

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

Highlights:

- Production from Dalgaranga of 16,744oz for the quarter
- Free cash flow generation of \$7.3M for the quarter
- 16,759oz sold at an average realised price of \$2,529/oz including 10,150oz sold into the hedge book at an average price of \$2,584/oz
- AISC \$1,976/oz for the quarter
- 701kt milled at feed grade of 0.87g/t Au and 85.9% recovery for the quarter
- Mining at Plymouth commenced
- 44m @ 2.0 g/t Au, including 18m @ 3.8 g/t from 2nd diamond hole at Sly Fox deposit and significant intersections returned from the Hendricks prospect
- Total cash and value of gold on hand (546oz) as at 30 September 2021 was \$27.7M – bank debt reduced to \$10.5M
- Net cash position of \$15.9M with cash of \$26.4M at quarter end
- \$3.2M mark-to-market gold hedge position at quarter end, with 43,632oz hedged at an average of \$2,506/oz over the next 12 months
- Enhanced business plan completed in October which involves the deferral of the Stage 3 Gilbey's cutback to improve cash flow and remove up to \$60M waste stripping expense in FY2022
- FY2022 production guidance of 70,000 – 80,000 ounces maintained

Gascoyne Resources Limited ("**Gascoyne**" or "**Company**") (ASX:GCY) is pleased to provide the following update on its activities for the quarter ending 30 September 2021, including operating and cost performance at its 100% owned Dalgaranga Gold Project ("**Dalgaranga**").

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

"We have had another solid quarter of production at Dalgaranga and produced \$7.3 million of free cash flow despite some operating constraints due to weather related and localised pit slip events earlier in the period. The Dalgaranga plant continued to perform well above its 2.5Mtpa nameplate capacity at an annualised rate of +2.8Mtpa in the quarter."

"Post the end of the period we outlined a revised business plan which involves delaying the Stage 3 cutback of the Gilbey's pit and accelerating the introduction of regional ore sources to boost near-term cash flow and reduce financial risk."

*"Westgold announced on 29th October that its takeover offer had opened for acceptances. Following a comprehensive assessment in consultation with its financial and legal advisors, the Board of Gascoyne has determined that if the Westgold Offer was capable of being completed it would be superior in value for Gascoyne shareholders compared to completing the Scheme of Arrangement ("**Scheme**") with Firefly Resources Limited ("**Firefly**"). The Board, however, notes the condition set out in section 7.2(a) of the Bidders Statement whereby the Westgold Offer is subject to the Scheme with Firefly not proceeding and being validly terminated ("**Firefly Scheme Termination Condition**"). Currently the Firefly Scheme Termination condition is not capable of being satisfied without Firefly's agreement."*

SHARE PRICE:

\$0.425 at 29 Oct 21

SHARES ON ISSUE:

251.0 million

MARKET CAP:

\$107 million at 29 Oct 21

CASH:

\$26.4 million at 30 Sept 21

All dollar figures included in this report are Australian dollars unless otherwise stated

DIRECTORS

Richard Hay,
Managing Director & CEO

George Bauk,
Non-Executive Chairman

Rowan Johnston,
Non-Executive Director

Hansjoerg Plaggemars
Non-Executive Director

MANAGEMENT

David Coyne,
CFO & Company Secretary

David Baumgartel,
Executive GM Operations and Development

Julian Goldsworthy,
Chief Geologist

Tejal Magan,
Head of Finance

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The Court hearing to consider the approval of the Firefly Scheme is scheduled for 1 November 2021.

Given that the Firefly Scheme Termination Condition is not currently capable of being satisfied, Gascoyne again reiterates that shareholders should TAKE NO ACTION in relation to the Westgold Offer at this time.

Environmental, Social & Governance

During the quarter, the Company released its Annual Report which contained information about the Company's efforts to implement more mature environmental, social and governance ("ESG") policies, processes and reporting. Gascoyne has undertaken a materiality assessment process which will underpin the release of its inaugural Sustainability Report next year for the FY2022 period.

Safety

Total recordable injury frequency rate ("TRIFR" 12-Month rolling) for the Dalgaranga Gold Project at the end of the September quarter was 5.4, a slight increase from the previous period where it had reduced to 4.0 at the end of the June quarter. The ongoing focus on safety performance and culture, safety leadership development occurs at all levels of the organisation and aims to improve safety outcomes across site and the broader organisation.

