BRIDGE STREET
CAPITAL PARTNERS

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October 2020

Gascoyne Resources (GCY AU, $0.52, market cap $131m)

Recapitalisation delivers an NPV_8 of $1.00/share with a strong balance sheet and free cashflow to allow a significant exploration spend

- Gascoyne Resources is a mid-sized, single mine WA gold producer. In mid-2019 underperformance of the mineral resource estimate (MRE) at its Dalgaranga mine and poor mine planning forced major management change. The company was placed into voluntary administration (VA) to sort out its problems and under a new board has recently recapitalised an over-geared balance sheet with an equity raising of A$85m. Net debt to equity at relisting will be under 10%.
- A review of the mine's performance against the earlier MRE led to a major re-estimation/reconciliation study, which saw resource ounces drop significantly. The MRE grade declined some 35% in part by a new estimation method, in part by a lower cut off grade.
- Since adoption of the new MRE, an updated life of mine plan has provided better access to the main GMZ orebody. Grade streaming with the processing of +1gpt ore for the first 3-4 years is forecast to produce 70-80kozpa and 25-35kozpa for 3 years, processing low grade stockpiles.
- The mine has been consistently achieving >6,000oz/month for the past 9 months. 20.3koz gold was produced in the September 2020 quarter, up 24% YoY.
- Life of mine cash costs (AISC basis) are forecast at A$1400-1500/oz (ca. US$980 – 1050/oz) positioning the mine around the midpoint of the global cost curve.
- Our NPV_8 for the mine is A$224m, based on what we judge to be conservative mine planning assumptions and with an A$2500/oz gold price, flat for the life of the current 7 year reserve.
- To this we add an appraised value of $44m for an advanced exploration/pre-development project, Glenburgh (WA), and a modest increment for an extensive suite of orebody targets within the 'shadow of the headframe' at Dalgaranga. Collectively this delivers a valuation of $1.00/share. Based on the issue price, GCY's EV/EBITDA is under 2x for the current year and also for 2021/22.
- Significant valuation leverage will emerge from exploration success to deliver additional resource tonnes to extend the 70-80kozpa mine life. Further exploration and an updated PFS could elevate Glenburgh's valuation and ultimately position GCY as a +120kozpa producer.
- We see progressive rerating of GCY as confidence builds that the current life of mine plan is not only deliverable but possibly conservative, and as exploration delivers more reserve ounces.

EXPLORATION UPDATE. GCY just have announced several significant drill intercepts from a drilling undertaken during recent weeks. Results are summarised in more detail in the report, but include:

- 11m at 4.2gpt at the southern end of the GMZ in the main pit.
- Several potentially economic hits beneath the base of the nearby Sly Fox open cut.
- 20m at 2.6gpt within the Plymouth deposit, adjacent to the main pit.

We can already see potential for an additional 9-12 months of mine life with this modest drill programme. We see the addition of 1 year of average cashflow could conceptually add around $30m to our NPV_8 (or around 12c/share).

Investment overview

- The recapitalisation of GCY provides an excellent opportunity for investors to access inexpensive cashflow and strong leverage to not only the A$ gold price, but also the very real exploration potential of the Dalgaranga tenements. (See Appendix 1 for the project's location).
- Based on guidance provided by GCY, our valuation of the Dalgaranga mine is around A$224m ($NPV_8$ at A$2500/oz gold price long term; current spot is over A$2600). To this we add a heavily discounted value for the Glenburgh gold project which holds the potential to become a 50-80kozpa operation within the next 2 years. In total, our NPV_8 now totals $254m.
- With the recent capital raise, the number of shares on issue expands dramatically to 251m (on a consolidated basis). This delivers an NPV_8/share of $1.00, twice the issue price.
- The refinancing of corporate debt together with the recent equity raise has substantially derisked GCY's balance sheet, with gearing (net debt/equity) dropping from over 200% at December 2019 to our forecast of around 9% at December 2020.
- We suggest that the $40m in gross debt could be repaid during 2021, if the board choses to do that. Note that dividends can't be paid until the debt drops to under $25m. See our cashflow analysis on the following pages which demonstrates the emerging strong free cashflow into 2021.
- At the issue price of 50c, GCY's EV is A$139m. At this level, GCY is trading at ca. 1.5x EV/EBITDA for the current year and 1.9x for 21/22, so particularly inexpensive. Estimated earnings multiples are significantly higher (5.1x and 4.7x respectively) reflecting high D&A over the current relatively short mine life. However, future expansion of reserves should see D&A reduce significantly.
- GCY's exploration appeal remains as attractive as it did before mine construction started 3-4 years ago. We consider the opportunity to add ounces as excellent as GCY geologists have been starved of exploration funding for several years. The Dalgaranga tenements retain numerous walk-up drill targets within a short trucking distance of the plant. Drilling has already started, and encouraging results have been reported.
- Furthermore, the depth potential of existing resources has hardly been tested with only a very few exploration drill holes extending beyond 100m depth.

Background

- GCY was placed into VA in June 2019 driven by a significant under-call of grades at Dalgaranga and by what emerged as an excessive waste moving task. This generated a significant cashflow shortfall for an already highly geared small cap miner. This saw a change-out of the board (in October 2018) and major changes to operational management.
- At the heart of the issue – as is too often the case – was the quality of the resource and reserve model. The near-surface oxide/transition ore at the main Dalgaranga orebody and a satellite (Golden Wings) proved to be far more troublesome that originally anticipated, and orebody reconciliations proved disappointing.
- Severe cashflow shortfalls saw significant new equity raised in mid-2019. A working capital loan was provided by NRW, the earthmoving contractor.
- Despite efforts by the new management group, GCY's debt burden and an ongoing grade under-call saw the company move into VA in June 2019.
- With the banks and creditors off their backs, a refreshed management team went back to basics with a full review of Dalgaranga's resource base and developed a workable life of mine plan.
- A re-working of the MRE saw resource grades drop from around 1.25gpt to 0.8gpt in the 2019 estimate. A new life of mine plan allowed the selective mining of higher grade ore (around 1gpt). An investment of some $10m in earthmoving provided access to the full 800m strike length of the main GMZ orebody, which has provided a more reliable source of ore to the plant.
- Considerable attention was also given to the 2.5mtpa mill, eliminating troublesome black shale ore from the feed and improving gold recoveries (including gravity gold).
- Progressively this has allowed the mine to move to its revised operating goal of 70-80kozpa gold at cash costs of A$1400-1500/oz.

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FINANCIAL SUMMARY

Gascoyne Resources Limited (GCY.AX / GCY AU)

Share Price	A$/sh	0.52
Shares on Issue	m	251
Market Cap (A$m)	A$m	131
Net Debt / (Cash) (A$m)	A$m	13
Enterprise Value (A$m)	A$m	144

Recommendation	**Buy**
Valuation (per share)	1.00
Upside / (Downside)	92.3%

Profit & Loss	**Units**	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
Sales	A$m	97	171	199	180	180
Expenses	A$m	(95)	(121)	(106)	(106)	(131)
EBITDA	A$m	**2**	**51**	**93**	**74**	**49**
D&A	A$m	(33)	(42)	(40)	(36)	(36)
EBIT	A$m	**(31)**	**9**	**53**	**38**	**13**
Net Interest	A$m	(38)	(7)	(4)	(0)	2
Tax	A$m	(5)	(0)	(15)	(11)	(4)
Underlying NPAT	A$m	(74)	2	34	27	10
Exceptionals	A$m	(33)	0	-	-	-
Reported Profit	A$m	(107)	2	34	27	10

Cashflow	**Units**	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
Cash From Operations	A$m	11	52	93	74	49
Interest	A$m	(3)	(1)	(4)	(0)	2
Tax	A$m	0	-	-	-	-
Net Cash From Operations	A$m	**9**	**51**	**89**	**74**	**50**
Capex	A$m	(68)	(45)	(73)	(43)	(8)
Exploration	A$m	(3)	(1)	(3)	(3)	(3)
Net Investments	A$m	4	-	-	-	-
Free Cash Flow	A$m	**(58)**	**5**	**13**	**28**	**40**
Proceeds from issue of shares / (buyback)	A$m	45	(0)	78	-	-
Proceeds / (Repayment) of Borrowings	A$m	4	(16)	(58)	(16)	(16)
Dividend	A$m	-	-	-	-	-
Net Increase / (Decrease) in Cash	A$m	**(8)**	**(11)**	**33**	**12**	**24**

Balance Sheet	**Units**	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
Cash	A$m	17	6	39	51	75
Receivables	A$m	4	6	6	5	5
Inventory	A$m	8	15	15	14	14
PP&E	A$m	168	180	215	225	199
Exploration	A$m	29	30	30	30	30
Other	A$m	1	1	1	1	1
Assets	A$m	**226**	**237**	**306**	**326**	**324**
Creditors	A$m	33	44	44	40	40
Debt	A$m	81	82	44	28	12
Provisions	A$m	26	29	29	29	29
Other	A$m	30	25	25	25	25
Liabilities	A$m	**170**	**180**	**141**	**121**	**105**
Net Assets	A$m	**56**	**57**	**165**	**205**	**219**

Liquidity & Leverage	**Units**	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
Net Debt / (Cash)	A$m	65	77	5	(24)	(64)
Net Debt / EBITDA	x	30.7x	1.5x	0.1x	(0.3)x	(1.3)x
EBIT Interest Cover	x	(0.8)x	1.3x	11.9x	2,691.9x	(7.6)x
Net Debt / Equity	%	116%	133%	3%	-12%	-29%

Per Share Data (¢)	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
Shares Out (m)	1,005	1,005	251	251	251
EPS (¢)	(12.7¢)	0.2¢	9.8¢	10.6¢	4.0¢
Growth (%)	n/a	n/a	n/a	8%	-62%
Dividend (¢)	-	-	-	-	-
Payout Ratio (%)	0%	0%	0%	0%	0%
Book Value (A$)	0.06	0.06	0.66	0.82	0.87
Free Cash Flow (A$)	(0.06)	0.00	0.05	0.11	0.16

Valuation Metrics	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
EV / Sales	1.5x	0.8x	0.7x	0.8x	0.8x
EV / EBITDA	68.3x	2.8x	1.5x	1.9x	2.9x
EV / EBIT	(4.7)x	16.5x	2.7x	3.8x	11.3x
P/E (x)	(4.1)x	262.7x	5.3x	4.9x	13.0x
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Operating Metrics (%)	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
EBITDA Margin	2%	30%	47%	41%	27%
EBIT Margin	-32%	5%	27%	21%	7%
Net Profit Margin	-76%	1%	17%	15%	6%
ROIC	-26%	6%	31%	21%	8%
Return on Assets	-33%	1%	11%	8%	3%
Return on Equity	-132%	3%	21%	13%	5%
Effective Tax Rate	-7%	7%	30%	30%	30%

Key Assumptions	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
Gold (US$/oz)	1,248	1,564	1,750	1,750	1,750
AUDUSD	0.72	0.67	0.70	0.70	0.70

