

ASX ANNOUNCEMENT

13 October 2021

ENHANCED BUSINESS PLAN FOR DALGARANGA TO SIGNIFICANTLY INCREASE CASHFLOW

BOARD RECOMMENDS SHAREHOLDERS REJECT WESTGOLD OFFER AND TAKE NO ACTION

Highlights:

- Significant improvement of cashflow by reducing capital investment in FY2022 and FY2023 by postponement of the Stage 3 cut-back of the eastern and western walls of the Gilbey's pit
- Optimised Gilbey's Stage 2 provides a two-year baseload production at Dalgaranga to be enhanced by other deposits and stockpiles at Dalgaranga and Firefly's Yalgoo tenements plus regional stranded deposits
- Reiteration of FY2022 production guidance of 70 – 80koz at a significantly lower All-in Cost following the removal of ~\$60M waste stripping from the deferred cut-back
- The decision to defer the Stage 3 cut-back has been driven by:
 - Identification of a pathway to increase free cash flow generation based on enhanced future operational flexibility including from Firefly's Yalgoo assets
 - A higher cost operating environment in Western Australia
- The Company is in a strong financial position with \$26.4M cash, \$10.5M bank debt and an "in the money" hedge position of \$3.2M as at 30 September 2021
- Board remains committed to the proposed Scheme of Arrangement with Firefly
- Board unanimously recommends shareholders REJECT Westgold's intention to make a takeover offer ("Offer") for Gascoyne
- Gascoyne major 22% shareholder Deutsche Balaton AG¹ states its intention not to accept the current Offer from Westgold in the absence of a superior proposal
- September quarter summary results c.17koz at AISC of \$1,976/oz

Gascoyne Managing Director and CEO, Mr Richard Hay commented:

"Gascoyne's decision to defer the Stage 3 eastern and western wall cut-back of the Gilbey's pit will greatly increase cash generation from Dalgaranga and Melville over the next three years and protect the business against avoidable financial risk in the current environment. We have been able to take this

¹ Refer to Deutsche Balaton AG intention statement on page 9 of this announcement.



pathway by capitalising on the operational flexibility emerging from the proposed merger with Firefly and exploration success within our Dalgaranga tenements.

“Under the new optimised Stage 2 plan for the Gilbey’s pit, baseload ore feed will be produced for the next two years which will be further supported by satellite feed and stockpiles from FY2023. Importantly, production guidance in FY2022 remains unchanged and the deferral of up to \$60 million in waste stripping will reduce the All-in Cost of production, thereby significantly increasing cashflow generation this year. Furthermore, the decision preserves the future optionality of the cut-back when the operating cost and gold price environment improves.

“While we still await the Bidder’s Statement from Westgold to support its intention to make a takeover offer for Gascoyne, the Board is of the view that the Offer does not represent a superior alternative to the proposed merger with Firefly. The Board firmly believes that Gascoyne combined with Firefly provides greater value to shareholders than the individual parts. Also, our major 22% shareholder Deutsche Balaton AG has stated that, it does not intend to accept the Westgold Offer in the absence of a superior proposal. Accordingly, Gascoyne shareholders are advised to take no action in response to correspondence from Westgold and to **REJECT** the Westgold Offer.”

Gascoyne Resources Limited (“**Gascoyne**” or “**Company**”) (ASX:GCY) provides the following update with respect to:

- The Business Plan for the Dalgaranga Operation (“**Dalgaranga**” or the “**Project**”);
- Guidance for FY2022 production, optimised costs and lower capital investment;
- The proposed merger with Firefly Resources Limited (“**Firefly**”) (ASX:FFR);
- The unsolicited intention to make an Offer by Westgold Resources Limited (“**Westgold**”) (ASX:WGX); and
- Summary September quarter results.

Revised Business Plan

Since the original decision to delay the start of the Stage 3 cut-back of the Gilbey’s pit in the first half of the year, the Company has been closely monitoring the operating environment and assessing the optimal business plan to deliver the best long-term value for shareholders. In its latest update of this assessment, the Company has considered the current heightened cost profile of the Western Australian mining industry, the current gold price trend, potential alternative lower cost ore sources, capital requirements and both financial and operational risks.

The outcome of this process and proposed imminent merger with Firefly has resulted in the Gascoyne Board endorsing the recommended deferral of the Stage 3 cut-back in favour of the introduction of regional higher grade ore sources, including from Firefly’s Yalgoo deposits.

