GASCOYNE RESOURCES LIMITED

(Subject to Deed of Company Arrangement)

Annual report

for the year ended 30 June 2020

Corporate Directory

Directors

George Bauk	Non-executive Chairman
Richard Hay	Chief Executive Officer and Executive Director
Rowan Johnston	Non-executive Director

Deed Administrators

Michael Ryan, Kathryn Warwick and Ian Francis
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Joint Company Secretaries

David Coyne
Shane McBride

Australian Business Number

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Stock Exchange Listing

The Company's securities are listed on the Australian Securities Exchange (ASX).
ASX Code: GCY

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Chairman's letter

Dear Shareholder

I am pleased to present the 2020 Annual Report for Gascoyne Resources Limited.

As I write this report, the Company is subject to a Deed of Company Arrangement, however the Company is moving forward to finalise the activities to achieve its reinstatement to the ASX in late October 2020. The Company has concluded a successful equity raising of $85.2 million (before costs) and is finalising a $40.0 million finance facility with Investec Bank plc. Proceeds from the equity raise and new debt facility will be used to repay, in full, the $80.0 million finance facility with the existing senior lenders to Gascoyne.

The 2019/20 financial year was one of a successful operational turnaround with the Company producing in excess of 73,000 ounces of gold. Furthermore, after six consecutive months exceeding 6,000 ounces of gold produced to 30 June 2020, the Company achieved the upper end of guidance for the June 2020 quarter (18-21,000 ounces) with 20,550 ounces of gold produced for the quarter.

The net consolidated profit of the Group for the year was $2.0 million (2019: $107.1 million loss). The significant turnaround from 30 June 2019 is primarily driven by investment to expose a significant length of the Gilbey's Main Zone thereby securing a sustainable quantity of high-grade ore, the increased gold spot price, no impairment loss, and improved process plant recoveries and efficiencies.

The Group's free cashflow generation continued to improve from quarter to quarter during the year as a result of the improved operating performance as well as an increasing gold spot price. The Group generated cash from operations of $50.9 million for the year offset by investing activities of $45.9 million, resulting in free cashflow generation of $5.0 million for the year. Free cashflow generation in the first half of the year was negative $7.3 million and the second half of the year has seen a strong turnaround to achieve positive free cash generation of $12.3 million, for the net positive $5.0 million for the year.

All-in sustaining cost (AISC) of $1,576 per ounce has significantly improved from the prior year AISC of $1,930 per ounce. The marked improvement was primarily driven by the considerably increased ounces of gold poured of 73,283 ounces this year compared to 57,306 ounces in the prior year. Increase in gold ounces poured is as a result of the combination of factors discussed above.

The emergence of the COVID-19 pandemic in early 2020 had many unforeseen impacts on our business and our workforce. Effectively managing these impacts was pivotal to the Company's performance, and I commend Gascoyne's employees and contractors for their commitment and resilience during this time.

Looking forward, the Board has determined the following objectives for the 2020/21 financial year:

- Reinstatement of the Company to the ASX;
- Consolidate operational performance and cashflow generation at the Dalgaranga Gold Project with a target production over the next four years of between 70,000 and 80,000 ounces of gold per annum and building a lower grade stockpile of approximately 7 million tonnes to be treated once mining is completed;
- Conduct resource definition drilling at Gilbey's and Sly Fox deposits with a view to extending the mine life at the Dalgaranga Gold Project;
- Exploration around Dalgaranga, targeting discoveries of additional ore feed to extend mine life;
- Investigate and advance regional processing hub opportunities that may add value to the Dalgaranga Gold Project; and
- Re-assess historic drilling data at the Glenburgh Gold Project and subject to favourable indicators, commence regional Glenburgh exploration programs and possibly progress to a pre-feasibility study.

By focussing on these objectives, the Board is confident that Gascoyne can continue to be a successful gold producer and grow the Company, delivering value to all stakeholders including our shareholders.

I would like to thank my fellow Board members, Richard Hay and Rowan Johnston and all the employees and contractors for their efforts over the year. I would also like to thank FTI Consulting, the Deed Administrators of the Company who over the past year have administered the Company's affairs to allow for the recapitalisation of Gascoyne, which has provided a strong foundation for the future.

George Bauk
Non-executive Chairman

Review of operations

Overview

Gascoyne Resources Limited (Subject to Deed of Company Arrangement) (Gascoyne or the Company) is a gold mining and exploration company. Gascoyne and its controlled entities (together, the Group) hold assets and exploration tenements in the Gascoyne and Murchison regions of Western Australia.

The Group's current projects include:

- gold production and exploration at the Dalgaranga Gold Project;
- gold exploration at the Glenburgh Gold Project; and
- regional exploration.

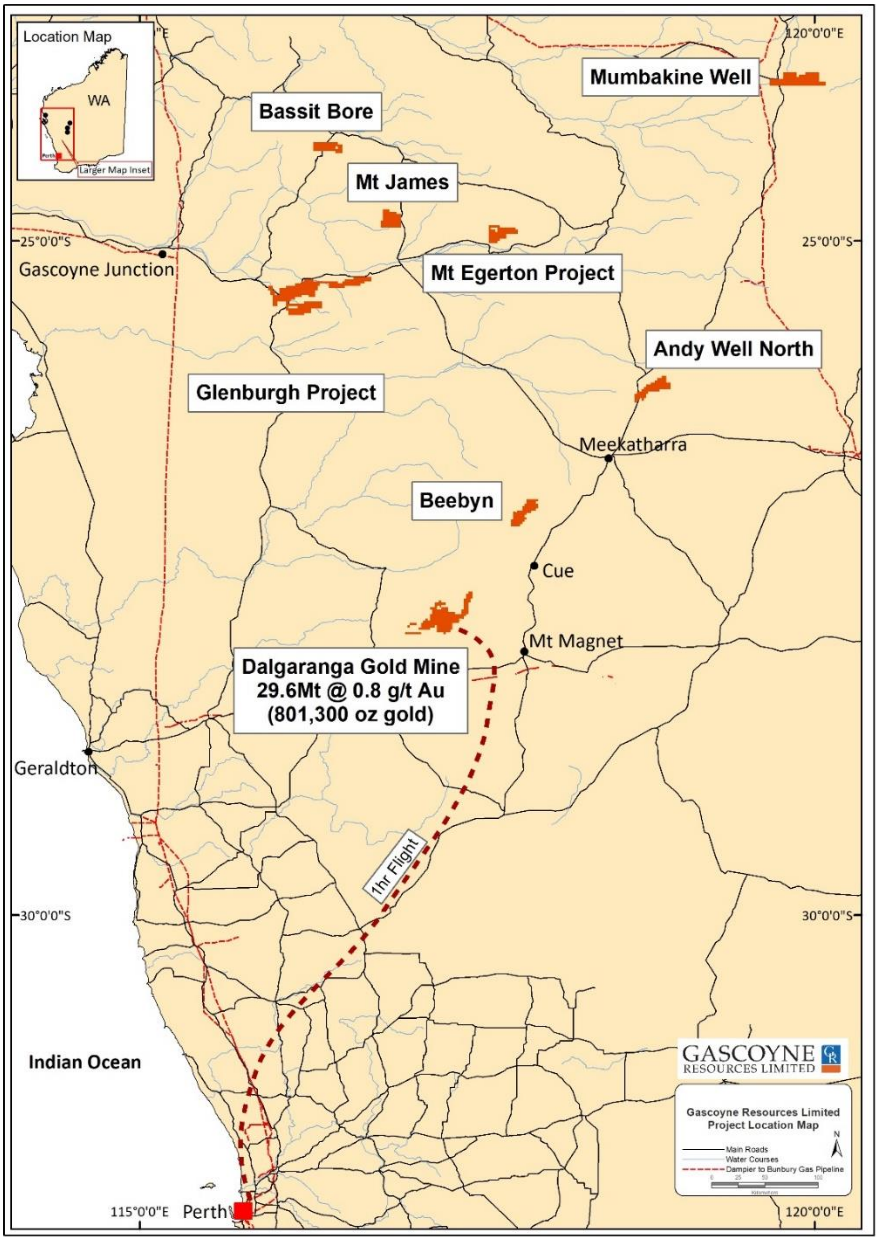

Figure 1: *Gascoyne project locations*

Review of operations

Administration period

On 2 June 2019, Michael Ryan, Kathryn Warwick and Ian Francis of FTI Consulting were appointed as Joint and Several Voluntary Administrators (Administrators) of the Company and each of its wholly-owned subsidiaries. The Administrators determined that the best option to preserve value of the Group's assets was to continue trading the operations on a 'business as usual' basis, rather than placing the mine on care and maintenance. With the support of the Group's secured creditors, employees and key suppliers, the Administrators stabilised the business, implemented workstreams to complete mining technical work necessary to optimise the mine and its operations, and initiated a dual track process to achieve either a sale of its assets or recapitalisation of the Company.

On 18 June 2020, pursuant to their Report to Creditors, the Administrators recommended that the Group's creditors approve a Deed of Company Arrangement (DOCA) as part of a broader recapitalisation and relisting plan. This recommendation came after a significant operational turnaround was achieved by the Group during the previous 13 months.

On 25 June 2020, at a second meeting of creditors, the Group's creditors passed a resolution approving entry into the DOCA. The purpose of the DOCA is to restructure the Group's debts and facilitate the recapitalisation of the Company, refer to the Directors' report for further details. The Group entered into the DOCA on 26 June 2020. Under the DOCA, the Administrators were appointed as Joint and Several Deed Administrators (Deed Administrators).

The recapitalisation of the Company is currently progressing and control of the Group is expected to revert to the Directors following effectuation of the DOCA which is scheduled to occur on or about 20 October 2020.

COVID-19 management

In order to address the risks associated with the COVID-19 pandemic, the Company has implemented measures to minimise the risk to employees and the wider community. The Company has worked closely with all regulatory and representative bodies to develop and implement the agreed Western Australian Resource Industry Framework and Implementation Plan.

Social distancing policies have been developed and implemented at the corporate office, site and across all Fly-in Fly-out and Drive-in Drive-out aspects of the business. Roster durations were initially extended to reduce travel interactions between personnel and the community, however in accordance with latest Government of Western Australia policy, relaxation of certain restrictions has been implemented and roster durations have returned to normal. In March 2020, screening of all personnel travelling to and from site was implemented and has proven successful in preventing any COVID-19 cases in the Group to date.

The Group has not experienced any material impact to its operations as a result of COVID-19 to date and continues to closely monitor developments and will continue to maintain a high level of readiness to actively respond to potential COVID-19 risks.

Company assets

Dalgaranga Gold Project

Overview

The Dalgaranga Gold Project (Dalgaranga), with a tenement area of around 1,000km^2, is located approximately 65km by road north-west of Mount Magnet in the Murchison region of Western Australia and covers the majority of the Dalgaranga greenstone geological belt.

Dalgaranga, which is currently producing gold, consists of a fully established mine and carbon-in-leach processing facility, camp and airstrip. Commissioning and the first gold pour were completed in May 2018. Between the first gold pour and the end of June 2020, over 133,000 ounces of gold have been produced from Dalgaranga.

Dalgaranga has a Measured, Indicated and Inferred Mineral Resource of 29.62Mt @ 0.84g/t Au for 801,300 ounces of gold from several deposits. The project has Proved and Probable Ore Reserves of 16.3Mt @ 0.8g/t Au for 426,300 ounces of gold.

Review of operations

Production

Over the past 12 months, the Group has focussed on transforming into a profitable gold mining operation which has now been demonstrated by consistent and improved monthly production results. The Group exceeded 73,000 ounces of gold production for the year. Furthermore, after six consecutive months of more than 6,000 ounces of gold produced to 30 June 2020, the Group achieved the upper end of guidance for the June 2020 quarter (18-21,000 ounces) with 20,550 ounces of gold produced for the quarter.

This achievement directly reflects the higher grades of ore accessed from the Gilbey's Main Zone (GMZ) at Dalgaranga, supported by high-grade ore from the base of the Golden Wings pit. This was made possible by the decision to reinvest approximately $10.0 million into a short cutback acceleration of the western wall of the main Gilbey's pit from November 2019 to February 2020 with 4.1 million BCM of the total 9.3 million BCM of waste for the year mined during this period. The cutback acceleration focussed on progressively exposing more of the entire 800m length of the GMZ. It was designed to de-risk the mine's access to sustainable quantities of GMZ ore to keep the processing plant at maximum capacity. Mining in Golden Wings was completed in August 2020 and all mining operations are now occurring within the Gilbey's pit. Importantly, the vast majority of the ore to be mined and processed in the future will be sourced from the deeper, wider, more continuous high-grade GMZ transitional and fresh rock ore zones, versus the historically poorly reconciling peripheral, shallow, narrow and discontinuous depleted oxide zones. In addition, approximately $4.5 million has been reinvested into long-term infrastructure and other improvements during the year.

It is important to note that even though the short accelerated cutback resulted in considerable waste movements to access the GMZ, waste of 9.3 million BCM mined in the current year was significantly less than the 17.8 million BCM mined in the prior year. The difference of 8.5 million BCM is primarily driven by significant waste movement at Golden Wings and Gilbey's Starter Pit in the prior year to access the main ore bodies, and completion of mining at the Sly Fox pit. Poor reconciliation to the Mineral Resource and Ore Reserve models in the prior year made it difficult to plan total material movements.

Average plant feed grade improved from 0.78g/t Au in the prior year to 0.86g/t Au in the current year. During the year, plant feed grade fluctuated from quarter to quarter primarily due to the source of ore feed for that quarter. In the December 2019 quarter plant feed grade was particularly low due to most of the ore feed being sourced from lower grade zones as the cutback acceleration continued to progress in order to expose additional length of the higher grade GMZ. The year ended with record plant feed grade of 1.03g/t Au in the June quarter, driven primarily by the majority of ore feed being sourced from the GMZ.

Processing plant throughput was excellent in both the March 2020 and June 2020 quarters compared to prior quarters within the year, with annualised run rates on predominantly transitional and oxide ore of approximately 2.8-3.0Mtpa, exceeding fresh rock nameplate design of 2.5Mtpa. It is anticipated that annualised throughput rates will reduce towards 2.5Mtpa as higher percentages of fresh ore are processed. Processing plant recoveries have stabilised above 90%, with operational strategies implemented to ensure the highest recoveries possible are maintained. To help improve plant recoveries, an automated cyanide and oxygen dosing system was installed and commissioned in the March 2020 quarter, which is progressively optimising cyanide usage whilst maintaining plant recoveries.

Gravity gold recovery improved significantly during the year, with the June 2020 quarter averaging 16.7% compared to 2.3% in the June 2019 quarter. The gravity gold recovery result continues to build confidence in the original feasibility study metallurgical test work, which identified a range of 30-50% gravity recoverable gold in the GMZ fresh ore. Investigations are ongoing into options to increase the proportion of mill throughput that passes through the gravity circuit, which is currently less than 20%.

Reconciliation between Declared Ore Mined and the 2019 Localised Uniform Conditioning (LUC) Mineral Resource model has improved due to the increasing quantities of GMZ ore mined and processed over the six months ended 30 June 2020, with two GMZ batch trials, completed in the first half of the 2020 calendar year, exceeding expectations against the 2019 LUC model. The combined outcome from these two batch trials was that 18% more tonnes at a 6% higher grade were achieved versus the LUC model, yielding 25% more ounces than estimated in the LUC model. It is important however to exercise caution by not extrapolating these results across the remainder of the Mineral Resource as local geological variations may not be reflective of the entire Mineral Resource.

All-in sustaining cost (AISC) of $1,576 per ounce has significantly improved from the prior year AISC of $1,930 per ounce. The marked improvement was primarily driven by the considerably increased ounces of gold poured of 73,283 ounces this year compared to 57,306 ounces in the prior year. Increase in gold ounces poured is as a result of the combination of factors discussed above.

A program of Resource definition drilling consisting of ten Reverse Circulation (RC) holes targeting the southern GMZ down dip extensions successfully delineated wide, high-grade intersections in nine of the ten holes. Results of the drilling are discussed in the Resource definition drilling activities section below.

Review of operations

The annual update to the Dalgaranga Mineral Resource and Ore Reserve estimate was completed as at 30 April 2020.

Key operating indicators

Key operational information is summarised as follows:

		Quarter				Financial year	
Production summary	**Unit**	**September 2019**	**December 2019**	**March 2020**	**June 2020**	**2020**	**2019**
Mining							
Total material movement	Kbcm	2,799	3,440	2,815	2,019	11,072	19,034
Waste	Kbcm	2,276	3,020	2,395	1,643	9.333	17,820
Ore (volume)	Kbcm	523	420	420	376	1,739	1,213
Ore (tonnage)	Kt	737	1,007	931	814	3,488	2,348
Mined grade	g/t Au	0.83	0.65	0.75	0.95	0.78	0.82
Processing							
Throughput	Kt	737	761	741	683	2,921	2,655
Feed grade	g/t Au	0.83	0.73	0.85	1.03	0.86	0.78
Recovery	%	86.52	93.57	92.77	90.92	90.97	90.45
Recovered gold	Ounces	17,016	16,654	18,841	20,550	73,062	57,397
Poured fine gold	Ounces	17,010	16,781	18,697	20,795	73,283	57,306
Revenue summary							
Production sold	Ounces	16,409	16,939	18,429	21,072	72,848	56,812
Average price	A$/oz	2,138	2,171	2,414	2,602	2,346	1,736
Gold sales revenue	A$'000	35,118	36,769	44,301	54,738	170,925	99,441
Cost summary							
Mining	A$/oz	1,383	739	526	830	860	1,024
Processing	A$/oz	471	477	425	497	468	504
Site support	A$/oz	180	151	151	146	157	172
Site cash cost	**A$/oz**	**2,034**	**1,368**	**1,103**	**1,474**	**1,485**	**1,700**
Royalties	A$/oz	45	55	59	66	57	46
Sustaining capital	A$/oz	14	12	41	1	17	149
Corporate allocation	A$/oz	28	16	14	13	18	35
AISC[1]	**A$/oz**	**2,121**	**1,451**	**1,217**	**1,554**	**1,576**	**1,930**
Bullion on hand[2]	Ounces	2,114	1,965	2,244	1,981	1,981	1,509

Note: Discrepancies in totals are a result of rounding.

1 All-in sustaining cost (AISC) includes mining and processing costs, site administration, refining, sustaining exploration and capital, site rehabilitation, state government royalties and a share of corporate overheads. Capitalised stripping costs and non-sustaining exploration and capital costs are not included. AISC is a non-IFRS measure.

2 Bullion on hand as at period end.

Review of operations

Dalgaranga tenements and ownership interest

Tenements 100% owned by Gascoyne

- Mining Lease: ML59/749.
- Miscellaneous Licences: L59/141, L59/142, L59/151, L59/152, L59/153, L59/167, L59/168, L59/169 and L59/170.
- Exploration Licences: EL59/2053, EL59/2150 and EL59/2289.

Tenements 80% owned by Gascoyne

- Exploration Licences: EL21/195, EL59/1709, EL59/1904 and EL59/1906.

Refer to the Tenements schedule section for further details on tenements held by Gascoyne.

Resource definition drilling activities

Resource definition drilling programs at Dalgaranga were undertaken to support the current year Mineral Resource and Ore Reserve updates as well as in preparation for additional exploration activities to be undertaken post recapitalisation of the Company.

Gilbey's

A ten-hole RC infill drill program was completed targeting the shallower GMZ Inferred Resources located immediately below the southern end of the Gilbey's prior year reserve pit shell. The program was designed to improve confidence in grade and continuity ahead of an update to the 2020 Mineral Resource estimate.

Figure 2: *Aerial photograph of drill rig drilling DGRC0582 (40m @ 1.3g/t Au) at Gilbey's, Dalgaranga (looking south****)***

Review of operations

Significant intersections included:

- 40m @ 1.3g/t Au (DGRC0582) from 239m (hole ended at 279m in mineralisation)
- 32m @ 1.5g/t Au (DGRC0581) from 205m
- 24m @ 1.8g/t Au (DGRC0578) from 226m
- 41m @ 1.0g/t Au (DGRC0579) from 200m
- 29m @ 1.2g/t Au (DGRC0584) from 232m
- 18m @ 1.4g/t Au (DGRC0577) from 220m
- 15m @ 1.6g/t Au (DGRC0586) from 218m

The drilling confirmed the grade and continuity of GMZ mineralisation, with mineralisation still open to the south of 3450N and down dip. Wide and continuous zones of typical GMZ mineralisation consisting of biotite, sericite, pyrite and silica-altered porphyry with quartz-carbonate-pyrite veinlets were intersected.

