

ASX ANNOUNCEMENT

16 March 2022

STRONG PRODUCTION ALLOWS GASCOYNE TO REDUCE DEBT BY 50% FOLLOWING \$10 MILLION PRE-PAYMENT

Improving March Quarter operating performance and strong revenue generation from Dalgara drives further improvement in Gascoyne's balance sheet

Highlights:

- **\$10 million debt pre-payment made to major shareholder Deutsche Balaton AG:**
 - Convertible note debt reduced from \$20 million to \$10 million;
 - Debt reduction saves \$3.1 million in interest payments over the next 21 months.
- **Record January production (7,900oz) backed up by strong February production of 6,867oz:**
 - February production achieved despite five days downtime for scheduled mill re-line and maintenance activities;
 - March 2022 Quarter production on track for over 21,000oz, an increase of more than 25% on the December 2021 Quarter.
- **Unhedged position has allowed Gascoyne to capitalise on recent increases in the gold price:**
 - Average realised price of A\$2,582/oz for the March Quarter to date.

Gascoyne Resources Managing Director and CEO, Mr Simon Lawson, said: *"It is very pleasing that we are able to retire half of the convertible note through this \$10 million prepayment to Deutsche Balaton AG. Dalgara's strong production performance for the quarter-to-date, combined with an unhedged gold position, has greatly improved our cash-generating ability allowing us to make this payment."*

"We have been able to back up the 7,900oz produced in January with another outstanding month in February with 6,867oz produced despite experiencing five days of downtime for a scheduled mill re-line and maintenance. This bodes well for the March Quarter and puts us on track to deliver a +21,000oz quarter, an improvement of more than 25% on the December 2021 Quarter."

"The improved levels of cash generation sets us up well for the rest of the 2022 calendar year as we continue to increase mine life at Dalgara through extensions at Plymouth and further delineation of the recent Gilbey's North discovery, combined with the near-term development of deposits such as Archie Rose."

"Gascoyne would like to thank Deutsche Balaton Group for their continued support and, in particular, the provision of this flexible form of funding at an important time for the Company. This funding enabled the Company to eliminate its previous hedging position, providing welcome exposure to the buoyant spot gold market. We are grateful to Deutsche Balaton Group and all shareholders for their continued support and we look forward to updating the market as the Company outlines further important growth plans in 2022 and beyond."



Gascoyne Resources Limited ("**Gascoyne**" or the "**Company**") (ASX: GCY) is pleased to advise that it has made a \$10 million pre-payment to its major shareholder, Deutsche Balaton AG, reducing the amount owing under the convertible note debt facility entered into in December 2021 ("**Convertible Notes**") from \$20 million to \$10 million.

The voluntary pre-payment will save the Company approximately \$3.1 million in interest payments over the remaining 21-month term of the Convertible Notes. An Independent Expert Report is nearing completion and will accompany a Notice of Meeting that will be issued to shareholders to vote on the conversion aspects of the Convertible Notes.

Gascoyne now expects that the shareholder meeting will be held in the first half of May 2022. Gascoyne and the Deutsche Balaton Group have agreed to amend the date by which the shareholder meeting is to be held from 31 March 2022 to 16 May 2022.

At the time of drawing down the \$20 million Convertible Notes in December 2021, Gascoyne repaid in full its previous debt facility with Investec Bank, plc. This repayment enabled the Company to close out its previous gold forward contracts for a small gain in late December 2021, enabling Gascoyne to be 100% exposed to the recent strong rally in the gold price. For the March Quarter to date, an average realised price of A\$2,582/oz has been achieved.

March Quarter Production

As forecast in the December 2021 Quarterly Activities Report released on 28 January 2022, production for the March 2022 Quarter is on track to be significantly stronger than the December 2021 Quarter.

For the month of February 2022, a total of 6,867oz of gold was produced despite the month comprising only 28 days and the loss of five days to a scheduled mill re-line and maintenance. Following the improved performance in January and February, the Company is on track to deliver gold production of over 21,000oz for the March Quarter, an improvement of more than 25% from the previous quarter.

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. The acquisition of Firefly Resources Limited which held the Yalgoo project approximately 70km southwest of Dalgaranga completed on 10 November 2021. The Melville deposit at Yalgoo has the potential to be mined and hauled 110km by road and integrated into the Dalgaranga production plan.