Under the optimised Business Plan, ore from the Stage 2 cut-back of the Gilbey’s pit and stockpiles will continue to be processed from FY2022 to FY2024. Ore from Gilbey’s will be supplemented with additional ore sources from FY2023 onwards when Firefly’s 196koz Melville deposit² is being targeted for first production. There will be no impact to FY2022 production guidance and the All-in Cost of production during this period will be significantly lower as a result of an estimated reduction in aggregate waste stripping costs at Dalgaranga, of which the capitalised waste stripping cost component decreases by \$41 million to \$44 million. Full changes to FY2022 guidance are detailed on page 4 of this announcement.

² Refer to Firefly ASX release dated 17 March 2021.



Opportunities for more commercial supplemental higher grade ore feed exist at both Dalgranaga and Firefly's Yalgoo tenements and importantly other stranded regional deposits that currently do not have access to processing facilities.

At Dalgaranga, drilling is currently underway at Hendricks to follow-up the shallow, high-grade intersections in oxide material achieved in the September quarter. Resource definition drilling at the Sly Fox deposit to support a small underground operation will also be undertaken this quarter. Both prospects are located within 1.5km of the Dalgaranga processing plant and on a granted Mining Lease. Shallow oxide opportunities are also being advanced along the Greencock trend within 15km of the plant.

At Yalgoo, Firefly has submitted a Mining Lease Application for the 196koz Melville resource and this deposit has a pathway to be delivering ore to the Dalgaranga processing plant in the first half of FY2023, subject to the completion of the Firefly merger. Importantly, technical studies and permitting are underway following the completion of pit shell optimisations, geotechnical drilling and mine design planning with the aim of declaring a maiden Ore Reserve in the FY2022 March quarter. There is significant potential for additional satellite deposits along a 25km trend at Yalgoo that contains numerous prospects including Don Bradman, Crescent, Brilliant and Lady Lydia. Maiden Mineral Resource Estimates for all of these prospects are targeted to be achieved within the next 6 to 12 months.

These higher grade satellite feed options will require significantly lower upfront capital (waste stripping costs) compared to the Gilbey's pit Stage 3 eastern and western wall cut-backs.

Further, the Company's Dalgaranga processing plant is located in a strategically important position in the Murchison region. Not only is the processing plant a new, modern facility, it is also one of the lowest cost per tonne plants for its size in the gold industry, consistently processing at less than \$14 per tonne over the preceding three years. This clearly demonstrates that the plant and the broader Dalgaranga operations infrastructure is a highly valuable asset with its replacement value today far in excess of the \$100 million spent in construction three years ago.

Beyond the Dalgaranga and Yalgoo existing Mineral Resources and exploration potential, additional regional opportunities for joint venture, ore purchase, toll treatment and acquisitions exist where the Dalgaranga processing plant is the logical and most cost effective processing option. The Company has received several inbound enquiries to discuss such opportunities from parties with significant Mineral Resource inventories and is in the early stage of discussions with third parties regarding these opportunities. These deposits represent longer-term opportunities to extend mine life.

The ability to undertake the Stage 3 eastern and western wall cut-backs at Gilbey's in the future remains unchanged and will be considered under an improved gold price outlook and less inflationary cost environment in Western Australia. Prior to revisiting a decision to commence the cut-back, which will require a sizable waste stripping investment, mitigation of avoidable financial risk such as the ability to hedge the forward gold price will also be considered.

Updated Guidance

As a result of the revised Business Plan, the Company has updated aspects of the FY2022 production and cost guidance provided on 4 June 2021. The changes are outlined in the following table.

Metric	Unit	Revised Guidance FY2022	Previous Guidance FY2022
Production	ounces	70,000 to 80,000	70,000 to 80,000
AISC	\$/oz	1,900 to 2,000	1,600 to 1,700
AIC	\$/oz	2,050 to 2,150	Not guided ¹
Sustaining CAPEX	\$M	1.0 to 1.2	1.0 to 1.2
Capitalised Waste Stripping ²	\$M	4 to 6	45 to 50

- 1) The Company did not previously provide guidance for AIC. When applying the Capitalised Waste Stripping to the AISC Previous Guidance FY2022, the resulting AIC guidance would have been \$2,300 to \$2,400 per ounce.
- 2) Capitalised Waste Stripping is the quantum of waste stripping costs that are capitalised to the balance sheet. These costs are a subset of aggregate waste stripping costs. The quantum of waste stripping costs not capitalised are expensed as incurred and recognised as a cost in AISC.