The assay results also confirm the continuation of the Gilbey's hanging wall lode, particularly in drill hole DGRC0580 which intersected 4m @ 4.2g/t Au. The hanging wall lode has now been delineated over a further 200m to the south of the previously confirmed mineralisation extent. These drill results have significantly improved confidence in the future success of infill and extensional drill programs targeting the GMZ mineralisation that could in turn lead to mine life extensions.

Refer to Figures 3 to 5 below for location plans and cross sections of the area drilled.

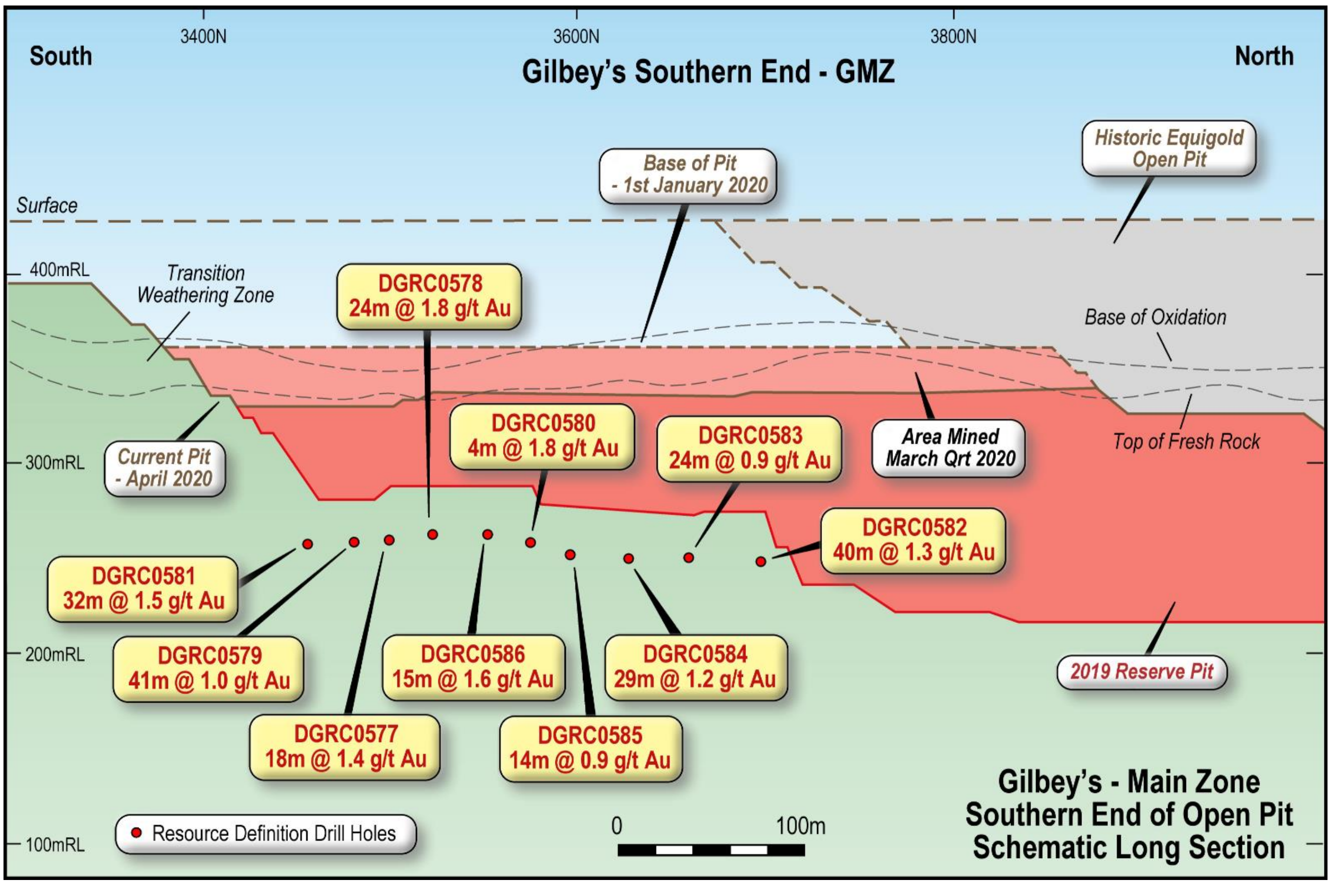

Figure 3: *Schematic long section of the Gilbey's deposit Southern End showing drill intersections*

Review of operations

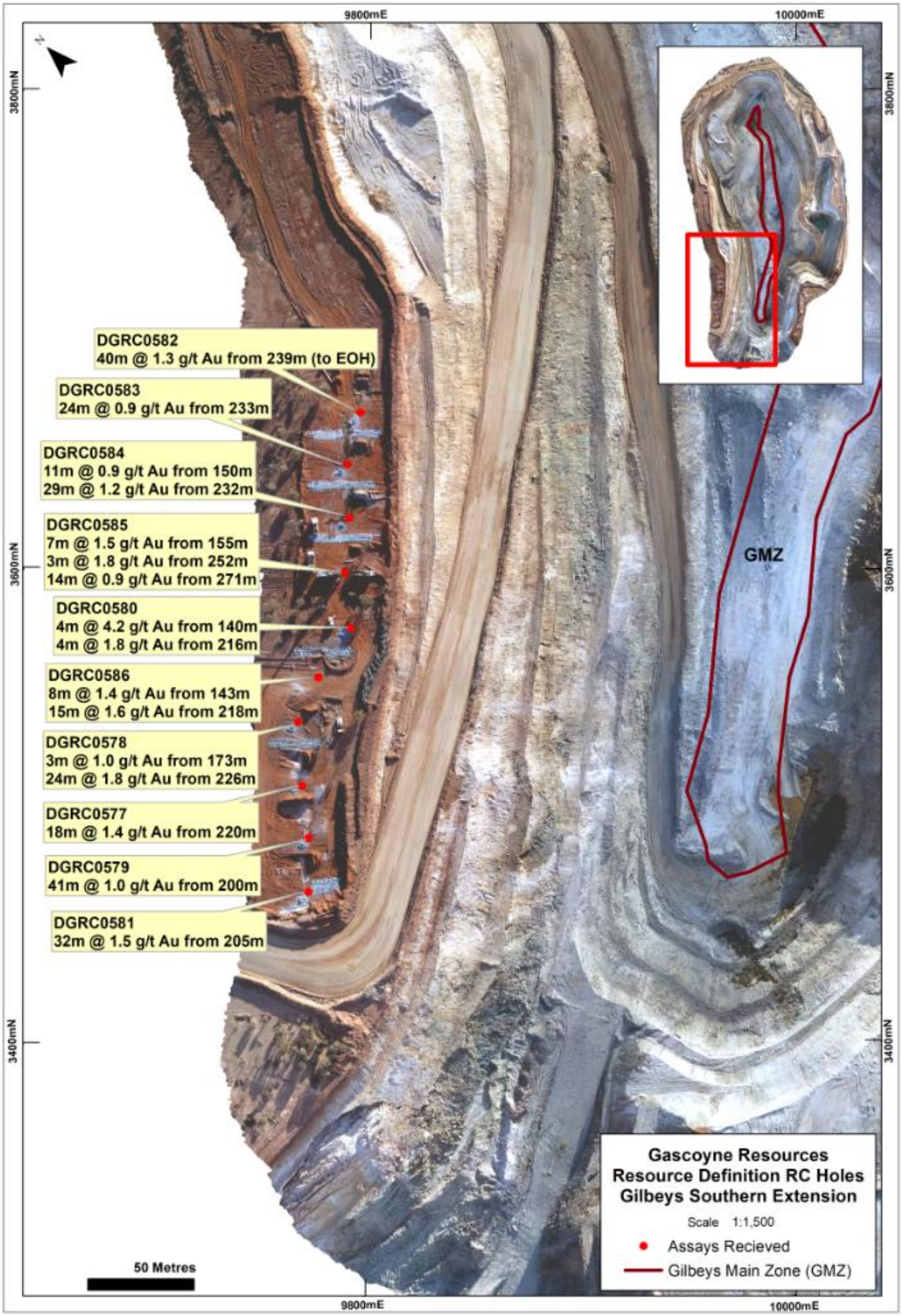

Figure 4: *Gilbey's Resource definition - RC drill hole location plan view*

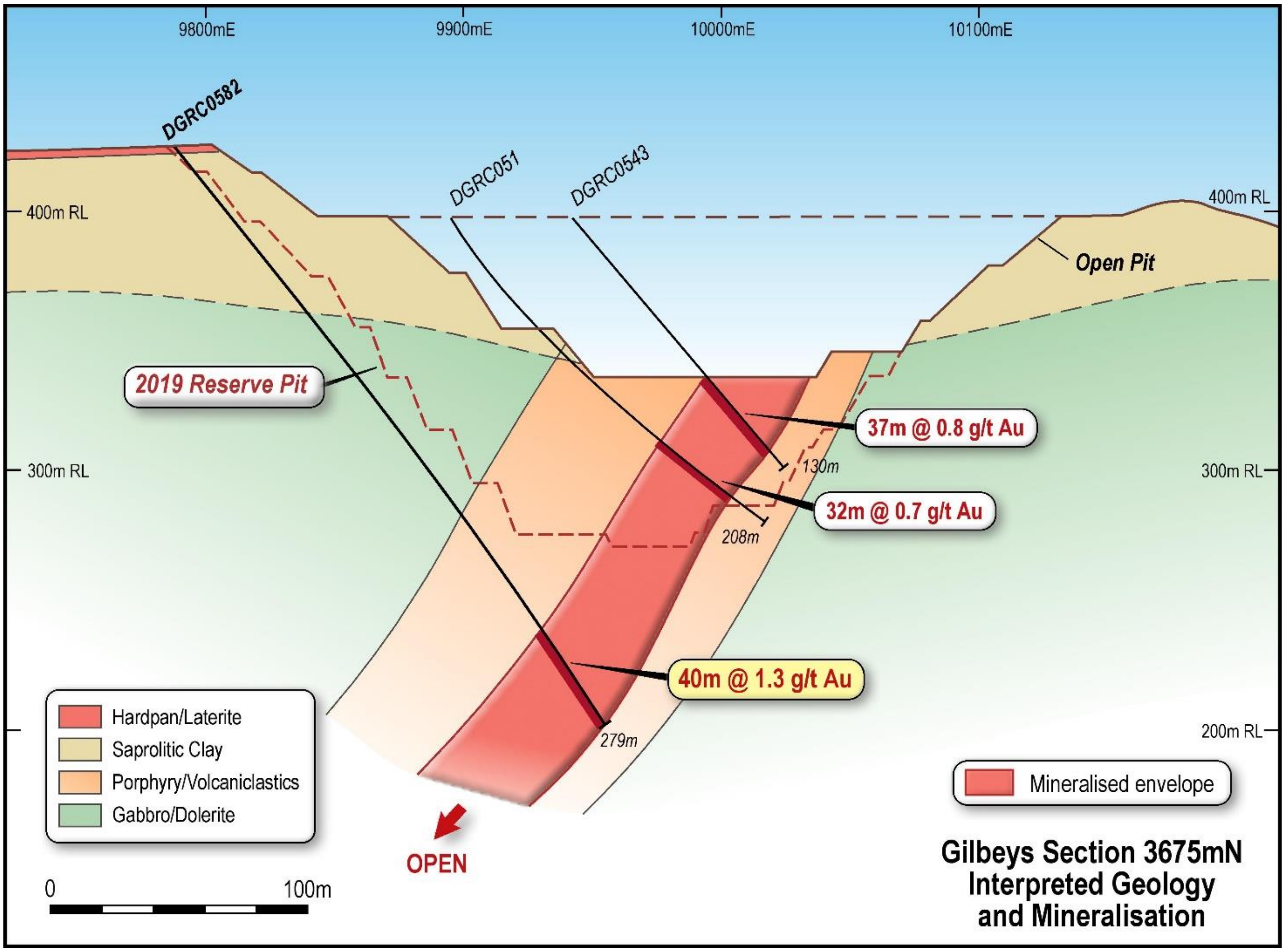

Figure 5: *Gilbey's cross section 3675N showing recent RC drill hole DGRC0582*

Exploration

Dalgaranga comprises approximately 90% of the Dalgaranga greenstone belt. Exploration to date by the Company has been predominantly focussed on the central mining lease area (ML59/749). The Dalgaranga greenstone belt is a zoned belt, the southern portion of the Dalgaranga Belt is gold dominated, while the layered mafic intrusives and felsic volcanics in the northern domain are also prospective for Volcanic-Hosted Massive Sulfide base metals and pegmatite related mineralisation in addition to gold.

Regional exploration close to Dalgaranga is targeting discoveries greater than 100,000 ounces, that are ideally higher grade than Gilbey's to supplement the bulk tonnages at Gilbey's. There are numerous drill targets ready for additional testing with limited wide spaced reconnaissance drilling conducted to date.

Glenburgh Gold Project

Overview

The Glenburgh Gold Project (Glenburgh) with a tenement area of around 2,000km^2, is located approximately 250km east of Carnarvon in the southern Gascoyne region of Western Australia. The project consists of a gold mineralised shear system hosted in interpreted remnants of Archean terrain in a Proterozoic mobile belt in a similar setting to the Tropicana Gold Mine. Included within the tenement holding for Glenburgh is one mining lease as well as a number of exploration licenses.

Glenburgh is viewed as an organic growth project opportunity in a district that the Company believes has been historically underexplored. The Company has previously carried out exploration drilling in the Glenburgh area and intends to commence a review of the previous exploration drilling results as part of its near-term business plan.

Review of operations

The intent of the review is to assess what, if any, Mineral Resource estimate could be determined in accordance with the 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* using, amongst other factors, the available drilling results and prevailing gold prices. Subject to positive outcomes, the Company may then progress to a pre-feasibility study in the Glenburgh area.

Glenburgh tenements and ownership interest

Tenements 100% owned by Gascoyne

- Mining Licence: ML09/148.
- Exploration Licences: EL09/1325, EL09/1764, EL09/1865, EL09/1866, EL09/2025 and EL09/2148.
- Miscellaneous Licences: L09/56 and L09/62.

Refer to the Tenements schedule section for further details on tenements held by Gascoyne.

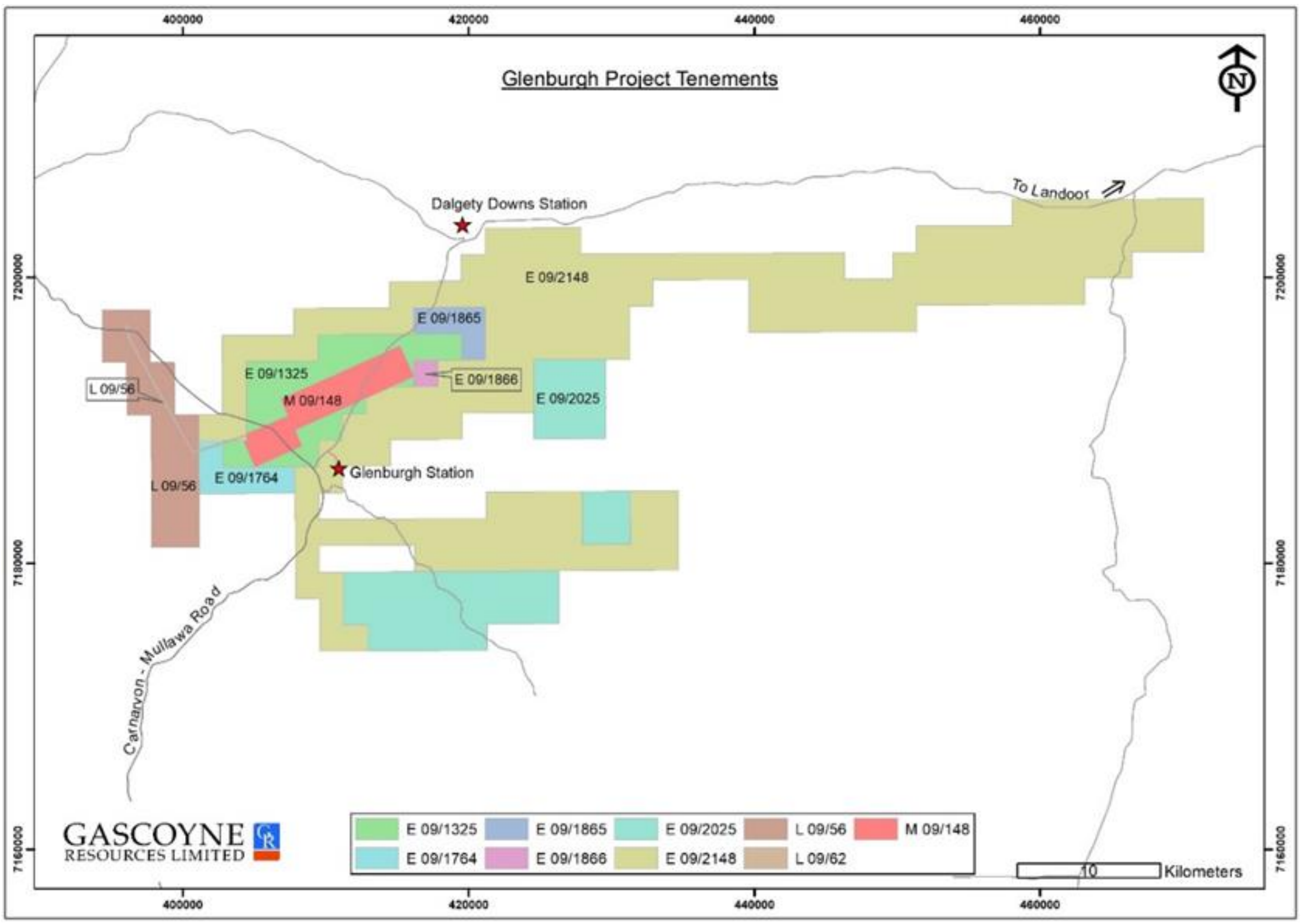

Figure 6: *Glenburgh tenements*

Exploration activities

While limited exploration activities were undertaken at Glenburgh for the year, a review of past exploration activities and rehabilitation of drill sites from the previous year was undertaken. There remains excellent potential to expand the geological knowledge base at Glenburgh as less than 30% of mineralised trends have been tested to date. During the last period of exploration drilling at Glenburgh in 2018, RC drilling between the Mustang and Shelby deposits occurred in an area which had not been tested by any drilling before, resulting in high-grade gold zones being intersected and the discovery of a new gold zone named the Cobra prospect. At the Cobra prospect, high-grade mineralisation including 7m @ 7.8g/t Au from 84m in RC drill hole VRC1069 (including 4m @ 12.6g/t Au) and 9m @ 5.5g/t Au from 50m in VRC1068 (including 4m @ 9.5g/t Au) was intersected. This new zone of mineralisation remains open up and down dip, as well as along strike.

