 Summary Ore Reserve Statement

| Classification | Oxidation state | COG (g/t Au) | Mt          | Au g/t     | Au koz       |
|----------------|-----------------|--------------|-------------|------------|--------------|
| Proved         | Oxide           | 0.25         | 0.1         | 1.1        | 4.1          |
|                | Transition      | 0.30         | 0.4         | 0.9        | 11.0         |
|                | Fresh           | 0.32         | 0.9         | 0.8        | 22.4         |
|                | Stockpiles      | 0.25         | 0.0         | 0.5        | 2.6          |
|                | Gold In circuit |              |             |            | 1.3          |
|                | <b>SUBTOTAL</b> |              | <b>1.4</b>  | <b>0.9</b> | <b>41.4</b>  |
| Probable       | Oxide           | 0.25         | 0.7         | 0.8        | 19.2         |
|                | Transition      | 0.30         | 1.1         | 0.9        | 31.9         |
|                | Fresh           | 0.32         | 13.7        | 0.9        | 409.2        |
|                | <b>SUBTOTAL</b> |              | <b>15.5</b> | <b>0.9</b> | <b>460.4</b> |
| <b>Total</b>   |                 |              | <b>16.9</b> | <b>0.9</b> | <b>501.8</b> |

## GLENBURGH:

The Glenburgh Project in the Gascoyne region of Western Australia, has a Mineral Resource estimate of: **21.3Mt @ 1.5 g/t Au for 1.0 million oz gold** from several prospects within a 20km long shear zone (see Table 7).

A preliminary feasibility study on the project has been completed (ASX announcement 5 August 2013) that showed a viable project exists, with a production target of 4.9 Mt @ 2.0 g/t for 316,000 oz (underpinned by 70% Indicated Mineral Resources and 30% Inferred Mineral Resources) within 12 open pits and one underground operation. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The study showed attractive all in operating costs of under A\$1,000/oz and indicated a strong return with an operating surplus of ~ A\$160M over the 4+ year operation. The study included approximately 40,000m of resource drilling, metallurgical drilling and test work, geotechnical, hydro geological and environmental assessments. Importantly the study has not included the drilling completed during 2013, which intersected significant shallow high-grade zones at a number of the known deposits.

**Table 7: Glenburgh Deposits - Area Summary**

### Mineral Resource Estimate (0.5 g/t Au Cut-off)

| Area         | Measured   |            |                | Indicated  |            |                | Inferred    |            |                | Total       |            |                  |
|--------------|------------|------------|----------------|------------|------------|----------------|-------------|------------|----------------|-------------|------------|------------------|
|              | Tonnes     | Au         | Au             | Tonnes     | Au         | Au             | Tonnes      | Au         | Au             | Tonnes      | Au         | Au               |
|              | Mt         | g/t        | Oz             | Mt         | g/t        | Oz             | Mt          | g/t        | Oz             | Mt          | g/t        | Oz               |
| North East   | 0.2        | 4.0        | 31,000         | 1.4        | 2.1        | 94,000         | 3.3         | 1.7        | 178,000        | 4.9         | 1.9        | 303,000          |
| Central      | 2.6        | 1.8        | 150,000        | 3.2        | 1.3        | 137,000        | 8.4         | 1.2        | 329,000        | 14.2        | 1.3        | 616,000          |
| South West   |            |            |                |            |            |                | 2.2         | 1.2        | 84,000         | 2.2         | 1.2        | 84,000           |
| <b>Total</b> | <b>2.9</b> | <b>2.0</b> | <b>181,000</b> | <b>4.6</b> | <b>1.6</b> | <b>231,000</b> | <b>13.9</b> | <b>1.3</b> | <b>591,000</b> | <b>21.3</b> | <b>1.5</b> | <b>1,003,000</b> |

Note: Discrepancies in totals are a result of rounding

## EGERTON:

The project includes the high-grade Hibernian deposit and the high-grade Gaffney's Find prospect, which lie on granted mining leases. Previous drilling includes high grade intercepts, **14m @ 71.7 g/t gold, 34m @ 14.8 g/t gold, 8m @ 11.4 g/t gold, 2m @ 147.0 g/t gold, and 5m @ 96.7 g/t gold** associated with quartz veining in shallow south-west plunging shoots. The Hibernian deposit has only been drill tested to 70m below surface and there is strong potential to expand the deposit with drilling testing deeper extensions to known shoots and targeting new shoot positions. Extensions to mineralised trends and new regional targets will be tested with Air core during drilling campaigns.