The revised Business Plan results in no change to the production guidance for Dalgaranga in FY2022. The resulting All-in Cost (“AIC”) guidance is \$2,050 to \$2,150 per ounce of production which is materially lower than under the previous plan due to the significant decrease in capitalised deferred waste stripping. All-in-Sustaining Cost (“AISC”) is guided higher as a result of less mining fixed costs being apportioned to capitalised waste stripping.

Production guidance provided for FY2023 and FY2024 was undertaken on a standalone basis and is therefore being withdrawn as a result of the proposed upcoming merger with Firefly. Following conclusion of the merger, Gascoyne intends to update this guidance once technical studies for the Yalgoo assets in a Dalgaranga processing scenario are completed and forecast production targets are able to be reported.

Impact on the Proposed Firefly Resources Merger

The Board of Gascoyne remains committed, in accordance with the terms of the Scheme Implementation Deed (“SID”) announced on 16 June 2021, to completing the proposed Scheme of Arrangement (“Scheme”) with Firefly. Gascoyne has discussed the revised Business Plan with Firefly management and Firefly is supportive of the updated operating strategy.

Furthermore, Firefly has now provided the revised Business Plan to BDO Corporate Finance (WA) Pty Ltd, which prepared an Independent Expert Report in respect of the Scheme, and SRK Consulting (Australasia) Pty Ltd, which prepared an Independent Technical Report in respect of the Scheme. As at the date of this announcement, Gascoyne is not aware of any changes to the Scheme completion timetable from those published in the Scheme Booklet lodged by Firefly on 8 September 2021.

Board Recommendation to Reject Westgold Takeover Offer

Since Westgold announced its intention to make a takeover offer for the Company (the “Offer”) on 30 September 2021, the Company has been assessing the Offer provided by Westgold in conjunction with its financial and legal advisors.

The Offer is conditional on, amongst other things, the Scheme effecting the proposed merger of Gascoyne and Firefly being announced by Gascoyne as not proceeding including, as a result of, the valid termination of the SID, and Westgold having a relevant interest in at least 50.1% of Gascoyne shares at or before the end of the offer period.

After careful consideration of the Offer information that Westgold has made available to date, the Gascoyne Board believes the Offer from Westgold undervalues Gascoyne shares and does not represent a superior alternative for Gascoyne shareholders when compared to the Scheme and also considering the further potential value creation opportunities described above, which the Board is committed to deliver on for its shareholders. The Board therefore unanimously recommends that Gascoyne shareholders continue to take no action in response to correspondence from Westgold and to **REJECT** the Westgold Offer. Furthermore, each of the Gascoyne Board members who have a relevant interest in Gascoyne shares intend to **REJECT** the Westgold Offer in relation to their Gascoyne shares.

In relation to the Scheme with Firefly, the SID includes customary “no talk” restraints on Gascoyne’s ability to engage with Westgold in relation to the Offer (which would be a Competing Proposal under the SID because it is conditional on Gascoyne announcing that the Scheme is not proceeding). The SID allows the Gascoyne Board to engage with a proponent of a Competing Proposal if the Board determines that the proposal is or could become a Superior Proposal and the Board determines that complying with the restrictions would amount to a breach of the Gascoyne directors’ fiduciary or statutory duties. As a result of the Board determining that the Offer by Westgold is not a Superior Proposal as contemplated by the SID, these “no talk” restraints will continue to apply to Gascoyne meaning the Company is contractually restricted from engaging with Westgold in relation to the current Offer.

Key Reasons to Reject the Westgold Offer

1. The Westgold Offer is inadequate and does not reflect the underlying value of Gascoyne’s strategic asset portfolio

a. Highly strategic value of the Dalgaranga processing operation

The Dalgaranga processing plant was commissioned in 2018, with a nameplate capacity of 2.5Mtpa. The plant consistently achieves production rates in excess of this throughput rate with a processing cost of less than \$14 per tonne. The plant is strategically located in the Murchison region, with no other gold processing plants within a 100km radius of the plant (with the exception of Ramelius’ Mt Magnet plant which is already at capacity). Gascoyne notes that the replacement cost for an equivalent plant and associated infrastructure of this scale in today’s terms would be far in excess of \$100 million.

As Westgold highlights in its announcement of 30 September 2021, “At the macro-level the combination of Westgold and Gascoyne is logical and synergistic. Westgold has excess ore mining capacity in the Cue region that can supplement Gascoyne’s Dalgaranga Project needs...”