Dalgaranga Gold Project

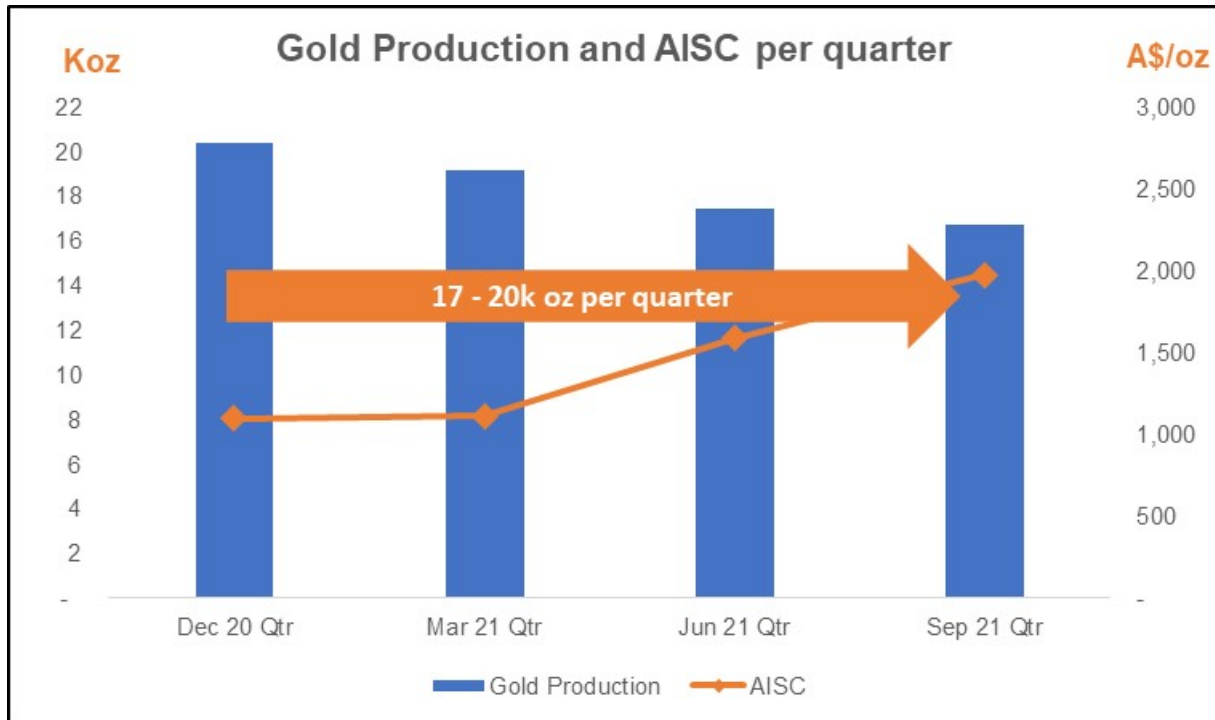
Production and Costs

Ore production primarily from Stage 2 of the Gilbey's Main Zone ("GMZ") in the September quarter resulted in 16,744 ounces of gold produced at an All in Sustaining Cost ("AISC") of \$1,976 per ounce (Table 1). A total of \$3.7M of revenue was reinvested into capitalised Stage 2 pre-stripping of the Gilbey's open pit to ensure consistent ore supply to the processing plant, resulting in an All in Cost ("AIC") of \$2,258 per ounce.

Production in the months of July and August were adversely 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 delayed access to high grade ore. This resulted in lower grade than planned 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.

Updates to the mining proposal and mine closure plan were approved by regulatory bodies during the quarter. Amongst other items, these approvals allowed for the commencement of mining in September of the Plymouth deposit located between the Gilbey's and Sly Fox pits. Total mined material movement increased to 1.7M bank cubic metres ("BCM") during the quarter (Jun Qtr: 1.5M BCM), as a result of the introduction of mining of the Plymouth deposit. By quarter end consistent access to higher grade stage 2 GMZ ore had been re-established.

Figure 1: Quarterly Production and AISC



Ore processed during the quarter was at a grade of 0.87g/t Au, lower than the grade of 0.98g/t Au processed in the June quarter due to the restrictions on access to higher grade ore from the northern end of the Gilbey's pit in July and August. By September, consistent access to the central and southern GMZ high grade ore was fully established in Stage 2, returning to normal operations throughout September.

Gross metallurgical processing recoveries of 85.9% for the quarter were higher than the June quarter (84.0%). Higher gross recoveries were achieved during the quarter as a lower volume of elevated sulphide ore was processed (vs June quarter) as more Stage 2 low sulphide GMZ ore was mined. The September quarter gravity gold recovery decreased slightly to 22.8% of all gold produced (Jun qtr: 24.0%).

Throughput of 701,000 tonnes was higher (Jun Qtr: 655,000 tonnes). This continued operating performance, combined with ongoing operational enhancement initiatives, including reducing cyanide consumption whilst maintaining recoveries, provides Gascoyne with confidence that the plant will continue to exceed its design capacity of 2.5Mtpa. The quarter also saw the commissioning of the Millstar® advanced mill control system, an advanced control system that assists operators to stabilise mill feed and optimise throughput and grinding efficiency. Benefits from this system are expected to be realised in coming quarters.

Table 1: September 2021 Quarter Production, Sales and Cost Summary

	Unit	Dec 20 Qtr	Mar 21 Qtr	Jun 21 Qtr	Sep 21 Qtr	YTD FY 2022
Mining						
Total material movement	Kbcm	3,102	1,856	1,514	1,683	1,683
Waste	Kbcm	2,800	1,599	1,275	1,323	1,323
Ore (volume)	Kbcm	302	258	239	359	359
Ore (tonnage)	kt	905	700	521	984	984
Mined grade (1)	g/t	0.90	0.93	1.17	0.73	0.73
Processing						
Mill throughput	kt	654	705	655	701	701
Mill feed grade (1)	g/t	1.08	0.96	0.98	0.87	0.87
Recovery (Gross metallurgical) (1)	%	89.7%	87.9%	84.0%	85.9%	85.9%
Gold produced	oz	20,353	19,195	17,416	16,744	16,744
Revenue Summary						
Production sold	oz	21,341	19,073	17,993	16,759	16,759
Average realised price	A\$/oz	2,605	2,495	2,516	2,529	2,529
Gold sales	A\$000	55,601	47,593	45,278	42,376	42,376
Cost Summary						
Mining and Geology	A\$/oz	1,401	1,207	1,287	1,523	1,523
Less: Capitalised deferred waste	A\$/oz	(1,085)	(858)	(356)	(223)	(223)
Mining net of deferred waste	A\$/oz	316	349	931	1,300	1,300
Processing and Maintenance	A\$/oz	401	422	511	587	587
Site support	A\$/oz	157	158	167	179	179
Refining and freight	A\$/oz	1	1	1	1	1
By-product credits	A\$/oz	(13)	(16)	(19)	(16)	(16)
ROM stockpile adjustment	A\$/oz	61	21	(172)	(229)	(229)
Site Cash cost	A\$/oz	922	935	1,420	1,822	1,822
Royalties	A\$/oz	68	58	57	52	52
Corporate allocation	A\$/oz	17	17	19	15	15
Rehabilitation - Accretion	A\$/oz	4	4	5	6	6
Capital (sustaining)	A\$/oz	6	15	8	13	13
Leases (sustaining)	A\$/oz	49	51	55	58	58
Capitalised mine site exploration	A\$/oz	35	32	26	11	11
AISC	A\$/oz	1,100	1,114	1,589	1,976	1,976
Capital (non-sustaining)	A\$/oz	6	45	17	4	4
Capitalised deferred waste (non sustaining)	A\$/oz	1,085	858	356	223	223
Capitalised mine site exploration (non-sustaining)	A\$/oz	22	40	77	55	55
AIC	A\$/oz	2,214	2,058	2,039	2,258	2,258

1. Mined grade and mill feed grade reconciled to assays using photon or fire assay methodology (mill feed grade previously based on assays using PAL / cyanide leachable gold methodology). The use of photon or fire assay methodology provides a more robust basis to determine gross metallurgical recovery over time. As part of the reconciliation process, grades and recoveries for previous quarters have been restated.

