GASCOYNE RESOURCES LIMITED

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2021

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Summary:

Operations

- Gold production from Dalgaranga of 16,442oz (1HFY22: 33,201oz)
- 16,578oz sold at an average realised price of $2,537/oz
- AISC of $2,536/oz for the quarter
- 848kt mined at 0.82g/t; low grade stockpiles increased to 1.9Mt at 0.35g/t
- 647kt milled at feed grade of 0.91g/t Au and 86.9% recovery for the quarter
- Enhanced Business Plan implemented to target higher grade ore sources
- Improving production trend with over 6,000oz produced in December and on track for well over 7,000oz in January
- Record weekly gold pour of 2,300oz achieved in January 2022
- FY2022 production guidance of 70-75,000 ounces (low end) with stronger production and lower costs expected in 2H FY2022

Exploration/Growth

- Rejuvenated exploration program on targets within 10km of Dalgaranga plant
- High-grade intersections within 3km of the plant including 5m @ 8.3g/t from 80m at Hendricks and 9m at 3.4g/t from 75m at Plymouth
- 24% increase in satellite Yalgoo resource to 5.238Mt at 1.45g/t for 243,613oz
- Commencement of strategic review of non-Murchison assets

Corporate

- New MD Simon Lawson appointed together with key senior management changes to drive operational improvements and resource growth
- Acquisition of Firefly completed via Scheme of Arrangement
- New $20 million debt facility secured to fund growth initiatives
- Hedge book closed out following retirement of previous Investec debt facility ($10.3 million repayment made in December 2021)
- Total cash and value of gold on hand (826oz) as at 31 December 2021 was $28.4M
- Net cash position of $6.3M with cash of $26.3M at quarter-end

Gascoyne Managing Director and CEO, Mr Simon Lawson, commented:

"The December Quarter saw a significant number of changes across our business as we worked hard to optimise, enhance and unlock value from our flagship asset, the Dalgaranga gold mine in Western Australia including our state-of-the-art, low operating cost +2.5Mtpa gold treatment facility.

"Following my appointment as Managing Director in November, we were delighted to announce key management changes including David Coyne's promotion to the board as Finance Director, the appointment of David Baumgartel as Chief Operating Officer and the appointment of Tejal Magan as Chief Financial Officer.

ASX: GCY

28 January 2022

SHARE PRICE:
$0.260 at 27 Jan 22

SHARES ON ISSUE:
369.9 million

MARKET CAP:
$96 million at 27 Jan 22

CASH:
$26.3 million at 31 Dec 21

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

DIRECTORS

Simon Lawson,
Managing Director & CEO

George Bauk,
Non-Executive Chairman

Rowan Johnston,
Non-Executive Director

Hansjoerg Plaggemars
Non-Executive Director

David Coyne
Finance Director &
Company Secretary

MANAGEMENT

David Baumgartel,
Chief Operating Officer

Tejal Magan,
Chief Financial Officer

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"There is no better team operating in the WA mining industry and I am delighted to be working with these high-calibre individuals to implement our two-pronged strategy – which is based on operational improvement and cost reductions combined with focused near-mine exploration to increase our resource base and extend existing deposits."

"We were pleased to see a significant improvement in our safety performance during the quarter, with a 50% improvement in the TRIFR. That said, production and mining costs were clearly at unacceptable levels and we have been working hard to address this through the implementation of the Enhanced Business Plan during the quarter.

"The key elements of this Plan were to defer the capital intensive Stage 3 cut-backs in the Gilbey's pit and focus on higher-grade ore sources to achieve a consistent +1g/t Au head grade into the Dalgaranga mill. This strategy is designed to lower our overall risk profile, improve head grades and recoveries, drive up monthly ounce production and reduce costs.

"The benefits of this strategy began to flow through towards the end of the quarter with production of more than 6,000 ounces for the month of December and on track for well over 7,000 ounces in January that includes a record weekly gold pour of 2,300 ounces. If we can maintain this trajectory, that will put us on track to achieve the low end of our current guidance band of 70-75,000 ounces for FY2022, with a significantly improved ounce and cost profile in the second half of the financial year.

"In addition to aggressive optimisation and cost reduction strategies during the quarter, the team has embarked on a rejuvenated near-mine exploration strategy aimed at extending existing deposits and finding new, higher-grade ore sources in close proximity to the plant. This strategy has paid immediate dividends with high-grade drilling results achieved from areas such as Plymouth and Hendricks.

"Drilling is continuing and we are looking forward to reporting more results from these initiatives in the weeks ahead. In parallel with the Enhanced Business Plan and near-mine exploration program, we are progressing permitting activities for the Melville deposit at Yalgoo, for which we announced an updated Mineral Resource Estimate during the quarter based on previous drilling conducted by Firefly.

"On the corporate front, we welcomed the continued support of our major shareholder with a new $20 million debt facility which enabled us to close-out the Investec facility and associated hedging. This strengthened our balance sheet and funding position, putting us in a stronger position to execute the plans I have outlined above.

"We will continue to keep the market informed on a regular basis of our progress at Dalgaranga, as well as the ongoing review of our non-core assets located beyond our immediate core focus at Dalgaranga and Yalgoo. There is potential for us to realise value from these assets in the months ahead, and we will utilise the proceeds to support our ongoing optimisation and growth initiatives within our core area of focus in the Murchison district."

Environmental, Social & Governance

In September 2021, 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 this year for the FY2022 period.

Safety

The Total Recordable Injury Frequency Rate ("**TRIFR**" 12-month rolling) for the Dalgaranga Gold Project at the end of the December quarter was 2.7, a 50% improvement from the 5.4 at the end of the September quarter. Importantly, the TRIFR of 2.7 at the end of December 2021 represents a substantial improvement in safety culture and performance over the course of the previous 12 months (the TRIFR at December 2020 was 11.3).

This improvement has been driven by a sustained focus over the past 12 to 18 months by all personnel at Dalgaranga – both employees and contractors – on continuing to work in a safe and responsible manner.

In recognition that the West Australian border is likely to open during the first half of CY2022, the Company, in collaboration with its main contractors, is progressively increasing its preparedness to

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manage the wider spread of community cases of COVID in WA. This includes refining and enhancing protocols and procedures for possible COVID cases at the Dalgaranga Gold Project.

Environmental

During the quarter, the Company installed a bird deterrent system at the newly-commissioned Golden Wings Tails Storage Facility ("**TSF**"). The deterrent system is an automatic system that is designed to prevent birds from landing on the TSF without causing any harm or injury to the birds.



Figure 1: Bird deterrent kite



Figure 2: Gas powered noise deterrent

Dalgaranga Gold Project

Production and Costs

Ore production primarily from Stage 2 of the Gilbey's Main Zone ("**GMZ**") in the December quarter resulted in production of 16,442 ounces of gold at an All-in Sustaining Cost ("**AISC**") of $2,536 per ounce (Table 1). A total of $2.3M was incurred on capitalised waste stripping of the Gilbey's open pit during the quarter, resulting in an All-in Cost ("**AIC**") of $2,651 per ounce.

Production in the months of October and November was adversely impacted by narrow work areas in Stage 2 GMZ which reduced mining productivity, together with adverse productivity impacts caused by work on the eastern wall ramp following the decision in mid-October to the defer the Stage 3 cut-back. The availability of skilled labour in Western Australia also impacted the mining schedule during the quarter, with numerous mining shifts unable to be fully staffed – adversely impacting ore delivery to the plant.

Production rates improved as the quarter progressed, with over 6,000 ounces produced in the month of December. The improvement in production has continued into January 2022, which has seen a site record weekly gold pour (7-day production period) of 2,300 ounces in mid-January and the month is on track to deliver production of well over 7,000 ounces.

Ore was predominantly sourced from Stage 2 GMZ and waste movement was primarily in the Plymouth pit, where mining commenced in September 2021. Total mined material movement increased to 2.2M

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bank cubic metres ("**BCM**") during the quarter (Sep Qtr: 1.7M BCM), of which 1.2M BCM was waste movement at Plymouth.

Ore processed during the quarter was at an average grade of 0.91g/t Au, higher than the grade of 0.87g/t Au processed in the September quarter which reflected improvements in ore grade as mining progresses further in Stage 2 GMZ.

Gross metallurgical processing recoveries of 86.9% for the quarter were higher than the September quarter (85.9%). Higher gross recoveries were achieved during the quarter as a lower volume of elevated sulphide ore was processed (compared with the September quarter) as increasing volumes of Stage 2 low-sulphide GMZ ore was mined. The September quarter gravity gold recovery decreased slightly to 22.1% of all gold produced (Sep Qtr: 22.8%).

Throughput of 647,000 tonnes was lower (Sep Qtr: 701,000 tonnes), reflecting annualised throughput in excess of the 2.5 million tonne per annum design capacity. This continued operating performance, combined with ongoing operational enhancement initiatives – including reducing cyanide consumption while maintaining recoveries – provides Gascoyne with confidence that the plant will continue to exceed its design capacity of 2.5Mtpa. Low grade stockpiles have now increased to 1,862,000 tonnes at a grade of 0.35g/t.

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

	Unit	Mar 21 Qtr	Jun 21 Qtr	Sep 21 Qtr	Dec 21 Qtr	FY 2022
Mining						
Total material movement	Kbcm	1,856	1,514	1,683	2,204	3,887
Waste	Kbcm	1,599	1,275	1,323	1,896	3,219
Ore (volume)	Kbcm	258	239	359	308	667
Ore (tonnage)	kt	700	521	984	848	1,832
Mined grade (1)	g/t	0.93	1.17	0.73	0.82	0.77
Processing						
Mill throughput	kt	705	655	701	647	1,348
Mill feed grade (1)	g/t	0.96	0.98	0.87	0.91	0.89
Recovery (Gross metallurgical) (1)	%	87.9%	84.0%	85.9%	86.9%	86.4%
Gold produced	oz	19,195	17,416	16,744	16,442	33,185
Revenue Summary						
Production sold	oz	19,073	17,993	16,759	16,578	33,337
Average realised price	A$oz	2,495	2,516	2,529	2,537	2,533
Gold sales	A$000	47,593	45,278	42,377	42,064	84,441
Cost Summary						
Mining and Geology	A$/oz	1,207	1,287	1,523	1,713	1,618
Less: Capitalised deferred waste	A$/oz	(858)	(356)	(223)	(136)	(180)
Mining net of deferred waste	A$/oz	349	931	1,300	1,577	1,438
Processing and Maintenance	A$/oz	422	511	587	515	551
Site support	A$/oz	158	167	179	186	182
Refining and freight (2)	A$/oz	1	1	1	1	1
By-product credits (2)	A$/oz	(16)	(19)	(16)	(14)	(15)
ROM stockpile adjustment (2)	A$/oz	21	(172)	(229)	76	(76)
Site Cash cost	A$/oz	**935**	**1,420**	**1,822**	**2,341**	**2,082**
Royalties	A$/oz	58	57	52	61	57
Corporate allocation	A$/oz	17	19	15	32	23
Rehabilitation - Accretion (2)	A$/oz	4	5	6	6	6
Capital (sustaining) (3)	A$/oz	15	8	13	5	9
Leases (sustaining)	A$/oz	51	55	58	58	58
Capitalised mine site exploration	A$/oz	32	26	11	33	22
AISC	A$/oz	**1,114**	**1,589**	**1,976**	**2,536**	**2,257**
Capital (non-sustaining)	A$/oz	45	17	4	-	2
Capitalised deferred waste (non sustaining)	A$/oz	858	356	223	136	180
Capitalised mine site exploration (non-sustaining)	A$/oz	40	77	55	(21)	17
AIC	A$/oz	**2,058**	**2,039**	**2,258**	**2,651**	**2,455**

Note: Discrepancies in totals are a result of rounding

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 $2,536 per ounce (Sep Qtr: $1,976/oz), stemming from a lower proportion of mining costs being capitalised to deferred waste (Dec Qtr: $136/oz; Sep Qtr: $223/oz) and the general cost

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escalation being experienced across the mining industry in Western Australia. Increased cost escalation is being experienced across a range of areas including people, energy, spare parts and bulk steel products. Deferred waste capitalised was lower in the quarter as a result of further progression of the Gilbey's Stage 2 cutback and the decision in early October 2021 to defer the Stage 3 cut-back in the Gilbey's pit. AIC was higher at $2,658 per ounce (Sep Qtr: $2,258/oz) due to lower production and increased mining costs, as seen across the mining industry and as a result of the deeper progression of Gilbey's Stage 2 increasing haul distances, and average mining costs per BCM.

Both AISC and AIC are forecast to decrease in the March and June quarters as the rate of gold production increases above the rate achieved in the first half of the financial year now that GMZ Stage 2 ore is fully exposed and strip ratio decreases, and ore from the Plymouth pit begins to contribute to production.

Cash processing costs for the quarter at $13.41 per tonne (Sep Qtr: $14.10/t) were lower than the previous quarter following completion of a scats crushing campaign early in the December quarter. Process plant availability of 95.7% remained high and was consistent with the previous quarter (Sep Qtr: 96.3%).

The December quarter cash processing cost per tonne further reinforces the fact that the Dalgaranga process plant is one of the most efficient and lowest cost gold processing plants for its size in Australia.

Enhanced Business Plan

On 13 October 2021, Gascoyne announced the implementation of an Enhanced Business Plan that defers the Stage 3 eastern and western wall cut-backs in the Gilbey's pit in favour of introducing higher grade ore sources both at Dalgaranga and from regional satellite ore sources including from the Yalgoo deposits. In making the decision to defer the cut-back, the Company also took into consideration the heightened cost profile across the Western Australian mining industry, the then current gold price trend, the potential for alternative, lower cost ore sources, increased capital requirements and the potential for elevated financial and operational risks.

The decision to defer the cut-back also recognises the increased number of opportunities for more commercial supplemental higher grade ore feed, both within the Dalgaranga and Yalgoo tenements, and from other stranded regional deposits that currently do not have access to processing facilities.

These higher-grade feed opportunities are likely to require significantly lower setup costs (waste stripping costs) compared to the Gilbey's pit Stage 3 eastern and western wall cut-backs.

The Company retains the ability to undertake the Stage 3 eastern and western wall cut-backs at Gilbey's in the future, with this option to 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-backs – which will require a sizeable waste stripping investment – mitigation of financial risk such as the ability to hedge the forward gold price will also be considered.

FY2022 Guidance

Production guidance for FY2022 is now in the range of 70,000 to 75,000 ounces, however the Company expects that full-year production will be at the low end of the guidance range following a ~33koz first half.

With the improved production rate achieved in December extending into January, the Company is confident of delivering much stronger production outcomes in the second half of the financial year.

As a result of incurring higher costs in the December quarter, and reflecting recent cost cost increases in the West Australian mining industry, the Company has revised its full-year cost guidance to $2,100 to $2,200 per oz for AISC (previously $1,950 to $2,050 per oz) and $2,200 to $2,300 per oz for AIC (previously $2,050 to $2,150 per oz). Both the production and cost guidance ranges remain dependent upon COVID-19, including cost and resourcing issues caused by ongoing border closures, not having any further detrimental impact on the operations of the Company over the remainder of the financial year.

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Exploration and Development Projects

Exploration Expenditure

The Company incurred exploration expenditure of $0.96M during the December 2021 quarter (Sep Qtr: $1.17M). Approximately $0.58M was incurred on resource definition activity on the Dalgaranga Mining Lease and the remaining $0.38M was incurred on regional exploration activities, including on exploration prospects located within 10km 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 prospects, a total of 8,440m (all at Dalgaranga) of diamond, air-core and Reverse Circulation (RC) drilling was completed during the quarter which was higher than the previous quarter due to increased activity at Dalgaranga. No drilling has been undertaken at Yalgoo since the Company acquired the project on 10 November 2021 following completion of the transaction with Firefly Resources as the priority immediately post acquisition was on progressing studies and activities required to complete the Mining Proposal and Mine Closure Plan for the Melville deposit at Yalgoo.

Dalgaranga Gold Project

At Dalgaranga, RC, air-core and diamond drilling remained focused on testing a number of targets within a 5km radius of the process plant. The rejuvenated near-mine exploration strategy at Dalgaranga delivered encouraging results during the quarter.

This strategy is aimed at identifying and unlocking potential new sources of higher-grade ore feed within a 5km radius of the plant through selective targeting of previously under-drilled prospects. In conjunction with the optimised mine plan, this strategy is aligned to the target of delivering a consistent +1g/t head grade to the state-of-the-art >2.5Mtpa Dalgaranga process plant.

Drilling completed during the December quarter at Dalgaranga, focussed on resource extensions at Plymouth and Sly Fox, and delineation drilling at Hendricks.

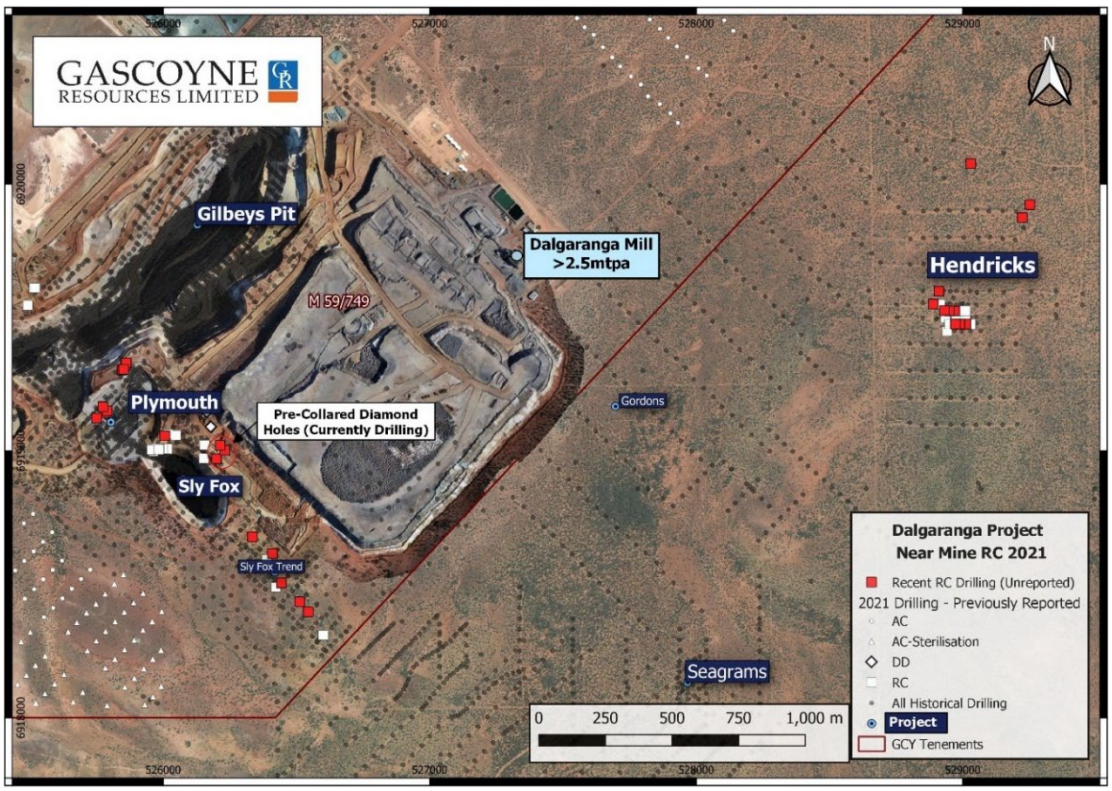


Figure 3: Near plant deposits

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Dalgaranga – Plymouth

Resource extension drilling has been completed at Plymouth, located less than 2km from the Dalgaranga process plant, with a total of eight RC holes drilled during the quarter.

Several significant intersections were returned below the current resource and active mining areas in the Plymouth pit. Better results include:

- **9m @ 2.0 g/t Au from 125m in DGRC0685**
- **12m @ 2.2 g/t Au from 99m including 5m @ 3.9 g/t in DGRC0686** (see Figure 4)
- **9m @ 3.4 g/t Au from 75m in DGRC0689, and**
- **15m @ 1.5 g/t Au from 96m in DGRC0700**.

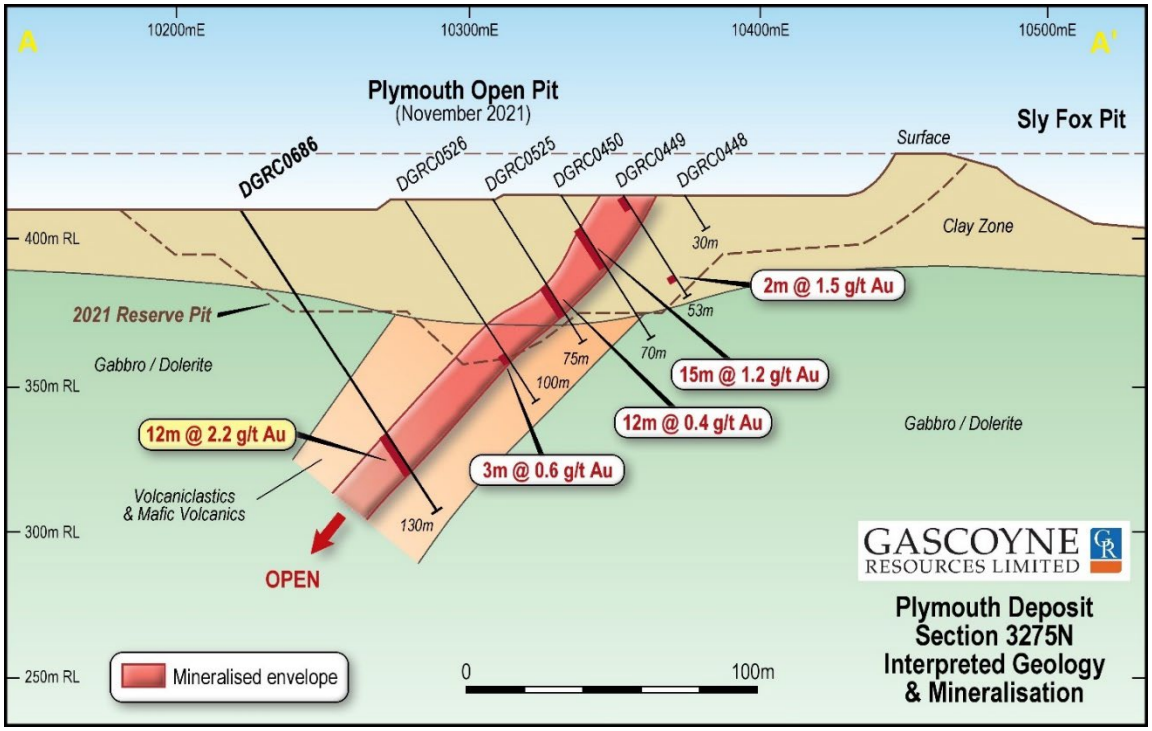


Figure 4: Plymouth cross-section showing latest drilling results in DGRC0686

Refer to the ASX release dated 20 December 2021 (*"Gascoyne Accelerates Strategy to Unlock New Higher-Grade Near-Mine Ore Sources at Dalgaranga"*) for additional information.

Dalgaranga – Hendricks

At Hendricks, located 1.5km east of the Dalgaranga processing plant on tenement E59/1709 (80% Gascoyne interest), 11 holes have been completed as part of a program of in-fill drilling targeting 25m spaced in-fill lines to better define shallow oxide mineralisation at the prospect. Better results returned include:

- **8m @ 1.2 g/t Au from 54m in DGRC0693**
- **5m @ 8.3 g/t Au from 80m in DGRC0694**
- **15m @ 1.1 g/t Au from 51m, and**
- **1m @ 12.7 g/t Au from 24m in DGRC0690.**

Mineralisation at Hendricks is interpreted to be contained within 60-70 degree steeply west-dipping quartz-pyrite altered veins hosted in sheared basalt with shallower mineralisation occurring in overlying near-surface laterite sequences.

The Hendricks prospect is located in an east-west trending 'axial – planar' fold hinge position within the regional antiform structure that hosts the Gilbey's, Plymouth and Sly Fox deposits at Dalgaranga.

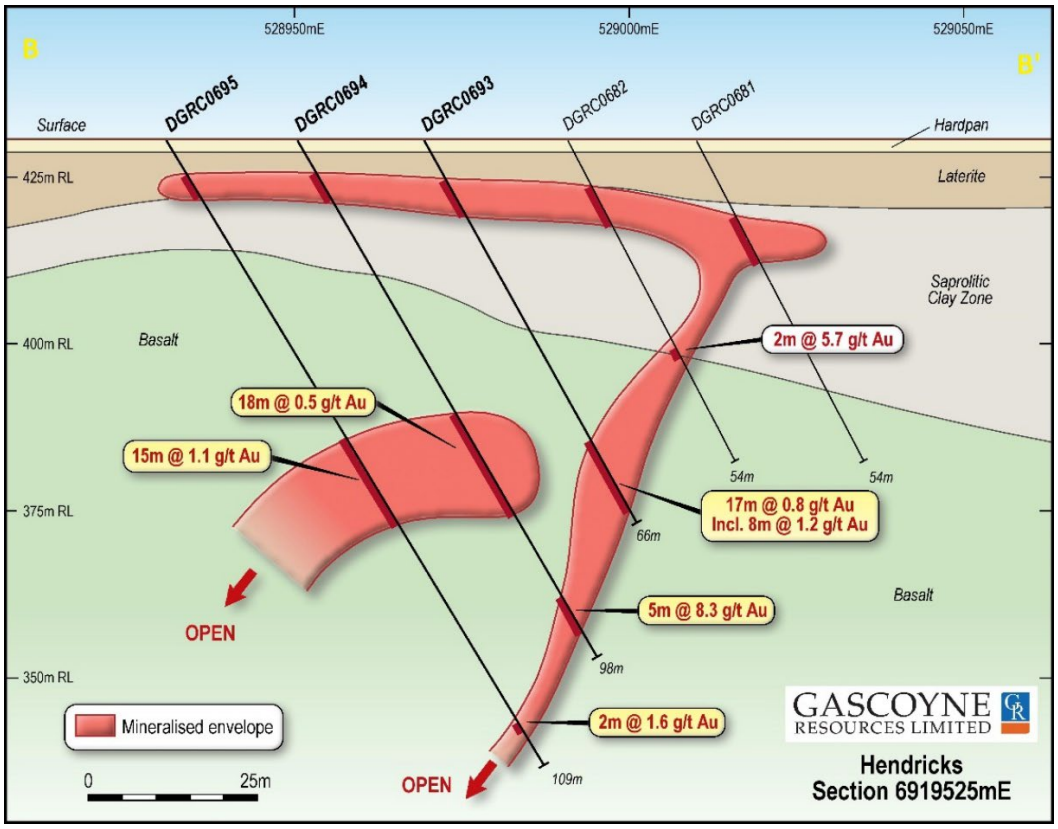


Figure 5: Hendricks cross-section showing latest drilling results in DGRC0693 – DGRC0695

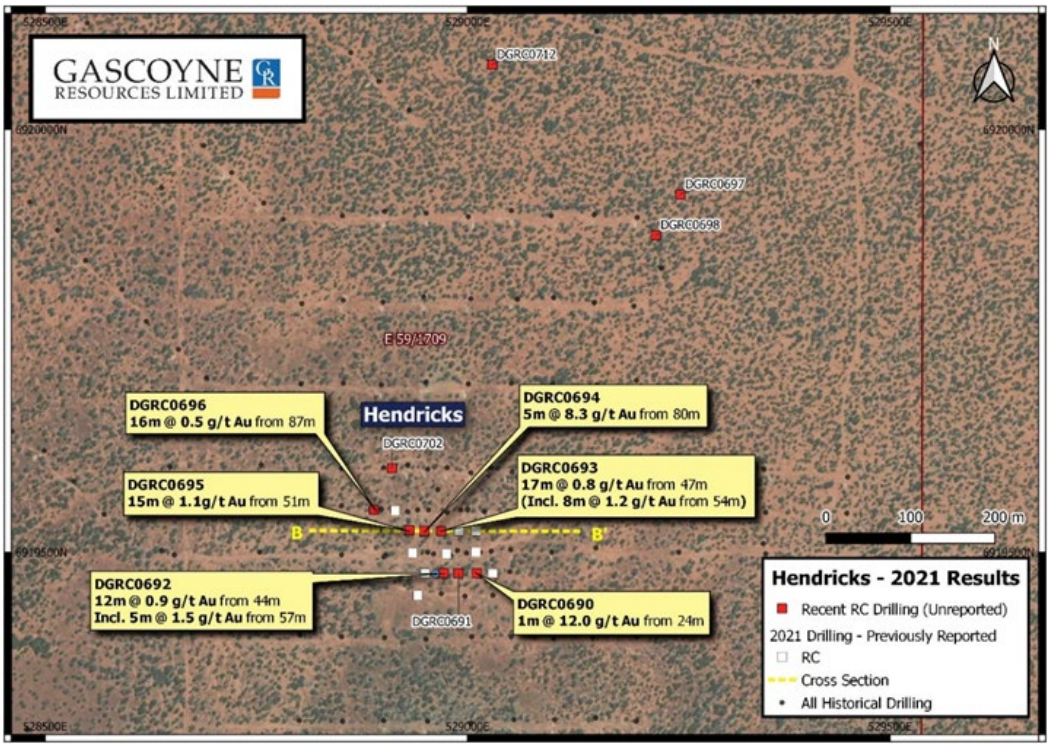


Figure 6: Hendricks Plan showing location of RC Drilling

Refer to the ASX release dated 20 December 2021 (*"Gascoyne Accelerates Strategy to Unlock New Higher-Grade Near-Mine Ore Sources at Dalgaranga"*) for additional information.

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Sly Fox Trend & Sly Fox Underground

A total of five RC holes were completed on the Sly Fox Trend during the quarter targeting further high-grade shoot positions south-east from the Sly Fox deposit along a prominent shear/structural zone. Encouraging broad altered sheared volcaniclastic and shale zones were intersected. Gold mineralisation was intersected in several holes with encouraging results returned, including:

- **4m @ 1.1 g/t Au from 98m in DGRC0705**
- **1m @ 2.5 g/t Au from 88m in DGRC0703, and**
- **1m @ 1.8 g/t Au from 109m in DGRC0705.**

Towards the end of the December quarter, diamond drilling commenced targeting resource extensions to the Sly Fox deposit to determine the potential for future underground mine development – see Figure 7 showing the high grade 'shoot' below the Sly Fox open pit targeted for resource drilling.

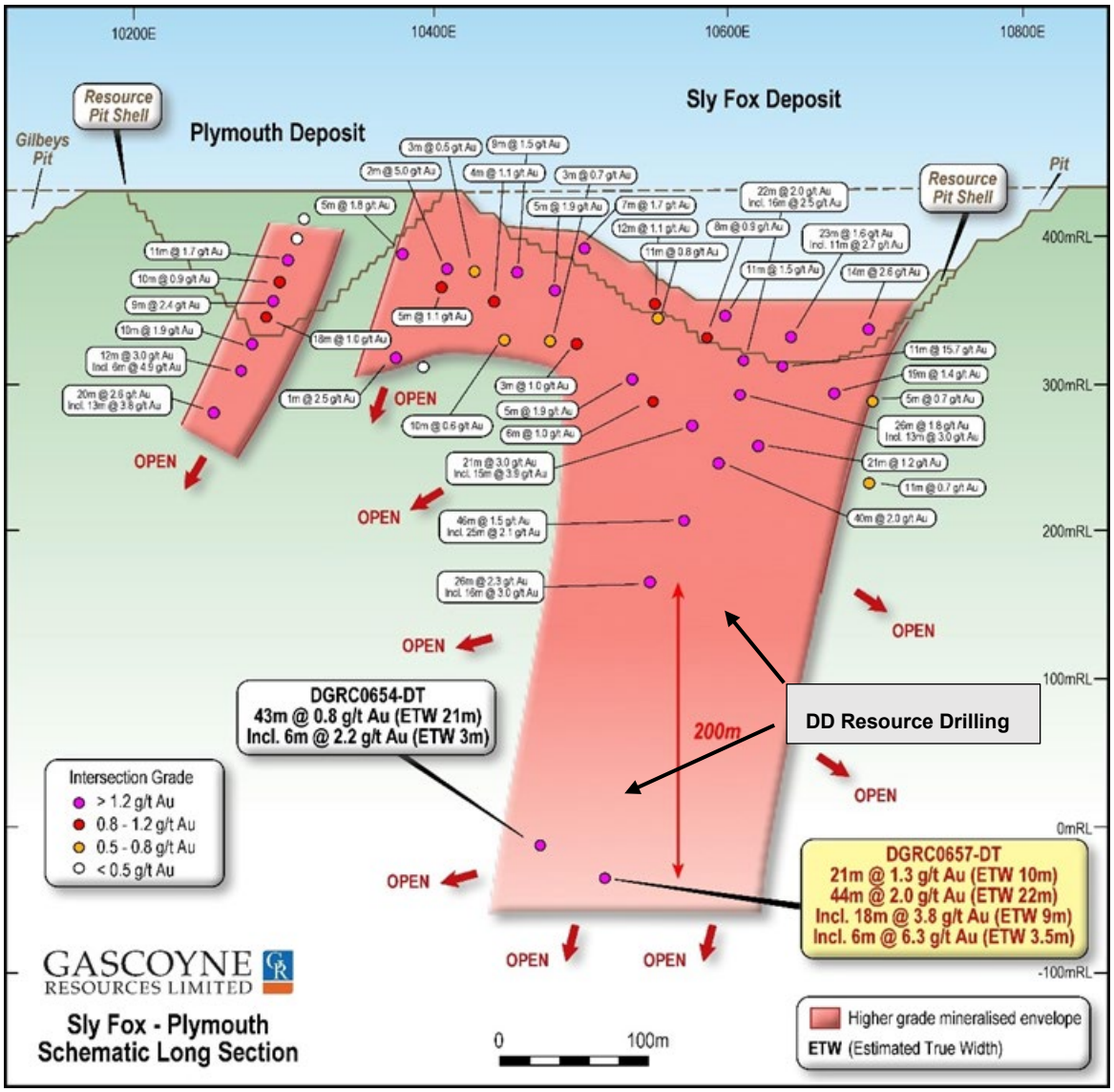


Figure 7: Sly Fox Schematic long section showing Resource Drilling targets

Refer to the ASX release dated 20 December 2021 (*"Gascoyne Accelerates Strategy to Unlock New Higher-Grade Near-Mine Ore Sources at Dalgaranga"*) for additional information.

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Dalgaranga – Greencock Trend

Results from regional air-core drilling targeting the south-western end of the Greencock structural trend were received during the quarter – with a number of 'low-level' anomalous gold zones intersected along lines of wide spaced (400m) drilling. Results from multi-element bottom of the hole assays from this drilling remain pending and, once received, the on-site geology team will assess whether further work is warranted in the Greencock Trend area.

Yalgoo

On 6 December 2021, the Company announced a 24% increase to Yalgoo gold resources that were acquired as part of the recent completion of the transaction with Firefly. Indicated and Inferred Resources at Yalgoo increased to 5.238Mt at 1.45g/t for 243,613oz of gold.

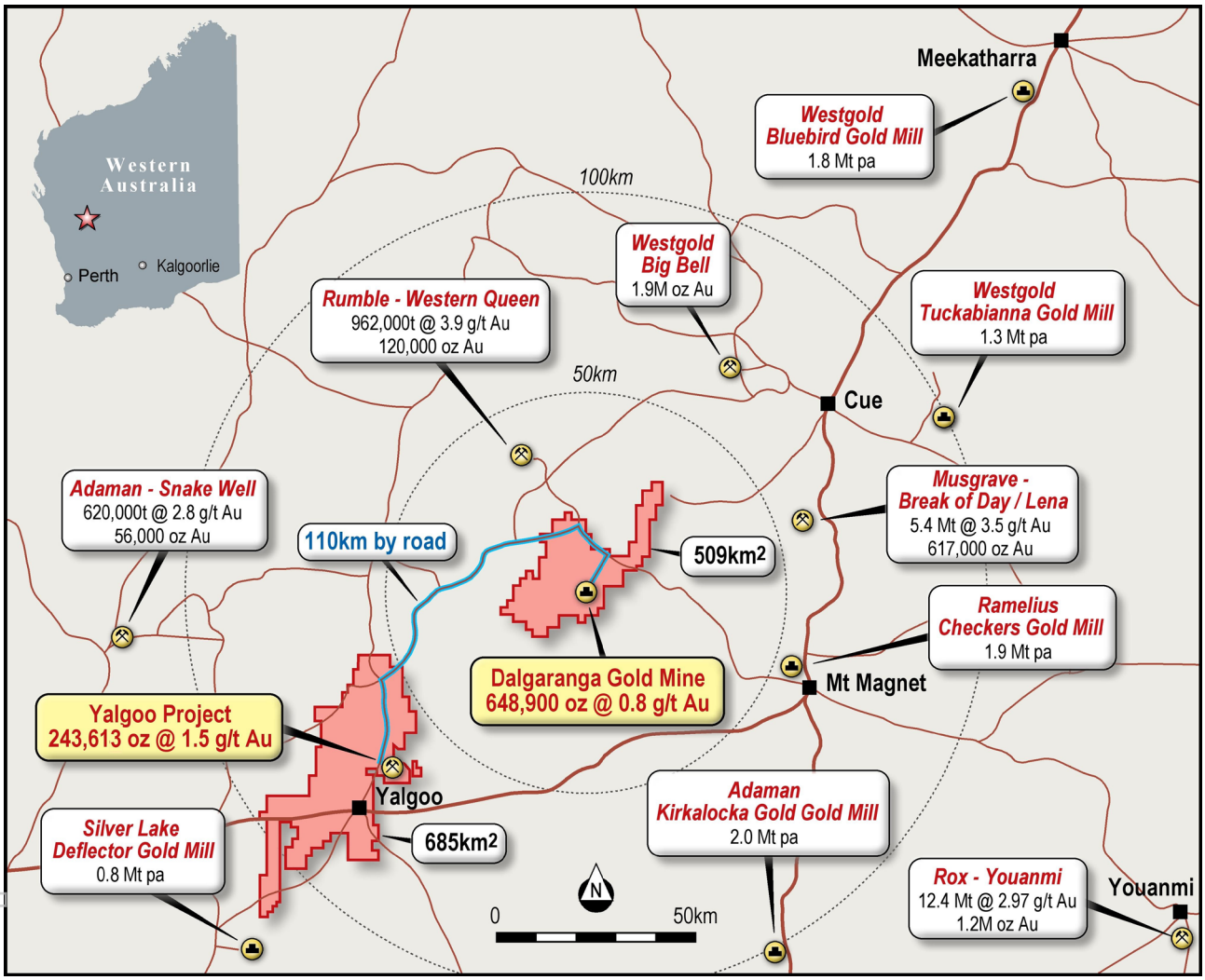


Figure 8: Location of Yalgoo Project tenements in relation to Dalgaranga

The updated Mineral Resource Estimate ("**MRE**") at Yalgoo is comprised of two deposits, namely the flagship Melville deposit and a maiden MRE for the Applecross deposit:

- Melville – Indicated and Inferred Resource of **4.242Mt at 1.47g/t for 200,001oz**; and
- Applecross – Inferred Resource of **0.996Mt at 1.36g/t for 43,611oz**.

The upgrade of the Melville MRE follows the completion of a close-spaced 10m x 10m "grade control" drilling programme, drilled to a depth of 12m across the entire near-surface expression of Melville. This programme resulted in a 16% increase in shallow, "at surface" ounces, and improved sub-surface resolution. The Melville gold deposit maintains an 80% conversion of Inferred to Indicated Resources.

Prior to the Gascoyne/Firefly merger, Firefly completed six diamond drill-holes at Melville to provide samples for metallurgical test work and geotechnical information to assist in open pit design.

Assay results have now been received from the drilling and a number of shallow gold intersections have been returned. Better results include:

- **20m @ 2.1 g/t Au from 57m including 8m @ 4.0 g/t Au and 11.33m @ 1.4 g/t Au from 85.67m in FMDD0003;**
- **37m @ 1.4 g/t Au from 10m, including 7m @ 4.3 g/t Au from 39m in FMDD004; and**
- **22.68m @ 1.0 g/t Au from 39 and 11m @ 2.9 g/t Au from 83m in FMDD0005.**

During the quarter, the Company also progressed a range of development activities required for the Mining Proposal and Mine Closure Plans for Melville to support the future commencement of mining.

Activities included metallurgical testwork, surface hydrological studies, waste rock characterisation studies and geotechnical review. The Company is targeting submission of the Mining Proposal and Mine Closure Plan to the relevant regulatory bodies during the first half of CY2022. Scoping and feasibility study activities for Melville are progressing in parallel with the Mining Proposal and Mine Closure Plan.

The Applecross Gold Deposit consists of an Archaean lode-gold system intersecting an extensive structurally modified Banded-Iron-Formation which has resulted in a broad gold deposit extending to depth and mineralised from surface.

There is sufficient confidence in the geological modelling and geometry of the deposit to classify the Applecross MRE as Inferred, however further in-fill drill-spacing is required to enable partial or whole conversion of the Applecross MRE to Indicated Resource classification.

Given the proximity of the Applecross deposit to the Melville deposit, Applecross may potentially be mined as an extension of future mining at Melville.

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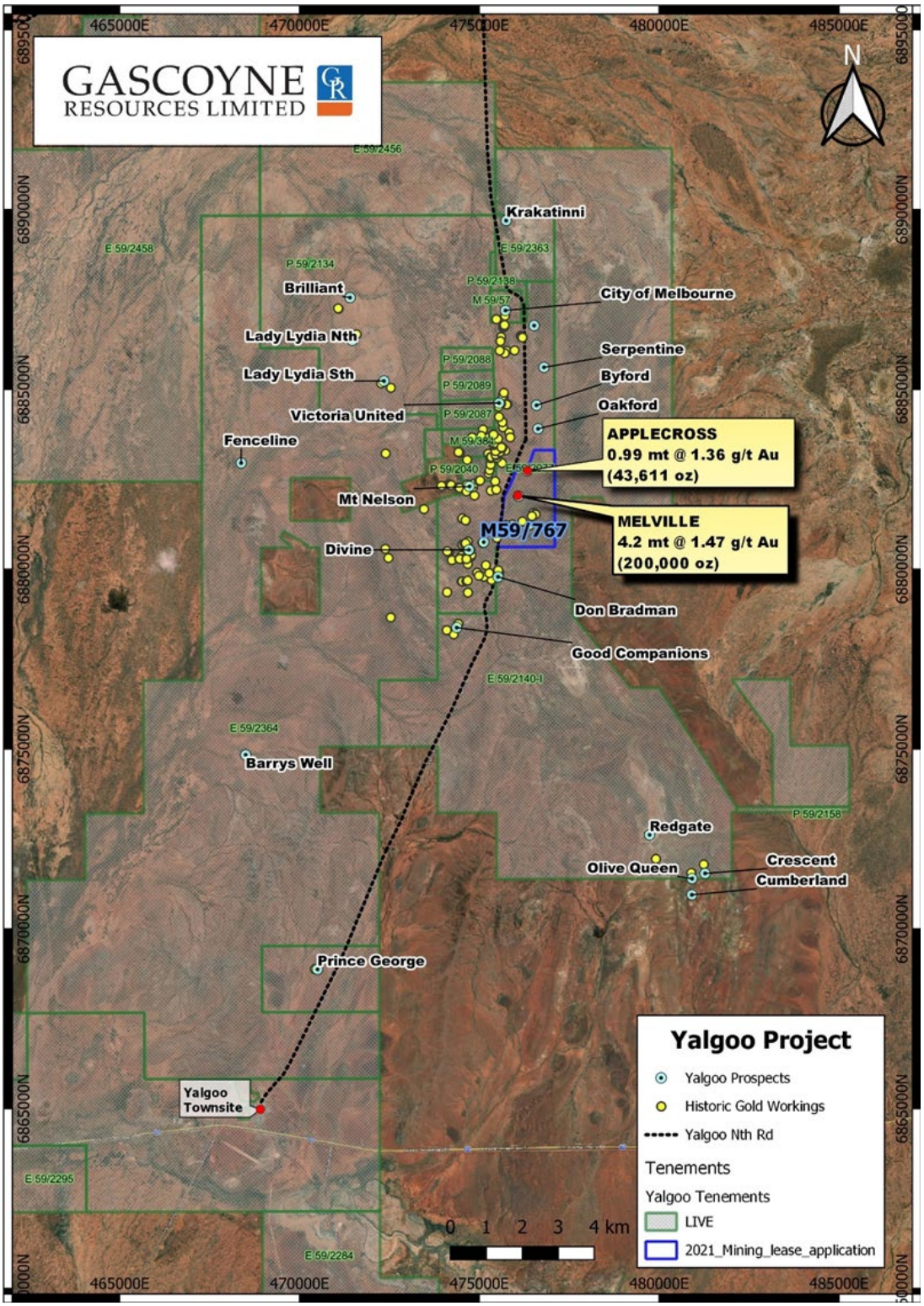


Figure 9: Location of Yalgoo Project tenements and Melville and Applecross deposits

Glenburgh & Egerton Projects

During the quarter, the Company received the results of the remaining five holes from the 17-hole RC drill program completed at Glenburgh during the September quarter.

The results received from the final five holes included four holes at the Zone 102 deposit, which is located 300m south-west of the Zone 126 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.

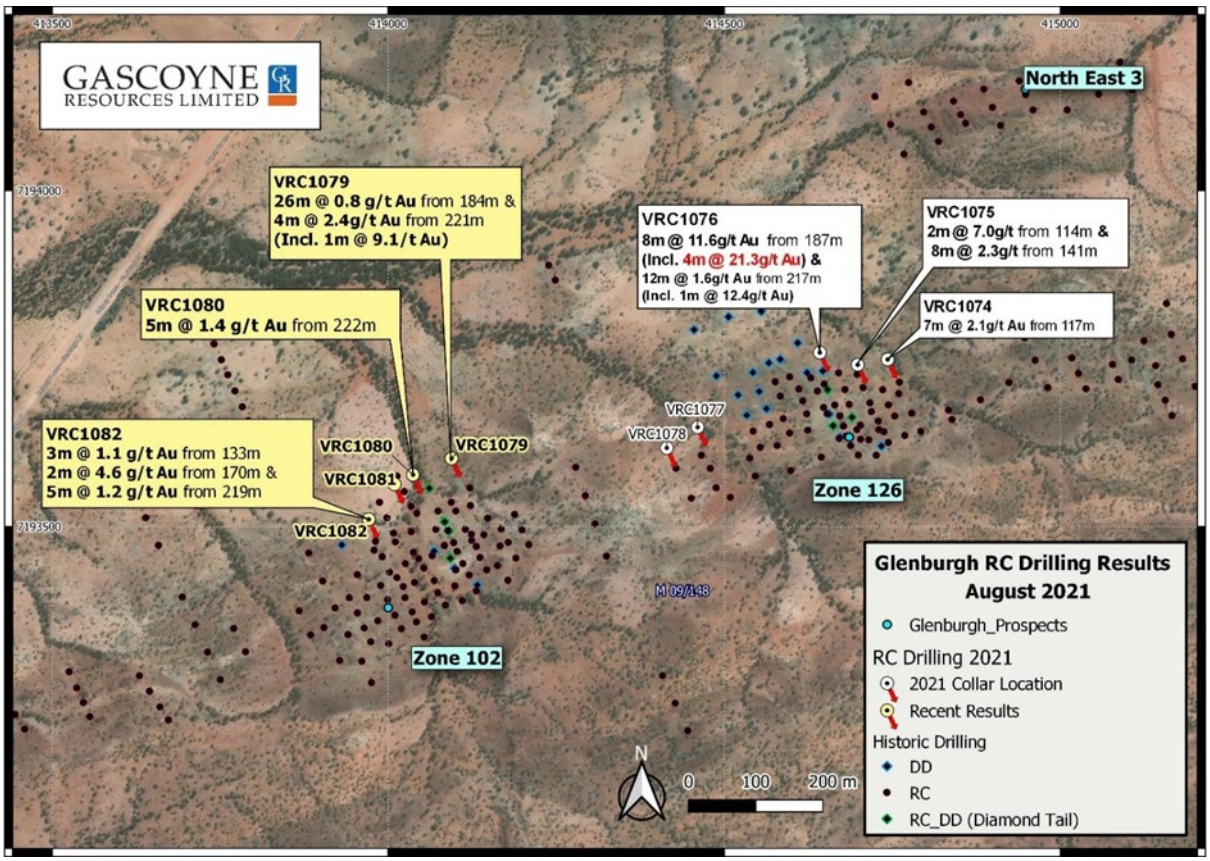


Figure 10: Glenburgh Project – Zone 102 Results and adjacent Zone 126 deposit

Refer to the ASX release dated 21 October 2021 (*"Further Shallow Gold Hits at Hendricks"*) for additional information.