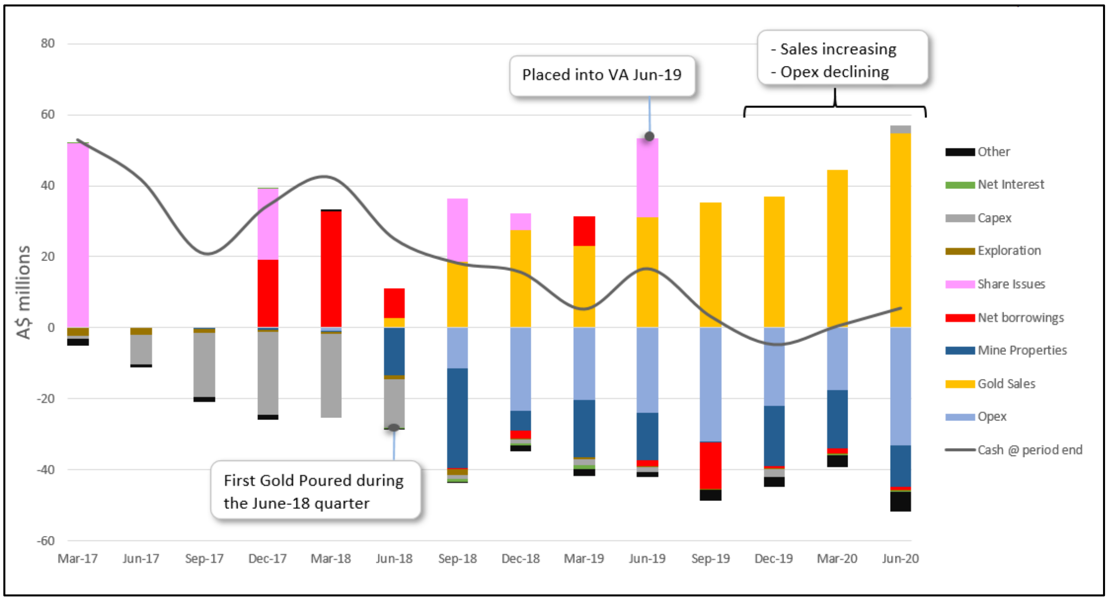
Production	**Jun-19**	**Jun-20**	**Jun-21e**	**Jun-22e**	**Jun-23e**
Gold (koz)	57	73	80	72	72
AISC (A$/oz sold)	n/a	1,585	1,252	1,352	1,702
AIC (A$/oz sold)	n/a	2,220	2,162	1,941	1,806

Valuation Summary	**A$M**	**Equity**	**Risk**	**A$M**	**A$/share**
Dalgaranga	224	100%	100%	224	0.89
Glenburgh	98	100%	50%	49	0.19
Exploration and Investments	25	100%	100%	25	0.10
Corporate	(31)	100%	100%	(31)	(0.12)
Net Cash (Debt)	(13)	100%	100%	(13)	(0.05)
Total	**303**			**254**	**1.00**

Cashflow analysis

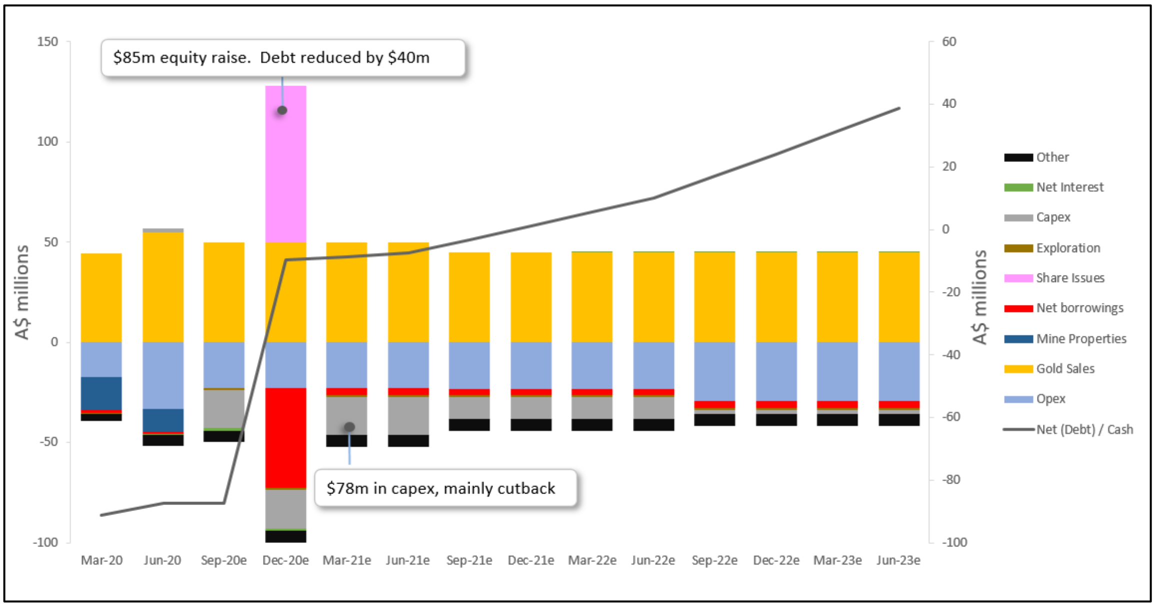
From construction, first gold, then into VA.

The chart below shows graphically the demise of GCY's cashflows, the timing of its move into VA and the operational turning point as cash began to build. With underperformance from the mine, the company's net debt position was becoming unsustainable. GCY's liabilities were enhanced with a working capital facility put in place by the earthmoving contactors during the March quarter 2019. Despite a $24.5m equity raise in April 2019 it became clear to the board that the company was on the path to bankruptcy, and it was placed into VA less than 2 months later.



Post debt restructure and an $85m equity raise

Mid-2020 saw GCY's Administrators and management confident enough to recapitalise GCY to allow it to resume its ASX listing. An $80m+ debt was re-financed with a $40m facility. $85m in new equity was raised to allow cutbacks of the main mine (based on the GMZ orebody) to continue. Creditors were paid out with shares and cash. The following cashflow analysis demonstrates that free cashflow is forecast to increase strongly from late next year. This, combined with low gearing, has significantly reduced balance sheet risk, and allows surplus cash to be applied to debt repayment (amortised over 3 years), much needed exploration, development of the Glenburgh project and eventually to dividends (possibly from mid-2021).



Dalgaranga: the new Resource and Reserve Models

- The basis for the new life of mine plan was a major work-over of the Dalgaranga ore resource and reserve model. As so often happens in the resources sector, projects that look good on paper can be let down by incorrect resource estimation procedures. This was the case at Dalgaranga. Initial grades of over 1.2gpt were expected in the first 12-18 months of the mine, but these were not achieved.
- Confirmation that the mine was in trouble came with an ASX release in March 2019 which showed that the mine was significantly behind earlier guidance, seemingly down to grade reconciliations. Guidance was dropped from 40-45koz for 1H19 to 29-34koz. But, there was no change to guidance for 2H19 which remained at 52 to 57koz. Previous management clearly refused to believe the ore body model was not working. There would be chocolates tomorrow, as the saying goes.
- But there were none. In the company's efforts to find the elusive higher grades, the earthmoving task proved unsustainable. Despite GCY's recognition that the stripping ratio for 2019 was high (14:1) and a consistent underperformance of grade, the mine marched ahead, borrowing $12m from NRW the earthmoving contractor and then issued new shares to raise $24.4m. Two months later the company was placed into the hands of the administrators with significant unpaid bills.
- New management then took a hard look at the resource model to assess the problem. There were no doubt many issues, but as far as we can understand the following were the most important:
    - Production grades were not reconciling with the resource model (the so called OK or ordinary kriged model - kriging is a statistical method of extrapolating grade). A new model was constructed by another consulting group which employed "localised uniform conditioning" (LUC) to extrapolate grades.
    - The orebody is quite complex and a large number of wireframes had been contracted to attempt to constrain the assay data. A much simpler wire frame model was built by the geologists such that is became more of a bulk mine, so less selective. This resulted in lower resource/reserve grades.
    - The near surface ores were shown to have been particularly problematic, especially several of the smaller lodes in the main Dalgaranga pit and a satellite pit named Golden Wings. Golden Wings looks to have been very troublesome and it looks to us that this was hoped to have been the source of higher grades and strong cashflow to pay for the cutback of the previously mined Dalgaranga pit.
    - Finally, a significant proportion of the quoted resource ounces (an impressive 1.2Moz) actually sits outside a A$2400/oz conceptual pit shell (or Optishell, referred to below).
- The following waterfall chart shows how surgery on the resource model was conducted. The bulk of the lost ounces came from mineralisation at the base of the pit which would not have been economic at A$2400/oz. Other than this issue, the differences were relatively minor. So, why did the mine have problems?
- Some 90% of the resource sits within a single orebody, the so-called Gilbeys Main Zone (GMZ) accessible by the main Dalgaranga open cut. This had been previously (and successfully) mined by Equigold in the 1990's and major cutbacks and pit dewatering had to be completed before the orebody could be accessed. GCY's mine had been relying on peripheral lodes which were difficult to mine and did not deliver the required grade.

DALGARANGA OK vs LUC MODELS GILBEY + PLYMOUTH + SLYFOX (Excludes Golden Wings)

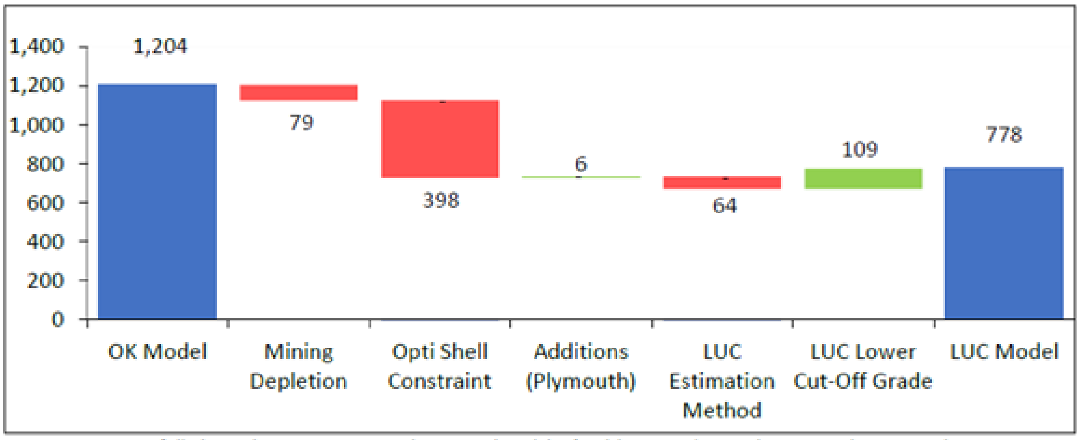


Figure 1a: Waterfall chart showing contained ounces (000's) of gold reconciliation between the November 2018 OK and 30 June 2019 LUC models.

Notes to explain waterfall chart:

1. OK Model: November 2018 Ordinary Kriged (OK) model contained ounces of gold above 0.5g/t;
2. Mining Depletion: Ounces mined from OK model from November 2018 to June 2019;
3. Opti Shell Constraint: Ounces contained in the OK model located outside of the A$2,400 Optimised Pit Shell;
4. Additions: New contained ounces added to the LUC model;
5. LUC Estimation Method: Difference between the OK model above 0.5g/t and LUC model above 0.5g/t;
6. LUC Lower Cut-Off Grade: Contained ounces difference between the OK and LUC models between 0.3 – 0.5 g/t;
7. LUC Model: Change in cut-off grade of LUC model from 0.5g/t to 0.3g/t (Excludes Golden Wings).

Source: GCY ASX release 31 July 2020

- In early 2020, GCY reported its new resource model, containing some 800koz at a grade of 0.84gpt (at a 0.3gpt cut off grade) down from the previous resource estimate of 1.6gpt (at a 0.5 cut off grade). As well, tonnes had also been added from a highly successful 10 hole drilling programme at the southern end of the GMZ. Furthermore, a gold price of A$2800/oz was used to define the broad resources pit shell (against $2400/oz in the previous model).
- The lower cut off grade reflected a higher A$ gold price and the ability of the project to process 0.3 to 0.5gpt ore at the end of the project's life.

30 April 2020 Summary Mineral Resource Statement

Classification	Mt	Au g/t	Au koz
Measured	1.65	0.75	39.7
Indicated	21.22	0.86	588.6
Measured + Indicated	22.87	0.85	628.3
Inferred	6.76	0.80	173.1
TOTAL	**29.62**	**0.84**	**801.3**

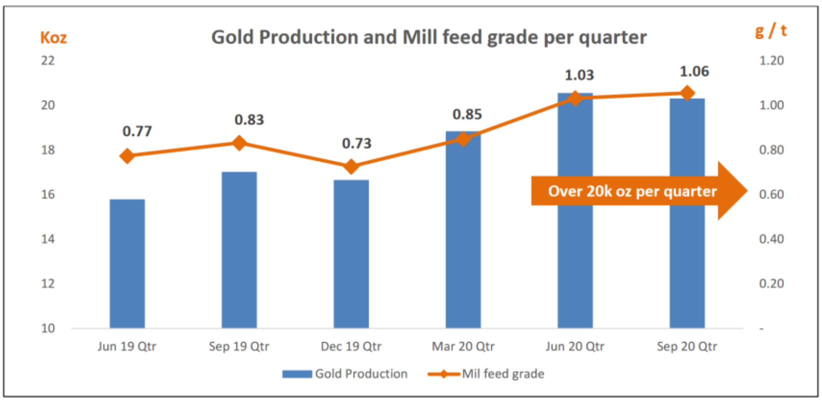
Source: GCY release, 31/7/20

- The mine had been kept running under the eagle eye of the Administrators. A sustainable plan was put in place to allow the mine to keep producing gold and modest cash to allow the new managers to develop a new life of mine plan.

- This allowed the geologists to undertake reconciliations of what was mined against the new (LUC) resource model. Two large bulk samples were taken and the results were very encouraging.
- As summarised in a mid-year release by GCY, ore mined in these bulk samples delivered 48% more gold than predicted in the new resource model suggesting the re-estimation might well be conservative. GCY urges caution about extrapolating this outperformance, but it does suggest that we might see the mine delivering a little above resource/reserve grade.

The operational turn-around of Dalgaranga under Administration

- Ex Evolution Mining GM, Richard Hay was reappointed as CEO in July 2019. (He had left when the administrators were appointed). Mike McCracken was appointed as site GM.
- The mine's turnaround become evident from July 2019, and record monthly production levels were achieved (and, importantly, maintained). The company noted that an increased proportion of feed was likely to come from the main Dalgaranga open cut, and within that the main Gilbeys Main Zone (GMZ). Some 90% of the project's reserves sit within the GMZ.
- Key issues diving this turnaround included:
  - Reduced stripping, balancing surplus cash with the earth moving task.
  - Much better grade reconciliation against the new block model.
  - Mill production in line with budget: 275kt at 0.84gpt and 88.7% recovery, which delivered 6561oz gold for the month of June 2019.
  - Importantly the mine was cashflow positive in June, also assisted by a rising A$ gold price.
- In August 2019, GCY delivered further positive news:
  - Production of 6012oz for the month of July with an increasing proportion of ore from the GMZ.
  - 12 days averaging 1gpt.
  - 2% call factor.
  - Blast balls had been employed to improve mining accuracy and reduce dilution.
  - Excellent reconciliation had been obtained against the new LUC resource model (105% tonnes, 100% grade).
- Importantly a decision had been made to develop a new life of mine plan.
- Since 3Q19, the mine has been consistently producing over 6000 ounces of gold per month with the new mine plan. This trend in improving performance is undoubtedly attributable to an increased proportion of ore from the wide and higher grade Gilbeys Main Zone. As well it is clear that management has established procedures to deal with this structurally controlled, relatively low grade orebody, and minimise dilution.
- Recently release figures for the September quarter illustrates the strong turn-around in the mine's performance. This is certainly a credit to the new management team (and the administrators, who held the chequebook very tightly), and vindicates the aggressive approach to rectifying past problems with the resource and mine plan.



Source: GCY ASX update, 6 October 2020

The New Life of Mine Plan

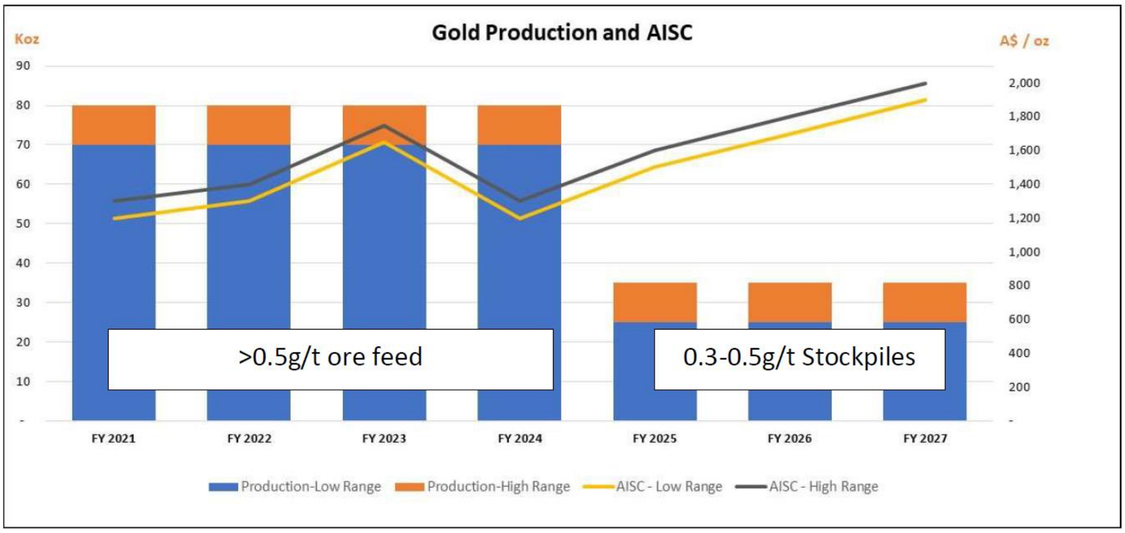
- In mid-2020 GCY announced a new life of mine plan (LOMP). Key elements of this plan are described are based on the updated resource/reserve model which has been tested against production with two large bulk samples.
- The revised reserve (at 4/2020) is now as follows:

30 April 2020 Summary Ore Reserve Statement

Classification	Oxidation state	COG (g/t Au)	Mt	Au g/t	Au Koz
Proved	Oxide	0.30			
	Transition	0.30	0.9	0.7	19.9
	Fresh	0.30	0.5	0.7	11.3
	Stockpiles	0.30	1.1	0.4	12.9
	Gold In circuit				1.7
	SUBTOTAL		**2.4**	**0.6**	**45.8**
Probable	Oxide	0.30	0.1	1.0	2.5
	Transition	0.30	0.8	0.8	19.8
	Fresh	0.30	13.1	0.9	358.3
	SUBTOTAL		**13.9**	**0.9**	**380.6**
Total			**16.3**	**0.8**	**426.3**

Source: GCY release 31/7/20

- The updated LOMP is based on mining and processing around 18.5mt at 0.8gpt delivering ca. 400koz gold over a 7 year period. Around 88% of this production is derived from proven and probable reserves with the balance from resources (which no doubt will eventually fall into a reserve).
- The mine will use a 'grade streaming' strategy, selectively processing +0.5gpt ore to maximise gold production (ca. 75-80kozpa) and cashflows in the first four years. Low grade ore (ca. 7mt at 0.3 to 0.5gpt) will be stockpiled and processed in the final three years of the current mine plan. This is illustrated in the following chart.



Source: GCY ASX release 31/7/20

- The following table summarises the new mine plan for Dalgaranga, compared with earlier guidance (provided by previous management in late 2018):

		Current life of mine plan (2020)	Pre-administration mine plan (2018)
Gold production (av.)			
2020a/e		73.1	105
2021e		75	85
2022e		75	80
2023e		75	75
2024e		75	32
2025e		30	n/a
2026e		30	n/a
2027e		30	n/a
LOM (from 2021), approx		400	469
Gold grade	gpt	0.8	1.2
Strip ratio (LOM)*		3.5:1	7.1:1
Milling rate	Mtpa	2.6	2.5
Metallurgical recovery (LOM)	%	86%	88%
Cash costs (AISC)	A$/oz	A$1400-1500	A$1150-1250
Note 1: Pre-administration LOM from 2020, current LOMP from 2021			
*Note 2: LOMP stripping ratio excludes capitalised waste movements (see text)			

Source: GCY various ASX releases

- The differences from the mine plan proposed prior to GCY's 'meltdown' in 2019 are quite obvious, and include the following:
    - A significantly weaker production level in 2020, driven by inaccessibility to the higher grade GMZ ore within the Dalgaranga pit.
    - Thereafter slightly lower production levels driven by lower grades, for a total production inventory some 15% lower than suggested by the earlier reserve model.
    - What we estimate to be an LOM stripping ratio of around 5:1. The 3.5:1 strip in the current LOMP excludes a significant pre-strip which is capitalised (estimated at $70-75m in 2021 and $40-45m in 2022).
    - Lower metallurgical recoveries, partly influenced by small tonneages of a black shale ore which was not recognised in the previous resource model.
    - Mill throughput has been factored in at nameplate capacity (2.5mtpa)
    - As a consequence of lower gold production the all-in-sustaining costs (AISC) are up around 20% on the previous assumptions.
- We have compiled a mine model which encompasses the guidance provide by GCY, and have used a US$1750/oz gold price and FX of 0.70 (A$2500/oz). Outputs from the model are summarised in Appendix 2. Under our assumptions the project produces strong operating cashflows (A$63m to $107m) over the four higher grade years (2021 to 2024).
- This generates a pre-tax NPV_8 for the new LOMP of A$224m, which we have used in our valuation for GCY.
- Clearly the valuation is very sensitive to a number of factors, and we present those sensitivities below. In our mind, those areas to focus on for Dalgaranga are grade (where we see modest risk to the upside should the new reserve model prove conservative) and mine life.
- Following recapitalisation of the company there should be ample funds to put into drilling in 'the shadow of the headframe'. There has been little exploration at Dalgaranga for 4 years driven by the mine's cashflow crisis. A discussion of the exploration opportunities for Dalgaranga is summarised below.

Moving out of VA: rebuilding the GCY balance sheet

- GCY's 'near-death' experience in 2019, and the subsequent re-planning of the mine's future, required additional equity capital, and refinancing the unsustainable debt burden.
- In August 2020, GCY issued a prospectus to raise around A$85m as part of the proposed recapitalisation of the company. In summary it was as follows:

- an institutional placement of 1,400,000,000 new fully paid ordinary shares in Gascoyne to raise $35.0 million;
- a 2-for-1 accelerated pro-rata non-renounceable entitlement offer of 2,009,729,910 new shares to raise approximately $50.0 million (Entitlement Offer);
- 480,000,000 shares to NRW Pty Ltd (NRW) at nil consideration, being the number of shares equal to $12.0 million at the issue price of $0.025 per share (NRW Offer);
- 120,000,000 shares to the Trustee of the Creditors' Trust in accordance with the terms of the DOCA, at nil consideration; and
- 10,000,000 shares to be issued at nil consideration to Gascoyne Chief Executive Officer Mr Richard Hay.

Source GCY 2020 Annual Report

- The new capital structure is as follows:

Recap Summary	
Cash Equity Required (A$m)	85
Raise price (A$/share)	0.025
New shares issued (m)	3,408
NRW debt to equity conversion (m)	480
Large Creditors (m)	120
Bonus Shares (m)	10
Total New Shares Issued (m)	4,018
Pre Recap SOI (m)	1,005
Post Recap SOI (m)	5,023
20:1 Consolidation (m)	251

- Simultaneously GCY entered into an A$40m amortising debt facility with Investec (replacing the previous $80m loan). This will be fully drawn and is to be repaid over a period of 3 years (from 12/20). Interest rates are a modest BBSY + 5.25% (or around 5.35%).
- The debt facility has a hedging requirement with at least 40% of production to be locked in on a rolling 18 month basis (with a minimum initial hedge price of A$2400/oz).

Sensitivities at the project level

		Base (A$m)	+10% (A$m)	%	-10% (A$m)	%
Gold price	A$/oz	224	300	34%	149	-50%
Costs	A$m	224	183	-18%	266	45%
Grade	gpt	224	300	34%	149	-50%
Mine life*		224	315	41%	-	-
* An example (see text)						

- **Gold price (and grade):** A 10% rise in the A$ gold price translates to a 34% increase to our pre-tax NPV for Dalgaranga. Typical of mid-cost producers, the sensitivity is higher on the downside, with a 10% drop in the gold price translating to a 50% drop in project NPV. Note these estimates of sensitivities exclude the impact of gold hedging.

- **Costs:** Leverage to cost savings is similarly skewed with a 45% increase in NPV with a 10% drop in costs, but only an 18% decline in NPV should costs rise 10%.
- Note these are our estimates only, and based on a fairly simple mine model, which undoubtedly does not account accurately for fixed and variable costs.
- **Mine life**: We have used an arbitrary example to illustrate the strong leverage of Dalgaranga's NPV to mine life. In the example above we have simply assumed 3 years of cashflow from 2024 at the average of the preceding 3 years (ca. $52m/year) then applied the cashflows from the low grade stocks for a further 3 years. In this example, our pre-tax valuation expands by 40% to over $300m. We consider this to be quite a realistic scenario, for reasons described in detail below.

Valuation of GCY and sensitivities

GCY valuation	A$M	Ownership	Risk Weight	A$M	A$/share
Dalgaranga	224	100%	100%	224	0.89
Glenburgh	98	100%	50%	49	0.19
Exploration and Investments	25	100%	100%	25	0.10
Corporate	(31)	100%	100%	(31)	(0.12)
Net Cash (Debt)	(13)	100%	100%	(13)	(0.05)
Total	**303**			**254**	**1.00**
WACC					**8.0%**
AUDUSD					0.70
Shares on issue					251

- Our $1/share valuation is based on our Base case NPV_8 for Dalgaranga, described above and a 50% risked NPV for Glenburgh (discussed below).
- Note that we have incorporated significant tax losses into our valuation and do not have the company paying taxes within the current life of mine plan.
- We have incorporated Dalgaranga project valuation sensitivities into the following table:

GCY sensitivities						
		Base (A$/share)	+10% (A$/share)	%	-10% (A$/share)	%
Gold price	A$/oz	1.00	1.2	20%	0.8	-33%
Costs	A$m	1.00	0.85	-15%	1.2	41%
Grade	gpt	1.00	1.35	35%	0.65	-52%
Mine life*	+ 3 years	1.00	1.34	34%	-	-
* As an example						

- The requirement to hedge at least 40% of production (we have assumed 40% at our A$2500/oz price assumption) restricts leverage to the gold price to the upside and downside. Unhedged we estimate that GCY's NPV_8 leverage to a +10% move in the gold price would be +35% and -52% with a 10% drop in A$ gold. For a mid-cost curve producer, we think this level of hedging is prudent.

Extending the mine life at Dalgaranga

- We believe the current life of mine plan has been conservatively engineered, from what we think is also a conservative re-estimation of resources and reserves.
- One of the best valuation leverage points for the mine is to extend the existing 3-4 year life at 70-80kozpa production rates. We believe this can be done in a number of ways, notably:
  - **Extending the strike and down dip extent of the main GMZ orebody.**
  - **Opportunities for satellite orebodies 'in the shadow of the headframe'.**
  - **Regional exploration, within say a 100km radius**
- We believe GCY will allocate an annual $3-4m budget to exploration with an aim of expanding higher grade resources and pushing back the need to treat low grade stockpiles. Given the paucity of exploration since mine commissioning we think there is an excellent opportunity to add perhaps 2 to 3 years mine life (5-7.5mt in reserves) quite quickly. There are never 'no brainers' in exploration, but this goes close.
- The regional exploration potential was one of the reasons we were drawn to the GCY story 5 years ago. With the demise of "version 1" of the Dalgaranga mine plan, only limited funds were available to advance the numerous exploration opportunities.
- As discussed above, additional reserve ounces will flow through to our valuation for GCY and to GCY's P&L. Our D&A estimate currently averages over $500 per ounce, quite high against its gold mining peers.

Extending the main GMZ orebody

- The current reserve is defined by an A$2100/oz gold price assumption, some 25% lower than the current spot price. At this stage of the mine's redevelopment this conservative assumption is appropriate. However it does highlight the potential to further deepen the main GMZ open cut.
- In the 2019 resources review, one section highlighted this potential with resources highlighted inside and outside a A$2400/oz pit shell. These of course would be quite high cost ounces, but it does highlight the potential for further mineralisation at depth.

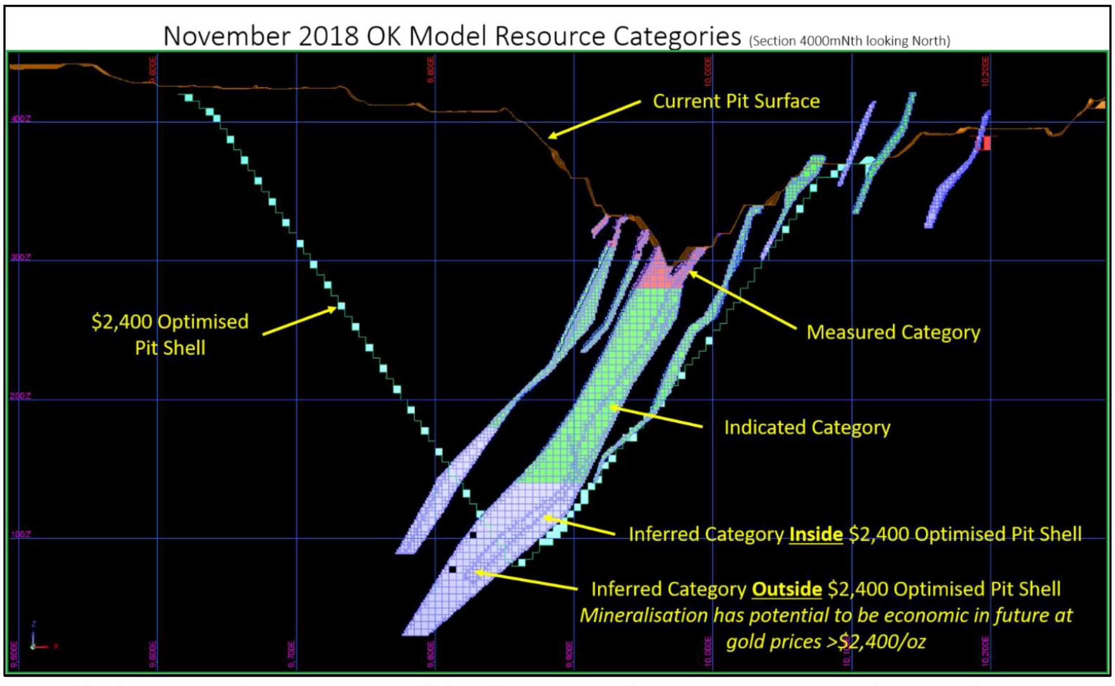
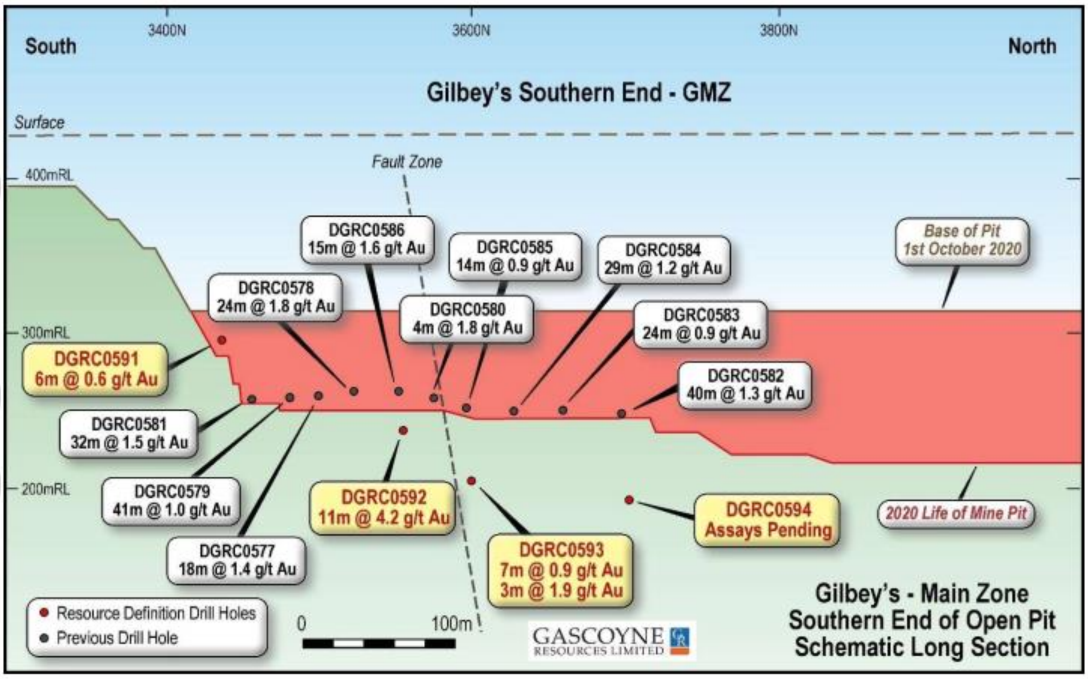


Figure 1b: Shows a significant proportion of the Inferred Mineral Resource Category for the November 2018 OK extending below the A$2,400 optimised pit shell.

Source: GCY ASX release, 28 August 2019

- A 10 hole exploration programme conducted in early 2020 effectively replaced ounces depleted during the previous 12 months and has focussed the geologists' attention on the GMZ at the southern end of the pit for further resources.
- More recently a small drill programme (announced on 19 October) identified an 11m (downhole) intercept at a very attractive grade of 4.2gpt, possibly representing a plunging high grade shoot. Nearby a lower grade intercept is interpreted to have intercepted a fault.