It is clear from this statement that Westgold acknowledges the strategic nature of the Dalgaranga plant as a solution to its limited future processing capacity in the Cue region, given output from the Big Bell mine approaches steady state production³.

Overview of Cue Gold Operations



b. Gascoyne holds a significant Mineral Resource and Ore Reserve inventory position

The Westgold Offer price implies an Enterprise Value (“EV”) for Gascoyne of A\$88.8 million⁴. The Company’s global Mineral Resource inventory across its project portfolio is 41.6Mt @0.9 g/t for 1.186 million ounces. This implies an EV / Resource multiple of \$75 per ounce. Furthermore, on an Ore Reserve basis, the Westgold Offer implies an Enterprise Value / Reserve multiple of \$262 per ounce.

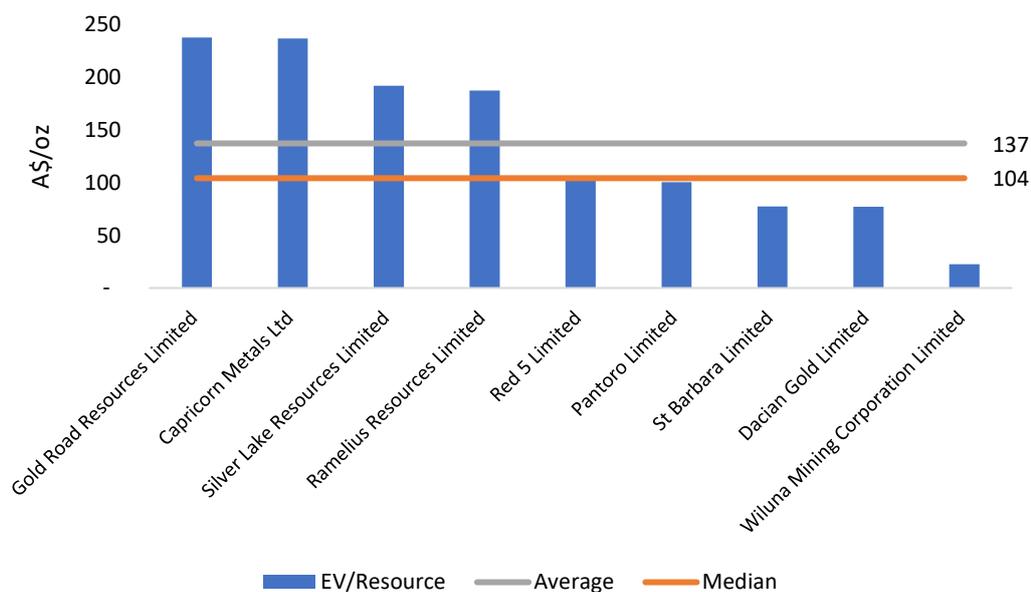
Gascoyne believes that these implied multiples are inadequate in comparison to the implied EV/ Resource and EV/Reserve multiples of other ASX listed, Australian based small & mid cap gold producers. Gascoyne notes that the peer group identified below has average current implied EV/Resource and EV/Reserve multiples of A\$137 per ounce and \$519 per ounce, respectively.⁵

³ See page 8 of the Westgold June-2021 Quarter Report dated 30 July 2021

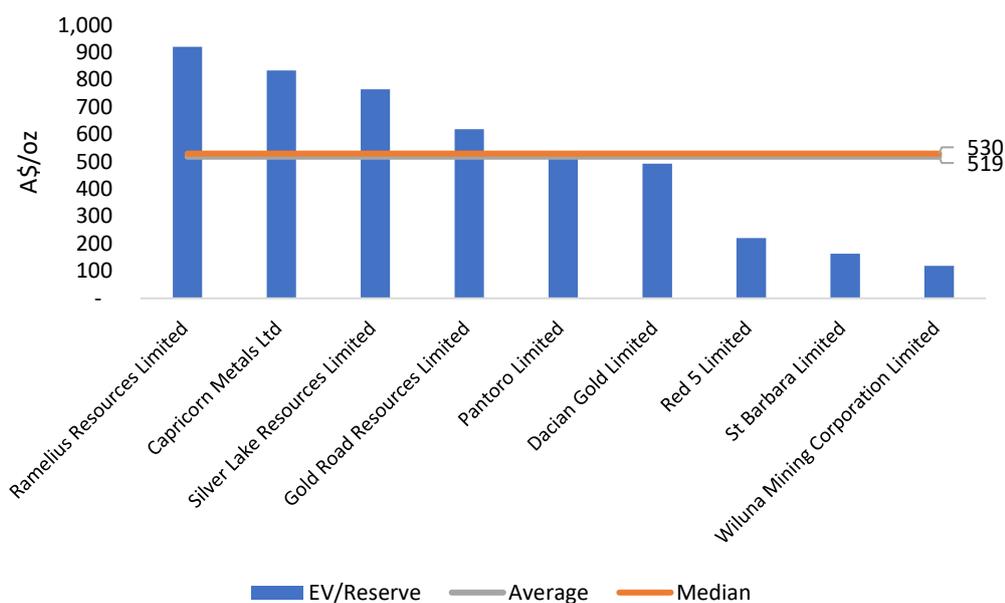
⁴ At the implied Westgold offer price of \$0.4175 per Gascoyne share as of 30 September 2021