AISC increased to \$1,976 per ounce (Jun Qtr: \$1,589/oz) resulting from a lower proportion of mining costs being capitalised to deferred waste (Sep Qtr: \$223/oz; Jun Qtr: \$356/oz). Deferred waste capitalised was lower in the quarter as a result of further progression of the Gilbey's Stage 2 cutback. AIC was higher at \$2,258 per ounce (Jun Qtr: \$2,039/oz) due to lower production and increased mining costs as a result of the deeper progression of the Stage 2 cutback increasing haul distances and average mining costs per BCM.

Cash processing costs for the quarter at \$14.10 per tonne (Jun Qtr: \$13.86/t) were slightly higher, impacted by a scats crushing campaign costs. Process plant availability was 96.3% (Jun Qtr: 91.3%) with the increase primarily due to the major planned shutdown in April 2021.

The September quarter cash processing cost per tonne continues to confirm that the Dalgaranga process plant is one of the most efficient, lowest cash cost gold processing plants for its size in Australia.

Enhanced 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 calendar 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 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 announced on 13 October 2021, 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 deposit 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.

Opportunities for more commercial supplemental higher grade ore feed exist at both Dalgaranga 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 an underground operation will also be undertaken this quarter. Both prospects are located within 1.5km of the Dalgaranga processing plant with Sly Fox located 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 196koz¹ 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 set up costs (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 a cash cost of around \$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.

¹ Refer Firefly ASX release dated 11 March 2021.

Beyond the Dalgara and Yalgoo existing Mineral Resources and exploration potential, additional regional opportunities for joint venture, ore purchase, toll treatment and acquisitions exist where the Dalgara 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 FY2022 Guidance

As a result of the enhanced Business Plan, the Company updated aspects of the FY2022 production and cost guidance during the quarter. 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

¹The 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.

²Capitalised 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 Dalgara in FY2022. The resulting AIC per ounce of production 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 waste stripping. AISC is guided higher as a result of less mining fixed costs being apportioned to capitalised waste stripping.

Firefly Merger and Shareholder Vote

On 16 June 2021, Gascoyne announced that it had entered into a Scheme Implementation Deed ("**SID**") with Firefly Resources Limited ("**Firefly**") (ASX:FFR) in relation to a merger of the two companies. Firefly's Yalgoo project is within trucking distance of the Dalgara Gold Project.

On 15 October 2021, Firefly released supplementary disclosure relating to the Scheme Booklet and announced that the Scheme Meeting had, with the approval of the Supreme Court of Western Australia, been postponed in order to allow Firefly shareholders a reasonable time to consider the supplementary disclosure. Scheme Meeting was held on Wednesday, 27 October 2021, and Firefly shareholders voted overwhelmingly in favour of the Scheme. The date for the second Court hearing for the Scheme, is scheduled for 1 November 2021.

Westgold Takeover Offer – Board Assessment

Following a comprehensive assessment in consultation with its financial and legal advisors, the Board of Gascoyne has determined that if the Westgold Offer was capable of being completed it would be superior in value for Gascoyne shareholders compared to completing the Scheme of Arrangement (“**Scheme**”) with Firefly. The Board, however, notes the condition set out in section 7.2(a) of the Bidders Statement whereby the Westgold Offer is subject to the Scheme with Firefly not proceeding and being validly terminated (“**Firefly Scheme Termination Condition**”).

The Firefly Scheme Implementation Deed (“**SID**”) does not contain a termination right for Gascoyne in the event that Gascoyne receives a competing proposal and assesses such competing proposal as being superior to the Scheme with Firefly. Currently the Firefly Scheme Termination Condition **is not capable of being satisfied** without Firefly’s agreement and accordingly Gascoyne has recently written to Firefly enquiring as to whether Firefly would exercise its right to terminate the SID should the Gascoyne Board determine that the Westgold Offer was superior. Firefly declined to confirm that it would exercise its right to terminate in such a circumstance.

Westgold made an application to the Takeovers Panel on 13 October 2021 in which it sought to have a termination right for Gascoyne included in the SID. The Takeovers Panel declined to conduct proceedings on Westgold’s initial application and Westgold sought a review of that decision. Today the review Panel has declined to conduct proceedings in relation to Westgold’s review application on the basis that there was no reasonable prospect that it would make a declaration of unacceptable circumstances.

The Court hearing to consider the approval of the Firefly Scheme is scheduled for 1 November 2021.

Westgold has announced that the Westgold Offer opened on 29 October 2021 and will close at 5pm Perth time on 29 November 2021, unless otherwise extended or withdrawn.

Given that the **Firefly Scheme Termination Condition is not currently capable of being satisfied**, Gascoyne again reiterates that shareholders should **TAKE NO ACTION** in relation to the Westgold Offer at this time.

If you accept the Westgold Offer prior, you will give up your right to sell your Gascoyne shares on the ASX or otherwise deal with your Gascoyne shares while the Westgold Offer remains open and you will only have limited rights to withdraw your acceptance of the Westgold Offer as set out in section 4.2(g) of the Bidder’s Statement.

Non-Binding Indicative Proposal from Rivet Group

On 24 August 2021, the Company advised that it had received an unsolicited, non-binding and indicative proposal (NBIP) from Rivet Group for Gascoyne to acquire the gold rights at Rivet’s 100%-owned Snake Well gold project. Snake Well is located approximately 50km northwest of the township of Yalgoo in Western Australia.

The NBIP was highly conditional, including a condition that Gascoyne not proceed with the Scheme Implementation Deed executed with Firefly and announced on 16 June 2021. Following prompt review and consideration of the NBIP, the Gascoyne Board unanimously determined that the NBIP was not a superior proposal to the merger with Firefly. In making its determination, the Board of Gascoyne received advice from its external advisors, took into account the commercial terms of the NBIP and undertook a preliminary assessment of the technical risks associated with the Snake Well gold project.

Exploration and Development Projects

Exploration Expenditure

Total exploration expenditure by the Company during the September 2021 quarter was \$1.09M (Jun Qtr: \$2.07M). Approximately \$0.18M was incurred on resource definition activity on the Dalgaranga mining lease and the remaining \$0.91M was incurred on regional exploration activities, including on exploration lease prospects located within 15km of the Dalgaranga plant. Regional exploration expenditure was also incurred on the Glenburgh - Mt Egerton, Mumbakine Well and Beebyn projects.

