

ASX ANNOUNCEMENT

4 June 2021

Updated Guidance for FY21 and New FY22 Guidance

Highlights:

- FY2021 production forecast updated to between 76,000 and 78,000 ounces – at the upper of end of original guidance range of between 70,000 and 80,000 ounces
- FY2021 AISC forecast to be between A\$1,275 and A\$1,325 per ounce – aligned with the upper end of original guidance range of A\$1,200 to A\$1,300 per ounce
- FY2022 production guidance of between 70,000 and 80,000 ounces – consistent with July 2020 LOM projections
- Current hedging position of 44,500oz at A\$2,546/oz to September 2022 – average realised price for FY2022 forecast to exceed A\$2,500/oz based on current spot price of A\$2,440
- Production forecast for FY2023 and FY2024 maintained between 70,000 and 80,000 ounces per annum – consistent with July 2020 LOM projections
- FY2022 AISC forecast to increase to a range of A\$1,600 to A\$1,700 per ounce following updated Ore Reserve, revised mine design/schedule and industry-wide cost escalation
- Non-cash impairment expense expected for FY2021 of between A\$65 million and A\$90 million (pre-tax) on the carrying value of the Dalgaranga Gold Project as a result of a lower gold price assumption, historical accounting policies and higher expected mining costs

Gascoyne Resources Limited (“**Gascoyne**” or “**Company**”) (ASX:GCY) provides the following update regarding production and cost guidance for the Dalgaranga Gold Project (“**Dalgaranga**”) and an expected non-cash impairment expense for the financial year ending 30 June 2021.

FY2021 Updated Guidance

Production for the financial year ending 30 June 2021 is forecast to be between 76,000 and 78,000 ounces which is at the upper of end of the original guidance range of 70,000 to 80,000 ounces. All-in sustaining cost (“**AISC**”) for the financial year ending 30 June 2021 is forecast to be between A\$1,275 and A\$1,325 per ounce, which is consistent with upper end of the original guidance range of A\$1,200 to A\$1,300 per ounce.

Although production is expected to be towards the top end of guidance for FY2021, June quarter 2021 production is expected to be lower than the March quarter as a result of several adverse weather events, processing a higher proportion of ore with elevated sulphide content, and resourcing challenges experienced by the mining contractor.

During the quarter to date, pockets of ore in the northern end of the pit outside of the Gilbey’s Main Zone (“**GMZ**”) were mined which contained higher gold grades and elevated sulphide content. This ore type reduced gross metallurgical recoveries at times during the quarter to date.

Resourcing shortages and confined work areas in Stage 1 have affected mining productivity in the quarter to date, adversely impacting the completion of mining Stage 1 ore and delaying the timing of access to Stage 2 GMZ ore in the Gilbey’s pit.

Understanding of processing this ore type increased during the quarter and, as a result, the first of the six leach tanks in the process plant has been temporarily converted to an oxidising pre-conditioning tank. Initial trials indicate that gross metallurgical recoveries for this ore type can be increased significantly with careful blending strategies. Due to mine sequencing, the Company expects that it will continue to be periodically mining quantities of this ore for up to three months before fully accessing the Stage 2 GMZ ore.

Updated Guidance for FY2022 to FY2024

Following the completion of the 2021 updated Ore Reserve estimate (refer ASX release dated 31 May 2021 titled “2021 Mineral Resource and Ore Reserve Statements”), the Company has updated its production and cost forecasts for the financial year ending 30 June 2022. Updated guidance compared to previous guidance is shown in the following table:

Metric	Unit	Revised Guidance FY2022	Previous Guidance FY2022 ⁽¹⁾
Production	ounces	70,000 to 80,000	70,000 to 80,000
AISC	A\$ / oz	1,600 to 1,700	1,300 to 1,400
Sustaining CAPEX	A\$'million	1.0 to 1.2	0.2 to 0.3
Capitalised Waste Stripping	A\$'million	45 to 50	40 to 45

(1) Refer ASX release dated 31 July 2020 titled “Dalgara Gold Mine – Updated Life of Mine Production Target and Updated Ore Reserve”.

Forecast AISC for FY2022 has increased as a result of general industry cost escalation and changes in the mine design. Higher volumes of waste are required to be mined on the eastern wall cutback to enable improved ore access in the northern end of the pit while maintaining mining productivities when Stage 3 ore is planned to be accessed in FY2023 and FY2024. This has increased the overall strip ratio, meaning that a lower proportion of waste mining costs are capitalised as deferred waste stripping. The eastern wall cutback is scheduled to commence as part of the Stage 3 development in the September 2021 quarter.

At 31 May 2021, the Company had 44,500oz hedged through to September 2022 at an average price of A\$2,546/oz. When applying the current gold spot price (~A\$2,440/oz) to forecast unhedged production in FY2022, the Company is estimated to achieve an average realised price in FY2022 of more than A\$2,500/oz.