The Company is currently evaluating the results from the exploration program at the Glenburgh and Egerton undertaken in the 2021 calendar year, and will consider the options moving forward in parallel with a review of all non-Murchison region assets held by the Company (see below).

Non-Murchison Assets

Following the completion of the transaction with Firefly in November 2021, the strategic focus for the Company will be on maximising the value of the mineral endowment and processing plant assets held by the Company in the Murchison region. With this heightened focus, the Company has commenced a full strategic review of all assets held by the Company outside of the Murchison region (i.e., all assets outside of Dalgaranga and Yalgoo).

The review encompasses the Glenburgh and Mt Egerton gold projects, Mumbakine Well, Beebyn, Andy Well North and other minor ancillary tenements in Western Australia. Options being explored by the Company include full/partial divestment, joint ventures and corporate transactions.

Further information on the progress of the review of the non-Murchison assets will be provided during the course of the first half of the 2022 calendar year.

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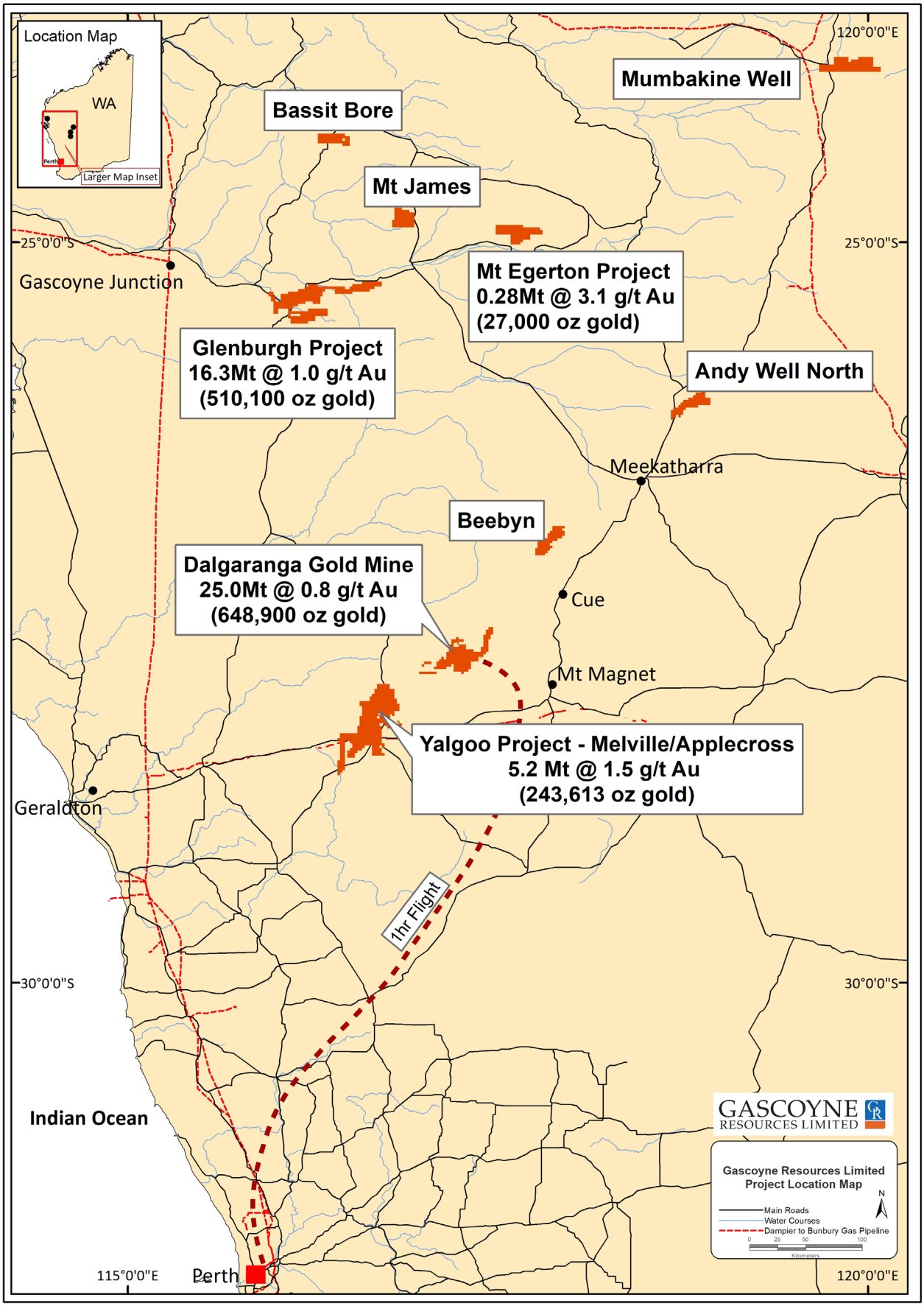


Figure 11: Gascoyne Projects Location Map

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Corporate

Completion of Acquisition of Firefly

In November 2021, the Company completed the acquisition of ASX-listed Firefly Resources Limited ("**Firefly**") by way of scheme of arrangement. The Company issued 118.9 million shares to Firefly shareholders as part of the acquisition. Completion of the acquisition increases Gascoyne's tenement area in the Murchison region from 500km^2 to approximately 1,200km^2 and has resulted in Gascoyne taking ownership of the Melville gold deposit at Yalgoo. Melville is an advanced gold development project located approximately 65km from Dalgaranga.

Prior to the completion of the acquisition, Firefly completed the demerger of its lithium and non-Murchison region gold exploration assets. The demerged entity, Firetail Resources Limited ("**Firetail**"), is an unlisted public company that intends to seek a listing on the ASX in 2022. As part of the demerger, Gascoyne sold the lithium rights in certain wholly owned exploration tenements at Dalgaranga to Firetail in return for a 9.9% interest in Firetail.

Board and Management Changes

Shortly after the completion of the acquisition of Firefly in November 2021, the Company made a number of board and executive management changes to better position the Company to deliver on its core strategy of delivering higher grade ore to the Dalgaranga process plant. The changes comprised the following:

- Appointment of Mr Simon Lawson as Managing Director and CEO, replacing Mr Richard Hay who left the Company. Mr Lawson was previously the Managing Director and CEO of Firefly, previously held senior technical positions with Northern Star Resources Limited and has extensive familiarity with gold deposits in the Murchison region of Western Australia.

- Appointment of Mr David Coyne to the Board in an executive director capacity of Finance Director and Company Secretary. Mr Coyne previously held the role of Chief Financial Officer for the Company and he has previously served on the boards of ASX-listed operating mining companies, both in executive and non-executive capacities.

- Promotion of Mr David Baumgartel to the role of Chief Operating Officer. As part of his new role, Mr Baumgartel will retain responsibility for the Dalgaranga Gold Project and will oversee the development of new ore sources such as the Melville deposit acquired as part of Firefly acquisition.

- Promotion of Ms Tejal Magan to the role of Chief Financial Officer. Ms Magan was previously the Company's Head of Finance and was instrumental during the period of voluntary administration and subsequent recapitalisation of the Company in October 2020.

The Board of the Company once again extends its thanks and appreciation to Mr Richard Hay for the role that he played in the operational turnaround of the Dalgaranga Gold Project during his 2½ year tenure with the Company.

Westgold Takeover Bid

On 30 September 2021, Westgold Resources Limited ("**Westgold**") announced its intention to make an off-market takeover bid for the Company ("**Offer**"). The Offer was made on the basis of one (1) Westgold share for every four (4) Gascoyne shares and was subject to a number of conditions including minimum acceptances of 51% and the Gascoyne / Firefly transaction not proceeding.

On 15 October 2021, Westgold made an application to the Takeovers Panel ("**Panel**") requesting the Panel examine certain aspects of the Firefly scheme implementation deed so as to provide Gascoyne with the ability to terminate the deed if the Gascoyne Board determined that the Offer was superior to the transaction with Firefly. On 22 October 2021, the Panel advised that it had declined to conduct proceedings.

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On 25 October 2021, Westgold announced improved consideration of the Offer whereby Gascoyne shareholders would be offered three (3) Westgold shares for every 11 Gascoyne shares. The transaction with Firefly not proceeding remained as a defeating condition.

After careful consideration of the revised Offer, the Company announced on 29 October 2021 that while the Board considered the revised Offer to be superior to the transaction with Firefly, it could not make a recommendation on the revised Offer as the Company was legally bound to complete the transaction with Firefly, thereby the Westgold imposed condition of the Firefly transaction not proceeding was incapable of being met. Also on this date, the Panel advised that it had declined to review its original decision following a review request made by Westgold.

Following the 2nd Court hearing for the Firefly scheme of arrangement in early November 2021, Westgold sought approval from ASIC to withdraw the Offer. ASIC approval was granted and Westgold withdrew the Offer on 9 November 2021.

New $20 million Convertible Note Debt Facility

On 20 December 2021 the Company announced that it had entered into a $20 million convertible note debt facility ("**Facility**") with funds managed and controlled by the Company's largest shareholder, Deutsche Balaton AG ("**Balaton Group**"). Approximately 50% of the loan proceeds were used to retire the term debt facility previously provided by Investec Bank, plc ("**Investec**"). The remainder of the proceeds are being used by the Company for mineral resource growth initiatives and general working capital purposes.

Key terms of the Facility are contained in the ASX release made by the Company on 20 December 2021 and include the following:

- $20 million principal split into two (2) tranches of $10 million each ("**Tranche 1**", "**Tranche 2**")
- Term of 2 years;
- Fixed interest rate of 18.0% per annum, payable 6-monthly in arrears;
- Arrangement fee of 2.0% of face value;
- The Facility is unsecured;
- No financial covenants or financial ratios apply;
- Tranche 1 convertible at the election of the Balaton Group at $0.30 per share;
- Tranche 2 convertible by Gascoyne at $0.30 per share on the maturity date;
- Tranche 2 convertible by the Balaton Group at $0.36 per share on the maturity date or on a change of control occurring; and
- Tranche 2 also convertible by the Balaton Group at the lower of the capital raise price or $0.36 per share if the Company undertakes a capital raising of greater than $3 million during the 2-year term.

Balaton Group conversion rights under the Facility are subject to the approval of Gascoyne shareholders (excluding Balaton Group). The Company intends to hold a general meeting of shareholders before 31 March 2022 to enable non-associated shareholders to vote on resolutions pertaining to the Facility.

Cash Balance and Cash Flow

Statutory free cash-flow for the December quarter was an outflow $8.4M and for the December half was an outflow of $1.1M. The quarter was negatively impacted by the timing of accounts payable payment runs (4 x end-of-month payment runs made during the quarter), ongoing cost escalation within the West Australian mining industry and corporate costs associated with the Firefly transaction and Westgold Offer. Total cash and value of gold on hand (826oz) as at 31 December 2021 was $28.4M.

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Cash on hand of $26.3M exceeded convertible note debt of $20.0M, resulting in the Company having a net cash position of $6.3M at 31 December 2021. The cash on hand balance of $26.3M is net of the repayment in full of the Investec debt of $10.3M that was made prior to the end of the quarter.

An amount of $668,000 was paid to related parties during the quarter. The payments related to fees and salaries to non-executive directors, the Managing Director and the Finance Director (following appointment to the Board in November 2021). The amount for the December quarter was higher than the September quarter as the current quarter included termination provisions paid to the Company's former Managing Director and CEO, Mr Richard Hay.

Hedge Book Close-out

Following the retirement of the Investec debt in late December 2021, the Company closed out its remaining gold forward sale contracts that were in place with Investec. On the date of close-out (30 December 2021), the Company had 32,232oz remaining to be delivered under its forward contracts through to September 2022. Close-out of the forward sale contracts resulted in an immaterial payment being made by Investec to the Company as the weighted average hedge price was slightly higher than the weighted average close out prices.

The Company is currently progressing the establishment of replacement gold hedging facilities that will provide the Company with the ability to enter into new forward sale contracts at its own discretion.

-END-

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

For further information, please contact:

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Mining Tenements held as at 31 December 2021 (All tenements are within Western Australia)

Tenement	Location	Name	Ownership
E21/195	Murchison Region	Dalgaranga	80% Gascoyne Resources
E59/1709	Murchison Region	Dalgaranga	80% Gascoyne Resources
E59/1904	Murchison Region	Dalgaranga	80% Gascoyne Resources
E59/1906	Murchison Region	Dalgaranga	80% Gascoyne Resources
E52/2117	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
E52/2515	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
E52/3574	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
M52/343	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
M52/567	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
E59/2053	Murchison Region	Dalgaranga	100% Gascoyne Resources
E59/2150	Murchison Region	Dalgaranga	100% Gascoyne Resources
E59/2615	Murchison Region	Dalgaranga	100% Gascoyne Resources
E59/2616	Murchison Region	Dalgaranga	100% 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
M59/749	Murchison Region	Dalgaranga	100% Gascoyne Resources
E52/3756	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
E52/3894	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
E59/2468	Murchison Region	Yalgoo	100% Gascoyne Resources
M59/0057	Murchison Region	Yalgoo	100% Gascoyne Resources
M59/0384	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2086	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2087	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2134	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2456	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2458	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2469	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2460	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2459	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2457	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2478	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2040	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2042	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2534	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2543	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2544	Murchison Region	Yalgoo	100% Gascoyne Resources

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Tenement	Location	Name	Ownership
E59/2077	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2140	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2230	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2252	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2284	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2295	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2363	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2364	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2088	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2089	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2138	Murchison Region	Yalgoo	100% Gascoyne Resources
P59/2158	Murchison Region	Yalgoo	100% Gascoyne Resources
M59/0767	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2289	Murchison Region	Yalgoo	100% Gascoyne Resources
E59/2638	Murchison Region	Yalgoo	100% Gascoyne Resources
E09/1325	Gascoyne Region	Glenburgh	100% Gascoyne Resources
E09/1764	Gascoyne Region	Glenburgh	100% Gascoyne Resources
E09/1865	Gascoyne Region	Glenburgh	100% Gascoyne Resources
E09/1866	Gascoyne Region	Glenburgh	100% Gascoyne Resources
E09/2025	Gascoyne Region	Glenburgh	100% Gascoyne Resources
E09/2148	Gascoyne Region	Glenburgh	100% Gascoyne Resources
E09/2352	Gascoyne Region	Glenburgh	100% Gascoyne Resources
L09/56	Gascoyne Region	Glenburgh	100% Gascoyne Resources
L09/62	Gascoyne Region	Glenburgh	100% Gascoyne Resources
M09/148	Gascoyne Region	Glenburgh	100% Gascoyne Resources
M09/181	Gascoyne Region	Glenburgh	100% Gascoyne Resources
E51/1648	Murchison Region	Murchison	100% Gascoyne Resources
E51/1681	Murchison Region	Murchison	100% Gascoyne Resources
E52/3490	Gascoyne Region	Mt James	100% Gascoyne Resources
E52/3531	Pilbara Region	Mumbakine Well	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		

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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. 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.

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

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YALGOO

The Yalgoo project includes the Melville and Applecross deposits which have a combined Indicated and Inferred resource of **5.2Mt @ 1.45 g/t Au for 243,613 oz of gold** (see ASX Announcement 6 December 2021)

Yalgoo Gold Project – MRE Total, above 0.7 g/t Au, as at 6 December 2021

Classification	Mt	Au g/t	Au koz
Indicated	3.4	1.5	160.4
Inferred	1.9	1.4	83.2
TOTAL	**5.2**	**1.5**	**243.6**

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 Resource estimates for the Melville and Applecross deposits referred to in this announcement are extracted from the ASX announcement dated 6 December 2021 and titled "24% Increase in Resource Ounces at Yalgoo Gold Project". 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 Simon Lawson.

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.

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