

## ASX ANNOUNCEMENT

31 August 2022

### NON-CASH IMPAIRMENT FOR FY2022 AND DALGARANGA PRODUCTION UPDATE

Gascoyne Resources Limited (ASX: GCY) (“**Gascoyne**”; “**the Company**”) advises that it expects to recognise a non-cash impairment expense of between \$40 million and \$50 million (pre-tax) for the Dalgaranga Gold Project (“**Dalgaranga**”) in its financial statements for the year ended 30 June 2022.

Factors influencing the impairment expense include:

- The October 2021 deferral of the Stage 3 cut-back of the western and eastern walls of the main Gilbey’s pit;
- Industry-wide cost increases in the mining sector, particularly in the areas of labour, energy (diesel and LNG), reagents and equipment parts; and
- The adoption of conservative forward estimates for the gold price.

The impairment test is conducted using conditions and information as at the last day of the financial year (i.e., 30 June 2022), which is *before* updated Mineral Resources and Ore Reserves have been determined for the significant new discoveries immediately north of the Gilbey’s pit at Gilbey’s North, the recently discovered high-grade Never Never Lode and the Gilbey’s Eastern Footwall.

Accordingly, the impairment test excludes the benefits that the Company expects to realise from mining these deposits in the future.

Gascoyne is currently working on the initial Mineral Resource Estimates (MRE’s) for Gilbey’s North/Never Never Lode which will be released by the Company as part of a project-wide Mineral Resource update during the week commencing 5 September 2022. An update to the MRE for Gilbey’s North/Never Never Lode and the Gilbey’s Eastern Footwall is also likely in the December Quarter to incorporate results of the ongoing drill program.

Gascoyne expects that the impairment expense will impair to nil the accounting book value of the previously capitalised Dalgaranga mineral properties asset class, including the remaining book value of capitalised interest, exploration, deferred waste and pre-production costs. No impairment is being made to the carrying value of the 2.5Mtpa Dalgaranga process plant and associated site infrastructure, reflecting the inherent value that the Company places on this strategically important processing facility.

Gascoyne Resources Managing Director and CEO, Mr Simon Lawson, said: *“The expected accounting impairment expense will provide an opportunity to reset the balance sheet of Gascoyne as we transition Dalgaranga to a new phase of operations based on mining and processing much higher-grade ore sources in addition to the lower-grade baseload ore feed that has traditionally been mined.*

*“In more ways than one, the impairment serves to highlight why we embarked on the search for higher grade ore following my arrival in November last year. The existing Gilbey’s Main Zone ore body is a relatively low-grade deposit, whereas the Never Never Lode is delivering drill intercepts with grades and widths beyond anything ever seen before at Dalgaranga and – quite frankly – beyond anything seen at most Australian gold deposits.*

*“The more we drill-out the Never Never Lode, the more confident I am becoming that this is shaping up to be a real company changer and the catalyst we need to deliver a step-change in annual production. I look forward to releasing the maiden Mineral Resource Estimate in the coming days.”*

The expected impairment expense is a non-cash item and remains subject to audit and final Board approval. Further details will be provided in the Company’s Annual Report, to be released in late September 2022.

### **September Quarter Production**

The first two months of the September Quarter have seen above-average rainfall in the Murchison region of Western Australia. In one 24-hour period alone, Dalgaranga recorded over 60mm of rainfall. Like most other mining companies, Gascoyne also continues to suffer from the current skills shortage in the industry.

A combination of adverse weather impacts and periodic staff shortages have resulted in the Dalgaranga mine plan falling behind schedule, further delaying access to higher grade ore in Stage 2 of the Gilbey’s Main Zone. A remediation plan has been developed, however production for the September Quarter is currently expected to be 1,000-2,000oz less than the 16,298oz produced in the June Quarter.

Further information will be provided by the Company after it has released its updated Ore Reserves in late September and had an opportunity to incorporate the Gilbey’s North/Never Never Lode into its mine plan and financial forecasts.

### **Authorisation**

This announcement has been authorised for release by the Board.

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### **BACKGROUND ON GASCOYNE RESOURCES**

Gascoyne is a debt-free Australian gold producer which operates the 100%-owned Dalgaranga Gold Mine, located in the Murchison region of Western Australia. The operation is underpinned by a modern, 2.5Mtpa CIL gold processing plant which represents a strategic asset in the district. Dalgaranga produced over 71,000oz of gold in the 2022 financial year.

While production is currently sourced predominantly from the Gilbey’s and Plymouth open pits, Gascoyne has enjoyed recent considerable near-mine exploration success which has highlighted the potential to develop new higher-grade ore sources within a 1-2km radius of the existing plant. These near-mine exploration activities are currently a priority focus for the Company and will feed into an updated Mineral Resource and Ore Reserve statement and medium-term mine plan, due for release in the September 2022 Quarter.