Capitalised waste stripping costs for FY2022 are forecast to be higher following the deferral of the commencement of the Stage 3 west wall cutback that was originally scheduled to commence during FY2021. Sustaining capital remains low but has increased as a result of planned improvement projects in the processing plant.

Production for FY2023 and FY2024 is forecast to remain in the current range of 70,000 to 80,000 ounces per annum primarily based on the existing Ore Reserves of 13.5Mt @ 0.8 g/t Au for 339,000oz¹. This may be enhanced with future exploration and/or acquisitions.

Forecast production for FY2022 to FY2024 includes approximately 5% from Inferred Resources contained within the planned pit design. *It is important to note that there is a lower 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 forecast based on the inferred component will be realised.*

¹ See ASX release dated 31 May 2021 titled “2021 Mineral Resource and Ore Reserve Statements”. The Company confirms that the information pertaining to this release continues to apply and has not changed materially.

Gascoyne Managing Director and CEO, Mr Richard Hay, commented:

"The consistent supply of Gilbey's Main Zone ore at Dalgaranga over the past 18-month period will continue over the next three years and underpin production levels of 70,000 to 80,000 ounces per annum.

"Following a period of under investment in exploration, we recently re-invigorated our exploration program centred on Dalgaranga with the aim of growing our mineral inventory and annual production rate via the systematic testing of high priority targets within 15km of the plant. We continue to apply a prudent approach to capital management and are working closely with our service providers and suppliers to optimise our cost base."

Non-Cash Impairment Expense

In accordance with Australian Accounting Standards, impairment testing is required should certain events occur or conditions apply. As the market capitalisation of the Company continues to be below the accounting carrying value of the assets of the Company, an impairment test will be required to be undertaken by the Company at 30 June 2021.

Gascoyne expects to record a non-cash impairment expense (pre-tax) for the Dalgaranga cash generating unit of between A\$65 million and A\$90 million. The expected impairment expense is the result of lowering the gold price assumption used in the impairment model, historical Company accounting policy for the capitalisation of deferred waste and an increase in overall mining costs at Dalgaranga.

The expected non-cash impairment will not impact the financial covenants contained in the Company's debt facility. The impairment expense remains subject to review by the Company's auditors and to final approval by the directors of the Company. Further information shall be provided in the FY2021 financial statements to be released during the September quarter 2021.

Authorisation

This announcement has been authorised for release by the Board of Gascoyne Resources Limited.

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BACKGROUND ON GASCOYNE RESOURCES

Gascoyne was reinstated on the ASX in October 2020 and is focused on production, development and exploration of a number of gold projects in Western Australia underpinned by positive cash flow generated from the Dalgaranga Operation. In 2020, Dalgaranga produced in excess of 80,000 ounces of gold with targeted production over the next 3 years of between 70,000 and 80,000 ounces of gold per annum.

APPENDIX 1 – DALGARANGA RESOURCES AND RESERVES

Summary Mineral Resource Statement as at 31 March 2021

Classification	Mt	Au g/t	Au koz
Measured	1.38	0.69	30.6
Indicated	20.04	0.83	533.1
Measured + Indicated	21.43	0.82	563.8
Inferred	3.56	0.74	85.1
TOTAL	24.99	0.81	648.9

Note: Discrepancies in totals are a result of rounding

Summary Ore Reserve Statement as at 31 March 2021

Classification	Oxidation state	COG (g/t Au)	Mt	Au g/t	Au Koz
Proved	Oxide	0.30	0.002	1.1	0.1
	Transition	0.30	0.62	0.7	13.5
	Fresh	0.30	0.45	0.8	10.0
	Stockpiles	0.30	1.84	0.4	24.4
	Gold In circuit				1.7
	SUBTOTAL		2.91	0.5	49.8
Probable	Oxide	0.30	0.36	0.9	9.0
	Transition	0.30	0.36	0.9	9.2
	Fresh	0.30	9.90	0.9	271.0
	SUBTOTAL		10.62	0.8	289.2
Total			13.53	0.8	339.0

Note: Discrepancies in totals are a result of rounding

The Ore Reserve estimates for the Gilbey's, Gilbey's South, Sly Fox and Plymouth gold deposits at the Dalgara Gold Project referred to in this announcement are extracted from the ASX announcement dated 31 May 2021 and titled "2021 Mineral Resource and Ore Reserve Statements". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed.

The Mineral Resource estimates for the Gilbey's, Gilbey's South, Sly Fox and Plymouth gold deposits at the Dalgara Gold Project referred to in this announcement are extracted from the ASX announcement dated 31 May 2021 and titled "2021 Mineral Resource and Ore Reserve Statements". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed.