

ASX ANNOUNCEMENT

28 March 2022

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CAPITAL RAISING OF UP TO \$19M TO DELIVER NEXT PHASE OF EXPLORATION AND PRODUCTION GROWTH STRATEGY

\$15M Placement plus \$4M SPP will see Gascoyne become debt-free, with a clear strategy to deliver rapid growth in mine life through accelerated near-mine exploration

Highlights:

- Capital raising of up to \$19 million undertaken at \$0.30 per share, comprising:
 - \$15 million Share Placement to sophisticated and professional investors;
 - A Share Purchase Plan (SPP) to be launched to raise up to \$4 million, allowing existing retail shareholders to participate in this pivotal capital raising on the same terms as institutional investors.
- Proceeds to be used to repay the balance of the \$10 million convertible note debt to entities controlled by Deutsche Balaton AG, meaning that Gascoyne will be debt-free with completely unhedged gold production.
- Elimination of debt further reduces costs and further strengthens and de-risks Gascoyne's balance sheet as its near-mine exploration and production growth strategy continues to gather momentum.
- Balance of funds raised to be used to support the near-mine exploration strategy, including accelerated drilling programs at:
 - Gilbey's North – new discovery immediately north of operating Gilbey's pit (maiden MRE targeted for Q2 2022);
 - Archie Rose – less than 10km from the plant (maiden MRE due early April);
 - Plymouth – exciting extensions below operating pit (updated MRE due early April);
 - Eastern wall of the Gilbey's pit – recent drilling success highlights substantial new growth opportunity; and
 - Other emerging near-mine prospects such as Lindville (recent drilling success).
- Gascoyne's two-pronged strategy is to continue its recent operational momentum and turnaround (record production expected for March Quarter) while significantly stepping-up its near-mine exploration campaign with the objective of delivering a 3-5 year mine life.

Gascoyne Resources Managing Director and CEO, Mr Simon Lawson, said: *"Over the last three months we have been working on a multi-faceted strategy to increase mine life and ore feed grades at the Dalgaranga gold mine and reposition Gascoyne as an investable mid-tier gold producer with a clear growth strategy."*

“We have streamlined our management processes and put in place an effective staff retention strategy – with zero resignations since the policy was put in place in January. We have optimised and stabilised the mine plan, delivering consistent ore feed at an elevated +1g/t head grade, and we are now delivering record monthly and quarterly production outcomes – with increased visibility to being able to maintain this over a longer period of time through future development of the promising Gilbey’s North discovery.

“At the end of last year, we removed the restrictions of our previous debt arrangement by closing out the Investec facility, which had the effect of also removing our existing hedge book – exposing us to an increasing spot gold price. This has had the effect of delivering improved cash-flows, which reflects the significant differential between the price we would have received under our previous hedging to what are now making on spot sales.

“This up to \$19 million capital raise is underpinned by our existing major supportive shareholders along with significant support provided by new institutional investors located domestically and offshore. The \$4 million SPP also enables all retail shareholders resident in Australia and New Zealand to participate in the equity raise on the same terms.

“\$10 million of the proceeds will go to retiring the remaining convertible note debt, meaning that Gascoyne will be completely debt-free and unhedged for the first time since production began in 2018, and approximately \$4 million towards accelerated near-mine exploration. The balance will strengthen our treasury position, which stands at around \$24 million, further de-risking our balance sheet during this period of increasing COVID-19 cases in Western Australia, and putting us in a strong position to deliver organic growth through exploration and the ability to quickly capitalise on regional opportunities.

“We have made a significant shallow high-grade discovery less than 1km from our processing plant which is still growing and has the potential to substantially add to the life-of-mine. We are working on significant updates to our existing Mineral Resource Estimates, specifically at Plymouth and Gilbey’s, which have the potential to immediately add to the mining schedule and the life-of-mine, as well as new Mineral Resource Estimates at Gilbey’s North and Archie Rose, that also have the real potential to make meaningful additions to the life-of-mine, all within 10km of our processing plant.

“We will continue to consistently drill and increase our near-mine prospects and bring them into a rapidly growing pipeline of advanced resources and into an expanded mining and milling plan, including the Yalgoo assets and the 200koz mineral resource at Melville.

“Our goal is to create a debt-free gold producer which is able to leverage its amazing infrastructure and strong team centred around a 3-5 year low-risk, hard-outcome production runway and 10-year resource visibility.”