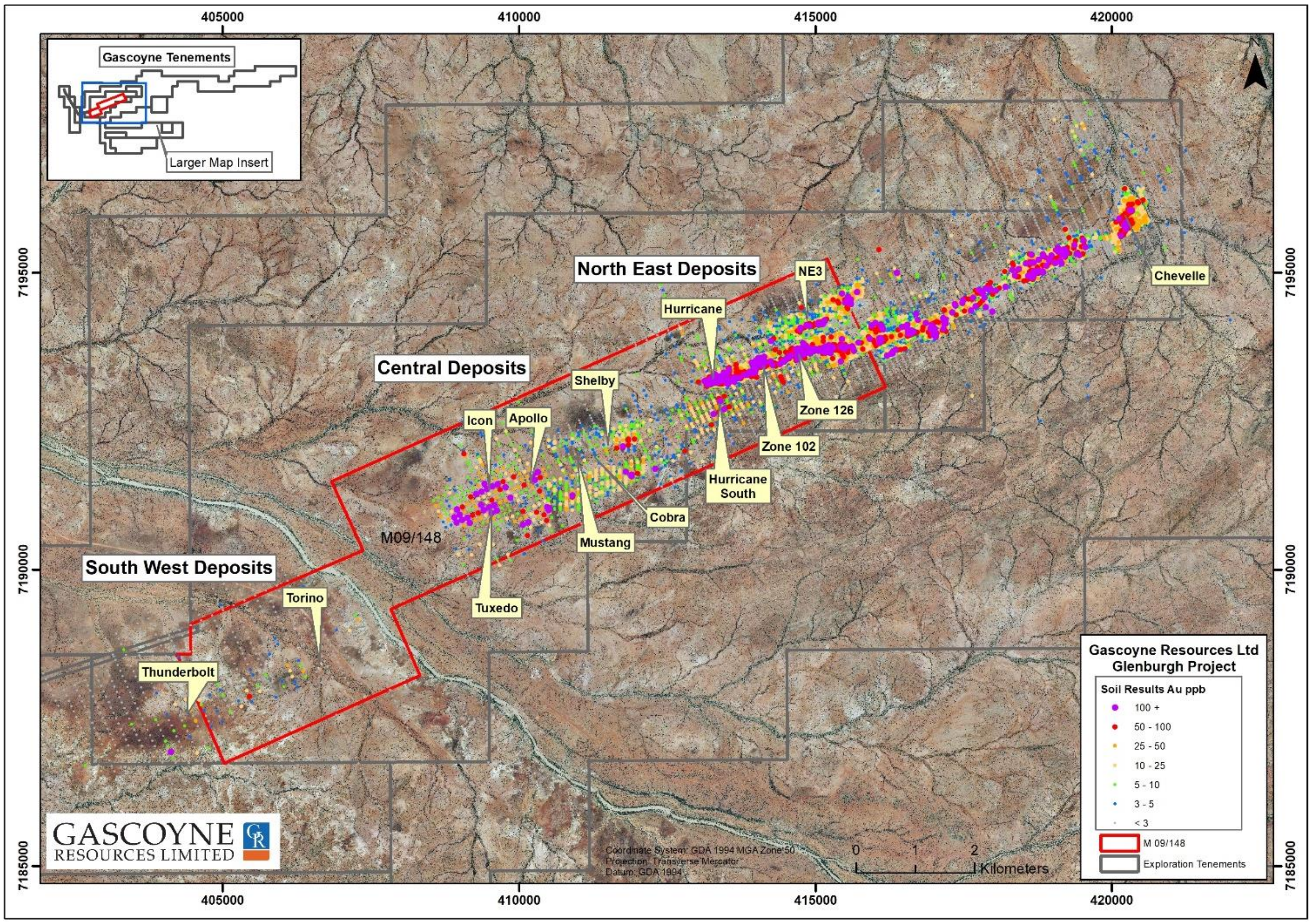

Figure 7: *Glenburgh deposit and prospect layout*

Regional exploration

Overview

Regional exploration includes key gold regional exploration projects in the Murchison and Gascoyne regions of Western Australia including Mt Egerton, Mumbakine Well and Beebyn.

Mt Egerton

The Mt Egerton project consists of two granted mining leases and three exploration licences covering approximately 200km² of the Lower Proterozoic Egerton inlier in the Gascoyne Region of Western Australia.

The project includes the high-grade Hibernian deposit. The deposit lies on granted mining lease, ML52/343, where previous drilling by a number of companies has intersected numerous high-grade gold zones associated with quartz veining in shallow south-west plunging shoots. The Hibernian deposit has only been drilled to 70m below surface and there is strong potential to expand the deposit with drill testing deeper extensions to known shoots and targeting new shoot positions. Due to the high-grade nature of the Hibernian deposit there is potential to truck ore from Mt Egerton to the Company's potential development project at Glenburgh.

The Gaffney's Find prospect, 12km west of the Hibernian deposit, occurs where a number of shallow historical workings lie on a north-east trending shear zone extending over 4km, with drill intercepts including 12m @ 12.0g/t Au, which includes 4m @ 33.8g/t Au. Elsewhere within the project there are a number of prospects aligned along the 8km long poorly tested Hibernian shear including the Hibernian West and Western Deeps prospects.

Review of operations

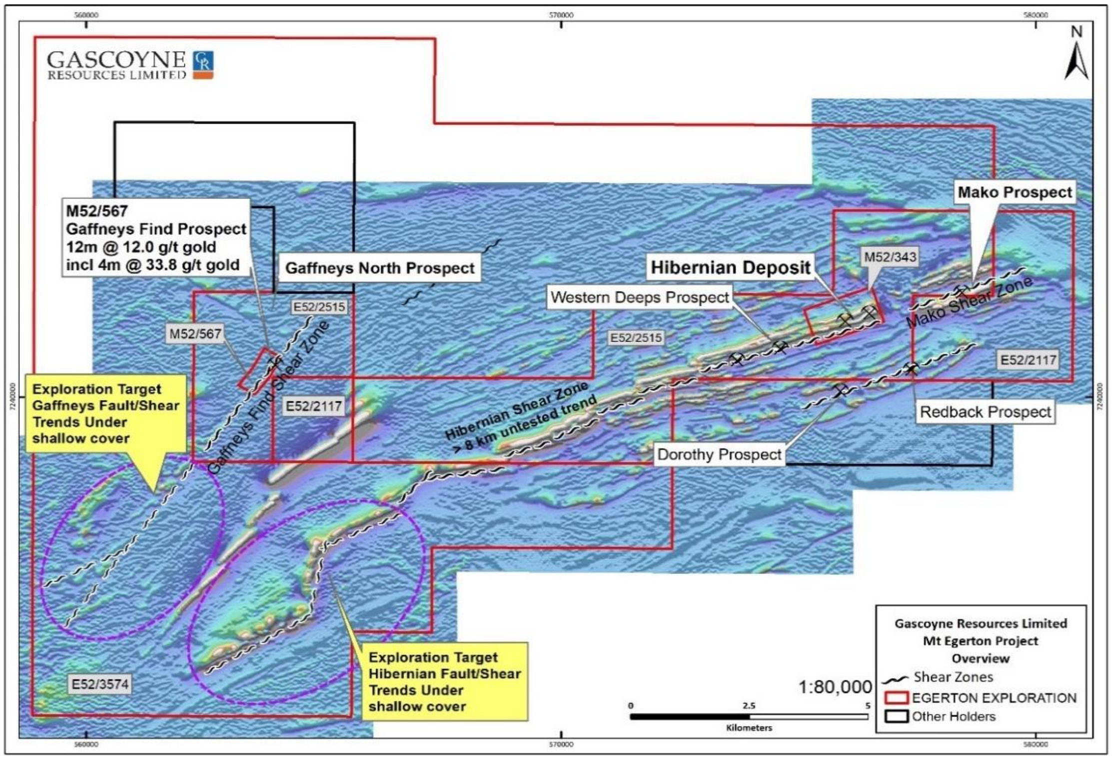

Figure 8: *Mt Egerton tenements and prospect locations overlain on the aeromagnetic image*

Mumbakine Well

Mumbakine Well is located adjacent to the Capricorn Metals Ltd (ASX: CMM) Karlawinda project; Mumbakine Well has been subject to limited exploration. A number of historical gold prospects are known (Figure 9).

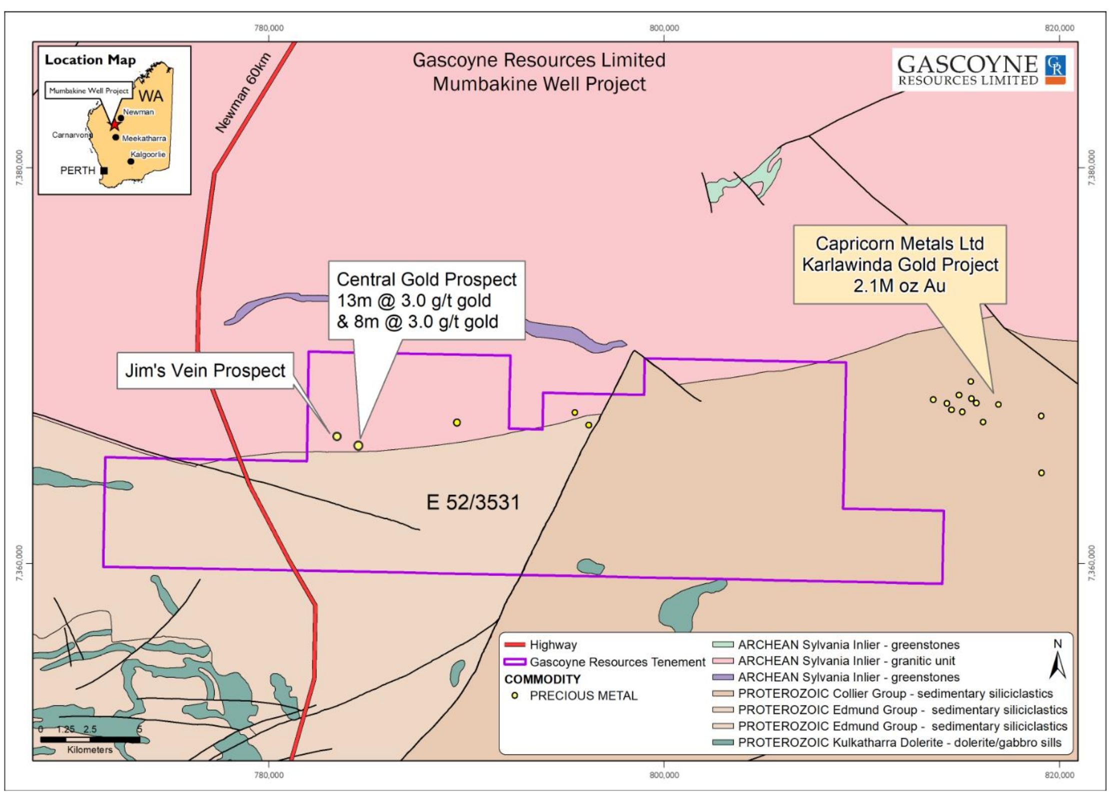

Figure 9: *Location of the Mumbakine Well Project located immediately west of the Capricorn Metals Ltd Karlawinda gold project*

Review of operations

Beebyn

Beebyn is located 45km north of Cue; previous exploration has identified high-grade iron ore and arsenic anomalies that have not been tested for gold (Figure 10).

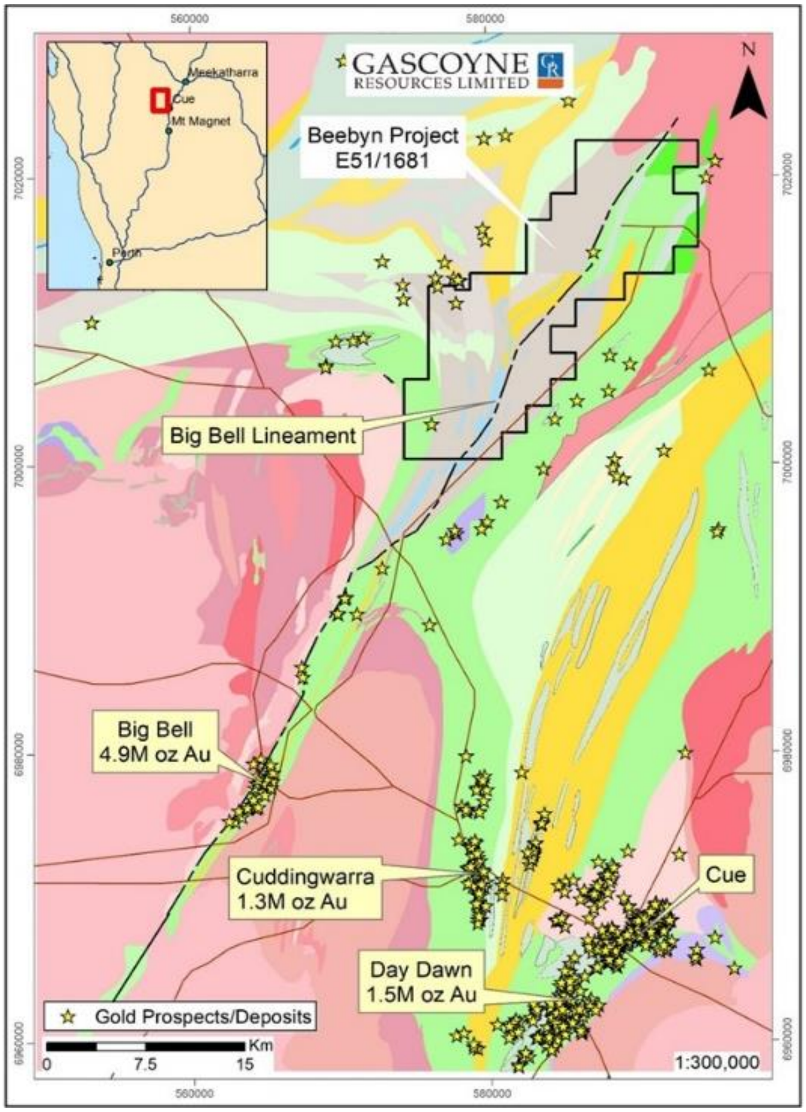

Figure 10: *Location and geology of the Beebyn Project showing the prospective Big Bell lineament transiting through the Beebyn project*

Mineral Resources and Ore Reserves

Governance

Reporting of Mineral Resources and Ore Reserves has been compiled in accordance with the 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code), Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31. The JORC Code is a set of minimum standards, recommendations and guidelines for public reporting of Exploration Results, Mineral Resources and Ore Reserves, as defined by the Joint Ore Reserves Committee (JORC).

Governance of Gascoyne's Mineral Resources and Ore Reserves development and the estimation process is a key responsibility of the Executive Management of the Company. The Chief Executive Officer of the Company oversees the reviews and technical evaluations of the Mineral Resource and Ore Reserve estimates.

The Company has governance processes in place to manage the Mineral Resource and Ore Reserve estimates in accordance with industry best practice.

All Mineral Resource and Ore Reserve estimates are prepared by qualified professionals in accordance with JORC Code processes that ensure representative and unbiased samples are obtained with appropriate QA/QC practices in place.

Mineral Resource and Ore Reserve estimates are then peer reviewed by both external consultants and by the Company.

Mineral Resources

As defined in the JORC Code, a Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

The Group's Mineral Resources represent the estimated quantities of minerals that can potentially be commercially recovered from the Group's projects but which do not have demonstrated economic viability.

The Dalgaranga Mineral Resource estimate was updated during the year, refer ASX announcement released on 10 June 2020. This new estimate is constrained within optimised pit shells based on a gold price of A$2,800. The Gilbey's Main Zone ore body includes 597,300 ounces of Measured and Indicated Resources and a further 154,100 ounces of Inferred Resources representing more than 93% of the entire Dalgaranga Mineral Resource. The Mineral Resource decreased by 1,200 ounces of gold from 802,500 ounces of gold as at 30 June 2019 to the current 801,300 ounces of gold Measured, Indicated and Inferred Mineral Resource. Grade decreased from 0.89g/t Au at 30 June 2019 to 0.84g/t Au at 30 April 2020.

The Company is not aware of any new information or data that materially affects the information contained in the Dalgaranga Mineral Resource statement as at 30 April 2020 other than changes due to normal mining depletion during the two months ended 30 June 2020.

Dalgaranga Mineral Resource as at 30 April 2020

Classification	Tonnes Mt	Gold grade g/t	Contained gold koz
Measured	1.65	0.75	39.7
Indicated	21.22	0.86	588.6
Measured and Indicated	22.87	0.85	628.3
Inferred	6.76	0.80	173.1
Total	**29.62**	**0.84**	**801.3**

Note: Discrepancies in totals are a result of rounding.

Mineral Resources and Ore Reserves

Ore Reserves

As defined in the JORC Code, an Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level, as appropriate, that include application of Modifying Factors (considerations used to convert Mineral Resources to Ore Reserves). Such studies demonstrate that, at the time of reporting, economic extraction could reasonably be justified.

Ore reserves are sub-divided in order of increasing confidence into:

- Probable Ore Reserves, the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource; and
- Proved Ore Reserves, the economically mineable part of a Measured Mineral Resource.

The Dalgaranga Ore Reserve was updated during the year, refer ASX announcement released on 31 July 2020. It represents a more than 53% conversion of the 801,300 ounces Dalgaranga Mineral Resource into ore reserves with more than 90% of the Ore Reserve located within the wide and continuous Gilbey's Main Zone. The Ore Reserve estimate has been constrained within final pit designs based on A$2,100 optimised pit shells. The Ore Reserve decreased by 75,500 ounces of gold from 501,800 ounces of gold as at 30 June 2019 to the current 426,300 ounces of gold Proved and Probable Reserve at the date of signing this report. Grade decreased from 0.9g/t Au at 30 June 2019 to 0.8g/t Au at 30 April 2020.

The Company is not aware of any new information or data that materially affects the information contained in the Dalgaranga Ore Reserve statement as at 30 April 2020 other than changes due to normal mining depletion during the two months ended 30 June 2020.

Dalgaranga Ore Reserve as at 30 April 2020

Classification	Oxidation state	Cut-off grade g/t	Tonnes Mt	Gold grade g/t	Contained gold 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**

Note: Discrepancies in totals are a result of rounding.

Comparison of year-on-year change in Mineral Resource versus Ore Reserve

The Mineral Resource estimate as at 30 April 2020 of 801,300 ounces of gold represented a minimal decrease of only 1,200 ounces compared to the Mineral Resource estimate of 802,500 ounces as at 30 June 2019, despite ten months of mining depletion. Conversely, the Ore Reserve as at 30 April 2020 of 426,300 ounces of gold represents a decrease of 75,500 ounces from the Ore Reserve of 501,800 ounces as at 30 June 2019. The much larger relative decrease in the Ore Reserve (as compared to the Mineral Resource estimate decrease) is partly attributable to the respective gold prices used in each estimate.

As the Mineral Resource estimate typically seeks to determine an optimum sized pit shell, a higher gold price is typically used for resource estimation purposes than the gold price assumption used when determining Ore Reserves. When the Mineral Resource estimate and Ore Reserve as at 30 June 2019 were prepared, the relative difference in the gold price assumptions was A$600 per ounce. For the respective updates as at 30 April 2020, the relative difference in gold price assumption increased to A$700 per ounce as a result of a more conservative price assumption being used in the determination of Ore Reserves.

Mineral Resources and Ore Reserves

Competent Persons Statement

As defined in the JORC Code, a Competent Person is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists (or of a 'Recognised Professional Organisation', as included in a list available on the JORC and ASX websites) and must have a minimum of five years' relevant experience in the style of mineralisation or type of deposit under consideration and in the activity that they are undertaking.

Dalgaranga

The information in this report that relates to the Dalgaranga Mineral Resource and Ore Reserve is based on information compiled by Competent Persons, as named below.

Each Competent Person named below:

- has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that was undertaken to qualify as a Competent Person as defined in the JORC Code; and
- consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Accountability	Competent Person	Employer	Institute
Dalgaranga Project			
	Mr Julian Goldsworthy *Chief Geologist*	Gascoyne Resources Limited	The Australasian Institute of Mining and Metallurgy *Member*
Dalgaranga Mineral Resource			
	Mr Michael Job[1,2] *Principal Geologist/Geostatistician*	Cube Consulting Pty Ltd	The Australasian Institute of Mining and Metallurgy *Fellow*
	and		
	Mr Michael Millad[1,2] *Director and* *Principal Geologist/Geostatistician*	Cube Consulting Pty Ltd	Australian Institute of Geoscientists *Member*
	Mr Scott Dunham[3] *Consultant*	SD2 Pty Ltd	The Australasian Institute of Mining and Metallurgy *Fellow*
Dalgaranga Ore Reserve			
	Mr Neil Rauert[1,4] *Senior Mining Engineer*	Gascoyne Resources Limited	The Australasian Institute of Mining and Metallurgy *Fellow*

1 Information compiled under the supervision of named Competent Person.
2 Information relating to the Mineral Resource for the Gilbey's, Gilbey's South, Plymouth and Sly Fox deposits.
3 Information relating to the Mineral Resource for the Golden Wings deposit.
4 Information relating to the Ore Reserve for the Gilbey's, Gilbey's South, Sly Fox and Golden Wings deposits.

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 announcements.

Corporate governance statement

The Board of Gascoyne Resources Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its shareholders for the performance of the Company and seeks to communicate extensively with shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at www.gascoyneresources.com.au.

Directors' report

On 2 June 2019, Michael Ryan, Kathryn Warwick and Ian Francis of FTI Consulting were appointed as Joint and Several Voluntary Administrators (Administrators) of the Company and each of its wholly-owned subsidiaries. Since this appointment, the Administrators have had control of the Company's business, property and affairs. On 26 June 2020, a Deed of Company Arrangement (DOCA) was executed and the Administrators were appointed as Joint and Several Deed Administrators (Deed Administrators) of the Company and each of its wholly-owned subsidiaries.

The recapitalisation of the Company is currently progressing and control of the Group is expected to revert to the Directors following effectuation of the DOCA which is scheduled to occur on or about 20 October 2020. The Deed Administrators, in their capacity as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries, have granted the Directors the authority to prepare and approve the Directors' report and the financial statements of the consolidated entity. Accordingly, this Directors' report, together with the financial statements of the consolidated entity, being Gascoyne Resources Limited (Subject to Deed of Company Arrangement) (Gascoyne or the Company) and its controlled entities (together, the Group), for the year ended 30 June 2020 are presented by the Directors.

Directors

The following persons were Directors of Gascoyne Resources Limited (Subject to Deed of Company Arrangement) during the year and up to the date of this report unless otherwise stated:

George Bauk B.Bus, FCPA, MBA, GAICD
Independent Non-executive Chairman
Appointed 5 August 2020

Mr Bauk is an experienced mining executive with 30 years' experience in the resources industry, including over 14 years' experience as a listed company director in Australian companies with interests in Australian and international production and exploration assets.

Prior to Gascoyne, Mr Bauk was Managing Director of Northern Minerals Limited from 2010, leading its rapid development from a greenfields heavy rare earths explorer to a global producer of dysprosium.

Mr Bauk previously held global operational and corporate roles with WMC Resources Limited and Western Metals Limited and has significant experience in strategic management, business planning, leadership and corporate financing, across commodities, in particular rare earths, gold and industrial minerals.

Mr Bauk has served in a number of senior governing positions with The Chamber of Minerals and Energy of Western Australia, including as Vice President.

Board committee membership:
Audit and Risk Committee; Remuneration Committee.

Other directorships of listed entities in the past three years:
Lithium Australia NL since 15 July 2015 (Non-executive Chairman); BlackEarth Minerals NL since 15 March 2016 (Non-executive Director); Northern Minerals Limited from 2 March 2010 to 5 June 2020 (Managing Director).

Directors' report

Directors (continued)

Richard Hay MSc, MAIG
Chief Executive Officer and Executive Director
Appointed 5 August 2020

Mr Hay is a geologist and highly experienced mining executive with 30 years' operational experience. Mr Hay initially joined Gascoyne as Executive General Manager in January 2019, prior to his appointment as Chief Executive Officer of the Company in April 2019. Mr Hay has led the successful operational turnaround of the Company's Dalgaranga mine over the past year.

Prior to joining the Company, Mr Hay was General Manager of Evolution Mining Limited's Mt Carlton gold operation in North Queensland. Mr Hay previously held the role of Managing Director of gold developer Dampier Gold Limited, following a successful 14-year career with Barrick Gold Corporation, which included four years as Mine General Manager at the Darlot gold mine in Western Australia and two years as General Manager - Shared Services for four gold operations in Western Australia.

Board committee membership:
Audit and Risk Committee.

Interests in shares of the Company: 14,000,000 shares.

Rowan Johnston BSc (Mining Engineering)
Independent Non-executive Director
Appointed 5 August 2020

Mr Johnston is a mining engineer with 40 years' resources industry experience, including significant experience as a company director through executive and non-executive directorship roles. Mr Johnston has held various senior executive roles in Australia and internationally, primarily in the gold sector, and has experience in feasibility studies, company formations, construction, expansions and mergers.

Mr Johnston is currently a Non-executive Director of Bardoc Gold Limited and was the Managing Director of Excelsior Gold Limited. Previous roles held by Mr Johnston include Acting Chief Executive Officer and Executive Director of Operations for Mutiny Gold Limited, prior to its takeover by Doray Minerals Limited, and Executive Director of Integra Mining Limited prior to its merger with Silver Lake Resources Limited.

Board committee membership:
Audit and Risk Committee; Remuneration Committee.

Other directorships of listed entities in the past three years:
Bardoc Gold Limited since 2 December 2019 (Non-executive Director) and from 3 October 2018 to 2 December 2019 (Executive Director); Excelsior Gold Limited from 21 September 2016 to 3 October 2018 (Managing Director).

Rodney Michael Joyce BSc (Hons), MSc, MAusIMM
Independent Non-executive Director
Appointed 20 April 2011, resigned 30 April 2020

Mr Joyce is a geologist with over 40 years of experience in mineral exploration, following graduation with a BSc (Hons) degree from Monash University in 1979. Mr Joyce also holds an MSc from the Royal School of Mines, University of London, United Kingdom. He was the leader of a successful gold exploration team at Aberfoyle Resources Ltd, responsible for significant gold discoveries at Khartoum (Carosue Dam) and Davyhurst in Western Australia prior to joining Giralia Resources NL as the Exploration Manager. Mr Joyce was subsequently appointed Managing Director of Giralia Resources NL in 2004 and held this position until the company's takeover in 2011.

Other directorships of listed entities in the past three years:
Zenith Minerals Limited since 28 August 2020 (Non-Executive Director) and from 6 December 2006 to 28 August 2020 (Non-executive Chairman).

Directors (continued)

Ian Kerr Civil Engineer BE Honours (II), MIE Aust
Executive Director
Appointed 21 November 2017, resigned 18 April 2018, re-appointed 31 July 2018, resigned 5 July 2019

Mr Kerr is a professional engineer with 35 years of experience including 30 years in the mining industry. Mr Kerr previously worked on the Pre-Feasibility Study and the Bankable Feasibility Study for the Dalgaranga Gold Project whilst working for Mintrex Pty Ltd, an engineering consultancy. Mr Kerr was employed at Mintrex Pty Ltd for eight years where he worked on multiple studies and projects in Australia, Chile, Ghana, Burkina Faso, Mali and Senegal. Mr Kerr has worked in both project management and operations management having taken a number of mining projects from concept through to commissioning whilst working directly for several Australian and international mining companies.

Other directorships of listed entities in the past three years:
West African Resources Limited from 28 June 2018 to 6 September 2019 (Non-executive Director); Tiger Resources Limited from 1 April 2016 to 14 August 2018 (Non-executive Director).

Company Secretaries

David Coyne B.Com (Acct and Economics), CPA, GDIP (Applied Finance and Investment)
Joint Company Secretary
Appointed 6 October 2020

Mr Coyne has over 25 years‘ experience in the mining, and engineering and construction industries, both within Australia and internationally. Prior to joining Gascoyne, Mr Coyne held senior executive positions with Australian listed companies Macmahon Holdings Limited, VDM Group Limited, Peninsula Energy Limited and with unlisted global manganese miner Consolidated Minerals. Over the past 15 years, Mr Coyne has been directly involved in a number of equity and debt raising transactions. Mr Coyne remains as a Non-executive Director of Peninsula Energy Limited and has previously served on the Board of BC Iron Limited, where he also held the role of Chairman of the Audit and Risk Committee.

Shane McBride B.Bus (Acct), FCPA, FGIA, FCG (CS, CGP), MAICD
Joint Company Secretary
Appointed 17 March 2020

Mr McBride has 38 years of commercial management experience gained in listed Australian public companies including corporate management, project development and mine operations management, corporate finance, investor relations and company secretarial functions.

Mr McBride has a B.Bus (Acct) degree, is a Fellow of CPA Australia, a Fellow of the Governance Institute of Australia and The Chartered Governance Institute; and is a Member of the Australian Institute of Directors.

Eva O'Malley B.Com, CA, AGIA
Company Secretary
Appointed 12 January 2011, resigned 16 March 2020

Ms O'Malley is a Chartered Accountant, an Associate member of the Governance Institute of Australia and holds a Commerce degree from Murdoch University in Western Australia. She has extensive experience in managing the financial obligations of ASX listed corporations across a diverse range of industries.

Principal activities

During the year, the principal activities of the Group were the production of gold from the Dalgaranga Gold Project (Dalgaranga) and the exploration and evaluation of gold projects in Western Australia.

Review of operations and financial result

For a detailed review of the Group's operations during the year, refer to the Review of operations section presented on page 2 in this report.

Review of operations and financial results (continued)

Financial performance

Gold sales revenue of $170.9 million (2019: $95.7 million) was generated from the sale of 72,848 ounces at an average gold price of A$2,346 (2019: 48,075 ounces at an average price of A$1,991). Revenue from the sale of 22,390 ounces of silver was $0.6 million (2019: $0.1 million; 3,507 ounces). The increase in revenue compared to the prior year is driven by an improvement in operating performance as well as the Group being in an unhedged position since the start of the year therefore being able to benefit from the increase in gold spot price. Total cost of goods sold inclusive of depreciation and amortisation was $149.9 million (2019: $119.7 million). Increased cost of goods sold is primarily driven by an amendment to mining contractor rates at the start of the year, increased contractor and casual employee costs due to being in Administration, implementation of COVID-19 safety measures and increased gold royalties as a result of increased revenue.

The net consolidated profit of the Group for the year was $2.0 million (2019: $107.1 million loss). The significant turnaround from 30 June 2019 is primarily driven by the increased gold spot price, no impairment loss, investment to expose a significant length of the GMZ thereby securing a sustainable quantity of high-grade ore and improved process plant recoveries and efficiencies.

Corporate expenses for the year totalled $11.9 million (2019: $6.5 million). The increase is partly driven by Administrator, corporate advisory and legal costs related to the dual track recapitalisation and sale process.

Depreciation and amortisation of fixed assets and capitalised mine properties expenditure totalled $42.2 million (2019: $33.0 million) for the year. The higher charge for the year is due to an increased level of production for assets depreciated on a units of production basis, and depreciation following initial recognition of right-of-use assets on adoption of AASB 16 *Leases*.

Financial position

The Group held cash and cash equivalents of $5.6 million as at 30 June 2020 (2019: $16.7 million) and $3.5 million in unsold bullion on hand was recognised in inventory at cost (2019: $2.5 million at net realisable value). Market value of unsold bullion on hand at 30 June 2020 was $5.1 million (2019: $3.0 million). The Group's free cashflow generation continued to improve from quarter to quarter during the year as a result of the increasing gold spot price as well as improved operating performance. The Group generated cash from operations of $50.9 million for the year offset by investing activities of $45.9 million, resulting in free cashflow generation of $5.0 million for the year. Free cashflow generation in the first half of the year was negative $7.3 million and the second half of the year has seen a strong turnaround to achieve positive free cash generation of $12.3 million, for the net positive $5.0 million for the year.

As at 30 June 2020 the Group has a working capital deficit of $116.0 million (2019: $108.0 million). The slight increase in the deficit from the prior period is driven in part by accrued but unpaid interest incurred during the year on the syndicated facility agreement with Commonwealth Bank of Australia and National Australia Bank.

Significant changes in the state of affairs

On 11 July 2019, Commonwealth Bank of Australia and National Australia Bank (Original Banks), the financiers of the syndicated facility agreement (SFA), refer to note 17, closed the Group's bank accounts held with them. Funds of $12.2 million held in those accounts were offset against the outstanding amount of $58.4 million owed on the SFA (note 17) at that time and the other financial liability of $30.3 million arising from early termination of the gold forward contracts in place with the Original Banks (note 11).

On 28 August 2019, the Group released an updated Dalgaranga Mineral Resource estimate to the market. The Resource update confirmed a Mineral Resource of 28.2Mt @ 0.89g/t Au for 802,500 ounces of contained gold with the new estimate constrained within optimised pit shells based on a gold price of A$2,400 per ounce.

Following the placement of the Company into Administration on 2 June 2019, the Administrators initiated a dual track recapitalisation and sale process in September 2019.

On 3 October 2019, the Group released an updated Dalgaranga Ore Reserve to the market. The updated Dalgaranga Ore Reserve estimate of 501,800 ounces of gold represented a 62% conversion of the Dalgaranga Mineral Resource of 802,500 ounces.

Options granted under the 2016 Company's Employee Share Option Plan expired on 15 December 2019.

Significant changes in the state of affairs (continued)

The Administrators purchased short-term put options to protect revenue arising from the majority of gold production over the period from 20 December 2019 to 28 August 2020. Put options remaining at 30 June 2020 had an exercise price of A$2,200 per ounce for 8,000 ounces, expiring 28 August 2020.

On 10 June 2020, Gascoyne released a further update to the Dalgaranga Mineral Resource estimate to the market. The updated Dalgaranga Mineral Resource estimate is 29.62Mt @ 0.84g/t Au for 801,300 ounces of contained gold.

On 26 June 2020, a DOCA was executed by the Administrators, in support of a plan for the recapitalisation and relisting of Gascoyne, refer to the Deed of Company Arrangement section below. The Administrators were appointed as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries.

Since January 2020, the Group has consistently produced greater than 6,000 ounces of gold each month. Production in the second half of the year has demonstrated consistent and reliable operating performance at Dalgaranga now that access to the GMZ has been secured.

Dividends

No dividend has been paid or recommended for the current year.

Events occurring after the reporting date

On 31 July 2020, the Group released an updated Dalgaranga Ore Reserve to the market. The updated Dalgaranga Ore Reserve estimate of 426,300 ounces of gold represents a more than 53% conversion of the 801,300 ounces Dalgaranga Mineral Resource. The Group also released a robust seven-year life of mine plan on the same date. Key aspects of the updated life of mine plan include:

- four years expected annual production of 70-80,000 ounces (FY2021-2024), followed by three years expected annual production of 25-35,000 ounces (FY2025-2027) processing lower grade stockpiles;
- project average all-in sustaining cost (AISC) range of $1,400 - $1,500 per ounce;
- production target of approximately 400,000 ounces, underpinned by the GMZ; and
- life of mine strip ratio of 3.5:1 (waste:ore).

On 4 August 2020, the Group received notice that proceedings had been commenced in the Federal Court of Australia (Court) by Habrok (Dalgaranga) Pty Ltd (Habrok). Habrok's claims related to alleged deficiencies in the Administrators' Report to Creditors which resulted in the proposed DOCA, asserting that the DOCA is oppressive and unfairly prejudicial to creditors and that it shields the Directors and advisors of the Company from appropriate scrutiny and investigations. The Court ordered that the hearing of the Habrok proceedings was to commence on 14 September 2020. The Court also made consequent orders programming the interlocutory steps towards such a hearing date. This was on the basis of an undertaking by the Company and the Deed Administrators to the effect that the Company would not issue new shares related to the capital raise discussed below before 4pm (AEST) on 30 September 2020 (or such later date as may be ordered or agreed). On 29 September 2020, the Court issued its judgement dismissing all of Habrok's claims and awarded costs to the Company.

On 5 August 2020, all resolutions presented to shareholders at an Extraordinary General Meeting were passed. These resolutions included the appointment of new Directors, the adoption of a new Company constitution and the issue of shares to new and existing shareholders, creditors, and Chief Executive Officer Mr Richard Hay.

On 13 August 2020, the Company issued a prospectus to raise approximately $85.0 million as part of the proposed Recapitalisation of the Company, comprising:

- 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.

Directors' report

Events occurring after the reporting date (continued)

All share numbers referred to above are prior to the consolidation of the Company's shares scheduled to complete on or about 20 October 2020.

On 13 August 2020, the Group entered into a $40.0 million amortising debt facility (finance facility) with Investec Bank plc (the Financier) to fund the remaining balance that will be due on the SFA, following partial settlement of the SFA from capital raising proceeds. On 15 October 2020 a utilisation request was made by the Group for the full amount of the facility with proceeds scheduled to be received for use by the Group on 20 October 2020. The finance facility is to be repaid over three years in quarterly instalments commencing 31 December 2020, with a variable interest rate based on the BBSY rate plus a margin of 5.25% per annum. The facility is secured, with the Financier to have senior security over the assets of the Company and certain subsidiaries, subject to agreed carve-outs that are customary for a facility of this nature.

On 17 August 2020, the Group announced successful completion of the placement and accelerated institutional component of the $85.2 million capital raise. The Group received commitments for $35.0 million through a placement to institutional and sophisticated investors and accepted applications for approximately $26.3 million under the accelerated institutional component of the Entitlement Offer.

The Group agreed revised rates under the mining contract with NRW effective from 1 September 2020. Drafting of the related contract amendment documentation remains in progress.

On 4 September 2020, and 21 September 2020, the Group released supplementary prospectuses to advise of extensions to the closing date for the retail component of the Entitlement Offer from 10 September 2020 to 25 September 2020 and from 25 September 2020 to 7 October 2020 respectively, to accommodate a revised Court timetable in relation to the Habrok proceedings detailed above.

On 7 September 2020, the Original Banks extended the time limit on their initial commitment to not accept or enter into any transaction which may jeopardise the completion of the DOCA from 12 September 2020 to 8 October 2020. On 6 October 2020, the Original Banks further extended the time limit on their initial commitment to not accept or enter into any transaction which may jeopardise the completion of the DOCA from 8 October 2020 to 31 October 2020.

On 8 October 2020, the Company announced that acceptances under the Retail Entitlement Offer amounted to $17.1 million, (71.3% of the Retail Entitlement Offer). The shortfall amount of $6.8 million was subscribed for by the underwriter of the Entitlement Offer, thereby ensuring that the targeted capital raise amount of $85.2 million was realised.

The Recapitalisation of the Company is currently progressing and control of the Group is expected to revert to the Directors following effectuation of the DOCA which is scheduled to occur on or about 20 October 2020. All shares were issued on 13 October 2020, raising $85.2 million before costs. The Company is scheduled to complete a 1-for-20 share consolidation on or about 20 October 2020. Proceeds from the capital raising are to be used to settle pre-administration debts as per the creditor payment terms of the DOCA, fund working capital requirements, and drilling and exploration activities.

If ASX reinstatement conditions are satisfied following effectuation of the DOCA, which is scheduled to occur on or about 20 October 2020, trading in the Company's shares will recommence on or about 21 October 2020.

The Directors are not aware of any other matter or circumstance that has arisen since the end of the year which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

Deed of Company Arrangement

On 26 June 2020, a DOCA was executed by the Administrators, in support of a plan for the recapitalisation and reinstatement in trading of the shares of Gascoyne, following creditor approval of the DOCA proposal on 25 June 2020. The Administrators were appointed as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries. The DOCA provided for the continuation of the Group's business and operations and a possible return of up to 100 cents in the dollar for priority and unsecured creditors through a combination of debt repayment and shares in the Company, by restructuring Group debt and facilitating a recapitalisation of the Company.

Deed of Company Arrangement (continued)

The following conditions precedent to effectuate the DOCA are in progress and are expected to be completed on or about 20 October 2020:

- execution by the Original Banks, GNT Resources Pty Ltd (Subject to Deed of Company Arrangement) (GNT) and the Company (and any other relevant Group entities) of an agreement to release all security held by the Original Banks over the assets of the Group (refer note 17);
- execution by the Financier and the relevant Group entities of the finance facility and a refinance security;
- repayment of the bank debt to the Original Banks due under the SFA made available to the Deed Administrators in full;
- execution of a hedging facility;
- execution by NRW, GNT and the other relevant Group entities of a debt repayment arrangement (NRW Settlement Agreement);
- release of the NRW security as contemplated by the NRW Settlement Agreement;
- the appointment of a managing director and two or more non-executive directors to the Board;
- completion of the capital raise; and
- execution of the Creditors' Trust Deed.

Settlement of pre-Administration debt

On 24 July 2020, former employees were paid their outstanding pre-Administration entitlements in full under the terms of the DOCA. Current employees will receive their full outstanding pre-Administration entitlements in the ordinary course of business.

On 25 August 2020, the Company transferred $2.9 million to an external trust account held by the Deed Administrators. This amount represents the estimated maximum cash payment (approximately 50% of the amount owing to unsecured creditors owed more than $10,000) that the Group is required to make in order to satisfy its obligations to these creditors under the DOCA. Upon effectuation of the DOCA, the Deed Administrators will transfer this amount to the Creditors' Trust and, shortly thereafter, make cash payments to the unsecured creditors.

The remaining obligations of the Group to unsecured creditors will be met on or prior to completion of the Recapitalisation through a cash payment of up to $10,000 for each unsecured creditor out of proceeds received from the capital raise and through the issue of shares to the Creditors' Trust.

NRW is to receive the following as settlement of the total amount owing of $32.7 million, in return for releasing the NRW security over the Group's assets:

- an upfront cash payment equal to 8.75% of gross proceeds of the capital raise up to a maximum of $7.0 million;
- $12.0 million in shares priced at $0.025, representing a conversion from debt to equity (NRW Offer); and
- entry into a liability payment arrangement for the remaining balance due after settlement of the upfront cash payment and the NRW Offer.

On or about 20 October 2020, the Original Banks are to receive approximately $77.2 million, repaying the balance due on the SFA in full, and thereby releasing the security held by the Original Banks over the Group's assets.

Future developments

Within the 12 to 18-month period following completion of the Recapitalisation, the Group intends to:

- consolidate operational performance and cashflow generation at Dalgaranga;
- conduct resource definition drilling of the Gilbey's and Sly Fox deposits with a view to extending the mine life at Dalgaranga;
- commence drilling defined targets and reconnaissance areas on the exploration tenements surrounding Dalgaranga targeting the discovery of either standalone or additional ore feed to materially extend mine life;
- investigate and advance regional processing hub opportunities to add value to Dalgaranga;
- reassess historic drilling data at Glenburgh and subject to favourable indicators, commence regional Glenburgh exploration programs and possibly progress to a pre-feasibility study; and
- conduct low impact gold target generation exploration activities on the Company's Mumbakine Well and Beebyn regional exploration projects.

Future developments (continued)

At Dalgaranga, the Group's flagship mining operation, it is expected that approximately 400,000 ounces of gold will be produced over the remaining life of mine (less gold produced between 1 May 2020 and the date of this report). The average AISC over the remainder of the mine life is expected to be in a range of $1,400 to $1,500 per ounce produced.

The Group intends to undertake RC drilling to the south, north and east of Gilbey's pit with the intent to increase the Mineral Resource near the current pit. Any increase in the Mineral Resource would reasonably be expected to ultimately provide extensions to the current mine life.

The Group intends to undertake RC drilling under the Sly Fox pit to determine the continuity and grade between the base of the current pit and the single hole intersection 42m @ 2.0g/t Au, some 100m below the base of the pit. Mining at the Sly Fox pit ceased in the prior year, but the aim of this drilling is to extend the Resource at Sly Fox and eventually, to identify ore for processing.

The Group intends to allocate a budget of approximately $3.0 million to undertake the RC drilling referred to above and exploration, primarily using aircore drilling, along highly prospective geological trends extending from known mineralisation at Greencock, Hendrick's, Tanqueray, Vickers, Beefeater and Seagram's.

Environmental regulation

The Group is subject to significant environmental regulations under laws of the Commonwealth and State in respect of its exploration, evaluation and development activities and its mining operations. The Group aspires to the highest standard of environmental management and insists its staff and contractors maintain that standard. A significant environmental incident is considered to be one that causes a major impact or impacts to land biodiversity, ecosystem services, water resources or air, with effects lasting greater than one year. There have been no significant environmental incidents reported at any of the Group's operations.

Meetings of Directors

On commencement of Administration on 2 June 2019, the responsibilities of the Board as outlined in the Board Charter were assumed by the Administrators pursuant to section 437A of the *Corporations Act 2001*, hence, there were no meetings of Directors held during the year. Rodney Michael Joyce was the sole Director of the Company during the year from 6 July 2019 until his resignation on 30 April 2020.

Remuneration report (audited)

On 2 June 2019, Michael Ryan, Kathryn Warwick and Ian Francis of FTI Consulting were appointed as Joint and Several Voluntary Administrators of the Company and each of its wholly-owned subsidiaries. Since this appointment, the Administrators have had control of the Company's business, property and affairs. On 26 June 2020, a DOCA was executed and the Administrators were appointed as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries.

The recapitalisation of the Company is currently progressing and control of the Group is expected to revert to the Directors following effectuation of the DOCA which is scheduled to occur on or about 20 October 2020. The Deed Administrators, in their capacity as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries, have granted the Directors the authority to prepare and approve the Remuneration report for Directors and other Key Management Personnel (KMP) (Remuneration report). Accordingly, the Directors present the Remuneration report prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

This Remuneration report is presented under the following sections:

- Key management personnel
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based remuneration
- Other information.

Key management personnel

The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group, as defined by AASB 124 *Related Party Disclosures*.

The Directors and other KMP of the Group during the year were:

Name	Position[1]	Term as KMP during the financial year
Directors		
R M Joyce	Non-executive Director	Resigned 30 April 2020
I Kerr	Executive Director	Resigned 5 July 2019
Other KMP		
R Hay	Chief Executive Officer	Full year
J Goldsworthy	Chief Geologist	Full year
S McBride	Company Secretary	Appointed 17 March 2020
E O'Malley	Company Secretary	Resigned 16 March 2020

1 At the reporting date or on the last day of designation as KMP.

Remuneration report (audited) (continued)

Subsequent to 30 June 2020, the following KMP appointments were announced:

Name	Position	Appointment date
G Bauk[1]	Non-executive Chairman	5 August 2020
R Hay[2]	Chief Executive Officer and Executive Director	5 August 2020
D Coyne[3]	Chief Financial Officer[4]	20 July 2020
	Joint Company Secretary[4]	6 October 2020
R Johnston[5]	Non-executive Director	5 August 2020

1 Mr G Bauk is to receive a director's fee of $140,000 p.a. inclusive of superannuation entitlements and committee fees.
2 Mr R Hay was appointed as an Executive Director on 5 August 2020, retaining the title of Chief Executive Officer.
3 Refer to the Service agreements section in this Remuneration report for details of Mr Coyne's key terms of employment.
4 Mr D Coyne was appointed as Chief Financial Officer on 20 July 2020 and subsequently appointed as Joint Company Secretary on 6 October 2020.
5 Mr R Johnston is to receive a director's fee of $120,000 p.a. inclusive of superannuation entitlements and committee fees.

Full remuneration details for KMP appointed after 30 June 2020 will be disclosed in the Remuneration report for year ending 30 June 2021.

Principles used to determine the nature and amount of remuneration

The principles of the Group's executive remuneration policy are to ensure that remuneration packages properly reflect the duties and responsibilities of Executives and are sufficient to attract, retain and motivate personnel of the requisite capabilities and experience. The Board has established a Remuneration Committee which operates in accordance with its Charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary and superannuation;
- short-term incentives, including bonuses; and
- long-term incentives, including employee share option schemes.

The Remuneration Committee is responsible for assessing the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of maximising shareholder value. The payment of bonuses, share options and other incentive payments are reviewed by the Remuneration Committee annually having regard to performance against expectations and market conditions as part of the review of executive remuneration, and a recommendation is submitted to the Board for approval. There is no pre-determined policy regarding any relationship between the Group's performance and the remuneration of KMP.

All members of the Remuneration Committee are Independent Non-executive Directors.

Short-term incentives

The Group may use short-term incentives (STIs) to incentivise members of KMP that may be linked to performance measures. Performance measures involve the use of annual performance objectives, metrics, performance appraisals and Group values.

STIs may incorporate cash and/or share-based components for KMPs and other employees. Performance measures are considered on commencement of employment for new KMPs and annually for all KMPs. They are set after consultation with the Directors and KMPs and are tailored to the areas over which the KMP has a level of control and may include both financial and non-financial measures.

Performance areas include:

- financial: performance against budget; and
- non-financial: strategic goals dependent on KMP areas of influence.

Remuneration report (audited) (continued)

Following recapitalisation of the Company, the Board intends to review the current principles governing the Group's executive remuneration policy to ensure that these are appropriately aligned with shareholder expectations and the objectives of the Group.

Non-executive Director remuneration

Non-executive Directors are remunerated by fees determined by the Board within the aggregate Directors' fee pool limit as approved by shareholders, currently $450,000. The pool limit is not at present fully utilised. In setting the fees, account is taken of the responsibilities inherent in the stewardship of the Company and the demands made of Directors in the discharge of their responsibilities. Advice is taken from independent consultancy sources where appropriate, to ensure remuneration accords with market practice. The Group has largely adopted the ASX Corporate Governance Principles and decided to remunerate its Non-executive Directors on an ongoing basis with no accrual or entitlement to a retirement benefit.

Voting and comments made at the Company's last Annual General Meeting

At the Company's 2019 Annual General Meeting 94% of the votes cast in relation to the resolution to adopt the 2019 Remuneration report were cast in favour of the resolution. The Company did not receive any specific feedback at the AGM on its Remuneration report.

Statutory performance indicators

The Company aims to align KMP remuneration to its strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five financial years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the specific measures in determining the variable amounts of remuneration to be awarded to KMP. As a consequence, there may not always be a direct correlation between the statutory key performance indicators and the variable remuneration awarded.

Statutory key performance indicator	2020	2019	2018	2017	2016
Profit/(loss) per share (cents)	0.2	(18.6)	(0.1)	(0.5)	(0.4)
Dividends (cents per share)	-	-	-	-	-
Net profit/(loss) ($'000)	1,989	(107,105)	(559)	(1,444)	(817)
Share price[1]	$0.039	$0.039	$0.50	$0.435	$0.52

1 Closing share price at 30 June (or the last trading day immediately before) for the relevant year, other than for years ended 30 June 2019 and 30 June 2020, where the closing price is at the last trading day before suspension from official quotation on 3 June 2019, following the voluntary appointment of Administrators on 2 June 2019.

Remuneration report (audited) (continued)

Details of remuneration

Details of the nature and amount of each element of remuneration of each Director and other KMP of the Group are presented in the table below:

2020	**Short-term employee benefits**		**Long-term employee benefits**	**Post-employment benefits**	**Share-based payments[1]**	**Total**	**Performance related[2]**
	Salary and fees[3]	**Cash bonus[4]**	**Accrued long service leave[5]**	**Super-annuation**	**Options**		
	$	**$**	**$**	**$**	**$**	**$**	**%**
Non-executive Directors							
R M Joyce[6]	6,762	-	-	642	-	7,404	-
	6,762	-	-	642	-	7,404	
Other KMP							
R Hay	547,993	125,000	-	25,000	-	697,993	-
J Goldsworthy	220,683	33,699	4,353	23,744	-	282,479	-
I Kerr[7]	21,424	-	(3,796)	1,711	-	19,339	-
S McBride[8]	62,068	-	-	3,382	-	65,450	-
E O'Malley[9]	122,148	4,194	(12,842)	11,151	-	124,651	-
	974,316	162,893	(12,285)	64,988	-	1,189,912	
	981,078	**162,893**	**(12,285)**	**65,630**	**-**	**1,197,316**	

1 Share-based payments represent the fair value of granted options recognised as an accounting expense during the year.
2 Calculated as 'STI performance cash bonus' divided by 'Total' remuneration, reflecting the percentage of performance-tested remuneration.
3 Salary and fees include movements in the annual leave provision.
4 Cash bonuses comprised of retention bonuses earned during the Administration period. For further information, refer to the Retention bonus section in this Remuneration report.
5 Benefits for accrued long service leave represent the movements in the long service leave provision. Amounts are net of leave taken, therefore they may be negative where KMP have taken more leave than accrued during the year or when accrued leave is paid as part of final salary payments.
6 Mr R M Joyce resigned on 30 April 2020.
7 Mr I Kerr resigned on 5 July 2019. His salary included normal earnings of $37,075 less the movement in annual leave provision of $15,651. Pre-Administration annual leave entitlements and any contractual payments in lieu of notice due to Mr Kerr have been included in unsecured creditors under the terms of the DOCA. For details on unsecured creditor payment terms, refer to the Deed of Company Arrangement section in the Directors' report.
8 Mr S McBride was appointed as Company Secretary on 17 March 2020 and as Joint Company Secretary on 6 October 2020.
9 Ms E O'Malley resigned on 16 March 2020. Her salary comprised a termination payment of $51,538, normal earnings of $61,333 and movement in annual leave provision of $9,277.

Remuneration report (audited) (continued)

2019

	Short-term employee benefits		Long-term employee benefits	Post-employment benefits	Share-based payments[1]	Total	Performance related[2]
	Salary and fees[3]	Cash Bonus[4]	Accrued long service leave[5]	Super-annuation	Options		
	$	$	$	$	$	$	%
Non-executive Directors							
R M Joyce	66,988	-	-	6,364	-	73,352	-
S Layman[6]	77,475	-	-	-	-	77,475	-
S M Le Messurier[7]	54,400	-	-	-	-	54,400	-
S Macdonald[8]	10,000	-	-	-	-	10,000	-
I Murray[9]	-	-	-	-	-	-	-
G Riley[10]	10,000	-	-	-	-	10,000	-
	218,863	-	-	6,364	-	225,227	
Other KMP							
M Ball[11]	347,980	-	-	24,888	67,200	440,068	-
M Dunbar[12]	436,482	50,000	(74,915)	10,417	-	421,984	12%
J Goldsworthy	224,725	-	(1,525)	20,995	-	244,195	-
R Hay[13]	215,058	-	-	13,063	-	228,121	-
I Kerr	397,826	50,000	2,559	20,531	-	470,916	11%
E O'Malley[14]	151,057	-	(694)	14,290	-	164,653	-
K Weber[15]	86,881	-	(3,147)	8,292	-	92,026	-
	1,860,009	100,000	(77,722)	112,476	67,200	2,061,963	
	2,078,872	**100,000**	**(77,722)**	**118,840**	**67,200**	**2,287,190**	

1 Share-based payments represent the fair value of granted options recognised as an accounting expense during the year.
2 Calculated as 'STI performance cash bonus' divided by 'Total' remuneration, reflecting the percentage of performance-tested remuneration.
3 Salary and fees include movements in the annual leave provision.
4 Cash bonuses paid during the year comprised of performance bonuses. For further information, refer to the Performance bonuses section in this Remuneration report.
5 Benefits for accrued long service leave represent the movements in the long service leave provision. Amounts are net of leave taken, therefore they may be negative where KMP have taken more leave than accrued during the year or when accrued leave is paid as part of final salary payments.
6 Ms S Layman resigned on 31 May 2019.
7 Mr S M Le Messurier was appointed as a Non-executive Director on 8 October 2018 and resigned on 31 May 2019.
8 Mr S Macdonald resigned on 8 October 2018.
9 Mr I Murray was appointed as Non-executive Chairman on 8 October 2018 and resigned on 24 October 2018.
10 Mr G Riley resigned on 8 October 2018.
11 Mr M Ball was appointed as Interim Chief Executive Officer on 29 October 2018, resumed the Chief Financial Officer role on 26 April 2019, and resigned as Chief Financial Officer on 31 May 2019. Mr Ball received a salary of $390,000 p.a. inclusive of superannuation during his tenure as Interim Chief Executive Officer.
12 Mr M Dunbar resigned on 25 October 2018. His salary and fees comprise a termination payment of $210,000, movement in annual leave provision of $76,007 and normal earnings of $150,475.
13 Mr R Hay was appointed as Chief Executive Officer on 26 April 2019 after joining the Company as Executive General Manager on 18 January 2019.
14 Ms E O'Malley was employed on a 0.4 full time equivalent basis. The amounts above include payment for hours worked in excess of contractual hours and cash payment of annual leave of $68,227.
15 Mr K Weber resigned on 14 December 2018.

Remuneration report (audited) (continued)

Service agreements

Remuneration and other terms of employment for Executive Directors and other KMP are formalised in service agreements. The major provisions of the agreements relating to remuneration as at the date of this report or on the last day of designation as KMP are presented below.

Name	Position	Base salary[1]	Term of agreement	Notice period[2]
R Hay[3]	Chief Executive Officer and Executive Director	$575,000 p.a.	Unspecified	Three and six months[4]
D Coyne[5]	Chief Financial Officer and Joint Company Secretary	$375,000 p.a.	Six months fixed term	Variable[6]
J Goldsworthy	Chief Geologist	$246,000 p.a.	Unspecified	Three months
I Kerr[7]	Executive Director	$380,000 p.a.	Unspecified	Six months
S McBride[8]	Joint Company Secretary	$275 p.h.	Unspecified	One week
E O'Malley[9]	Company Secretary	$90,000 p.a.	Unspecified	Three months

1 Inclusive of superannuation entitlement.
2 Notice period to be provided by either party to the agreement, except for Mr R Hay, as stated below.
3 Mr R Hay entered into a formal contract of employment with the Company on 5 August 2020 when he was appointed as an Executive Director of the Company.
4 Mr R Hay is required to provide notice of three months, the Company is required to provide notice of six months.
5 Mr D Coyne was appointed as Chief Financial Officer on 20 July 2020 and Joint Company Secretary on 6 October 2020.
6 The notice period to be provided by either party is dependent upon the duration of Mr D Coyne's employment. Notice periods are as follows: a one-month notice period for employment of less than six weeks, a two-month notice period for an employment period of six weeks to three months and a three-month notice period for an employment period greater than three months.
7 Mr I Kerr resigned on 5 July 2019.
8 Mr S McBride was appointed as Company Secretary on 17 March 2020 and as Joint Company Secretary on 6 October 2020. Mr McBride is employed on a casual basis.
9 Ms E O'Malley resigned on 16 March 2020 and was employed on a 0.4 full time equivalent basis, receiving additional payment for hours worked in excess of contractual hours.

Short-term incentives

Performance bonuses

Mr M Dunbar and Mr I Kerr's service agreements included provisions for one-off $50,000 cash short-term incentives (STIs) for the year ended 30 June 2018. The STIs were payable to Mr Dunbar and Mr Kerr on the successful achievement of a number of performance measures linked to safety, budget and project delivery. Following achievement of the hurdle performance criteria, Mr Dunbar and Mr Kerr each received a $50,000 cash bonus paid during November 2018.

Following completion of the DOCA, Mr R Hay will be eligible to participate in a 100% at risk, cash-based short-term incentive (STI) (subject to key performance criteria being met) of 50% of his base salary on an annual basis. The total at risk STI will be based on $275,000 during the year ended 30 June 2021.

Other bonuses

Retention bonus

Mr R Hay's service agreement includes a $75,000 cash retention bonus payable under two conditions:

- If the Company elects to terminate employment for convenience by providing written notice prior to 31 December 2019 or employment continues as at 31 December 2019 and is not subject to a termination notice for serious or wilful misconduct.
- If the Company is subject to a sale or recapitalisation offer by 31 December 2019 (whether completed or at an unconditional status).

The bonus vested at 31 December 2019 and was paid to Mr Hay on 23 January 2020.

Remuneration report (audited) (continued)

Mr R Hay's service agreement also includes a $50,000 cash retention bonus payable upon the earlier of the Company exiting voluntary administration or 30 June 2020 if:

- Mr Hay remains employed by the Company as at the date of sale or recapitalisation; and
- Mr Hay's employment is not subject to a termination notice for serious or wilful misconduct.

The bonus vested at 30 June 2020 and was paid to Mr Hay on 30 June 2020.

Mr Hay's service agreement includes further cash retention bonuses payable as follows:

- $125,000 cash payment payable upon the Company exiting voluntary administration/deed of company arrangement or 31 December 2020, payable if:
    - Mr Hay remained employed by the Company as at the date the sale contract was executed by all parties or recapitalisation of the Company, or 31 December 2020; and
    - Mr Hay's employment is not subject to a termination notice for serious or wilful misconduct.
- $125,000 cash payment payable if:
    - the dual track process and recapitalisation results in:
        - a transaction for a sale of the Company or primary assets, being GNT Resources Pty Ltd (Subject to Deed of Company Arrangement), to a third party (payable upon settlement of the transaction); or
        - a transaction for recapitalisation of the Company (payable upon completion of the capital raising or other funding); or
        - another transaction which results in the Company exiting voluntary administration/deed of company arrangement;
    - Mr Hay remains employed by the Company as at the date the sale contract was executed by all parties, recapitalisation of the Company, or the other transaction; and
    - Mr Hay's employment is not subject to a termination notice for serious or wilful misconduct.

The bonuses are expected to vest on or about 20 October 2020 and are expected to be paid to Mr Hay shortly thereafter.

Mr J Goldsworthy's and Ms E O'Malley's service agreements included cash retention bonuses as below:

- An initial bonus earned in the six months from 1 July 2019 to 31 December 2019, payable as follows:
    - on the earlier of 31 December 2019; or
    - upon a successful exit from voluntary administration through a sale of business or recapitalisation transaction.

This initial retention bonus was paid on 15 January 2020, $22,466 was paid to Mr Goldsworthy and $4,194 was paid to Ms O'Malley.

- A second bonus earned in the six months from 1 January 2020 to 30 June 2020, payable as follows:
    - 25% in the first pay run after 31 March 2020; and
    - 75% at the earlier of:
        - exit from voluntary administration; or
        - the first pay run after 30 June 2020.

The second retention bonus of $11,233 was paid to Mr Goldsworthy in two instalments, on 15 April 2020 and on 13 July 2020. Ms O'Malley's second retention bonus was paid ex-gratia as part of her termination payment, following her resignation from the Company on 16 March 2020.

The bonuses paid to Mr Goldsworthy and Ms O'Malley were calculated based on a retention percentage determined by the Administrators, depending on the level of the employee's seniority, role and responsibilities within the business, multiplied by the total salary earned by the employee during the periods disclosed above.

Signing bonus

Following his appointment as an Executive Director of the Company on 5 August 2020, Mr R Hay received a signing bonus of $250,000 on 13 October 2020, equity-settled in Company shares.

Remuneration report (audited) (continued)

Share-based remuneration

Long-term incentives

There were no long-term incentive plans introduced during the current year.

Granted share options

No options were granted as remuneration to Directors and KMP during the current year. Details of options granted as remuneration to Directors and KMP during the prior year are shown in the table below.

2019 KMP	Grant date	Granted No.	Vested No.	Vested %	Forfeited %	Grant date fair value $/option	Exercise price $	Expiry date	Vesting date
M Ball	5 Oct 2018	1,000,000	666,666	66.67	-	$0.084	$0.38	7 Oct 2021	7 Oct 2019

These options were granted to employees under the Company's Employee Share Option Plan (ESOP) as part of their remuneration. Options were granted at an exercise price of $0.40 and were repriced, pursuant to a pro-rata non-renounceable entitlement offer on 8 May 2019, to an exercise price of $0.38 in accordance with ASX Listing Rule 6.22.

The options contain a six-month service condition expiring on 7 April 2019 and a twelve-month service condition expiring on 7 October 2019. The options vest one-third on grant, one-third after six months and one-third after twelve months, and remain exercisable until the options lapse.

Options may be exercised from the vesting date until expiry. The employee may exercise the options by paying the exercise price in cash or electing to use the cashless exercise facility available under the ESOP whereby the number of shares granted on exercise will be reduced based on the difference between the exercised price and the market price of the underlying share on the exercise date.

Options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the Company's ESOP Rules. The options were provided at no cost to the recipients. Unvested options expire on the earlier of their expiry date or within 30 days of cessation of the employee's employment. Employee incentive options that have vested but have not been exercised lapse on their expiry date. These options do not entitle the holder to participate in any share issue of the Company other than on exercise of the option.

On 5 October 2020, Mr Ball agreed to relinquish his options and received $100 in consideration for cancellation of the options.

Other than as noted above, there has been no alteration of the terms and conditions of the above options since grant date.

Exercised share options

No options granted as part of KMP remuneration were exercised in the current or previous years.

Remuneration report (audited) (continued)

Options held by KMP

The following table discloses details of options over ordinary shares in the Company held during the year by KMP of the Group.

2020 KMP	Balance vested at start of year No.	Granted as remuneration No.	Exercised No.	Forfeited/ lapsed No.	Balance at end of year No.	Balance vested at end of year No.	Vested but not exercisable[1] No.	Vested and exercisable No.	Options vested during the year No.
J Goldsworthy[2]	1,000,000	-	-	(1,000,000)	-	-	-	-	-
I Kerr[3]	1,500,000	-	-	(1,500,000)	-	-	-	-	-
E O'Malley[2,3]	200,000	-	-	(200,000)	-	-	-	-	-
	2,700,000	**-**	**-**	**(2,700,000)**	**-**	**-**	**-**	**-**	**-**

1 Options were not exercisable during the year due to the Company being in Administration. Share transfers are not permitted during Administration without the consent of the Administrators or the Court.
2 Options granted to KMP under the 2016 Company's Employee Share Plan expired on 15 December 2019.
3 Resigned as KMP during the year.

Other information

Shares held by KMP

The following table discloses details of ordinary shares in the Company held during the year by KMP of the Group.

2020	Balance at start of year No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at end of year No.	Balance held nominally No.
Non-executive Directors						
R M Joyce[1]	15,633,939	-	-	(15,633,939)	-	-
Other KMP						
R Hay	-	-	-	-	-	-
J Goldsworthy	4,130,000	-	-	-	4,130,000	-
I Kerr[1]	-	-	-	-	-	-
S McBride	-	-	-	-	-	-
E O'Malley[1]	300,000	-	-	(300,000)	-	-
	20,063,939	**-**	**-**	**(15,933,939)**	**4,130,000**	**-**

1 Resigned as KMP during the year.

Other transactions with KMP

There were no other transactions between the Company and KMP during the year.

End of audited Remuneration report.

Directors' report

Shares under option

Unissued ordinary shares of the Group under options at the date of this report are:

Date options granted	Expiry date	Exercise price	Number under option
5 October 2018	7 October 2021	$0.37	2,140,000[1]

1 In September 2020, option holders were offered nominal consideration of $100 to relinquish their options resulting in the cancellation of 1,660,000 options, leaving a remaining balance of 2,140,000 options.

Options outstanding on 8 May 2019 were repriced in accordance with ASX listing rule 6.22, on issue of shares pursuant to a pro-rata non-renounceable entitlement offer. The option exercise price was reduced from $0.40 to $0.38. Options outstanding were further repriced in accordance with ASX listing rule 6.22, on issue of shares pursuant to a pro-rata non-renounceable entitlement offer. The option exercise price was reduced from $0.38 to $0.37. Following the 1-for-20 share consolidation scheduled to complete on or about 20 October 2020, the option exercise price will be adjusted from $0.37 to $7.40.

Unvested employee incentive options expire on the earlier of their expiry date or within 30 days of cessation of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company, other than on exercise of the option.

No options were granted to Directors or other KMP during the year. Details of options granted to Directors and other KMP during the prior year are disclosed in the Remuneration report.

There were no fully paid ordinary shares issued upon the exercise of options during and since the end of the year (2019: nil shares).

Indemnification and insurance of Officers

The insurance policies expired on 31 May 2019 and were not renewed for the current year following the voluntary appointment of Administrators on 2 June 2019.

On 5 August 2020, the Company entered into deeds of indemnity, insurance and access with each Director and Executive Officer. Each deed contains a right of access to certain books and records of the Group for a period of seven years after the Director or Executive Officer ceases to hold office. This seven-year period is extended where certain proceedings or investigations commence during the seven-year period but are not resolved until later.

Pursuant to the newly adopted Constitution on 5 August 2020, the Group must indemnify Directors and Executive Officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as Officers of the Group. Under the deeds of indemnity, insurance and access, the Company indemnifies each Director and Executive Officer on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an Officer of the Group.

On the 12 August 2020 the Company paid an insurance premium to insure all of the Directors and Officers of the Group.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of the Group, and any other payments arising from liabilities incurred by the Officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group. Under the deeds of indemnity, insurance and access, the Company must maintain such insurance for each Director and Executive Officer until a period of seven years after a Director or Executive Officer ceases to hold office. This seven-year period is extended where certain proceedings or investigations commence during the seven-year period but are not resolved until later.

Directors' report

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Company may decide to employ the auditor Grant Thornton Audit Pty Ltd and related entities on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are disclosed in note 28.

The Board considered the non-audit services provided during the year by the auditor and is satisfied that the provision of non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to and forms part of this Directors' report.

Rounding of amounts

The Company has relied on the relief provided by the *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, and therefore the amounts contained in the Directors' report and the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors. The Deed Administrators (acting in their capacity as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries) have granted the authority to the Board to approve the report.

George Bauk
Director
Perth
16 October 2020

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Auditor's Independence Declaration

To the Directors of Gascoyne Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Gascoyne Resources Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 16 October 2020

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Independent Auditor's Report

To the Members of Gascoyne Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Gascoyne Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group has a working capital deficit of $116.0 million. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
The value of mine properties, property, plant and equipment – Note 13 and 14	

The Group has recorded mine properties, property, plant and equipment totalling $179 million at 30 June 2020 relating to the construction and development of the Group's Dalgaranga Gold Project (DGP) Cash Generating Unit (CGU). Management as prescribed in AASB 136 *Impairment of Assets* is required to undertake annual impairment testing.
 	
Management test the CGU for impairment by comparing their carrying amounts against their recoverable amounts determined by either, the greater of its fair value less costs to sell and its value in use.
 	
This value of property, plant and equipment was considered a key audit matter due to the size of property, plant and equipment asset recorded and the level of estimates and judgements used by management within the assumptions in determining a value in use calculation. These assumptions included;
 	
• forecast mining production and gold sale schedules
• forecast gold price
• forecasted production costs
• life of mine reserves underpinning production schedules
• discount rate
 	
These estimates and judgements required specific valuation expertise and analysis.
	Our procedures included, amongst others:
	
	• enquiring with management to obtain and document an understanding of management's process relating to the assessment of impairment, including management's consideration of valuation techniques required by the accounting standards for determining the recoverable amount for the DGP;
	• obtaining the management reconciliation of capitalised mine properties and agreeing to the general ledger;
	• evaluating the value-in-use models against the requirements of AASB 136, including consultation with our valuations experts;
	    ○ Scrutinising management's life-of-mine production schedules:
	    ○ Test the mathematical accuracy of the calculation formulas;
	    ○ Evaluate management's ability to perform accurate estimates;
	    ○ Test forecast cash inflows and outflows to be derived by the DGP's assets; and
	    ○ Scrutinising discount rates, forecasted gold and foreign exchange rates applied to forecast future cash flows.
	• evaluating the competence and objectivity of the experts used by management;
	• engaging an independent auditors' expert to evaluate management's assessment of mineral resources including compliance with the JORC 2012;
	• performing sensitivity analysis on the significant inputs and assumptions made by auditor's expert in preparing its calculation; and
	• assessing the adequacy of financial report disclosures.

Provision for rehabilitation – Note 18

The Group held a rehabilitation provision of $25 million as at 30 June 2020 relating to the Dalgaranga Gold Project (DGP).
 	
The Group reviews its rehabilitation calculations annually or as new information becomes available. Changes in estimates and underlying assumptions are also reviewed annually including changes to the mining operations, local regulations and rehabilitation requirements.
 	
The process for determining the rehabilitation provision involves significant management judgement and subjectivity with regard to the underlying assumptions in determining the expected significant increase in rehabilitation provision.
 	
The ability for the Group to determine an appropriate rehabilitation provision based on the expected life of mine is dependent on readily available information to support the estimates and judgements used within the calculation in determining the rehabilitation provision.
 	
This area is a key audit matter due to the judgemental nature of the estimates and assumptions used in the rehabilitation provision assessment.
	Our procedures included, amongst others:
	
	• Obtaining an understanding of management's process for determining the rehabilitation provision;
	• Evaluating the reasonableness of management's estimates and judgements to available supporting documentation, including assessing estimates and judgements determined by management experts;
	• assessing the competencies of management's expert in accordance with ASA 500;
	• evaluating the rehabilitation cost models against industry benchmarks including consultation with our valuations experts;
	    o scrutinising management's cost allocation to stages of rehabilitation and mine closure;
	    o considered the timing of the Groups rehabilitation activities against the life of mine schedules.
	• assessing the Group's legal obligations with respect to the rehabilitation requirements in accordance with the Mining Rehabilitation Fund 2012 and the associated effect on the estimated costs;
	• checking the rehabilitation provision for mathematical accuracy; and
	• reviewing the appropriateness of the related disclosures within the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 26 to 34 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Gascoyne Resources Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 16 October 2020

Directors' declaration

1 In the Directors' opinion:

(a) the consolidated financial statements and notes of Gascoyne Resources Limited (Subject to Deed of Company Arrangement) and its controlled entities are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
(ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and

(b) subject to the matters disclosed in note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 Note 2 confirms that the consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

This declaration is made in accordance with a resolution of the Directors. The Deed Administrators (acting in their capacity as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries) have granted the authority to the Board to make the declaration.

George Bauk
Director
Perth
16 October 2020

Consolidated statement of comprehensive income

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue	4	171,489	95,777
Cost of sales	5	(149,940)	(119,676)
Gross profit/(loss)		**21,549**	**(23,899)**
Other income	4	3	1,168
Impairment loss	14	-	(33,494)
Other expenses	5	(12,873)	(8,137)
Operating profit/(loss)		**8,679**	**(64,362)**
Finance income	6	15	189
Finance costs	6	(6,556)	(38,040)
Profit/(loss) before income tax		**2,138**	**(102,213)**
Income tax expense	7	(149)	(4,892)
Profit/(loss) for the year after income tax		**1,989**	**(107,105)**
Total other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**1,989**	**(107,105)**
Profit/(loss) for the year after income tax attributable to:			
Owners of the Company		1,989	(107,105)
Non-controlling interests		-	-
		1,989	**(107,105)**
Total comprehensive profit/(loss) for the year attributable to:			
Owners of the Company		1,989	(107,105)
Non-controlling interests		-	-
		1,989	**(107,105)**
Profit/(loss) per share			
Basic (cents per share)	8	0.2	(18.6)
Diluted (cents per share)	8	0.2	(18.6)

This statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2020

	Note	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	9	5,640	16,729
Inventories	10	15,255	8,139
Other financial assets	11	633	633
Other assets	12	5,571	3,793
		27,099	**29,294**
Non-current assets			
Mine properties, property, plant and equipment	13	179,747	167,598
Exploration and evaluation	15	30,114	28,971
Other financial assets	11	380	379
		210,241	**196,948**
Total assets		**237,340**	**226,242**
Current liabilities			
Trade and other payables	16	43,608	32,956
Borrowings and lease liabilities	17	71,532	71,938
Provisions	18	2,958	2,052
Other financial liabilities	11	24,995	30,326
		143,093	**137,272**
Non-current liabilities			
Borrowings and lease liabilities	17	10,678	9,335
Provisions	18	26,200	23,882
		36,878	**33,217**
Total liabilities		**179,971**	**170,489**
Net assets		**57,369**	**55,753**
Equity			
Share capital	19	171,583	171,931
Non-controlling interests	19	1,125	1,129
Reserves	19	861	882
Accumulated losses		(116,200)	(118,189)
Total equity		**57,369**	**55,753**

This statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Share capital	Share-based payments reserve	Exploration asset reserve	Accumulated losses	Attributable to owners of the parent	Non-controlling interests	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2018	125,847	1,447	(764)	(11,084)	115,446	1,076	116,522
Loss for the year	-	-	-	(107,105)	(107,105)	-	(107,105)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(107,105)	(107,105)	-	(107,105)
Movement in non-controlling interests' share of net assets	-	-	(53)	-	(53)	53	-
Shares issued during the year	48,662	-	-	-	48,662	-	48,662
Share issue costs (net of tax)	(2,578)	-	-	-	(2,578)	-	(2,578)
Share-based payments	-	252	-	-	252	-	252
At 30 June 2019	**171,931**	**1,699**	**(817)**	**(118,189)**	**54,624**	**1,129**	**55,753**
Profit for the year	-	-	-	1,989	1,989	-	1,989
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,989	1,989	-	1,989
Movement in non-controlling interests' share of net assets	-	-	4	-	4	(4)	-
Share issue costs (net of tax)	(348)	-	-	-	(348)	-	(348)
Share-based payments	-	(25)	-	-	(25)	-	(25)
At 30 June 2020	**171,583**	**1,674**	**(813)**	**(116,200)**	**56,244**	**1,125**	**57,369**

This statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		171,489	95,777
Payments to suppliers and employees		(119,742)	(85,965)
Other revenue received		3	1,163
Finance charges paid		(146)	(123)
Interest received		14	189
Interest paid		(695)	(2,754)
Income tax refund - research and development		-	264
Net cash flows from operating activities	9	**50,923**	**8,551**
Cash flows from investing activities			
Payments for exploration and evaluation		(1,147)	(2,579)
Payments for mine properties, property, plant and equipment		(44,763)	(67,788)
Proceeds from the sale of pre-production inventories		-	4,239
Transfer to security deposits		-	(170)
Net cash flows used in investing activities		**(45,910)**	**(66,298)**
Cash flows from financing activities			
Proceeds from issue of shares		-	48,662
Share issue costs		(497)	(3,683)
Proceeds from borrowings and lease liabilities		-	10,352
Repayment of borrowings		(12,245)	(2,633)
Repayment of lease liabilities		(3,360)	(2,283)
Payments for borrowings transaction costs		-	(1,084)
Net cash flows (used in)/from financing activities		**(16,102)**	**49,331**
Net change in cash and cash equivalents		(11,089)	(8,416)
Cash and cash equivalents at 1 July		16,729	25,145
Cash and cash equivalents at 30 June	9	**5,640**	**16,729**

This statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

Notes to the financial statements

This section includes the accounting policies, accounting estimates and judgements relating to the consolidated financial statements of Gascoyne Resources Limited (Subject to Deed of Company Arrangement) (Gascoyne or the Company) and its controlled entities (together, the Group). The recognition and measurement principles of each accounting policy and the critical accounting estimates and judgements are contained within the note for the financial item to which they relate. Accounting policies which are not specific to an individual financial item are presented in note 30.

The financial report for the Group for the year ended 30 June 2020 was approved and authorised for issue by the Directors on 16 October 2020. The Deed Administrators (acting in their capacity as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries) have granted the authority to the Board to approve and authorise the issue of the financial report.

Basis of preparation

1 Reporting entity

Gascoyne Resources Limited (Subject to Deed of Company Arrangement) is a listed public company, incorporated and operating in Australia. The address of its registered office and its principal place of business is Level 1, 41-47 Colin Street, West Perth, Australia.

2 Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Gascoyne Resources Limited (Subject to Deed of Company Arrangement) is a for-profit entity for the purpose of preparing financial statements.

Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are described in the notes to the financial statements. These policies have been applied consistently to all financial years presented, unless otherwise stated. The Group adopted new accounting standard AASB 16 *Leases* on 1 July 2019, refer to note 30 for the lease accounting policy applicable to contracts currently in existence, entered into, or changed, on or after 1 July 2019 and the related accounting estimates and judgements.

Compliance with IFRS

The financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which are measured at fair value.

Transition from development to production - Dalgaranga Gold Project

The Group achieved operating status for the Dalgaranga Gold Project (Dalgaranga) on 1 August 2018, reaching production for accounting purposes. Accordingly, for the period 1 August 2018 to 30 June 2019, revenues derived from mining activities and associated costs at Dalgaranga were no longer capitalised and have been recognised in profit or loss, and depreciation and amortisation of mine assets commenced on 1 August 2018.

Accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events that affect the carrying amounts disclosed in these financial statements. Estimates and underlying assumptions are based on historical experience, reasonable expectation of future events and other factors that are considered relevant. Actual results may differ from these estimates.

2 Basis of preparation (continued)

The estimates and judgements are reviewed on an ongoing basis and are based on the latest available information. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

Accounting estimates and judgements which are material to the financial report are contained in the following notes:

Note		Item subject to estimates and judgement
7	Income tax	Income tax provisions and recognition of deferred tax assets
10	Inventories	Inventory valuation; Net realisable value and classification of inventory
13	Mine properties, property, plant and equipment	Mine properties under development; Mine properties; Deferred stripping costs; Depreciation and amortisation; Units of production method; Commencement of production; Mineral resources and ore reserves estimates; Right-of-use assets
14	Impairment of non-current assets	Assessment of indicators of impairment; Assessment of cash-generating unit recoverable amounts
15	Exploration and evaluation	Recovery of capitalised exploration and evaluation expenditure
18	Provisions	Rehabilitation and mine closure provision
20	Financial risk management	Fair value measurement of financial assets and liabilities
27	Share-based payments	Valuation methodology
30	Summary of other significant accounting policies - Leases	Identifying a lease; Determining the lease term; Determining the incremental borrowing rate

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2020 the Group recorded a net profit after tax of $2.0 million (2019: $107.1 million loss), and an operating cash inflow of $50.9 million (2019: $8.6 million).

The working capital deficit of $116.0 million (2019: $108.0 million) is primarily due to the reclassification of non-current borrowings of $47.5 million to current borrowings on Administration, refer to note 17, and a remaining balance due of $25.0 million after termination of gold forward contracts following Administration, refer to note 11.

In May 2019, a revised Mineral Resource estimate was prepared using a new methodology, known as Localised Uniform Conditioning (LUC). A revised forecast cash flow model, based on the updated Resource information from the LUC model, indicated that the Group would face a significant cash shortfall from operations over the subsequent six months. With a lack of sufficient available funding at the time, the Board placed the Group into voluntary administration.

On 2 June 2019, Michael Ryan, Kathryn Warwick and Ian Francis of FTI Consulting were appointed as Joint and Several Voluntary Administrators of the Company and each of its wholly-owned subsidiaries (Administrators). The Administrators determined that the best option to preserve value of the Group's assets was to continue trading the operations on a 'business as usual' basis, rather than placing the mine on care and maintenance. With the support of the Group's secured creditors, employees and key suppliers, the Administrators stabilised the business, implemented workstreams to complete mining technical work necessary to optimise the mine and its operations, and initiated a dual track process to achieve either a sale of its assets or recapitalisation of the Company.

On 18 June 2020, pursuant to their Report to Creditors, the Administrators recommended that the Group's creditors approve a Deed of Company Arrangement (DOCA) as part of a broader recapitalisation and relisting plan. This recommendation came after a significant operational turnaround was achieved by the Group during the previous 13 months.

On 25 June 2020, at a second meeting of creditors, the Group's creditors passed a resolution approving entry into the DOCA. The purpose of the DOCA is to restructure the Group's debts and facilitate the recapitalisation of the Company, as contemplated by the Recapitalisation described in the Events occurring after the reporting date section of the Directors' report. The Group entered into the DOCA on 26 June 2020. Under the DOCA, the Administrators were appointed as Joint and Several Deed Administrators (Deed Administrators).

2 Basis of preparation (continued)

On 31 July 2020, the Company released its Quarterly Activities Statement and Appendix 5B for the quarter ended 30 June 2020. In these releases, the Company noted that the Group had achieved six consecutive months of gold production in excess of 6,000 ounces per month at Dalgaranga and that operating cash flows had exceeded investing cash flows by $6.0 million for the three months ending 30 June 2020.

On 31 July 2020, the Company also released its updated Life of Mine Plan (LOMP), expected production profile and expected cost profile for the remaining mine life of Dalgaranga. Revised near-term and life of mine cash flow forecasts have been prepared using this updated information. Following the recapitalisation of the Company and the restructure of pre-Administration debt, refer note 17, and the turnaround in operating performance at Dalgaranga, the Group expects to generate positive net cash flows from operations.

On 13 August 2020, the Company announced the entry into agreements for a $125.2 million funding package comprised of a fully underwritten capital raise for $85.2 million and a new $40.0 million amortising debt facility (finance facility) with Investec Bank plc. On 13 October 2020, the Company received the proceeds from the capital raise and on 15 October the Company submitted a utilisation request to draw down on the full $40.0 million of the finance facility. Upon satisfaction of conditions precedent, effectuation of the DOCA is scheduled to occur on or about 20 October 2020, refer to the Deed of Company Arrangement section in the Directors' report.

The Directors believe that the ability for the Group to continue to remain as a going concern is dependent upon, amongst other factors, the following key assumptions:

- the DOCA effectuating and the recapitalisation completing on or about 20 October 2020;
- gold production from Dalgaranga at rates and costs generally consistent with those contained in the updated LOMP;
- the Australian dollar denominated price received for gold sold by the Group being higher than the prevailing cost of gold production at Dalgaranga; and
- the Group being able to service its new debt facility with Investec Bank plc and remaining in compliance with the financial ratios and covenants under the debt facility.

Based on the above, the Directors have reasonable grounds to believe that the DOCA will effectuate on or about 20 October 2020, and that the Company will be able to pay its debts as and when they become due and payable, and the Directors consider that the going concern basis of preparation to be appropriate for these financial statements.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

The financial report does not include adjustments to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

Functional and presentation currency

The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Rounding of amounts

The Company has relied on the relief provided by the *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, and therefore the amounts contained in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Notes to the financial statements

Financial performance

This section of the notes to the financial statements provides information relevant to the financial results and performance of the Group during the year, including the resultant tax position.

3 Operating segments

The Group's operating segments are based on the internal management reports that are reviewed and used by the Chief Executive Officer and the Deed Administrators, identified together as the chief operating decision makers, in assessing performance. The Group's business is organised into two operating segments, being gold operations and the exploration, evaluation and development of gold projects, all conducted within Western Australia.

The evaluation of each segment performance is based on revenue, costs and earnings before tax.

Corporate expenditures supporting the business during the period, adjustments and eliminations processed on consolidation and other items that cannot be directly attributed to the reportable operating segments are identified as 'Other' balances. The Group has formed a tax consolidation group and therefore tax balances have been included in the 'Other' grouping.

During the year to 30 June 2020, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and results generated by each of the Group's operating segments are summarised as follows:

2020	**Gold operations**	**Exploration, evaluation and development**	**Total operations**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External revenue	171,489	-	171,489	-	**171,489**
Segment profit/(loss) before income tax	9,772	(2)	9,770	(7,632)	**2,138**
Segment profit/(loss) includes the following adjustments:					
Depreciation and amortisation	(41,987)	-	(41,987)	(202)	**(42,189)**
Deferred stripping costs capitalised	43,220	-	43,220	-	**43,220**
Exploration and evaluation expenditure write-off	-	(1)	(1)	-	**(1)**
Inventory product movement and provision	6,607	-	6,607	-	**6,607**
	7,840	(1)	7,839	(202)	**7,637**
At 30 June 2020					
Segment assets	205,848	29,801	235,649	1,691	**237,340**
Segment liabilities	264,243	16,961	281,204	(101,233)	**179,971**

3 Operating segments (continued)

2019	Gold operations $'000	Exploration, evaluation and development $'000	Total operations $'000	Other $'000	Total $'000
External revenue	95,777	-	95,777	-	**95,777**
Segment loss before income tax	(96,282)	(151)	(96,433)	(5,780)	**(102,213)**
Segment loss includes the following adjustments:					
Depreciation and amortisation	(32,894)	-	(32,894)	(77)	**(32,971)**
Impairment loss	(33,494)	-	(33,494)	-	**(33,494)**
Deferred stripping costs capitalised	35,770	-	35,770	-	**35,770**
Exploration and evaluation expenditure write-off	-	(145)	(145)	-	**(145)**
Inventory product movement and provision	5,263	-	5,263	-	**5,263**
	(25,355)	(145)	(25,500)	(77)	**(25,577)**
At 30 June 2019					
Segment assets	188,859	28,658	217,517	8,725	**226,242**
Segment liabilities	261,838	16,944	278,782	(108,293)	**170,489**

4 Revenue and other income

Revenue

	2020 $'000	2019 $'000
Gold sales	170,925	95,702
Silver sales	564	75
	171,489	**95,777**

The Group sells gold and silver in the form of bullion to The Perth Mint which is wholly-owned by the Government of Western Australia.

Management of gold price risk

The Group may use derivative gold contracts to manage its exposure to gold price fluctuations. During the year the Group purchased short-term gold put options to provide protection against a fall in gold prices. Put options remaining at 30 June 2020 had an exercise price of A$2,200 per ounce for 8,000 ounces, expiring 28 August 2020.

During the prior year, the Group used gold forward contracts to manage the price risk associated with a portion of its estimated future gold sales. The sale price of gold bullion not sold into forward contracts is fixed on the date of sale, based on the gold spot price.

4 Revenue and other income (continued)

Recognition and measurement

Sales revenue is recognised when:

- control of the goods has been transferred to the customer, which occurs when goods are delivered to the customer;
- the customer has the significant risks and rewards of ownership through the ability to direct the use of and obtain substantially all of the remaining benefits from the goods;
- there is no unfulfilled obligation that could affect the customer's acceptance of the goods; and
- payment is due from the customer.

The amount of revenue recognised reflects the consideration to which the Group is, or expects to be, entitled in exchange for the goods. Revenue is measured at the transaction price agreed under a sales contract.

Gold bullion and silver sales

Revenue from gold bullion and silver sales is recognised at the time of physical delivery on the settlement date, when control of the goods passes to the customer, satisfying the sole performance obligation to deliver gold bullion and silver. For gold bullion and silver sales, the transfer of control is generally at the point in time when gold bullion and silver is credited to the metal account of the customer on the settlement date.

Other income

	2020 $'000	**2019 $'000**
Gain on settlement of derivative financial instruments[1]	-	1,168
Other income	3	-
	3	**1,168**

1 Relating to diesel swap contracts measured at fair value through profit or loss, refer to note 11.

5 Expenses

Cost of sales

	2020 $'000	**2019 $'000**
Cash costs of production	153,557	125,401
Deferred stripping costs capitalised	(43,220)	(35,770)
Inventory product movement	(6,067)	(5,804)
Inventory product net realisable value provision	(540)	541
Depreciation and amortisation[1]	41,987	32,894
Royalties	4,223	2,414
	149,940	**119,676**

1 Refer to note 13 for details on the Group's accounting policy for depreciation and amortisation.

The Group achieved operating status for Dalgaranga on 1 August 2018, reaching production for accounting purposes. Accordingly, for the period 1 August 2018 to 30 June 2019, revenues derived from mining activities and associated costs at Dalgaranga were no longer capitalised and have been recognised in profit or loss, and depreciation and amortisation of mine assets commenced on 1 August 2018.

5 Expenses (continued)

Cash costs of production

Cash costs of production includes ore and waste mining costs, processing costs and site administration and support costs. Cash costs of production includes employee benefits expense of $12.6 million (2019: $8.3 million).

Deferred stripping costs capitalised

Deferred stripping costs capitalised represent costs incurred in the development and production phase of a mine and are capitalised as part of the cost of constructing the mine and subsequently amortised over the useful life of the ore body that access is provided to on a units-of-production basis. Refer to note 13 for further details on the Group's accounting policy for deferred stripping costs.

Inventory product movement

Inventory product movement represents the movement in inventory ore stockpiles, gold in circuit and bullion on hand. Refer to note 10 for further details on the Group's accounting policy for inventory.

Inventory product net realisable value provision

Inventory must be carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to complete processing and to make a sale. The net realisable value provision equals the decrement between the net realisable value and the carrying amount before provision. Refer to note 10 for further details on the Group's accounting policy for inventory.

Royalties

Royalties are payable based on the amount of gold produced from a mining tenement and are payable quarterly at a fixed rate of 2.5% (2019: 2.5%) of the royalty value of gold sold. The royalty value of gold is the amount of gold produced during the month multiplied by an average gold spot price for the month provided by the Government of Western Australia Department of Mines, Industry Regulation and Safety.

Other expenses

	2020 $'000	**2019 $'000**
Corporate expenses	11,946	6,503
Fair value movement in derivative financial instruments[1]	-	1,160
Put option expense[2]	749	-
Exploration and evaluation expenditure write-off	1	145
Depreciation and amortisation	202	77
Share-based payments	(25)	252
	12,873	**8,137**

1 Relating to diesel swap contracts measured at fair value through profit or loss, refer to note 11.
2 Relating to short-term put options purchased to protect revenue, measured at cost.

5 Expenses (continued)

Employee benefits expense

	2020 $'000	2019 $'000
Salaries and wages	13,320	11,345
Superannuation	1,190	1,015
Share-based payments	(25)	252
Other employment costs	886	450
	15,371	**13,062**
Amounts capitalised	(674)	(653)
	14,697	**12,409**

6 Finance income and costs

	2020 $'000	2019 $'000
Finance income		
Interest income	15	189
	15	**189**
Finance costs		
Interest expense on borrowings	5,420	6,554
Interest expense on lease liabilities	677	504
Borrowing costs	146	250
Unwinding of discount	313	400
Loss on closure of commodity swap and forward contracts[1]	-	30,332
	6,556	**38,040**

1 Refer to note 11.

Recognition and measurement

Interest income is accrued using the effective interest rate method.

Finance costs are expensed as incurred, except where costs relate to the financing of construction or development of qualifying assets. Refer to the Group's accounting policy on capitalised borrowing costs in note 13.

7 Income tax

The major components of income tax expense are:

	2020 $'000	2019 $'000
Current income tax		
Research and development tax offset	-	(33)
Deferred income tax		
Relating to origination and reversal of temporary differences	8,525	(9,193)
Deferred tax liability offset by deferred tax asset losses	(7,890)	27
Derecognition of previously recognised deferred tax asset losses	(486)	14,091
Income tax expense	**149**	**4,892**

Income tax expense

The current income tax expense of $0.1 million recorded for the year arises as a result of the recognition of a deferred tax credit directly in equity. The current income tax expense of $4.9 million recorded for the previous year arose as a result of the derecognition of deferred tax asset losses for accounting purposes. The Group is not liable to pay income tax to the Australian Taxation Office and remains in a tax loss position for income tax purposes.

Reconciliation of income tax expense to prima facie tax

	2020 $'000	2019 $'000
Accounting profit/(loss) before income tax	2,138	(102,213)
Tax at the Australian tax rate of 30% (2019: 30%)	641	(30,664)
Tax effect of expenses not deductible for tax purposes		
Share-based payments	(7)	75
Entertainment expenditure	1	4
Tax effect of tax deductions not recognised as an expense		
Research and development tax offset	-	(33)
Research and development expenditure	-	23
Under provision in prior year	-	4
Derecognition of previously recognised deferred tax asset losses	(486)	14,091
Income tax benefit not recognised	-	21,392
Income tax expense	**149**	**4,892**

7 Income tax (continued)

Deferred tax

Recognised deferred tax balances

The movement for the year in the Group's net deferred tax position is as follows:

	Opening balance $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Over/(under) provision $'000	Unrecognised $'000	Closing balance $'000
2020						
Deferred tax assets						
Tax losses	564	7,889	-	8,908	486	17,847
Capital raising costs	1,575	(590)	149	-	-	1,134
Provisions	425	347	-	-	-	772
Borrowing costs	814	(465)	-	-	-	349
Derivative financial instruments	8,907	-	-	(8,907)	-	-
	12,285	7,181	149	1	486	20,102
Deferred tax liabilities						
Exploration and evaluation	(8,335)	(375)	-	-	-	(8,710)
Mine properties, property, plant and equipment	(3,950)	(7,442)	-	-	-	(11,392)
	(12,285)	(7,817)	-	-	-	(20,102)
Net deferred tax assets	**-**	**(636)**	**149**	**1**	**486**	**-**
2019						
Deferred tax assets						
Tax losses	14,686	21,392	-	(31)	(35,483)	564
Capital raising costs	1,034	(564)	1,105	-	-	1,575
Provisions	230	195	-	-	-	425
Borrowing costs	42	768	-	4	-	814
Derivative financial instruments	-	8,907	-	-	-	8,907
	15,992	30,698	1,105	(27)	(35,483)	12,285
Deferred tax liabilities						
Exploration and evaluation	(8,030)	(305)	-	-	-	(8,335)
Mine properties, property, plant and equipment	(3,557)	(393)	-	-	-	(3,950)
Derivative financial instruments	(538)	538	-	-	-	-
Foreign exchange movements	(47)	47	-	-	-	-
	(12,172)	(113)	-	-	-	(12,285)
Net deferred tax assets	**3,820**	**30,585**	**1,105**	**(27)**	**(35,483)**	**-**

7 Income tax (continued)

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Therefore, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities have been offset in the consolidated financial statements.

Unrecognised tax losses

	2020 $'000	2019 $'000
Unrecognised tax losses	71,307	71,307
Derecognised tax losses	45,351	46,971
	116,658	**118,278**
Potential tax benefit at 30% (2019: 30%)	**34,997**	**35,483**

In accordance with the Group's policies for deferred taxes, a deferred tax asset is recognised only if it is probable that sufficient future taxable income will be generated to offset against the asset.

Determination of future taxable profits requires estimates and assumptions as to future events and circumstances including commodity prices, ore reserves, exchange rates, future capital requirements, future operational performance, the timing of estimated cash flows and the ability to successfully develop and commercially exploit resources.

Tax legislation prescribes the rate at which tax losses transferred from entities joining a tax consolidation group can be applied to taxable incomes and this rate is diluted by changes in ownership, including capital raisings.

A deferred tax asset has not been recognised for tax losses at the reporting date due to the uncertainty of their recoverability in future periods, because the period over which the losses can be applied to future taxable incomes and the period over which it is forecast that these losses may be utilised, has extended beyond that which management considers prudent to support their continued recognition for accounting purposes. These tax losses do not expire and can be used to reduce future tax profits.

Deferred tax recognised directly in equity

	2020 $'000	2019 $'000
Deferred tax credit relating to share issue costs	**149**	**1,105**

Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation and are therefore taxed as a single entity. The head entity, Gascoyne Resources Limited (Subject to Deed of Company Arrangement), and the wholly-owned controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from wholly-owned controlled entities in the tax consolidated group.

7 Income tax (continued)

The entities have also entered into a tax funding agreement, under which the wholly-owned controlled entities:

- fully compensate the Company for any current tax payable assumed; and
- are compensated by the Company for any:
    - current tax receivable; and
    - deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned controlled entities' financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Recognition and measurement

The income tax expense or credit recognised in profit or loss for the period comprises the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

Current and deferred tax assets and liabilities are offset:

- when the Group has a legally enforceable right to offset; and
- when the tax balances are related to taxes levied by the same tax authority and the Group intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, including any adjustment to tax payable in respect of previous years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Any research and development tax offset due to the Company, from the Australian Taxation Office, will be recognised in current income tax expense when the amount to be received is known.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences. Deferred tax liabilities are always provided for in full.

Accounting estimates and judgements

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate taxation determination is uncertain. The Group estimates its tax liabilities based on its understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such a determination is made.

7 Income tax (continued)

The Group recognises deferred tax assets, relating to carry forward tax losses and other unused tax credits, to the extent that it is probable that there are sufficient taxable temporary differences (deferred tax liabilities), relating to the same taxation authority, against which the losses and other unused tax credits can be utilised. Utilisation of the tax losses also depends upon the ability of the Group to satisfy certain tests at the time the losses are recouped. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and amount of future taxable income, together with future tax planning strategies.

8 Earnings per share

	2020	**2019**
	Cents per share	**Cents per share**
Basic profit/(loss) per share	0.2	(18.6)
Diluted profit/(loss) per share	0.2	(18.6)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted profit/(loss) per share are as follows:

	$'000	**$'000**
Earnings used in calculating earnings per share		
Profit/(loss) after tax attributable to the owners of the Company	**1,989**	**(107,105)**

	No. of shares	**No. of shares**
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	**1,004,864,955**	**577,379,441**

Earnings per share is the amount of post-tax profit attributable to each share.

The exercise price of employee share options was higher than the average market price of the Company's shares for the year and are therefore not considered to be dilutive.

Recognition and measurement

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by
- the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings by allowing for:

- the post-tax effect of interest and other financing costs associated with dilutive ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the financial statements

Capital management

This section of the notes to the financial statements provides information on the assets used to generate the Group's trading performance and the resultant liabilities incurred, including working capital, long-term assets, liabilities arising from finance activities, and equity.

9 Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank and on hand	**5,640**	**16,729**

Recognition and measurement

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Reconciliation of cash flows

Reconciliation of cash flows from operating activities

	2020 $'000	2019 $'000
Profit/(loss) for the year after income tax	1,989	(107,105)
Adjustments		
Depreciation and amortisation	42,189	32,971
Exploration and evaluation expenditure write-off	1	145
Impairment loss	-	33,494
Unwinding of discount	313	400
Share-based payments	(25)	252
Fair value movement in derivative financial instruments	-	1,160
Finance costs	1,610	32,007
Income tax expense	149	4,925
Net changes in operating assets and liabilities		
Increase in other assets	(763)	(1,906)
Increase in inventories	(5,207)	(6,248)
Increase in trade and other payables	9,103	16,929
Increase in provisions	1,564	1,527
Net cash flows from operating activities	**50,923**	**8,551**

Non-cash transactions

Mine properties, property, plant and equipment includes $5.8 million (2019: $0.4 million) of additional assets arising from lease arrangements during the year, of which $5.8 million (2019: $nil) was acquired on a non-cash basis in accordance with the adoption of AASB 16 *Leases* on 1 July 2019.