Across the Dalgaranga mining lease and the regional exploration prospects, an aggregate of 5,158 metres of aircore and RC drilling was completed during the quarter which was lower than prior quarters primarily due to inclement weather.

Dalgaranga Regional Prospects

At Dalgaranga, RC and aircore drilling was focused on testing a number of targets within a 15km radius of the process plant. A total of 1,291 metres of drilling completed during the September quarter.

Dalgaranga Regional – Hendricks

At Hendricks, located 1.5km east of the Dalgaranga Processing Plant (80% Gascoyne interest), four RC holes were completed targeting down dip extensions to the known mineralisation. As announced 9 September 2021, significant results were returned including 6m @ 2.4 g/t Au from 27m and 22m @ 2.3 g/t Au from 38m including 5m @ 8.1 g/t Au in DGRC0677 (see Figures 2 and 3) and 4m @ 7.3 g/t Au from 115m including 1m 26.3 g/t Au from 115m in DGRC0675.

Mineralisation at Hendricks is related to 60-70° west dipping quartz pyrite altered veins hosted in sheared basalts. The Hendricks prospect is located in an 'axial planar' fold hinge position within the regional antiform structure that hosts the Gilbey's and Sly Fox deposits at Dalgaranga.

As announced on 21 October 2021, a further five shallow RC holes were completed at Hendricks, as part of a larger ongoing program of infill drilling targeting 25m spaced infill lines to define shallow oxide mineralisation at the prospect. Better results returned include 8m @ 2.2 g/t Au from 11m including 2m @ 5.1 g/t Au in DGRC0683 (see Figures 2 and 3) and 2m @ 5.7 g/t Au from 34m in DGRC0682. A total of 1,444 metres were drilled at Hendricks during the September quarter

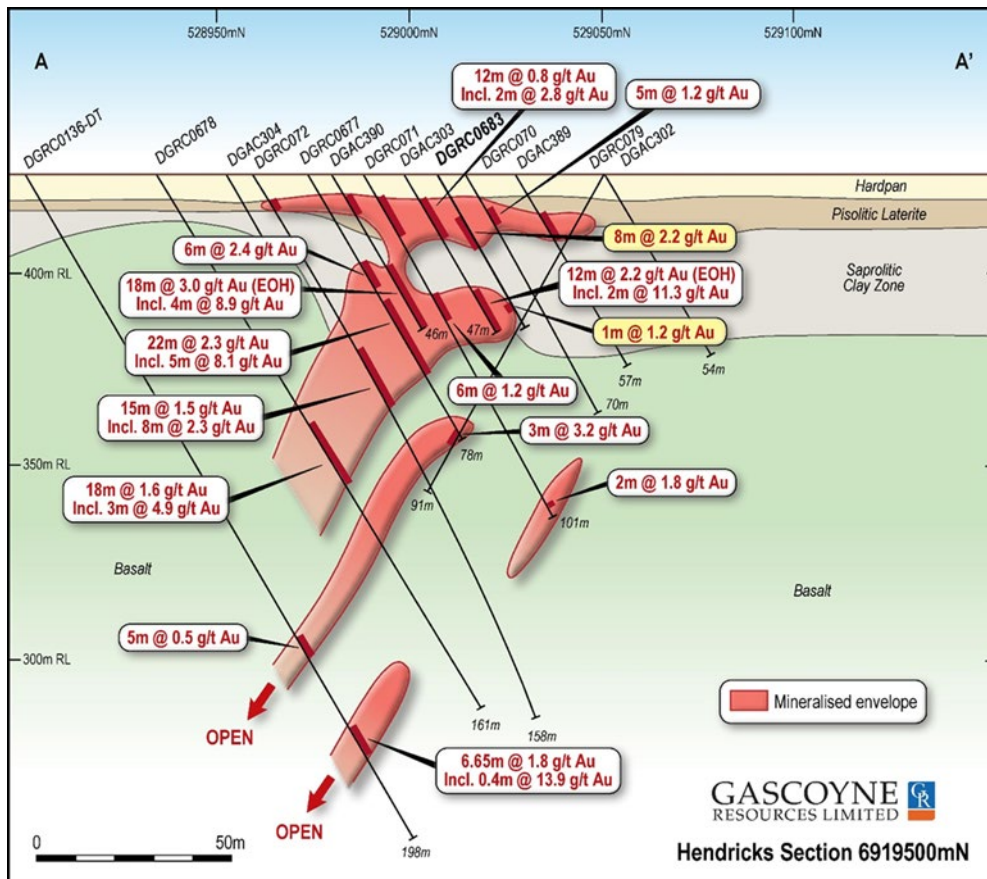


Figure 2: Hendricks cross section showing latest drilling results in DGRC0683

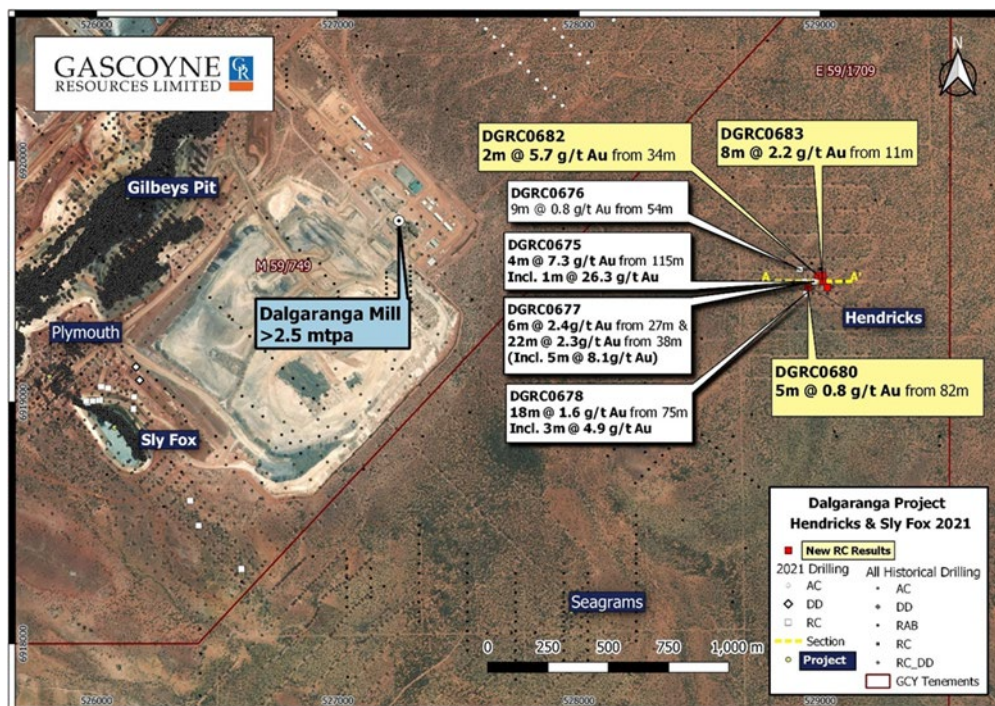


Figure 3: Dalgaranga Plan showing latest RC Results at Hendricks

Dalgaranga Regional – Vickers

Results received during the quarter from drilling at the Vickers deposit (80% Gascoyne interest) returned a number of mineralised zones including 14m @ 1.0 g/t Au from 40m and 3m @ 1.5 g/t Au (EOH) from 117m in DGRC0674. Mineralisation at Vickers occurs in north dipping sheared-sericite-pyrite alteration zones hosted in mafic rock types; predominantly basalts. Three RC holes were drilled targeting historic shallow anomalous gold Aircore drilling on the SE structural trend of the Sly Fox. Narrow mineralised zones containing moderate gold grades were intersected including 1m @ 0.9 g/t Au from 29m in DGRC0679 (Figure 4).

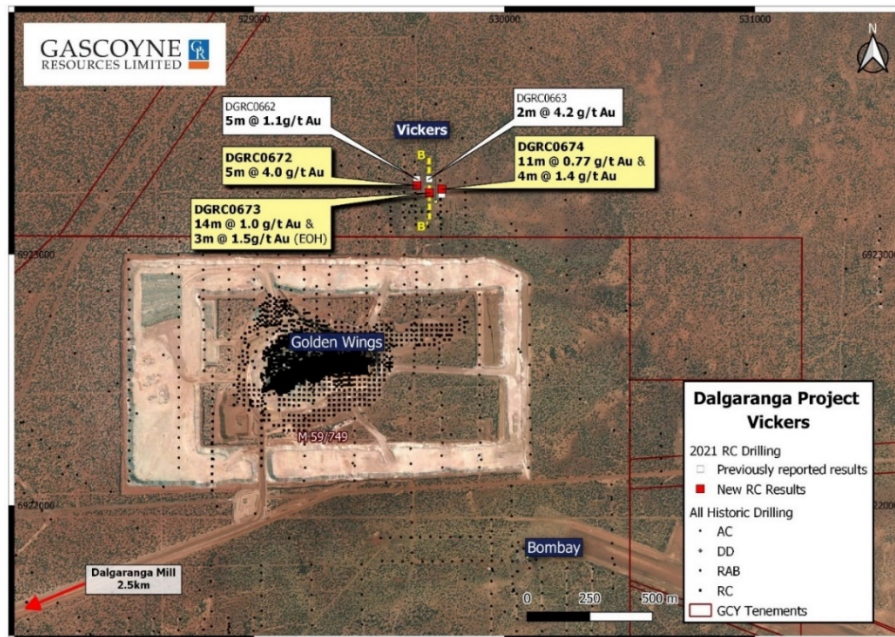


Figure 4: Vickers Prospect, Location Plan of Recent RC Drillholes

Dalgaranga Regional – Greencock Trend

Subsequent to the end of the September quarter, the Company announced that broad spaced aircore drilling had recommenced southwest of the Greencock prospect area targeting the ENE trending (13km long) section of the major structural zone (Figure 3).

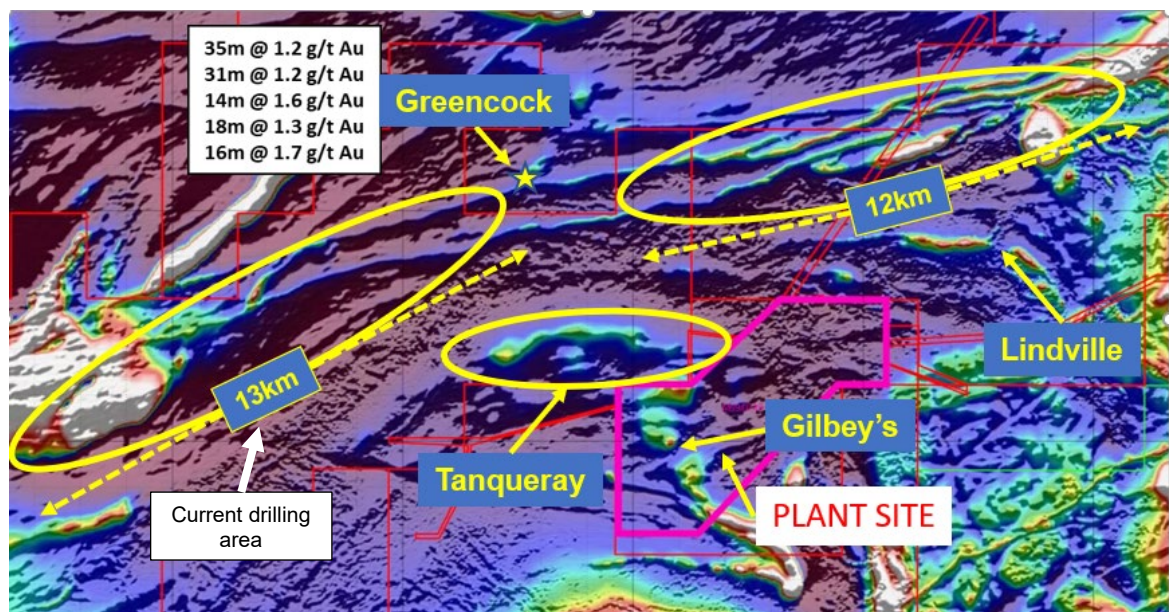


Figure 5: Dalgaranga Area highlighting the southwest Greencock ENE structural trend currently being tested with Aircore drilling

Sly Fox

During the quarter, results from the second diamond core drill hole ("DDH") completed at Sly Fox were received. The drillhole DGRC0657-DT intersected significant gold mineralisation approximately 450m vertically below surface, the deepest hole drilled to date targeting the Sly Fox lode. Results received include 44m @ 2.0 g/t Au from 466m, including 18m @ 3.8 g/t from 489m within contains a higher grade interval of 6m @ 6.3 g/t Au. A hanging wall zone of mineralisation was also intersected containing 21m @ 1.3 g/t Au from 435m. This second DDH lies approximately 40m SE from DRC0654-DT as reported in ASX Announcement 23 June 2021 (43m @ 0.8 g/t Au, including 6m @ 2.2g/t Au).

These two holes were designed to test down dip extensions for continuation of the mineralisation and possible underground extraction. The first hole returned an intersection of very significant width confirming the mineralisation extends at depth. Additional holes will be required to determine whether there is sufficient grade to warrant the development of an underground operation.

Subsequent to the end of the quarter, the Company announced that underground resource RC and diamond drilling at Sly Fox would commence shortly.

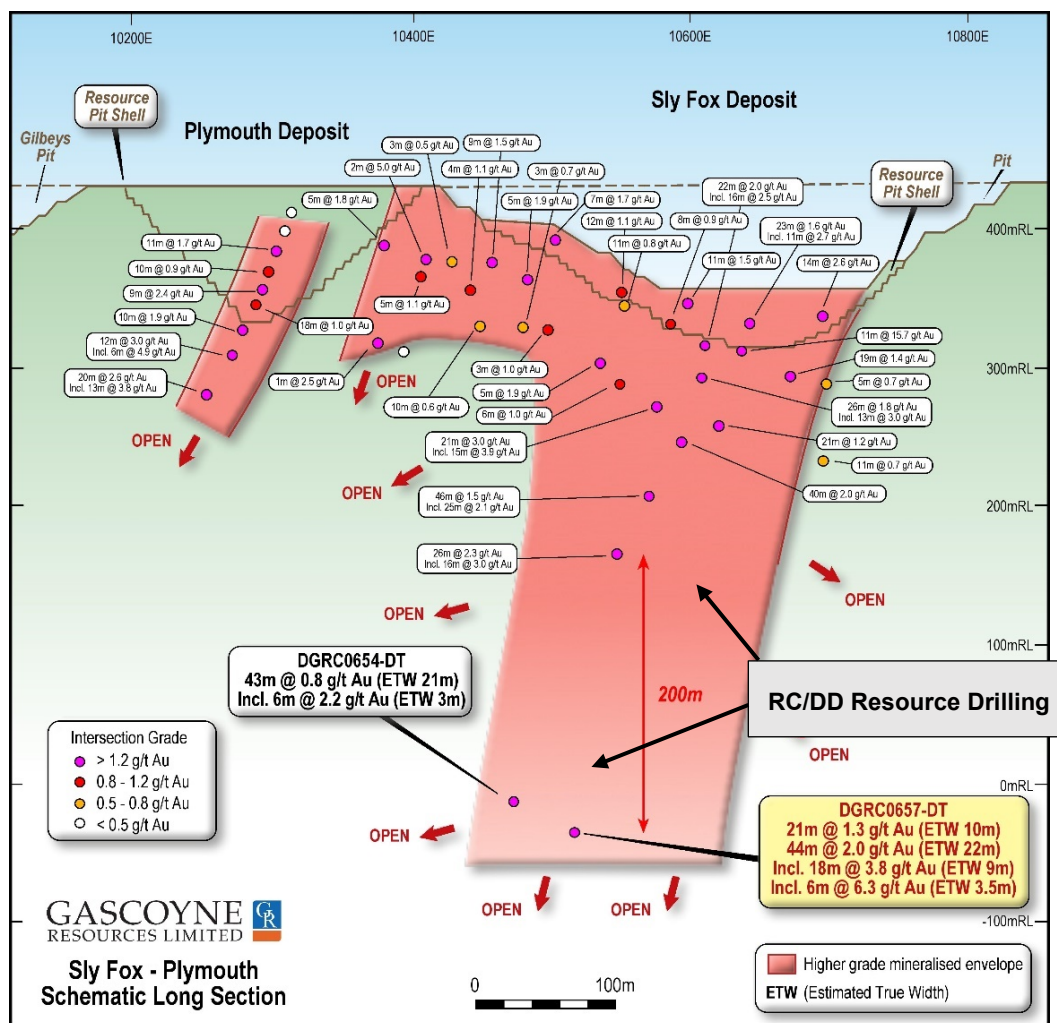


Figure 6: Long section of the Sly Fox deposit showing resource drilling targets

Glenburgh Project

On 2 September 2021, the Company announced it had received high-grade results from the resource extension RC drilling undertaken during the previous quarter at the Zone 126 Gold Deposit. A total of 17 RC holes were completed for 3,772 metres of drilling targeting extensions to Zone 126, Zone 102, Cobra and follow up of aircore intersections in the SW areas at the Glenburgh Project.

Results were received from 12 of 17 RC drill holes completed at the Glenburgh Project with results pending from four holes drilled into Zone 102 and one hole into Cobra.

The high grade intersection of 8m @ 11.6 g/t Au from 187m including 4m @ 21.3 g/t Au in VRC1076 was returned from targeting down dip extensions to the high grade gold lodes within the Zone 126 deposit. Other results included 2m @ 7.0 g/t Au from 114m and 8m @ 2.3 g/t Au from 141m in VRC1075 and 7m @ 2.1 g/t Au from 117m in VRC1074. High grade intersections were recorded outside of the existing Mineral Resource Estimate areas.

The high grade mineralisation intersected is associated with steeply dipping (NNW 70-85°) high grade gold lodes within a steep westerly plunging mineralised zone that remains open at depth and along strike to the NE. Zone 126 hosts a combined open pit and underground Mineral Resource Estimate of approximately 95koz (See ASX announcement dated 18 December 2020 and titled "Glenburgh Resource Update"). Increases to the Zone 126 Mineral Resource will improve the potential for the Zone 126 deposit to form a key component of any future Glenburgh Project development by supplying higher grade ore feed to a processing plant.

Additionally, at the Cobra and South West prospect areas, better results returned include the near surface intersection of 5m @ 1.7 g/t Au from 17m in VRC1084 at Cobra and in the South West area 3m @ 0.57 g/t from 10m in VRC1089 was returned from VRC1089 targeting historic aircore anomalies. Assay results are pending from four RC holes completed at the Zone 102 deposit and one hole at Cobra.

Subsequent to the end of the quarter, assay results from the five remaining holes were received and included four holes at the Zone 102 deposit, and one hole from the Cobra deposit. Better results from Zone 102 included 3m @ 1.1 g/t Au from 133m, 2m @ 4.6 g/t Au from 170m and 5m @ 1.2 g/t Au in VRC1082, 5m @ 1.4 g/t Au from 222m in VRC1080 and 26m @ 0.8 g/t Au from 184m and 4m @ 2.4 g/t Au from 221m, including 1m @ 9.1 g/t Au from VRC1089.

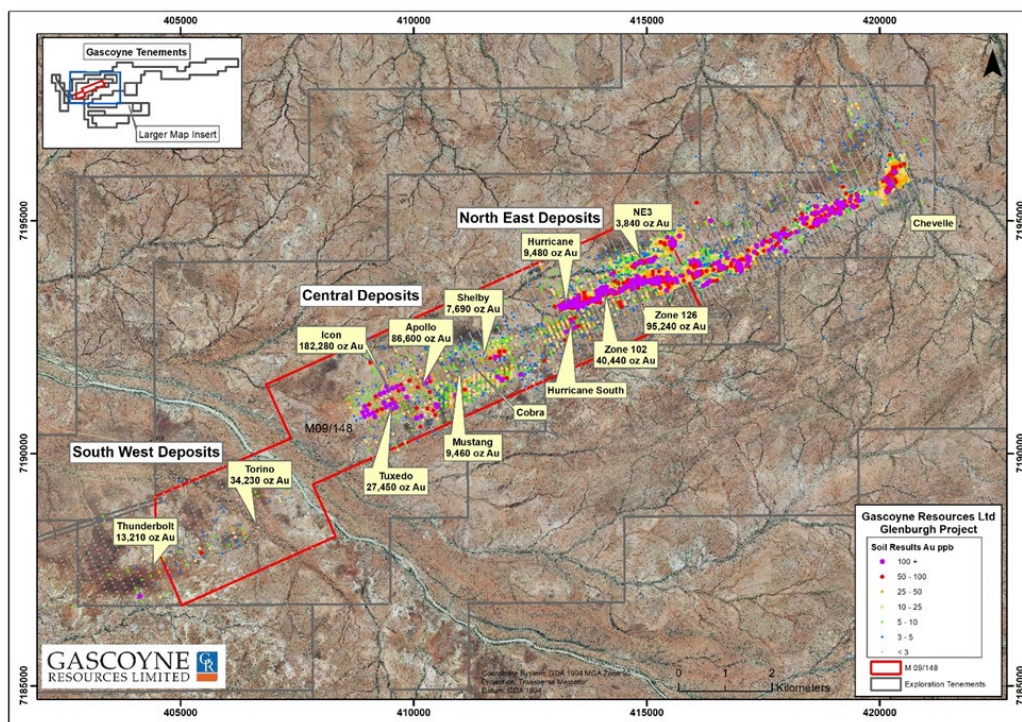


Figure 7: Glenburgh Project - Deposit Location Plan

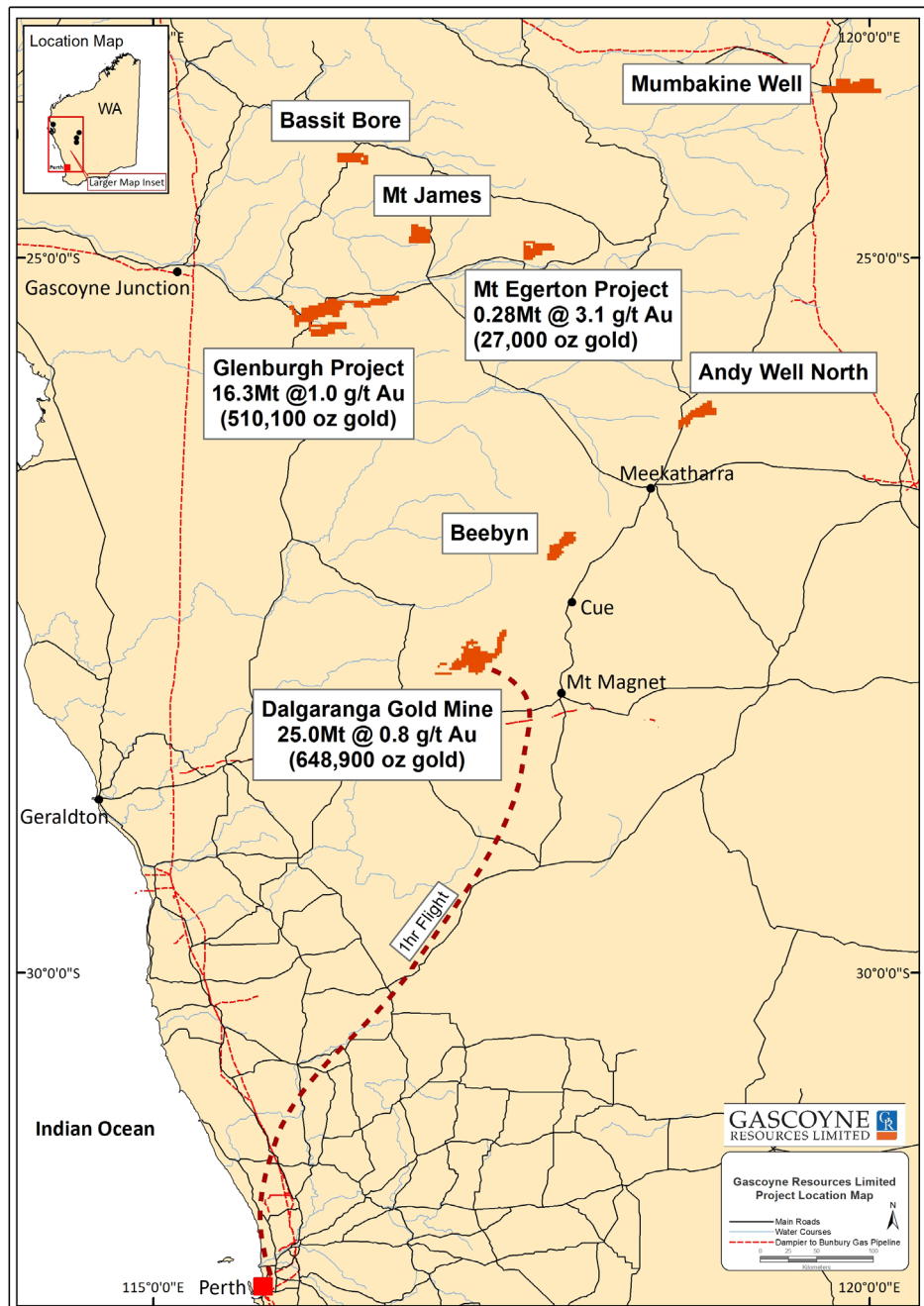


Figure 8: Glenburgh - Mt Egerton Location Map

Corporate

Cash Balance and Cash Flow

Statutory free cashflow for the September quarter was \$7.3M. The quarter was positively impacted by the receipt of \$3.3M from the last gold sale of FY2021 which was received on 1 July 2021. Total cash and value of gold on hand (546oz) as at 30 September 2021 was \$27.7M.

Cash on hand of \$26.4M exceeded bank debt of \$10.5M, resulting in the Company having a net cash position of \$15.9M at 30 September 2021.

The Company is required to make scheduled principal repayments of \$3.5M each quarter and is also subject to a debt prepayment cash sweep based on a percentage of cash generated in the preceding quarter. The cash sweep amount for the quarter ending 30 September 2021 is \$0.4M and is due to be paid by the end of October 2021. Upon payment of the cash sweep amount, the Company's bank debt will reduce to \$10.1M.

An amount of \$287,000 was paid to related parties during the quarter. The payments related to fees and salaries to non-executive directors and the Managing Director.

During the quarter, a cost settlement agreement was reached on the costs awarded to the Company following the unsuccessful action brought by Habrok (Dalgara) Pty Ltd against the Company in 2020. The terms of the settlement are confidential between the parties and part proceeds from the settlement were received by the Company during the quarter. The Company continues to progress legal actions to recover the remaining costs to be paid to the Company in accordance with the cost settlement deed.

Revenue Protection

An initial requirement under the debt facility with Investec Bank was to partially protect adverse movements in the gold price by hedging, on a rolling 18-month basis during the term of the loan, a minimum of 40% of forecast gold sales. Following the voluntary debt prepayment of \$14.6M on 31 March 2021, the Company is no longer required to mandatorily hedge a minimum of 40% of production as the existing hedge profile through to September 2022 is beyond the scheduled final repayment date of the debt of June 2022.

As at 30 September 2021, a total of 43,632 ounces is hedged out to September 2022 at an average price of A\$2,506 per ounce with an "in the money" mark to market value of \$3.2M based on the then prevailing spot price of A\$2,431/oz (Table 2).

Table 2: Quarter by Quarter Average Hedged Ounces

Qtr Ending	Oz	Price (\$/Oz)
31-Dec-21	12,800	\$2,582
31-Mar-22	11,910	\$2,593
30-Jun-22	13,122	\$2,462
30-Sep-22	5,800	\$2,261
	43,632	\$2,506

No additional put options were purchased during the quarter. Remaining gold put options at 30 September 2021 totalled 4,800 ounces at a strike price of A\$2,300 per ounce, expiring over a 3-month period to December 2021.

-END-

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

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Mining Tenements held as at 30 September 2021 (All 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	Mumbakine Well	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