Gascoyne Resources Limited (“**Gascoyne**” or the “**Company**”) (ASX: GCY) is pleased to announce a capital raising of up to \$19 million to underpin the next phase of its near-mine exploration and production growth strategy at the 100%-owned **Dalgaranga Gold Mine** in Western Australia.

The Company has received firm commitments for a \$15 million share placement (“**Share Placement**”) to sophisticated and professional investors, including existing shareholders, and also plans to launch a Share Purchase Plan (“**SPP**”) to raise up to \$4 million (together “**the Offer**”). The Share Placement was well supported with applications for over \$15 million received but was scaled back to \$15 million despite the strong level of investor demand. The price for the Offer is \$0.30 per share.

Share Placement

The Share Placement comprises a single tranche placement of approximately 50 million fully paid ordinary shares in the Company (“**New Shares**”), at an issue price of \$0.30 per New Share, to raise approximately \$15 million (before costs) using the Company’s existing ASX Listing Rule 7.1 placement capacity. New Shares issued under the Share Placement will rank equally with Gascoyne’s existing shares.

The issue price of \$0.30 per New Share represents a:

- Discount of 15.5% to the last closing price of \$0.355 per share on 23 March 2022; and
- Discount of 10.9% to the 10-day volume weighted average price of \$0.337 per share to 23 March 2022

Participants in the Share Placement include the Company's largest shareholder, Deutsche Balaton AG, who has committed to subscribe for approximately 11.7 million New Shares in order to maintain their ownership interest at just over 17%.

An indicative timetable for the Share Placement and SPP is set out below.

Share Purchase Plan

The SPP aims to raise up to \$4 million (before costs) and will enable all eligible Gascoyne shareholders with registered addresses in Australia or New Zealand at 5:00pm (AWST) on the record date of Friday, 25 March 2022 ("**Eligible Shareholders**") the opportunity to apply for New Shares at the same price as the Share Placement. The SPP is not underwritten.

Eligible Shareholders will be offered the opportunity under the SPP to apply for up to \$30,000 worth of New Shares, subject to scale back at the Company's absolute discretion. The Company reserves the right to close the SPP early as soon as applications of at least \$4 million have been received.

New Shares issued under the SPP will rank equally with Gascoyne's existing shares. Terms and conditions of the SPP will be set out in the SPP booklet that will be released on the ASX and provided to Eligible Shareholders in accordance with the timetable.

Use of Funds

Proceeds from the Offer shall be used as follows:

- \$10.5 million to repay in full the remaining principal amount owed on the convertible note debt held by entities controlled by the Company's largest shareholder, Deutsche Balaton AG, plus accrued but unpaid interest to the date of repayment;
- \$3.5 million to fund an accelerated drilling program at the Dalgaranga Gold Project to be completed over the next 3 to 4 months; and
- \$5.0 million for general working capital purposes and to fund the costs of the Offer.

Advisers

Canaccord Genuity (Australia) Limited is acting as the Lead Manager and Sole Bookrunner. Bridge Street Capital Partners Pty Ltd is acting as Co-Manager.

Herbert Smith Freehills is acting as legal adviser to the Company in relation to the Offer.

Indicative Timetable

Key Events	Date / Time (Perth time)
Record date for SPP	5:00pm Friday, 25 March 2022
Announcement of Placement and trading halt lifted	Monday, 28 March 2022
Settlement of Placement New Shares	Thursday, 31 March 2022
Allotment of Placement New Shares	Friday, 1 April 2022
SPP offer opens and SPP booklet dispatched	Friday, 1 April 2022
SPP offer closes	5:00pm Tuesday, 19 April 2022
Announcement of SPP results and issue of SPP New Shares	Friday, 22 April 2022
Trading of SPP New Shares and dispatch of holding statements	Tuesday, 26 April 2022

The timetable is indicative only and remains subject to change at the Company's discretion, subject to compliance with applicable laws and the ASX Listing Rules. The Company reserves the right to change the timetable or cancel the SPP at any time before New Shares are issued, subject to regulatory requirements. The Company encourages Eligible Shareholders who wish to participate in the SPP to act promptly in submitting their application forms. The Company reserves the right to close the SPP early by making an announcement to the ASX.

All dollar amounts are in Australian dollars unless otherwise indicated.

This release is the release referenced in the Company's trading halt request on 24 March 2022.

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.