Further information is available at [www.gascoyneresources.com.au](http://www.gascoyneresources.com.au)

## Competent Persons Statement

The Mineral Resources for the Gilbey's, Gilbey's South, Plymouth, and Sly Fox gold deposits at the Dalgara project has been compiled under the supervision of Mr Michael Job and Mr Michael Millad. Mr Michael Job is a Principal Geologist/Geostatistician at Cube Consulting Pty Ltd and a Fellow in good standing of the Australian Institute of Mining and Metallurgy. Mr Michael Millad is a Director and Principal Geologist/Geostatistician at Cube Consulting Pty Ltd, and a Member in good standing of the Australian Institute of Geoscientists. Both Mr Job and Mr Millad have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that was undertaken to qualify as a Competent Persons, as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC Code 2012 Edition)'. Mr Michael Job and Mr Michael Millad consent to the inclusion of the data in the form and context in which it appears (see ASX announcement dated 28 August 2019).

The Mineral Resource for the Golden Wings gold deposit at the Dalgara project has been compiled by Mr Scott Dunham, a Competent Person who is a Fellow of The Australia Institute of Mining and Metallurgy and an employee of SD2 Pty Ltd. Mr Dunham has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that was undertaken to qualify as a Competent Persons, as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC Code 2012 Edition)' (see ASX announcement dated 28 August 2019).

The Ore Reserves for the Gilbey's, Gilbey's South, Sly Fox and Golden Wings gold deposits at the Dalgara project has been compiled under the supervision of Mr. Neil Rauert. Mr. Neil Rauert is a Senior Mining Engineer and full-time employee of Gascoyne Resources and a Fellow in good standing of the Australian Institute of Mining and Metallurgy. Mr. Neil Rauert has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that was undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The Joint Ore Reserves Committee Code – JORC Code 2012 Edition). Mr. Neil Rauert consents to the inclusion of the data in the form and context in which it appears. (see ASX announcement dated 3 October 2019).

Information in this announcement relating to the Dalgara project is based on data compiled by Gascoyne's Chief Geologist Mr Julian Goldsworthy who is a member of The Australasian Institute of Mining and Metallurgy. Mr Goldsworthy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Goldsworthy consents to the inclusion of the data in the form and context in which it appears.

The Glenburgh Mineral Resources have been estimated by RungePincockMinarco Limited, an external consultancy, and are reported under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (see ASX announcement dated 24 July 2014 titled "High Grade Domains Identified Within Updated Glenburgh Gold Mineral Resource"). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement 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 materially modified from the original market announcements.

The Glenburgh 2004 JORC resource (see ASX announcement dated 29 April 2013) which formed the basis for the preliminary Feasibility Study was classified as Indicated and Inferred and as a result, is not sufficiently defined to allow conversion to an ore reserve; the financial analysis in the preliminary Feasibility Study is conceptual in nature and should not be used as a guide for investment. It is uncertain if additional exploration will allow conversion of the Inferred resource to a higher confidence resource (Indicated or Measured) and hence if a reserve could be determined for the project in the future. Production targets referred to in the preliminary Feasibility Study and in this report are conceptual in nature and include areas where there has been insufficient exploration to define an Indicated mineral resource. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. This information was prepared and first disclosed under the JORC Code 2004, the resource has now been updated to conform to the JORC 2012 guidelines. This new JORC 2012 resource, reported above, will form the basis for any future studies.

The Mt Egerton drill intersections referred to in this announcement were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Information in this announcement relating to the Mt Egerton Gold Project is based on data compiled by Gascoyne's Chief Geologist Mr Julian Goldsworthy who is a member of The Australasian Institute of Mining and Metallurgy. Mr Goldsworthy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Goldsworthy consents to the inclusion of the data in the form and context in which it appears.

The Company confirms it is not aware of any new information or data that materially affects the information included in the above referenced ASX announcements and that all material assumptions and technical parameters underpinning the estimates in these ASX announcements continue to apply and have not materially changed.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

|                                   |                                          |
|-----------------------------------|------------------------------------------|
| <b>Name of entity</b>             |                                          |
| <b>Gascoyne Resources Limited</b> |                                          |
| <b>ABN</b>                        | <b>Quarter ended ("current quarter")</b> |
| <b>57 139 522 900</b>             | <b>31 December 2019</b>                  |