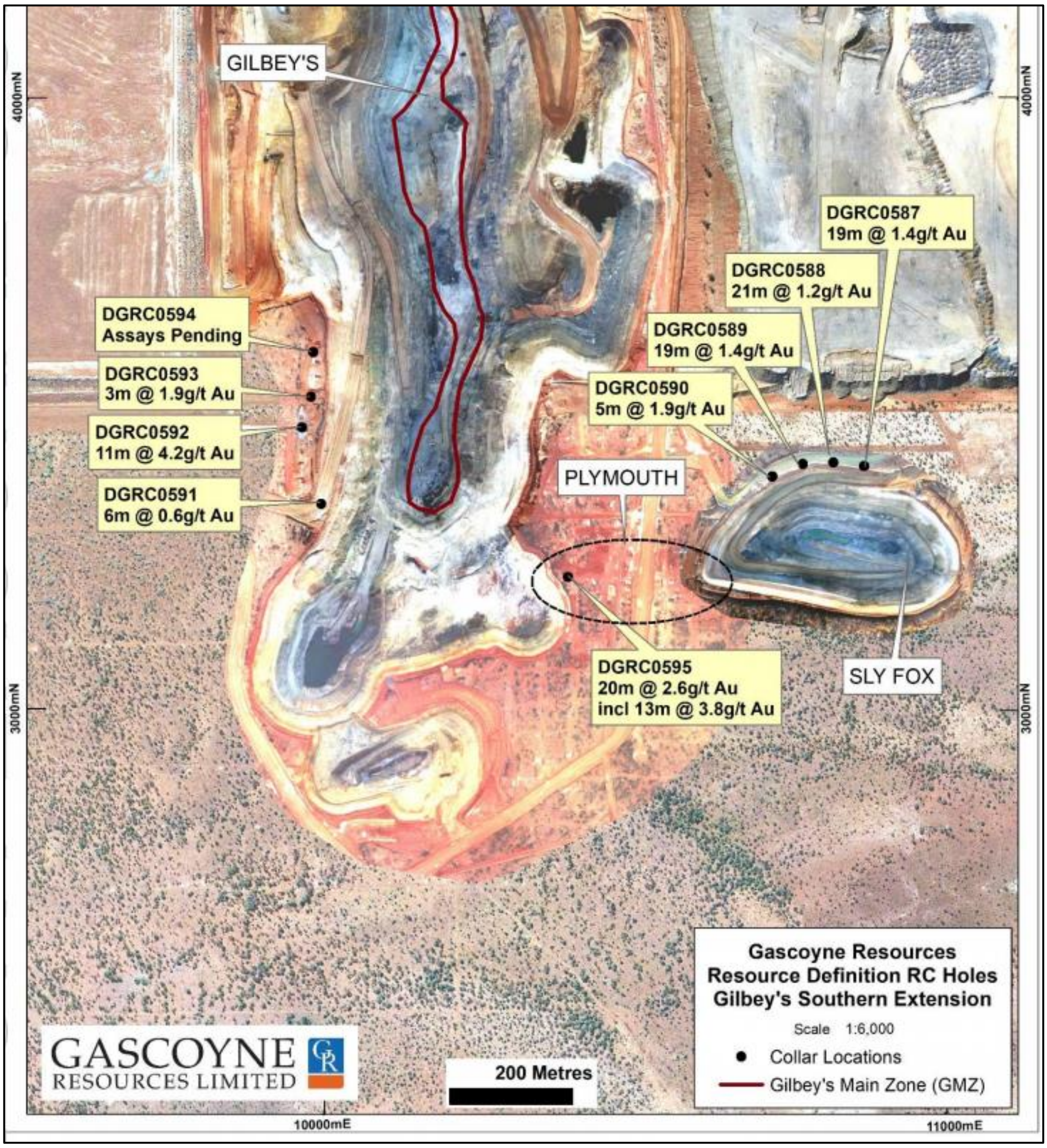
Source: GCY ASX release, 19 October 2020

- GCY believes that the southern extension of the GMZ orebody appears to offer the greatest potential for additional reserves with a further cutback. The northern end of the pit may have some underground potential with short runs of quite high grade gold were intercepted in deeper drilling.

Nearby satellite deposits – "shadow of the headframe"

- There have been a number of prospects of economic potential identified within a few hundred metres of the Dalgaranga plant. These are shown on the plan, below:
- Small resources have already been defined at **Plymouth and Sly Fox**, with reasonable potential to expand these modestly. We understand a common structure trends to the SE towards Seagrams, which has shown some promising early drill intercepts.
- Mineralisation at **Plymouth** has been intersected in multiple drill holes, yet there is a resource of just 7.8koz identified. Mineralisation has been encountered over a 250m strike and width of perhaps 100m. A single drill hole beneath the current resource delivered 20m at an impressive grade of 2.6gpt (including 13m at 3.8gpt). It is not possible to conclude with one drill hole that grades might be increasing with depth, but it is a tempting thought.
- At the **Sly Fox** deposit (400m E of main pit) four economic width/grade intercepts were recently obtained at depth, chasing a lone 40m at 2gpt from history. Best results are 26m at 1.8gpt, 19m at 1.4gpt and 21m at 1.2gpt all within 100m of the base of the old open cut. Eyeballing it, this could be perhaps 800kt at 1.2gpt for perhaps 30koz: all in fresh rock and away from the troublesome oxide/transition.
- In our review of the historical exploration results close to the plant, we believe that the area around the southern end of the main pit to Plymouth and Sly Fox has excellent resource potential and could (with further success) aggregate into a single pit. We look forward to the rigs rolling back into Dalgaranga.

* So, in summary, a very modest drill programme completed over recent weeks, in our view has added indications of a further 9-12 months mine life to the Dalgaranga operations. Exploration is never easy, but the area is very underexplored. GCY is now cashed up and early results are very encouraging.



Source: GCY release, 19 October 2020

Potential for satellite orebodies

* There are also numerous targets within a short trucking distance of the Dalgaranga plant. The following stood out in our prowl through historic releases:
    * **Greencock**: Series of impressive drill holes have been intercepted over a 250m strike. We believe these have not been followed up as yet, but as shown of the section below, the geometry of a potential orebody is starting to emerge. Furthermore, air core drilling has identified gold anomalism over a 1.5km strike, which has yet to be followed up by RC drilling

- **35m @ 1.2 g/t gold from 15m**
- **31m @ 1.2 g/t gold from 18m, including 7m @ 3.0 g/t gold**
- **14m @ 1.6 g/t gold from 63m**
- **18m @ 1.3 g/t gold from 58m**
- **4m @ 4.0 g/t gold from 14m**
- **16m @ 1.7 g/t gold from 111m**
- **6m @ 2.3 g/t gold from 131m**

Source: GXY release, September 2018

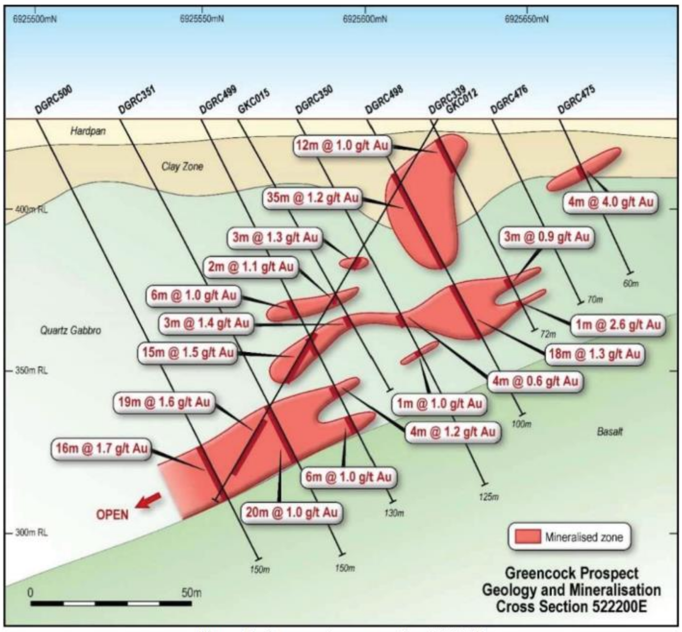
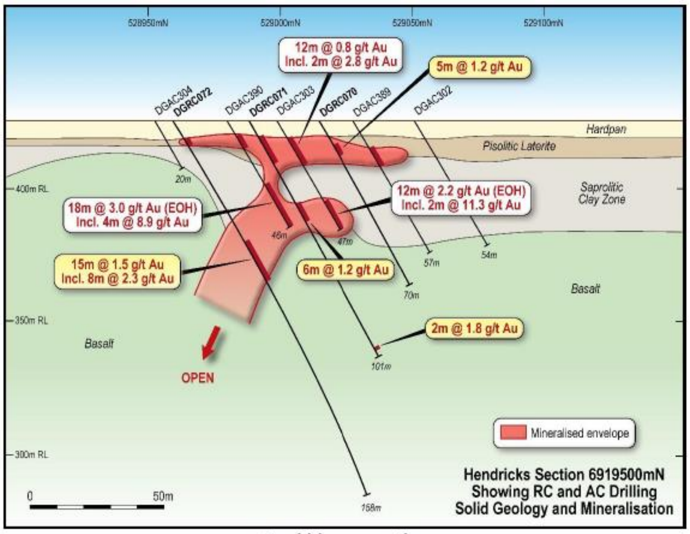


Figure 7: Greencock cross section 522200E

Source : GCY 2019 Annual Report

- **Tanqueray**, located some 1.8km to the NW of the plant yielded GCY's best-ever intercept of 8m 374gpt, but follow up drilling failed to deliver any volume. Regional air core drilling has identified gold mineralisation 200-300m to the west. This area is very underexplored.
- The **Hendricks** prospect, 3km to the east of the plant, was identified with air core drilling. There looks to be quite a reasonable chance that a modest resource will be identified here.

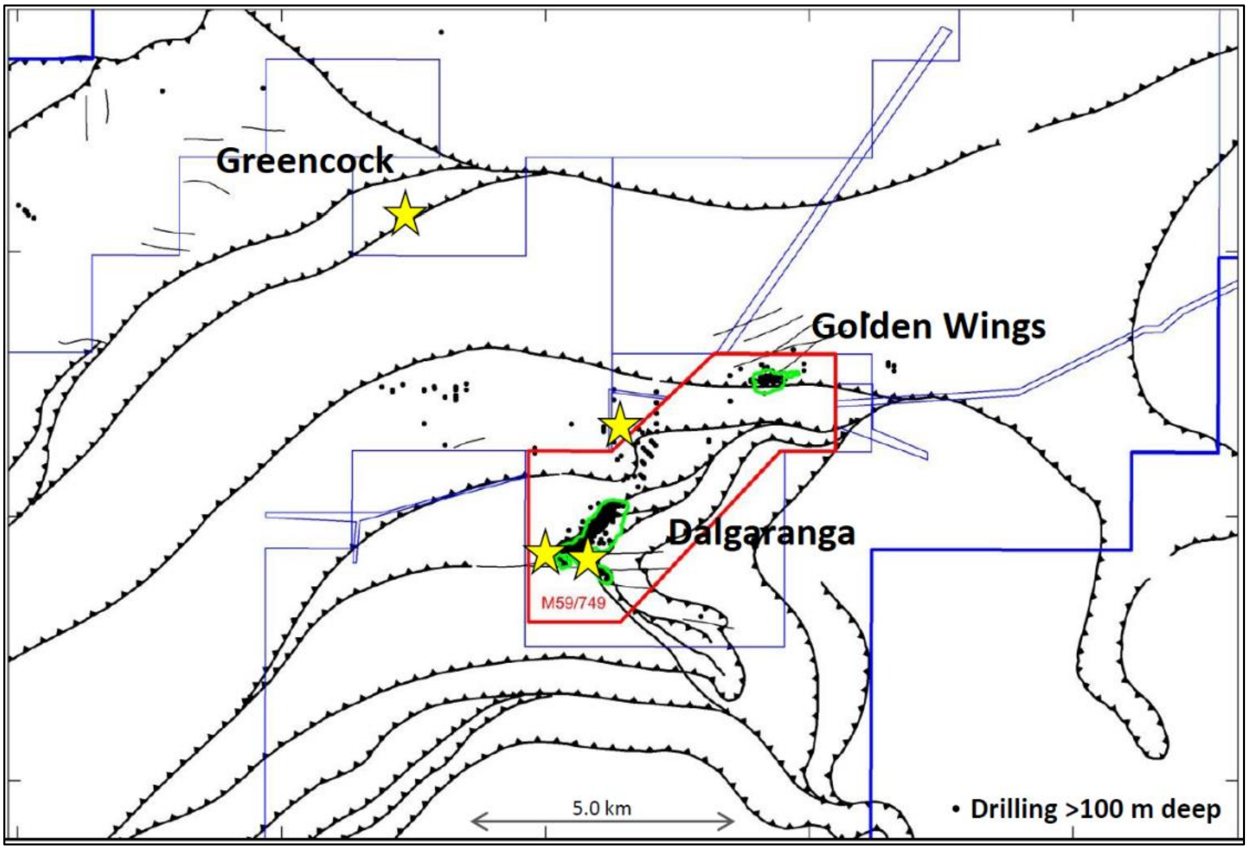


Hendricks-cross section

Source: GCY 2016 annual report

Dalgaranga's depth potential: paucity of deep drilling

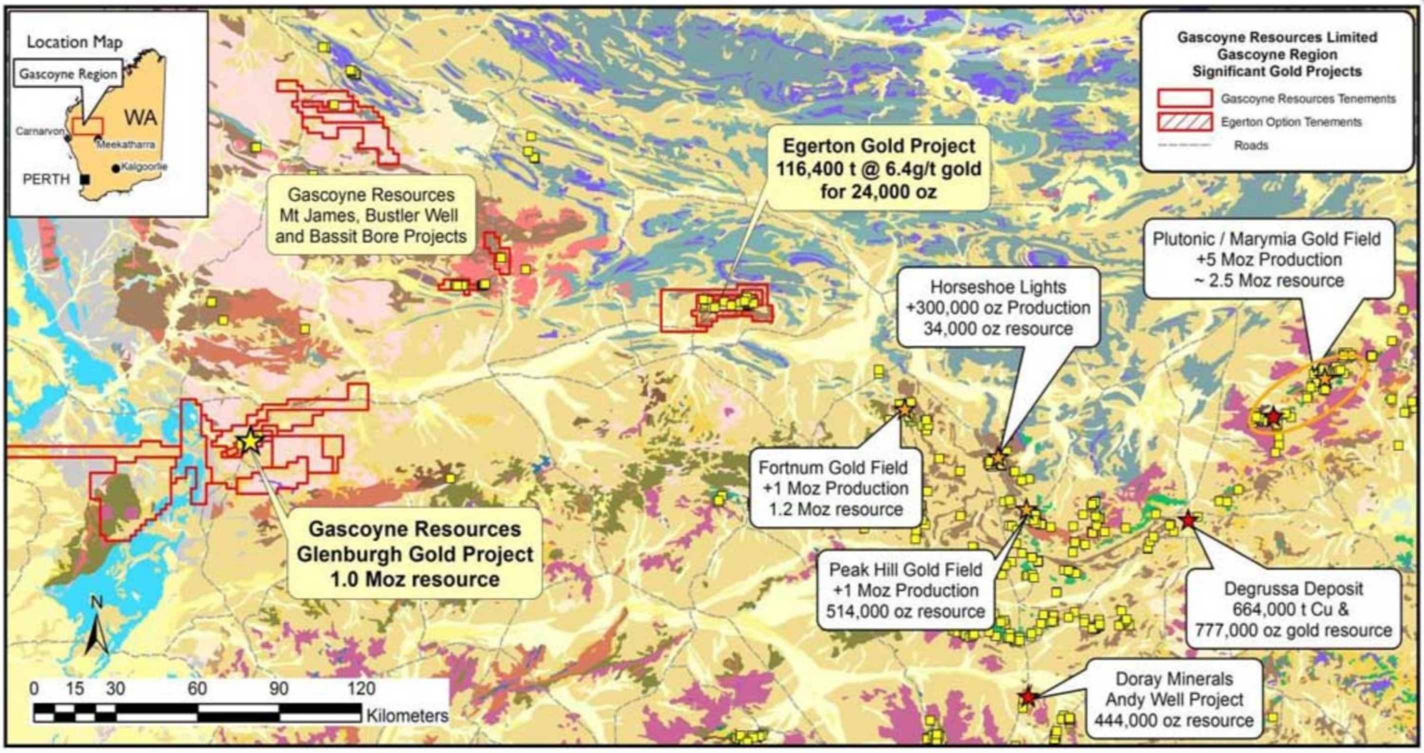
- The following plan highlights how little deep drilling has occurred around Dalgaranga with deeper drilling largely confirmed to the known resources at the time (GMZ and Golden Wings).
- History has shown that gold can be variably distributed in the near-surface oxide and transition so areas cannot be written off without deeper RC or diamond drilling
- We therefore consider the entire Dalgaranga region to be very underexplored, given negligible drilling beneath 100m. Many of the tenements are covered with surficial sediments which are likely to be masking primary gold targets beneath. GCY geologists will therefore need to undertake rigorous soil/auger geochemical surveys in conjunction with regional geophysics. This will likely be followed up by inexpensive air core drilling, then RC and diamond drilling of significant anomalies.



Source: GCY presentation at Precious Metals Investment Symposium, October 2018

The Glenburgh gold project

- Glenburgh is GCY's second project. The Glenburgh and Mt Egerton gold deposits are located in the southern Gascoyne province of WA, some 250km east of Canarvon. The deposits consist of gold mineralised systems hosted in interpreted remnants of Archaean terrain in a Proterozoic mobile belt.



Source: Gascoyne Resources website

- Prior to the acquisition of the Dalgaranga project, the key asset within Gascoyne (and its predecessor, Helix Resources) was the Glenburgh project. A Preliminary Feasibility Study was completed during 2013, based on the following resource. It also incorporated resources at the small but high grade Mt Egerton project.

Area	Measured			Indicated			Inferred			Total		
	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces
North East	0.2	4.0	31,000	1.4	2.1	94,000	3.3	1.7	178,000	**4.9**	**1.9**	**303,000**
Central	2.6	1.8	150,000	3.2	1.3	137,000	8.4	1.2	329,000	**14.2**	**1.3**	**616,000**
South West							2.2	1.2	84,000	**2.2**	**1.2**	**84,000**
Total	**2.9**	**2.0**	**181,000**	**4.6**	**1.6**	**231,000**	**13.9**	**1.3**	**591,000**	**21.3**	**1.5**	**1,003,000**

Source: Gascoyne Resources Annual Report 2016

- The study was completed by a number of independent consultants and investigated several development options based around a carbon in leach (CIL) treatment facility processing approximately 1.2 mtpa. The project included a number of conceptual mill feed sources including eleven open pits at Glenburgh, a high grade open pit at the Mt Egerton project and an underground development at the Zone 126 deposit at Glenburgh.

- A summary of the project metrics as thy were seen in 2013 were:
    - An Initial Mining Inventory of 4.9Mt @ 2.0g/t gold for 316,000oz of contained gold
    - 1.2Mtpa processing rate producing 73,000ozpa
    - Mine Life of over 4 years with exploration potential not included
    - Metallurgical recoveries of 94.5
    - Capital cost of $60.4 million (assuming a second hand plant)
    - Pre-production working capital of $10 million
    - All-in sustaining costs of $994/oz
- The Glenburgh project then shifted to permitting. A mining lease has now been issued and mining approvals are now in place.
- Exploration continued at Glenburgh over the next 3 to 4 years. However, the PFS and then BFS for Dalgaranga slowly saw the project move back to second place. As far as we can see, there was very little achieved in advancing Glenburgh toward production.
- Studies were conducted on a higher grade underground at Zone 126 (which has a resource of 63koz at 4.6gpt).
- Extensive metallurgical testwork was completed, which delivered encouraging recoveries (93 to 97%).
- Our A$98m valuation for Glenburgh is based on the scoping study parameters released by the company in 2013, using a US$1750/oz gold price forecast. We concede there is a good deal of uncertainty attached to this project, but we have no doubt it is high on the priority list for new management at GCY. To account for this uncertainly we have risk adjusted our valuation by 50%.

Exploration and resource upside at Glenburgh

- The failure of the Dalgaranga project starved GCY of capital to advance exploration at Glenburgh. Commentary in the 2016, 2017 and 2018 annual reports from GCY remained optimistic regarding the potential for additional ounces.
- Over the course of 2017 and 2018 a modest exploration budget achieved a number of successes, which included:
    - The identification of a 6km gold geochemical anomaly to the NE of the Glenburgh trend (already over 12km in strike length).
    - Limited deeper drilling of the Chevelle discovery within this NE trend. The best recorded intercept was 4m at 8.4gpt, which we believe has not been followed up.
    - Infill drilling of the Central Deposits delivered the Cobra oreshoot with best intercepts including 7m at 7.8gpt from 84m (including 4m at 12.6gpt) and 9m at 5.5gpt from 50m (including 4m at 9.5gpt).
    - And to the south west, exploration identified two very prospective zones, Torino and Thunderbolt
    - The 2018 annual report tabulated several quite encouraging intercepts from Torino, obtained over a 900m strike length. As far as we are aware there has not been a resource estimated at Torino.

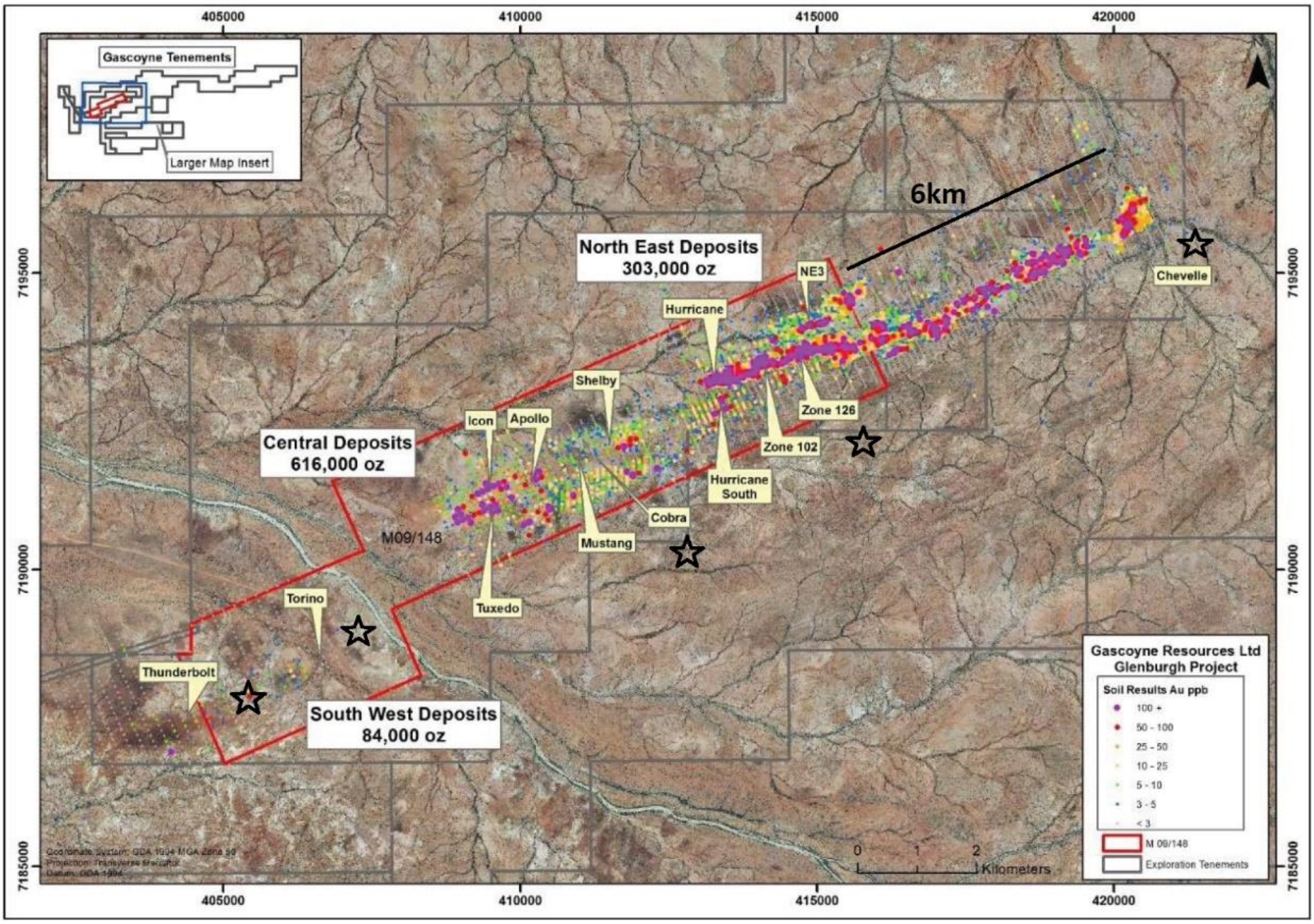
        - 16m @ 3.0 g/t gold from 42m, including 4m @ 10.1 g/t gold in VRC963
        - 9m @ 4.5 g/t gold from 63m in VRC946
        - 28m @ 1.5 g/t gold from 80m, including 7m @ 3.2 g/t gold in VRC946
        - 11m @ 1.9 g/t gold from 90m in VRC939
        - 7m @ 1.3 g/t gold from 18m in VRC936
        - 11m @ 1.0 g/t gold from 10m in VRC952
        - 15m @ 1.4 g/t gold from 13m including 4m @ 3.3 g/t gold in VRC962

- 16m @ 3.0 g/t gold from 42m including 4m @ 10.1 g/t gold in VRC963
- 5m @ 4.5 g/t gold from 35m including 1m @ 20.5 g/t gold in VRC979
- 3m @ 3.9 g/t gold from 28m in VRC980
- 4m @ 8.1 g/t gold from 53m including 1m @ 27.2 g/t gold in VRC982
- 9m @ 1.9 g/t gold from 37m in VRC983
- 19m @ 0.8 g/t gold from 73m in VRC984

o As well, several wide intercepts of modest grade were obtained from Thunderbolt:

- 23m @ 1.9 g/t gold from 45m including 16m @ 2.6 g/t gold in VRC976
- 13m @ 1.6 g/t gold from 40m, including 3m @ 4.9 g/t gold in VRC973
- 10m @ 0.8 g/t gold from 83m, including 6m @ 1.8 g/t gold in VRC974
- 16m @ 0.7 g/t gold from 10m in VRC972

- As far as we are aware the 2017 and 18 drilling has not been incorporated in the Glenburgh resource. There clearly ample potential to expand the current resource, especially to the NE (beneath the geochemical anomaly and toward Chevelle) and to the SW, encompassing Torino and Thunderbolt.
- The discovery of the Cobra deposit suggests there is additional potential within the strike extent of Glenburgh mineralisation. The only constraint to the delineation of additional ounces seems be the ability of the geologists to access a drilling budget.



Source: GCY 2019 annual report. Stars indicate deposits referred to in the text

The Mt Egerton deposit: incremental high grade ounces for Glenburgh

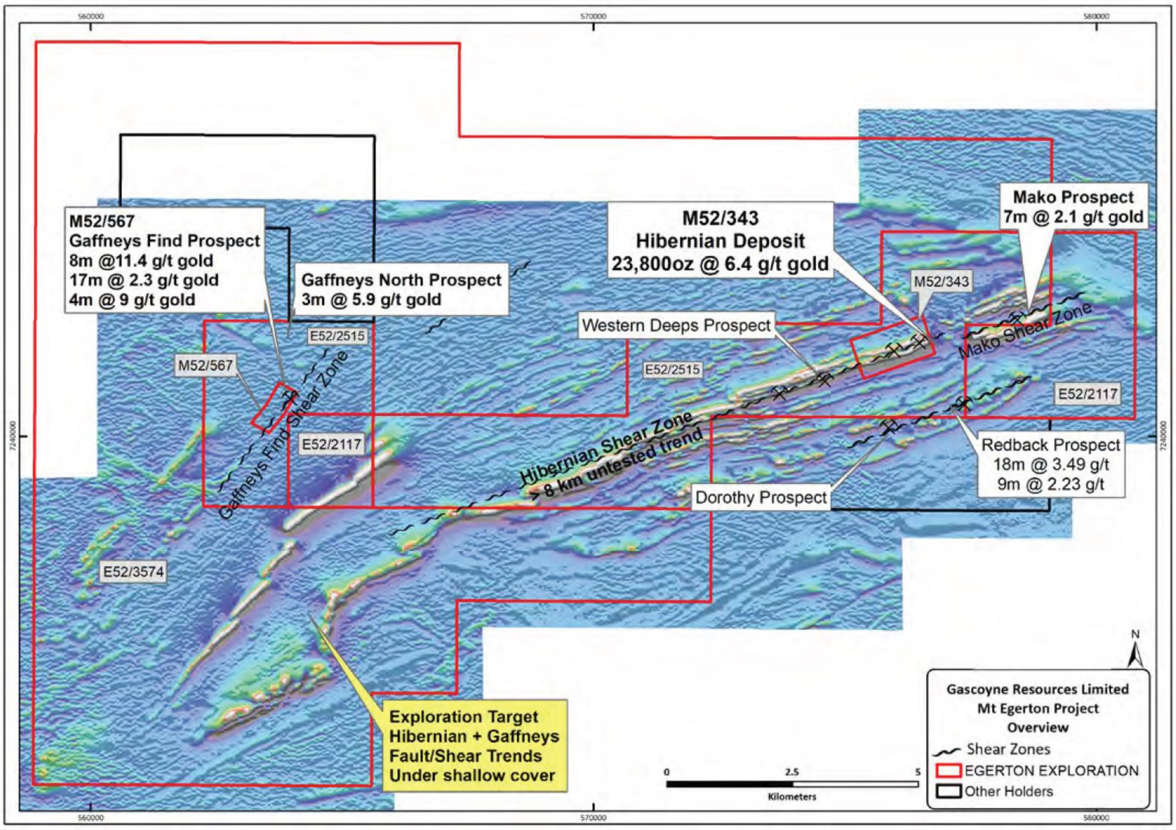
- The Egerton deposit is located some 150km to the east of Glenburgh and has been suggested as the source of higher grade feed for the mill. The resource is modest, just 24koz, but the grade well above that of the Glenburgh deposits.

Table 5: Hibernian Deposit 2017 Mineral Resource Estimate (2.0 g/t Au Cut-off) JORC 2004

JORC Classification	Tonnes	Au	Au
	Mt	g/t	Ounces
Measured Resource	32,100	9.5	9,801
Indicated Resource	46,400	5.3	7,841
Inferred Resource	37,800	5.1	6,169
Total	**116,400**	**6.4**	**23,811**

Source; GCY 2018 Annual Report

- Mt Egerton consists of two granted mining leases and two granted exploration licences covering approximately 180km² of the Lower Proterozoic Egerton inlier in the Gascoyne Region of Western Australia.
- West of the Hibernian deposit the Gaffney's Find prospect lies on another granted mining lease where a number of shallow historic workings lie on a north east trending shear zone extending over 4km, with drill intercepts including 4m @ 72.3 g/t gold and 5m @ 15.9 g/t gold. Elsewhere within the project there are a number of prospects aligned along the 8km long poorly tested Hibernian shear.



Source; GCY 2018 Annual Report

- To us the Mt Egerton project looks very underexplored, and as Glenburgh, only constrained by the lack of funds for a drilling budget. There appear to be numerous walk-up drill targets within tenements which have not seen a rig for many years.

- The Hibernian trend to the south west of the high grade Hibernian deposit appears to be poorly tested as does the shear zone that hosts the high grade Gaffney's Find prospect
- As with Glenburgh, there might also be the opportunity of consolidating other tenements and resources near to the Mt Egerton project.

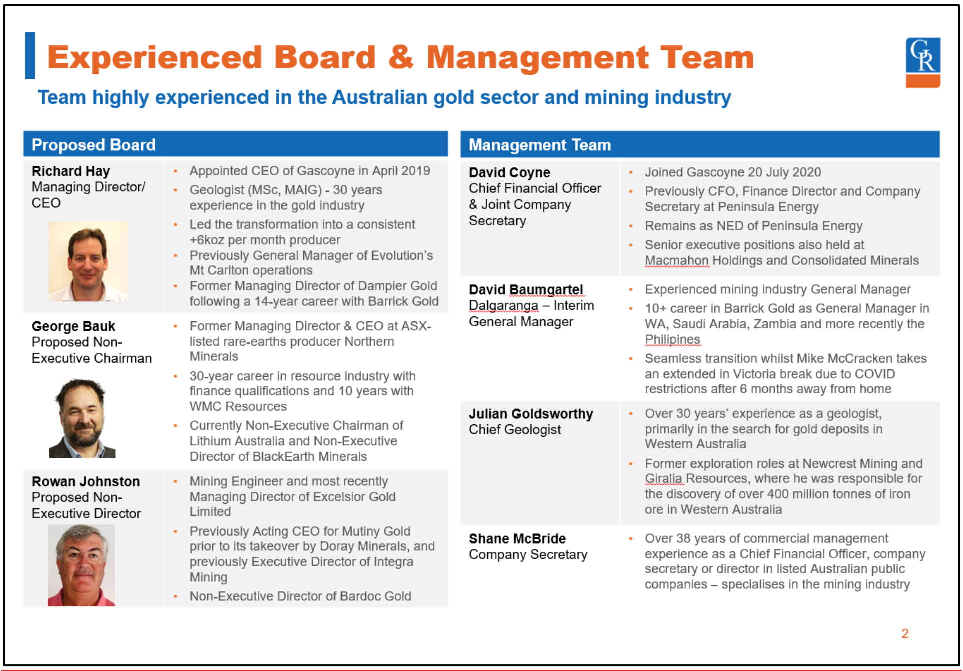
Other exploration opportunities held by GCY

- GCY's recent presentation presents a number of other gold exploration projects held 100% by the company. Their location is shown on the plan in Appendix 1. Most are only lightly explored and present excellent opportunities for regional exploration when budgets allow.
- The key projects include:
  - Mumbakine Well – located adjacent to Capricorn Metals Ltd's Karlawinda project in WA; prospects have been subject to limited historic exploration
  - Beebyn – located 45km north of Cue in WA. The Big Bell lineament passes through the middle of the tenements and previous exploration has identified arsenic anomalies that have not been tested for gold.
  - Base metal prospects – within the northern portion of the Dalgaranga tenements is the previously discovered Lasoda VMS prospect with drill intercepts of 6.4m at 17.5% zinc (plus minor lead and copper) and 6m at 7.4% zince (again, minor lead, copper, silver). Little work has been conducted for over 10 years.

Management

Core to the management group is the 'mine rescue team' of Richard Hay (CEO) and Michael McCracken* (GM Dalgaranga) who, under the watchful eye of the administrators managed to resuscitate the earlier mine plan, deliver a strongly cashflow positive outcome. Mr Hay and CFO David Coyne (with the assistance of the Administrators and the refinancing bank, Investec) led the charge to recapitalise GCY.

On the board Mr Hay is supported by Chairman George Baulk, an ex MD of Northern Minerals and a WMC veteran, and Rowan Johnson, an experienced mining engineer from the WA goldfields.