MLA09/181	Gascoyne Region	Glenburgh	100% Gascoyne Resources
EL51/1648	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

Abbreviations and Definitions used in Tenement Schedule:

EL Exploration Licence

ELA Exploration Licence Application

ML Mining Lease

L Miscellaneous Licence

MLA Mining License Application

ABOUT 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.

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. After discovery in the early 1990s, the project was developed and from 1996 to 2000 produced 229,000 oz's of gold. In 2016 Gascoyne commenced the re-development of the project with first gold production in 2017.

An updated Mineral Resource Estimate was released in May 2021 with the Dalgaranga Gold Project Mineral Resource containing 25.0Mt @ 0.8 g/t Au for 648,900 oz of gold (ASX Announcement 31 May 2021 and titled "2021 Mineral Resource and Ore Reserve Statements").

An updated Ore Reserve Estimate was released in May 2021 with the Dalgaranga Gold Project Ore Reserve containing 13.5Mt @ 0.8 g/t Au for 339,000 oz of contained gold (ASX Announcement 31 May 2021 and titled "2021 Mineral Resource and Ore Reserve Statements").

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

Summary Mineral Resource Statement as at 31 March 2021

Category	Mt	Au g/t	Au koz
Measured	1.38	0.69	30.6
Indicated	20.04	0.83	533.1
Indicated+Measured	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

GLENBURGH:

The Glenburgh Project in the Gascoyne region of Western Australia has an Indicated and Inferred resource of **16.3Mt @ 1.0 g/t Au for 510.1koz gold** (See ASX announcement dated 18 December 2020 titled "Glenburgh Resource Update") from several deposits within a 13km long shear zone (see Table 5). The project is an exciting advanced exploration project and will be fully evaluated over the coming months to determine its potential development to production.

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:

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.

Mt Egerton Gold Project – Hibernian Deposit MRE, as of May 2021

Classification	Mt	Au g/t	Au koz
Indicated	0.23	3.4	25
Inferred	0.04	1.5	2
TOTAL	0.28	3.1	27

Further information is available at www.gascoyneresources.com.au

Competent Persons Statement

The information which relates to the Ore Reserve estimates for the Dalgaranga Gold Project referred to in this release is 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 Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Ore Reserves was Mr. Neil Rauert.

The information which relates to the Mineral Resource estimates for the Gilbey's, Gilbey's South, Plymouth and Sly Fox gold deposits at the Dalgaranga Gold Project referred to in this release 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 Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Persons responsible for reporting of those Mineral Resource estimates were Mr Michael Job and Mr Michael Millad.

The Mineral Resources estimates for the Glenburgh Project referred to in this announcement are extracted from the ASX announcement dated 18 December 2020 and titled "Group Mineral Resources Grow to Over 1.3M oz"). 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 Competent Person responsible for reporting of those Mineral Resource estimates was Mr Brian Fitzpatrick.

The Mineral Resources estimates for the Hibernian deposit at Mt Egerton referred to in this release 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.