| <b>Consolidated statement of cash flows</b> |                                                       | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---------------------------------------------|-------------------------------------------------------|------------------------------------|------------------------------------------------|
| <b>1.</b>                                   | <b>Cash flows from operating activities</b>           |                                    |                                                |
| 1.1                                         | Receipts from customers                               | 36,960                             | 72,157                                         |
| 1.2                                         | Payments for                                          |                                    |                                                |
|                                             | (a) exploration and evaluation                        | -                                  | -                                              |
|                                             | (b) development                                       | -                                  | -                                              |
|                                             | (c) production                                        | (22,081)                           | (53,998)                                       |
|                                             | (d) staff costs                                       | (586)                              | (1,063)                                        |
|                                             | (e) administration and corporate costs                | (1,471)                            | (3,210)                                        |
| 1.3                                         | Dividends received (see note 3)                       | -                                  | -                                              |
| 1.4                                         | Interest received                                     | -                                  | 14                                             |
| 1.5                                         | Interest and other costs of finance paid              | (106)                              | (252)                                          |
| 1.6                                         | Income taxes paid                                     | -                                  | -                                              |
| 1.7                                         | Research and development refunds                      | -                                  | -                                              |
| 1.8                                         | Other (includes royalties and hedge settlements)      | (760)                              | (1,482)                                        |
| <b>1.9</b>                                  | <b>Net cash from / (used in) operating activities</b> | <b>11,956</b>                      | <b>12,166</b>                                  |

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

|            |                                                                    |                 |                 |
|------------|--------------------------------------------------------------------|-----------------|-----------------|
| <b>2.</b>  | <b>Cash flows from investing activities</b>                        |                 |                 |
| 2.1        | Payments to acquire:                                               |                 |                 |
|            | (a) property, plant and equipment                                  | (2,239)         | (2,305)         |
|            | (b) tenements (see item 10)                                        | -               | -               |
|            | (c) investments                                                    | -               | -               |
|            | (d) other non-current assets                                       | -               | -               |
| 2.2        | Proceeds from the disposal of:                                     |                 |                 |
|            | (a) property, plant and equipment                                  | -               | -               |
|            | (b) tenements (see item 10)                                        | -               | -               |
|            | (c) investments                                                    | -               | -               |
|            | (d) other non-current assets                                       | -               | -               |
| 2.3        | Cash flows from loans to other entities                            | -               | -               |
| 2.4        | Dividends received (see note 3)                                    | -               | -               |
| 2.5        | Other (provide details if material)                                |                 |                 |
|            | - Exploration and evaluation expenditure                           | (286)           | (568)           |
|            | - Expenditure on mine properties/mine properties under development | (16,719)        | (17,187)        |
| <b>2.6</b> | <b>Net cash from / (used in) investing activities</b>              | <b>(19,244)</b> | <b>(20,060)</b> |

|             |                                                                             |              |                 |
|-------------|-----------------------------------------------------------------------------|--------------|-----------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>                                 |              |                 |
| 3.1         | Proceeds from issues of shares                                              | -            | -               |
| 3.2         | Proceeds from issue of convertible notes                                    | -            | -               |
| 3.3         | Proceeds from exercise of share options                                     | -            | -               |
| 3.4         | Transaction costs related to issues of shares, convertible notes or options | -            | -               |
| 3.5         | Proceeds from borrowings                                                    | -            | -               |
| 3.6         | Repayment of borrowings                                                     | (593)        | (13,425)        |
| 3.7         | Transaction costs related to loans and borrowings                           | -            | -               |
| 3.8         | Dividends paid                                                              | -            | -               |
| 3.9         | Other (provide details if material)                                         | -            | -               |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                       | <b>(593)</b> | <b>(13,425)</b> |

## Mining exploration entity and oil and gas exploration entity quarterly report

|            |                                                                              |                |                |
|------------|------------------------------------------------------------------------------|----------------|----------------|
| <b>4.</b>  | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |                |                |
| 4.1        | Cash and cash equivalents at beginning of period                             | <b>3,290</b>   | <b>16,728</b>  |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | 11,956         | 12,166         |
| 4.3        | Net cash from / (used in) investing activities (item 2.6 above)              | (19,244)       | (20,060)       |
| 4.4        | Net cash from / (used in) financing activities (item 3.10 above)             | (593)          | (13,425)       |
| 4.5        | Effect of movement in exchange rates on cash held                            | -              | -              |
| <b>4.6</b> | <b>Cash and cash equivalents at end of period*</b>                           | <b>(4,591)</b> | <b>(4,591)</b> |

|                                                                                       |                                                                                                                                                                             |                                    |                                     |
|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|
| <b>5.</b>                                                                             | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
| 5.1                                                                                   | Bank balances                                                                                                                                                               | 5                                  | 3,290                               |
| 5.2                                                                                   | Call deposits                                                                                                                                                               | -                                  | -                                   |
| 5.3                                                                                   | Bank overdrafts*                                                                                                                                                            | (4,596)                            | -                                   |
| 5.4                                                                                   | Other (provide details)                                                                                                                                                     | -                                  | -                                   |
| <b>5.5</b>                                                                            | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                                                                            | <b>(4,591)</b>                     | <b>3,290</b>                        |
| *Bank overdrafts does not include bullion on hand of 1,965oz at fair value ~\$4,413k. |                                                                                                                                                                             |                                    |                                     |