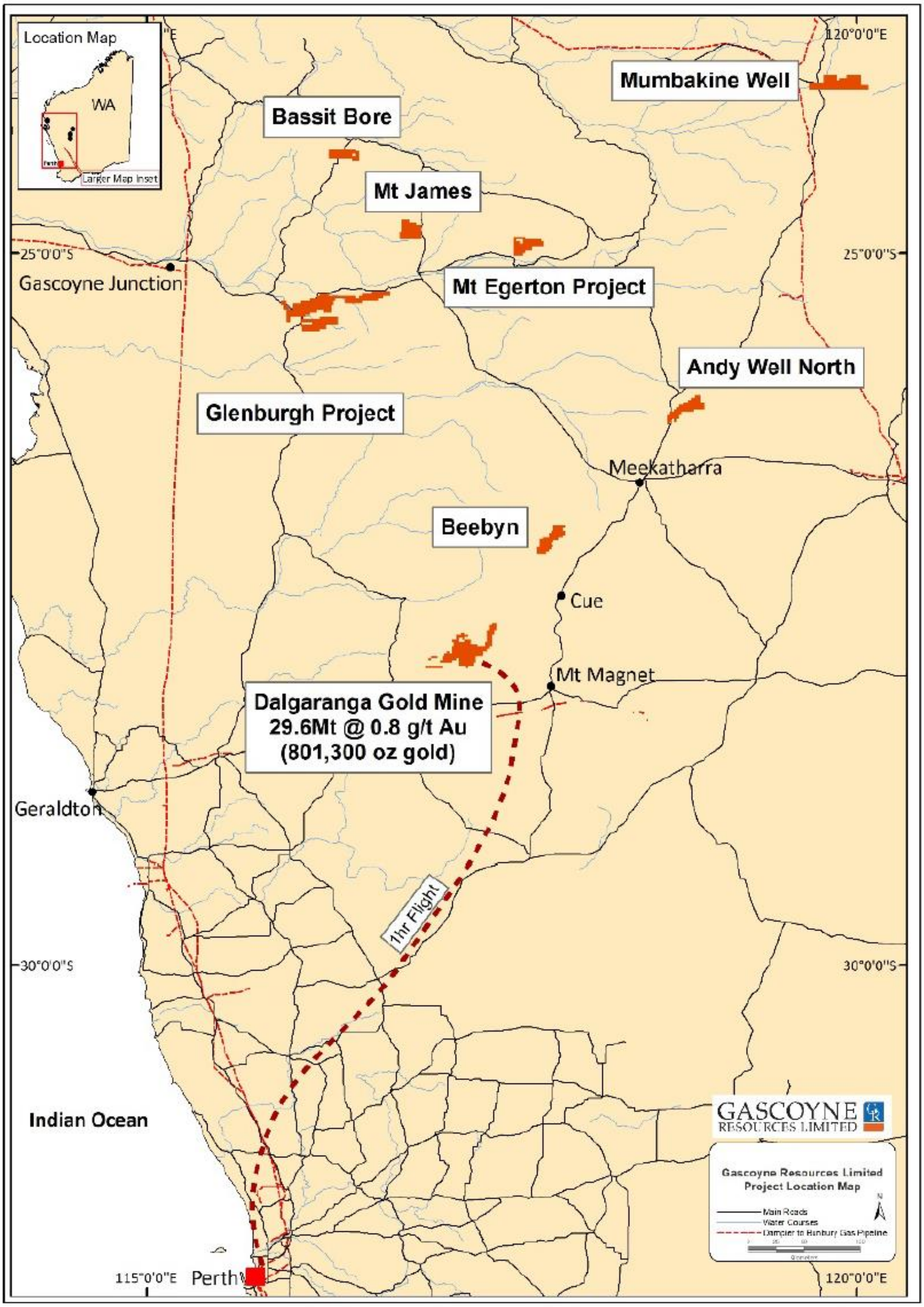
*Note that Mr McCracken is now on extended leave following a 6 month stint at the mine site, a result of COVID-19 restrictions.

Comparables

- Even with its relatively short mine life, GCY features quite well on our small-mid cap advanced exploration/devco table for the WA golds. And as we've discussed at length above, we see ample opportunity for additional ounces at Dalgaranga and its satellites and also at the Glenburgh gold project.
- With GCY's EV of around $121m, it tends to group more with the advanced explorers, such as Bardoc and Rox. To take nothing away from these companies, they are still a long way and many millions of dollars away from cashflow.
- With an EV per resource ounce of $66/oz, GCY compares again with the likes of Rox and Breaker, both a long way from production, and neither with particularly outstanding assets.
- We would see the peer group as consisting of the likes of Dacian, Red 5 and Ora Banda, which offer resources in the $110 to 120/resource ounce. GCY's share price needs to nearly double to get into this range.
- GCY looks less inexpensive on a $/reserve ounce, given that the Glenburgh project is yet to deliver reserves. We can see good opportunity for GCY to expand its reserve position over the next 12 – 18 months, at both Dalgaranga and at Glenburgh.

Company	Code	Main project	Share price A$	Number of shares m	Market cap A$m	Cash A$m	Debt A$m	EV A$m	Resources Moz	Reserves Moz	EV/resource ounce A$/oz	EV/reserve ounce A$/oz
Kin Mining	KIN	Cardinia	0.230	700	161	8.9	0.0	152	0.945	0	161	-
Breaker Resources	BRB	Lake Roe	0.220	326	72	3.7	0.0	68	0.981	0	69	-
Calidus Resources	CAI	Warrawoona	0.700	269	188	29.2	0.0	159	1.495	0.547	106	291
Capricorn Metals	CMM	Karlawinda	1.800	344	619	49.3	2.5	572	2.145	1.201	267	476
Ora Banda Mining	OBM	Davyhurst	0.340	838	285	42.2	0.0	243	2.170	0.460	112	528
Bardoc Gold	BDC	Aphrodite, etc	0.077	1703	131	35.0	0.0	96	3.031	0.790	32	122
Dacian Gold	DCN	Mt Morgans	0.410	556	228	57.3	64.1	235	2.067	0.754	114	312
Red 5	RED	Darlot / KOTH	0.300	1971	591	122.3	12.0	481	4.070	2.400	118	200
De Grey	DEG	Mallina	1.230	1274	1567	28.0	0.0	1539	2.165	0	711	-
Bellevue	BGL	Bellevue	1.300	840	1092	151.0	0.0	941	2.260	0	416	-
Rox Resources	ROX	Youanmi	0.059	2041	120	14.4	0.0	106	1.291	0	82	-
Gascoyne	GCY	Dalgaranga	0.520	251	131	50.0	40.0	121	1.828	0.426	66	283
Share prices as at 21/10/20												

Appendix 1. Location plan



Source: GCY presentation, August 2020

Appendix 2. Dalgaranga mine model summary

OPERATING SUMMARY	2018	2019	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e
Inflator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
AUDUSD	0.78	0.72	0.67	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Gold (US$/oz spot)	1,297	1,248	1,564	1,925	1,925	1,925	1,925	1,925	1,925	1,925
Gold (US$/oz hedged)	-	-	-	1,750	1,750	1,750	1,750	1,750	1,750	1,750
Gold (A$/oz realised)	1,686	1,755	2,331	2,650	2,650	2,650	2,650	2,650	2,650	2,650
DALGARANGA GOLD PROJECT										
Reserve Reconciliation										
Ore (mt)			16	14	11	9	6	4	1	(2)
Grade (g/t)			0.81	0.76	0.71	0.61	0.44	0.40	0.41	0.31
Contained Gold in Reserve (koz Au)			426	338	257	174	90	49	15	(16)
Mining										
Material Moved	4,069	19,034	11,073	16,425	9,225	8,640	3,230	-	-	-
Waste Mined	3,749	17,820	9,334	14,175	7,175	6,240	1,530	-	-	-
Strip Ratio	11.7	14.7	5.4	6.3	3.5	2.6	0.9	-	-	-
Ore Mined	320	1,213	1,739	2,250	2,050	2,400	1,700	-	-	-
Specific Gravity	1.2	1.9	2.0	2.0	2.0	2.0	2.0	-	-	-
Material Moved	5,035	37,002	22,803	32,850	18,450	17,280	6,460	-	-	-
Ore Mined	396	2,348	3,489	4,500	4,100	4,800	3,400	-	-	-
Mined Gold Grade (g/t)	0.2	0.8								
Ore Stockpile			1,250	3,250	4,850	7,150	8,050	5,550	2,850	150
Milling										
Ore Milled (kt)	245	2,551	2,922	2,500	2,500	2,500	2,500	2,500	2,700	2,700
Gold Grade (g/t)	0.16	0.77	0.86	1.10	1.01	1.03	1.05	0.50	0.40	0.35
Inflator										
Gold Grade (g/t)	0.16	0.77	0.86	1.10	1.01	1.03	1.05	0.50	0.40	0.35
Gold Recovery (%)	21.5%	90.3%	90.9%	90.1%	88.8%	87.0%	85.6%	82.2%	81.4%	87.2%
Gold Recovered (calc)	**4.2**	**57.1**	**73.1**	**79.7**	**72.1**	**72.0**	**72.2**	**33.0**	**28.3**	**26.5**
Gold Recovered (reported)	**8.5**	**57.2**	**73.1**	**79.7**	**72.1**	**72.0**	**72.2**	**33.0**	**28.3**	**26.5**
Gold Poured	**2.6**	**57.3**	**73.3**	**79.7**	**72.1**	**72.0**	**72.2**	**33.0**	**28.3**	**26.5**
COSTS										
Mining (A$/t mined)	-	24	31	27	23	17	13	-	-	-
Processing (A$/t milled)	-	6	13	14	14	14	14	14	14	14
Site Services (A$/t milled)	-	2	4	3	3	3	3	3	3	3
Mining	-	55	107	121	93	83	43	-	-	-
Processing	-	15	38	35	35	35	35	35	37	37
Site Admin	-	5	11	7	7	7	7	7	7	7
Mine Site Cash Costs	-	**75**	**156**	**162**	**134**	**124**	**84**	**41**	**44**	**44**
Mining	-	973	1,482	1,521	1,287	1,151	598	-	-	-
Less: Capitalised Deferred Waste	-	(434)	(612)	(910)	(590)	(104)	-	-	-	-
Mining (Net)	-	537	870	611	697	1,047	598	-	-	-
Processing	-	264	468	435	480	481	479	1,048	1,323	1,411
Site Services	-	90	157	82	91	91	90	198	249	266
Mine Site Cash Costs	-	**891**	**1,494**	**1,128**	**1,268**	**1,618**	**1,168**	**1,246**	**1,572**	**1,677**
Royalties	-	24	56	69	69	69	69	69	69	69
Sustaining Capex	-	77	17	44	3	3	3	8	12	-
Corporate	-	18	18	18	18	18	18	18	18	18
Ore Inventory Adjustment	-	-	-	-	-	-	-	210	79	186
AISC (A$/oz sold)	-	**1,010**	**1,585**	**1,258**	**1,358**	**1,708**	**1,258**	**1,550**	**1,750**	**1,950**
Major Project Capital		-	43	-	-	-	-	-	-	-
Capitalised Deferred Waste		-	592	910	590	104	-	-	-	-
AIC (A$/oz sold)		-	**2,220**	**2,168**	**1,948**	**1,812**	**1,258**	**1,550**	**1,750**	**1,950**
Cash Cost as per App.5B Opex		2,731	2,283							
% var										
FINANCIALS										
Revenue	-	100	171	211	191	191	191	88	75	70
Opex	-	(113)	(109)	(91)	(93)	(118)	(86)	(42)	(45)	(45)
Royalties	-	(2)	(4)	(5)	(5)	(5)	(5)	(2)	(2)	(2)
EBITDA / OCF	-	**(15)**	**58**	**114**	**93**	**68**	**101**	**44**	**28**	**23**
Sustaining Capex (included in AISC)	-	(6)	(1)	(4)	(0)	(0)	(0)	(0)	(0)	-
Project Capex	-	(36)	(46)	(73)	(43)	(8)	-	-	-	-
Exploration	-	(3)	(1)	-	-	-	-	-	-	-
Free Cash Flow (Pre-Tax)	-	(60)	9	38	51	60	101	43	28	23
Cash Corporate Tax	-	-	-	-	-	-	-	-	-	-
Free Cash Flow (Post-Tax)	-	-	-	38	51	60	101	43	28	23

Source, BSCP estimates

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Dr Chris Baker, an authorised representative of BSCP, certifies that the advice in this report reflects his honest view of the company. He has 29 years investment experience in wholesale capital markets. He worked as a mining analyst for brokers BZW and UBS for 11 years and has a further 16 years' experience as a mining analyst and portfolio manager with Colonial First State and Caledonia Investments. He now provides independent financial advice on a part time basis. He may own securities in companies he recommends but will declare this when providing advice. He currently owns shares in GCY. He is remunerated by BSCP but is not paid a specific fee for providing this report. BSCP, its directors and consultants may own shares and options in GCY and may, from time to time, buy and sell the securities of GCY.

BSCP earned fees from the recent capital raising undertaken by GCY and were co-managers to the issue.

Appendix 1

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