⁵ Peer trading multiples calculated as at 12 October 2021

Peer EV/Resource Trading Multiples (A\$/oz)



Peer EV/Reserve Trading Multiples (A\$/oz)



⁶See below for sources

⁶ Dacian Gold Limited: Announcement: *2021 Mineral Resources & Reserves Update* (13/08/21)
 Pantoro Limited: Announcement: *Annual Mineral Resource & Ore Reserve Statement* (23/09/21)
 Gold Road Resources Limited: Announcement: *Diggers & Dealers Mining Forum Presentation* (04/08/21)
 Silver Lake Resources Limited: Announcement: *MINERAL RESOURCE AND ORE RESERVE STATEMENT AND OUTLOOK TO FY24* (15/09/21)
 St Barbara Limited: Announcement: *Ore Reserves and Mineral Resources Statements as at 30 June 2021* (26/08/21)
 Ramelius Resources Limited: Announcement: *RESOURCES AND RESERVES STATEMENT 2021* (10/09/21)
 Red 5 Limited: Announcement: *Diggers & Dealers Mining Forum* (02/08/21)
 Wiluna Mining Corporation Limited: Announcement: *Company Presentation* (13/09/21)
 Capricorn Metals Ltd: Announcement: *Diggers & Dealers Presentation* (02/08/21)

As such, Westgold is inadequately compensating Gascoyne shareholders in seeking to gain control of Gascoyne's Mineral Resources and Ore Reserves. An appropriate "control premium" should be paid over and above the market's assessment of the value of gold ounces, particularly given the above implied values represent minority or portfolio interests.

c. Significant exploration potential of the combined Gascoyne / Firefly tenement package

The strong cash flow expected to be delivered from the revised Business Plan as announced today, in combination with the synergistic benefit of mining at Yalgoo and associated processing at Dalgaranga, provides the funding basis for a significant exploration program at the Dalgaranga and Yalgoo tenements which includes over 1,200km² of highly prospective greenstone belts.

Gascoyne notes that planned exploration activities at Yalgoo include the assessment of 100+ gold targets including 30 targets at untested historical workings with recorded gold production that can be quickly monetised given the proximity to the Dalgaranga process plant. There are further significant exploration opportunities at Yalgoo complemented with broader exploration and development potential at Gascoyne's Glenburgh – Mt Egerton project and other regional projects such as Beebyn and Mumbakine Well.

d. Value of the Westgold Offer is dependent on the value of Westgold shares

The Westgold Offer consideration comprises Westgold shares only, with no cash consideration alternative or component. This means the underlying value that Gascoyne shareholders would ultimately receive under a Westgold Offer is entirely dependent on the market value of Westgold shares. Given the unsolicited nature of the Offer, Gascoyne has not had the opportunity to conduct extensive due diligence on Westgold and its underlying assets.

2. Exposure to Gascoyne's assets and potential upside will be significantly reduced through a Westgold Offer

Gascoyne shareholders will hold approximately 13%⁷ of Westgold on a combined basis. As such, acceptance of a Westgold Offer will reduce Gascoyne shareholders' exposure to the Company's highly strategic Dalgaranga processing facility, existing Minerals Resources and Ore Reserves position and the future exploration potential of the Gascoyne tenement package.

The Westgold Offer is also conditional on the Scheme effecting the proposed merger of Gascoyne and Firefly being announced by Gascoyne as not proceeding. As such, acceptance of the Westgold Offer by Gascoyne shareholders will remove shareholders' exposure to the significant exploration upside within the Firefly tenement portfolio.

3. The Westgold Offer is opportunistic in its timing and made at a time when material information was not available to Gascoyne shareholders

The timing of the Westgold Offer is opportunistic and was announced prior to Gascoyne shareholders being able to review material information outlined in today's announcement.

Importantly, Gascoyne notes that the postponement of the Stage 3 cut-back of the eastern and western walls of the Gilbey's pit will reduce capital investment and improve cashflow in FY2022. Current Gilbey's Stage 2 provides a solid production base across FY22 and FY23 at Dalgaranga which will be enhanced by regional deposits at Dalgaranga and at Firefly's Yalgoo tenements. Gascoyne has reaffirmed FY2022 production guidance of 70

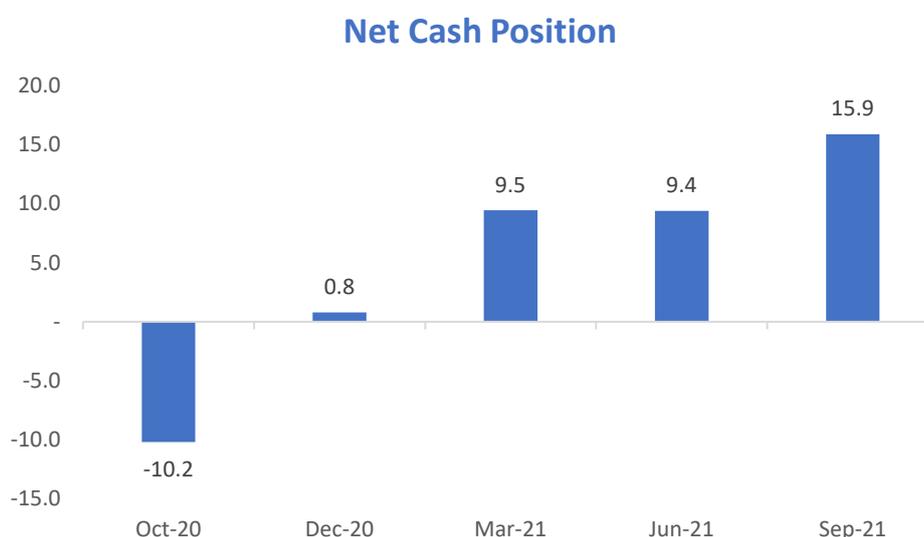
⁷ Assuming an exchange ratio of 1 Westgold share for every 4 Gascoyne shares held, on an undiluted basis.

– 80koz at a lower expected AIC following the removal of ~\$60 million in waste stripping from the deferred cut-backs (of which \$45 to \$50 million was to be capitalised to the balance sheet as deferred waste).

4. Gascoyne has a clear, existing strategy to continue to deliver operational and financial performance under the revised Business Plan

With the announcement of the revised Business Plan and associated revised production and costs guidance for FY22, Gascoyne has set the foundation for further strong operating and financial performance and associated cash generation.

Notwithstanding the well-publicised cost escalation impacts in the West Australian gold mining sector (and mining sector more broadly), through strong operating and financial discipline and acumen, Gascoyne has continued to deliver cash generation. At the time of re-admission of Gascoyne to the ASX in October 2020, the Company had pro-forma cash of \$29.8M and pro-forma bank debt of \$40.0M, with pro-forma net bank debt of \$10.2M. As at September 2021, Gascoyne has reduced its bank debt position to \$10.5M and with cash on hand of \$26.4M, with a pro-forma cash position of \$15.9M. The net cash position per quarter over that period is illustrated below:



5. Gascoyne’s largest shareholder, Deutsche Balaton AG, which holds approximately 22.1% of Gascoyne has stated that it does not intend to accept the Westgold Offer in the absence of a superior proposal

Gascoyne has received a firm statement of intent from its major shareholder, Deutsche Balaton AG, that it does not intend to accept the current Westgold Offer in the absence of a superior proposal. The statement is provided in full as follows:

Deutsche Balaton AG confirms that, in the absence of a superior proposal, it does not intend to accept, or direct any relevant nominee or associate to accept, Westgold Resources Limited’s takeover offer as announced on 30 September 2021 proposing to offer one Westgold share for every four Gascoyne shares. As at the date of this statement, Deutsche Balaton AG together with its associates holds 55,461,463 shares in Gascoyne Resources Limited, comprising 22.09% of total shares on issue. Deutsche Balaton AG reserves the right to accept a superior proposal from Westgold Resources Limited or any other bidder for Gascoyne Resources Limited.

6. The Westgold Offer is conditional and there is no certainty it will proceed

The Westgold Offer contains a number of conditions including, amongst other things, the Scheme effecting the proposed merger of Gascoyne and Firefly being announced by Gascoyne as not proceeding including, as a result, of the valid termination of the SID, and Westgold having a relevant interest in at least 50.1% of Gascoyne shares at or before the end of the offer period.

For full details of Westgold's Offer conditions, refer to Westgold's announcement dated 30 September 2021.

Further details on the reasons for the unanimous recommendation to **REJECT** the Offer by the Gascoyne Board will be provided in the Company's Target's Statement, which will be made available to shareholders following receipt of Westgold's Bidder's Statement in accordance with the Corporations Act.

Observations of Independent Expert's Valuation of Gascoyne

Gascoyne notes that the Westgold Offer references a value of \$0.183 per Gascoyne share which is contained within the Independent Expert Report included in the Firefly Scheme Booklet and represents the mid-point value of a Gascoyne share in the combined entity, assuming that the Firefly Scheme is completed.

The Gascoyne Board of Directors believe the Independent Expert adopted a number of conservative assumptions in deriving its valuation of a Gascoyne share. In particular, the Gascoyne Board of Directors note the following:

1. Regional third-party ore processing

There are a number of significant deposits located within 150km of the Dalgaranga plant that currently do not have a processing solution. The Company has received several inbound queries in respect of utilising the Dalgaranga processing plant as a processing solution. It is noted that the Independent Expert was not able to ascribe any value that would be derived from processing of higher-grade regional stranded deposits, either via joint venture, ore purchase or toll treatment arrangements.

Given the modern processing plant with its competitive processing cost rate per tonne, the Gascoyne Board believes that significant value can be realised from processing of higher grade regional stranded deposits should commercial arrangements be entered into for processing ore from these deposits at Dalgaranga.

2. Conservative Forecast Gold Price Estimate

Set out below is a comparison of the forecast nominal gold price, for the unhedged portion of Gascoyne's sales, adopted by the Independent Expert and the average Consensus Forecast estimates⁸. We note that over the years FY22 to FY26, the A\$ nominal gold price adopted by the Independent Expert is between 4% and 8% lower than average Consensus Forecast estimates.

⁸ Source: S&P Capital IQ average estimates as at 12 October 2021

Forecast Gold Price Estimate	Q321	Q421	FY22	FY23	FY24	FY25	FY26
Independent Expert (A\$/oz)	2,401	2,391	2,320	2,206	2,149	2,158	2,157
Consensus Estimates (A\$/oz)	2,509	2,474	2,448	2,385	2,344	2,284	2,325
Variance (A\$/oz)	-108	-83	-128	-179	-195	-126	-168
Variance (%)	-4%	-3%	-5%	-8%	-8%	-6%	-7%

3. Limited Dalgaranga Processing Capacity

The Independent Expert has capped production at the Dalgaranga processing plant to 2.5Mtpa over the life of mine. Gascoyne notes that the plant has consistently processed ore well in excess of its nameplate capacity of 2.5Mtpa. In FY20, the plant processed 2.9Mt, with a further 2.64Mt processed in FY21. The capped processing capacity of 2.5Mtpa adopted by the Independent Expert over the Dalgaranga life of mine is ~10% lower than the average of 2.77Mtpa processed over the past two financial years.

4. Conservative Discount Rate

The Independent Expert adopted a discount rate of 9.0% to apply to the cash flows of Dalgaranga. Gascoyne notes that this is significantly higher than the 6.5% average adopted by the brokers that cover Gascoyne from an equity research perspective. The discount rates adopted by the brokers that cover Gascoyne are set out in the table below:

Canaccord Genuity	Bridge Street	Average	Independent Expert
5.0%	8.0%	6.5%	9.0%

5. Nil Salvage Value for Dalgaranga Processing Plant

The Independent Expert has ascribed a nil salvage value to the Dalgaranga processing plant. Gascoyne believes that the salvage or sale value of the plant will be material noting the strategic location of the plant in the Murchison region, where there are no other gold processing plants within 100km (with the exception of Ramelius' Mt Magnet plant which is already at full capacity), and the estimated replacement cost for a plant and associated infrastructure in today's terms being far in excess of \$100 million. It is also noted that the Dalgaranga plant is still relatively new having been in operations for approximately 3 years.