|                                                                                                                                                                                                                                                                                                              |                                                                                                      |                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------|
| <b>6.</b>                                                                                                                                                                                                                                                                                                    | <b>Payments to directors of the entity and their associates</b>                                      | <b>Current quarter<br/>\$A'000</b> |
| 6.1                                                                                                                                                                                                                                                                                                          | Aggregate amount of payments to these parties included in item 1.2                                   | -*                                 |
| 6.2                                                                                                                                                                                                                                                                                                          | Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 6.3                                                                                                                                                                                                                                                                                                          | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 |                                    |
| *On 2 June 2019, The Gascoyne Resources Group was placed into voluntary administration. As at 30 September 2019, only 1 non-executive director remains, the other members of the Board of Directors resigned on 31 May 2019 and 5 July 2019. No payments were made to directors during the reporting period. |                                                                                                      |                                    |

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

| <b>7.</b> | <b>Payments to related entities of the entity and their associates</b>                               | <b>Current quarter<br/>\$A'000</b> |
|-----------|------------------------------------------------------------------------------------------------------|------------------------------------|
| 7.1       | Aggregate amount of payments to these parties included in item 1.2*                                  | (11,208)                           |
| 7.2       | Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 7.3       | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |

\*Payments to NRW, Mining contractor and shareholder

| 8.                                                                                                                                                                                                                                                                                                                                                                                                                                      | Financing facilities available<br><i>Add notes as necessary for an understanding of the position</i>                                                                                                                                                                                   | Total facility amount at quarter end<br>\$A'000 | Amount drawn at quarter end<br>\$A'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------|
| 8.1                                                                                                                                                                                                                                                                                                                                                                                                                                     | Loan facilities                                                                                                                                                                                                                                                                        | 89,408                                          | 89,408                                 |
| 8.2                                                                                                                                                                                                                                                                                                                                                                                                                                     | Credit standby arrangements                                                                                                                                                                                                                                                            | -                                               | -                                      |
| 8.3                                                                                                                                                                                                                                                                                                                                                                                                                                     | Other                                                                                                                                                                                                                                                                                  | 12,000                                          | 11,668                                 |
| 8.4                                                                                                                                                                                                                                                                                                                                                                                                                                     | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |                                                 |                                        |
| 8.1 Secured Project Finance and Asset Finance facilities held with National Australia Bank and Commonwealth Bank of Australia (interest rate:7.6%); Secured Non-Cash Finance Lease with Zenith Pacific (DGA) Pty Ltd for power generation facilities and Secured financial liability arising out of the close out of gold forward contracts held with National Australia Bank and Commonwealth Bank of Australia (interest rate: 3.3%). |                                                                                                                                                                                                                                                                                        |                                                 |                                        |
| 8.3 Other represents the NRW working capital facility, secured with a second ranking charge over subsidiary GNT Resources Pty Ltd.'s assets.                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                        |                                                 |                                        |

| <b>9.</b>  | <b>Estimated cash outflows for next quarter</b>                 | <b>\$A'000</b> |
|------------|-----------------------------------------------------------------|----------------|
| 9.1        | Exploration and evaluation                                      | 250            |
| 9.2        | Development                                                     | 1,300          |
| 9.3        | Production                                                      | 40,000         |
| 9.4        | Staff costs (Admin)                                             | 500            |
| 9.5        | Administration and corporate costs                              | 2,000          |
| 9.6        | Other (provide details if material)<br>(State Royalties, Rents) | 1,000          |
| <b>9.7</b> | <b>Total estimated cash outflows *</b>                          | <b>45,050</b>  |

\* Cash outflows do not include forecast gold revenues from production at the Dalgaranga Project.

Closing cash on hand does not include bullion on hand of 1,965oz at fair value ~\$4,413k.

**Appendix 5B**

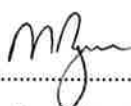
**Mining exploration entity and oil and gas exploration entity quarterly report**

| 10.  | Changes in tenements (items 2.1(b) and 2.2(b) above)                                  | Tenement reference and location          | Nature of interest                       | Interest at beginning of quarter | Interest at end of quarter   |
|------|---------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|----------------------------------|------------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced |                                          |                                          |                                  |                              |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased           | L59/167<br>L59/168<br>L59/169<br>L59/170 | Granted<br>Granted<br>Granted<br>Granted | 0%<br>0%<br>0%<br>0%             | 100%<br>100%<br>100%<br>100% |

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 28 January 2020

(Joint and Several Voluntary Administrator)

Print name: Michael Ryan

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.