Summary September Quarter Operating and Financial Performance

Dalgaranga produced 16,744oz at an AISC of \$1,976/oz and an AIC of \$2,258/oz in the September quarter. Production in the months of July and August were impacted by several significant rain events preventing safe pit operations with the rain inducing additional movement of an existing shallow level pit wall slip in the north end of the Gilbey's pit. Rill material from that slip terminated at the very north end of the Stage 2 pit which has delayed access to high grade GMZ ore. This resulted in lower grade ore feed to the plant for July and August. By September, consistent access to the central and southern GMZ high grade ore was re-established in Stage 2, returning to normal operations throughout September.

As at 30 September 2021, Gascoyne's cash had increased to \$26.4 million from \$23.4 million at 30 June 2021. The increase came after \$3.5 million in debt repayments during the quarter with bank debt reduced to \$10.5 million at quarter end.

A total of 16,759oz were sold at an average price of A\$2,529/oz. As of the end of the September quarter, the Company's outstanding hedge position was 43,632oz at an average price of A\$2,506/oz which was A\$3.2 million in the money as at 30 September 2021 based on an Australian dollar gold price of A\$2,431/oz.

The Company is planning to release its full Quarterly Activities Report for the September quarter during the week commencing 25 October 2021.

Trading Halt Announcement

This announcement is the announcement referred to in the Company's trading halt request made on 11 October 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 financial year 2021, Dalgaranga produced in excess of 77,000 ounces of gold. On 16 June 2021, Gascoyne entered into a binding agreement to acquire Firefly Resources Limited which holds the Yalgoo project approximately 70km southwest of Dalgaranga. Subject to the transaction completing, the Melville deposit at Yalgoo has the potential to be mined and hauled 110km by road and integrated into the Dalgaranga production plan.

Forward-looking statements

This announcement contains forward-looking statements which may be identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Compliance Statements

Gascoyne

Mineral Resource and Ore Reserve: This announcement contains references to Gascoyne's Mineral Resource and Ore Reserve estimates, which have been extracted from the ASX announcement titled "2021 Mineral Resource and Ore Reserve Statements" dated 31 May 2021.

Production targets and forecast financial information: This announcement contains production targets and forecast financial information derived from production targets which were first disclosed in the ASX announcement titled "FY21 and FY22 Guidance Update" dated 4 June 2021, subsequently updated by this announcement.

Gascoyne confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcements referred to above, except for those described in this announcement. In the case of the Mineral Resource and Ore Reserve estimates, all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. In the case of the production targets and forecast financial information, all the material assumptions underpinning the production targets and forecast financial information in the announcements dated 31 May 2021, 4 June 2021 and this announcement continue to apply and have not materially changed.

Dalgaranga Gold Project Summary Mineral Resource Statement as at 31 March 2021¹

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

1) Cut-off grade 0.25 g/t Au outside black shales and 0.30 g/t Au inside black shales

Note: Discrepancies in totals are a result of rounding.

**Dalgaranga Gold Project
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
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
Total			13.53	0.8	339.0

Note: Discrepancies in totals are a result of rounding.

Glenburgh Gold Project – MRE Total Summary for All Deposits, as at 15 December 2020

Classification	Mt	Au g/t	Au koz
Indicated	13.5	1.0	430.7
Inferred	2.8	0.9	79.4
TOTAL	16.3	1.0	510.1



Mt Egerton Project (Hibernian Deposit) – MRE Total, above 0.7 g/t Au, as at 31 May 2021

Category	Tonnes (Mt)	Grade (g/t)	Metal (koz)
Indicated	0.23	3.4	25
Inferred	0.04	1.5	2
TOTAL	0.28	3.1	27

Firefly

This announcement includes information that relates to Firefly's mineral resources. This information was prepared by and is the responsibility of Firefly only. It is extracted from Firefly's ASX announcement dated 17 March 2021 which is available to review at <https://www.fireflyresources.com.au/>, and sets out the key assumptions and methods used to prepare the estimates. Firefly has confirmed to Gascoyne that it is not aware of any new information or data that materially affect the information in that market release and that all material assumptions underpinning those estimates, continue to apply and have not materially changed.

Melville JORC 2012 Mineral Resource Estimate¹

Indicated			Inferred			Total		
Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces
3,314,900	1.47	156,753	887,547	1.39	39,635	4,202,447	1.45	196,388

¹Calculated using a 0.7g/t cut-off grade