9 Cash and cash equivalents (continued)

Reconciliation of changes in borrowings and lease liabilities to cash flows arising from financing activities

	Secured bank loan facility $'000	Lease liabilities[1] $'000	Working capital facility $'000	Total $'000
At 1 July 2018	58,714	13,724	-	72,438
Cash flows				
Proceeds	-	352	10,000	10,352
Repayments	(2,633)	(2,283)	-	(4,916)
Interest and transaction costs paid	(2,846)	(504)	(500)	(3,850)
Non-cash movements				
Interest and fees expense[2]	5,143	504	1,681	7,328
Other changes	-	(79)	-	(79)
At 30 June 2019	**58,378**	**11,714**	**11,181**	**81,273**
Cash flows				
Repayments	(6,124)	(3,360)	-	(9,484)
Interest and transaction costs paid	-	(661)	-	(661)
Non-cash movements				
Recognised on adoption of AASB 16[3]	-	5,764	-	5,764
Interest and fees expense[2]	3,795	661	819	5,275
Remeasurement[4]	-	82	-	82
Other changes	-	(39)	-	(39)
At 30 June 2020	**56,049**	**14,161**	**12,000**	**82,210**

1 Accounted for as finance lease liabilities under AASB 117 *Leases* until 30 June 2019, refer to note 30.
2 Interest costs incurred on borrowings that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset (2020: $nil; 2019: $0.3 million).
3 Recognition of lease liabilities on adoption of AASB 16 *Leases* on 1 July 2019, refer to note 17.
4 Remeasurement arising from a change in the lease term.

10 Inventories

	2020 $'000	2019 $'000
Ore stockpiles	6,794	1,304
Gold in circuit	2,120	2,072
Bullion on hand	3,540	2,470
Consumable stores	2,801	2,293
	15,255	**8,139**

Ore stockpiles represent material with a grade greater than 0.5g/t Au that, at the time of extraction, is expected to be processed into a saleable form and sold at a profit. Lower grade ore stockpiles yet to be processed at Dalgaranga are not recognised in inventories. Gold in circuit represents gold in the processing circuit that has not completed the production process, and is not yet in a saleable form. Bullion on hand represents the saleable product.

10 Inventories (continued)

Consumable stores include diesel, grinding media, reagents and other consumables held for use in the production process or maintenance of the operating plant and equipment.

Inventories are valued at the lower of cost and net realisable value. At the reporting date, all inventory on hand is valued at cost (2019: ore stockpiles, gold in circuit and bullion on hand at net realisable value, consumable stores at cost).

No provision was required to write down inventories to their recoverable value at 30 June 2020 (2019: $0.5 million, all inventories except consumable stores).

Recognition and measurement

Ore stockpiles, gold in circuit and bullion on hand are physically measured or estimated and valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises direct materials, direct labour and an appropriate proportion of project overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Consumable stores are valued at weighted average cost, after appropriate provision for redundant and slow-moving items.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Accounting estimates and judgements

Inventory valuation

Accounting for inventory involves the use of judgements and estimates, particularly related to the measurement and valuation of inventory on hand within the production process. Certain estimates, including expected metal recoveries and work in progress volumes, are calculated by engineers using available industry, engineering and scientific data. Estimates used are periodically reassessed by the Group after considering technical analysis and historical performance. Changes in estimates are adjusted for on a prospective basis.

Net realisable value and classification of inventory

The assessment of the net realisable value and classification of inventory involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, recoveries and the likely timing of sale of the bullion produced. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying amount of inventory.

11 Other financial assets and liabilities

	2020 $'000	2019 $'000
Current assets		
Receivable on close out of commodity swap contracts	**633**	**633**
Non-current assets		
Term deposits	**380**	**379**
Current liabilities		
Payable on close out of commodity forward contracts	**24,995**	**30,326**

11 Other financial assets and liabilities (continued)

Commodity swap contracts

During the year ended 30 June 2018 the Group entered into a fixed price Singapore Gasoil 10ppm cash-settled swap transaction contract with Commonwealth Bank of Australia (CBA) for a total of 13.74 million litres of diesel (86,431.39 barrels), effective 1 May 2018 until 30 April 2021 at a fixed forward price of A$94.5077 per barrel. Following the voluntary appointment of Administrators on 2 June 2019, CBA terminated the Singapore Gasoil diesel swap contract of 58,879 barrels outstanding as at 5 June 2019, resulting in a gain of $0.6 million due from CBA during the prior year.

The balance is expected to be offset against SFA debt repayments to be made to CBA on the date of recapitalisation, which is expected to be on or about 20 October 2020.

Term deposits

The Group holds cash in term deposits used as bank guarantees provided by the Group in favour of service providers for leased premises and road maintenance responsibilities. These bank guarantees are secured by blocked deposits held by the grantor of the guarantee.

Commodity forward contracts

During the year ended 30 June 2018, the Group entered into gold forward contracts with Commonwealth Bank of Australia and National Australia Bank (Original Banks) for 176,500 ounces of gold at an average forward price of A$1,717 per ounce. Following the voluntary appointment of Administrators on 2 June 2019, the gold forward contracts of 135,264 ounces outstanding as at 5 June 2019 were terminated, resulting in an additional liability of $30.3 million payable to the Original Banks at that time. The hedges were locked in at a rate of A$1,713 per ounce.

On 11 July 2019, the Original Banks closed the Group's bank accounts held with them prior to Administration. A portion of funds held in those bank accounts was offset against the liability of $30.3 million.

The balance is expected to be settled as part of the repayment and refinancing of the SFA on the date of recapitalisation, which is expected to be on or about 20 October 2020.

Recognition and measurement

The Group classifies financial assets at amortised cost if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other financial liabilities, which are not measured at fair value through profit or loss, are measured at amortised cost using the effective interest method.

Refer to note 20 for further details on accounting for financial assets and liabilities.

12 Other assets

	2020 $'000	2019 $'000
Prepayments	1,375	822
GST and fuel tax receivables	4,192	2,967
Other receivables	4	4
	5,571	**3,793**

12 Other assets (continued)

Recognition and measurement

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less loss allowance. The carrying amounts of receivables are considered to be the same as their fair values, due to their short-term nature.

As the receivables mainly comprise balances due from the Australian Taxation Office, the Group's exposure to credit risk on receivables is limited.

The Group typically does not have trade receivables related to gold sales.

13 Mine properties, property, plant and equipment

	Right-of-use assets							
	Plant and equipment $'000	Property $'000	Mine properties $'000	Plant and equipment $'000	Mine properties under development $'000	Capital work in progress $'000	Mine properties $'000	Total $'000
Cost								
At 1 July 2018	-	-	-	719	174,455	-	-	175,174
Additions	-	-	-	148	8,272	6,659	45,919	60,998
Transfers between classes[1]	-	-	-	95,802	(182,727)	(270)	87,195	-
Transfers to inventory	-	-	-	-	-	-	(1,524)	(1,524)
At 30 June 2019	-	-	-	96,669	-	6,389	131,590	234,648
Accumulated depreciation, amortisation and impairment								
At 1 July 2018	-	-	-	585	-	-	-	585
Depreciation and amortisation[1]	-	-	-	9,235	-	-	23,736	32,971
Impairment loss[1]	-	-	-	17,579	-	-	15,915	33,494
At 30 June 2019	-	-	-	27,399	-	-	39,651	67,050
Net book value	-	-	-	69,270	-	6,389	91,939	167,598
Cost								
At 1 July 2019	-	-	-	96,669	-	6,389	131,590	234,648
Recognised on adoption of AASB 16[2]	5,198	172	394	-	-	-	-	5,764
Reclassified on adoption of AASB 16[3]	14,278	-	-	(14,278)	-	-	-	-
Restated at 1 July 2019	19,476	172	394	82,391	-	6,389	131,590	240,412
Additions	-	-	-	9	-	3,286	45,670	48,965
Disposals	-	-	-	(585)	-	-	-	(585)
Remeasurement[4]	-	82	-	-	-	-	-	82
Transfers between classes	-	-	-	2,672	-	(7,874)	5,202	-
Transfers to inventory	-	-	-	-	-	(473)	-	(473)
At 30 June 2020	19,476	254	394	84,487	-	1,328	182,462	288,401
Accumulated depreciation, amortisation and impairment								
At 1 July 2019	-	-	-	27,399	-	-	39,651	67,050
Reclassified on adoption of AASB 16[3]	4,045	-	-	(4,045)	-	-	-	-
Restated at 1 July 2019	4,045	-	-	23,354	-	-	39,651	67,050
Depreciation and amortisation	2,721	147	54	9,505	-	-	29,762	42,189
Disposals	-	-	-	(585)	-	-	-	(585)
At 30 June 2020	6,766	147	54	32,274	-	-	69,413	108,654
Net book value	**12,710**	**107**	**340**	**52,213**	**-**	**1,328**	**113,049**	**179,747**

13 Mine properties, property, plant and equipment (continued)

1 Item of mine properties reclassified as plant and equipment.
2 Recognition of right-of-use assets on adoption of AASB 16 *Leases* on 1 July 2019, refer to note 17.
3 Finance lease arrangements previously presented within plant and equipment have been reclassified to the right-of-use asset class. There was no change in the amounts recognised.
4 Remeasurement arising from a change in the lease term.

Following the transition to production for accounting purposes at Dalgaranga on 1 August 2018, mine properties under development were transferred to mine properties and plant and equipment, as appropriate. Revenues of $4.2 million derived during commissioning were offset against mine properties under development.

Mine properties, property, plant and equipment includes $5.8 million of additional assets arising from leasing arrangements during the year (2019: $0.4 million). Mine properties include $18.0 million (2019: $19.4 million) relating to the rehabilitation asset. Following the review of the rehabilitation and mine closure provision, refer to note 18, the rehabilitation asset was increased by $1.3 million (2019: $8.3 million) at the reporting date.

No borrowing costs relating to qualifying assets were capitalised during the year (2019: $0.3 million).

Recognition and measurement

Mine properties, property, plant and equipment is stated at cost less accumulated depreciation and amortisation and accumulated impairment losses.

Items of mine properties, property, plant and equipment are initially recognised at cost at the date of acquisition when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be reliably measured. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

Mine properties under development

Mine properties under development represents the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences.

Pre-production revenues are offset against capitalised pre-production costs.

Once production commences, these costs are transferred to property, plant and equipment and mine properties as appropriate, and are depreciated and amortised using the units of production method based on the estimated economically recoverable resource contained in the mine plan to be extracted to which they relate, or are written off if the mine property is abandoned.

Mine properties

Mine properties represent the accumulation of all pre-production expenditure incurred in relation to areas of interest for which the technical feasibility and commercial viability of the extraction of mineral resources are demonstrable.

Production is deemed to commence when the mine assets are installed and ready for use in the location and condition necessary for them to be capable of operating in the manner intended by management. These costs are capitalised to the extent they are expected to be recouped through the successful exploitation of the related mining leases.

13 Mine properties, property, plant and equipment (continued)

Mine properties include:

- Capitalised expenditure in relation to exploration, evaluation, feasibility and acquisition costs incurred on projects for which the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.
- The cost of rehabilitation and mine closure relating to assets reflected in mine properties.
- Capitalised development and production stripping costs.
- Pre-production operating costs, net of pre-production revenue, previously accumulated and carried forward in mine properties under development, transferred to mine properties in relation to areas of interest in which mining has now commenced.
- Associated mine infrastructure including access roads, evaporation ponds, tailings facility and the airstrip.
- Mining contractor mobilisation costs.

Mine properties are amortised on a units of production basis over the economically recoverable ore reserve contained in the relevant mine plan.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the additional future economic benefits associated with the expenditure will flow to the Group. Otherwise such expenditure is classified as part of the cost of production.

Right-of-use assets

Right-of-use (ROU) assets, representing the Group's right to use an underlying leased asset for the lease term, are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Refer to note 30 for the lease accounting policy applicable to contracts entered into, or changed, on or after 1 July 2019 and the related accounting estimates and judgements.

Capital work in progress

Capital work in progress represents expenditure incurred on mine asset enhancement and sustainment projects which are incomplete at the reporting date, and are therefore not yet depreciated or amortised.

Deferred stripping costs

Stripping costs are incurred in both development and production phases during the removal of overburden and waste materials in order to access the ore.

Development stripping costs

Overburden and other mine waste materials removed during the initial development of an open pit mine in order to access the mineral deposit is referred to as development stripping. Costs directly attributable to development stripping, inclusive of an allocation of relevant overhead expenditure, are capitalised in mine properties under development when future economic benefits are probable.

Capitalisation of development stripping costs cease at the time that ore begins to be extracted from the mine. Development stripping costs are amortised over the useful life of the ore body that access has been provided to on a units of production basis, based on the estimated economically recoverable ore reserve contained in the mine plan to be extracted.

Production stripping costs

Production stripping commences when ore begins to be extracted from the mine and normally continues throughout the life of a mine. The costs of production stripping are recognised as operating costs in profit or loss, when the current ratio of waste material to ore extracted for a component of the ore body is below the expected stripping ratio of that component.

When the ratio of waste to ore is not expected to be constant, production stripping costs are accounted for as follows:

- All costs are initially charged to profit or loss as operating costs.
- When the current ratio of waste to ore is greater than the estimated ratio of a component of the ore body, a portion of the stripping costs, inclusive of an allocation of relevant site overhead expenditure, is capitalised to mine properties.
- The capitalised stripping asset is amortised over the useful life of the identified component of the ore body to which access has been improved.

13 Mine properties, property, plant and equipment (continued)

The amount of production stripping costs capitalised or charged in a reporting period is determined so that the stripping expense for the period reflects the estimated strip ratio of the economically recoverable ore reserve component over its relevant life. Changes to the estimated waste to ore ratio of a component of the ore body are accounted for prospectively from the date of change.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use.

Depreciation and amortisation

Depreciation commences when an asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of assets is calculated using either the straight-line method or units of production method to allocate the assets' cost, net of residual values, over the estimated useful lives of the assets.

Mine-related plant and equipment is depreciated on a units of production basis, except for assets with a useful life less than the life of mine, for which the straight-line method is applied. Non-mine-related plant and equipment is depreciated on a straight-line basis. The depreciation rates used when applying the straight-line method vary between 10% to 33% per annum.

Mine properties are amortised on a units of production basis over the life of the estimated ore reserve of the mine.

Units of production method

Where the useful life of an asset is directly linked to the extraction of ore from a mine, the asset is depreciated using the units of production method. The units of production method results in depreciation and amortisation charges proportional to the depletion of the estimated ore reserve of the mine. The unit of account used in the calculation is ounces fine gold poured.

Commencement of production

Pre-production revenues derived from mining activities and operating costs are capitalised. On reaching production for accounting purposes revenues derived from mining activities and associated costs are no longer capitalised and are recognised in profit or loss, and depreciation and amortisation of mine assets commences.

Accounting estimates and judgements

Mine properties under development

Development activities commence after a project is considered economically viable and a final investment decision has been made to develop the asset. In determining economic viability, significant judgement is required in the estimates and assumptions made, including future reserve estimates, existence of an accessible market, forecast prices and cash flows. These estimates and assumptions may be subject to change.

Mine properties

The future recoverability of mine properties is dependent on the generation of sufficient future cash flows from operations or through sale of the respective mine property assets. Factors that could impact the future recoverability of mine properties include resource and reserve estimates, future technological changes, costs of drilling and production, production rates, future legal changes, including changes to environmental restoration obligations, and changes to commodity prices and exchange rates.

Deferred stripping costs

Significant accounting judgements and estimates are required when identifying components of an ore body and estimating stripping ratios and ore reserves by component. Changes to estimates related to life-of-component waste-to-ore strip ratios and the expected ore production from identified components are accounted for prospectively and may affect depreciation rates and asset values.

Depreciation and amortisation

The estimation of useful lives, residual values and depreciation methods requires judgement and is reviewed annually, based on the expected utilisation of the assets. Any changes to current estimations may affect prospective depreciation rates and asset values.

13 Mine properties, property, plant and equipment (continued)

Units of production method

The Group uses the units of production method when amortising mine properties and depreciating other mine-related assets, which results in an amortisation or depreciation charge proportional to the depletion of the anticipated remaining ore reserve. The annual assessment of an asset's economic life includes evaluation of its physical life limitations and current assessments of economically recoverable ore reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

Commencement of production

Significant judgement is required in assessing the timing of the commencement of production activities. Determining when development ends and production starts requires assessment of a number of factors associated with operational performance of a project. Production is deemed to commence when the mine assets are installed and ready for use in the location and condition necessary for them to be capable of operating in the manner intended by management.

In determining whether mine properties under development are considered available for commercial use, the criteria considered include, but are not limited to, the following:

- satisfactory completion of a reasonable period of commissioning of mine plant and equipment;
- ability to produce minerals in saleable form, within specifications; and
- ability to sustain ongoing production of minerals.

Mineral resources and ore reserves estimates

Estimates of economically recoverable quantities of mineral resources and ore reserves also include assumptions requiring significant judgement as detailed in mineral resources and ore reserves statements. The Group estimates its mineral resources and ore reserves in accordance with the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code). The information on mineral resources and ore reserves was prepared by Competent Persons as defined in the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information is available. Information obtained through infill drilling, changes in the forecast prices of commodities, exchange rates, operating costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated. Changes in reported reserve estimates can impact the carrying amount of mine properties and related amortisation, exploration and evaluation expenditure, the rehabilitation and mine closure provision, and the recognition of deferred tax assets.

14 Impairment of non-current assets

	2020 $'000	2019 $'000
Dalgaranga gold operations cash-generating unit	-	**33,494**

Management have undertaken a review of the carrying amount of the non-current assets relating to the Dalgaranga gold operations cash-generating unit (Dalgaranga CGU), as a result of the identification of impairment indicators, being the placement of the Group into voluntary administration by the Board of Directors on 2 June 2019 and subsequent suspension from trading on the ASX.

Impairment testing

Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount, being the value in use (VIU) of the Dalgaranga CGU, has been estimated using the discounted cash flows method based on the Group's recoverable gold minerals.

14 Impairment of non-current assets (continued)

VIU is estimated based on discounted cash flows using a market-based commodity price, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements.

The estimates in the VIU calculation are considered to be level 3 measurements as they are derived from calculation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by similar market participants.

Estimates of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's Life of Mine planning process including mill capacity levels. The current Life of Mine Plan (LOMP) was developed in the context of the current gold price environment.

Key assumptions used in calculations

The table below summarises the key assumptions used in the 30 June 2020 carrying value assessments.

Key assumption	Unit	2020
Gold price	A$/oz	2,550
Pre-tax discount rate	%	22
Ore Reserve	Ounces	426,300
Recovery %	%	86
Process plant capacity per annum (fresh ore feed)	tonnes	2,500,000

Commodity prices and exchange rate estimation approach

Gold prices and foreign exchange rates are estimated with reference to external market forecasts and reviewed at least annually. The price applied has considered observable market data including spot and forward values.

Discount rate

A pre-tax nominal discount rate of 22% (2019:15%) was used, which equated to a post-tax rate of 10%, reflecting the time value of money, the price for bearing the uncertainty inherent in the asset as well as a comparison to other mid-tier producing gold mining companies in Australia.

Production activity and operating and capital costs

Life of mine production activity and operating and capital cost assumptions are based on the Group's latest LOMP announced to the market on 31 July 2020. Discounted cash flows include expected cost improvements and sustaining capital requirements. Estimated production is assumed to be consistent with the capacity constraint of the Dalgaranga mill. Recoveries are based on the mix of ore type processed through the plant.

Key metrics underpinning the LOMP include:

Metric	Unit	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Average
Ore mined	**Mtpa**	4.5	4.1	4.8	3.4	-	-	-	2.4
Ore processed	**Mtpa**	2.5	2.5	2.5	2.5	2.5	2.7	2.7	2.6
Strip ratio	**W:O**	6.3	3.5	2.6	0.9	-	-	-	3.5
Milled grade	**g/t AU**	1.0-1.1	1.0-1.1	1.0-1.1	1.0-1.1	0.4-0.5	0.4-0.5	0.3-0.4	0.8
Recoveries	**%**	90.1	88.8	87.0	85.6	82.2	81.4	87.2	86.0
Production	**Koz**	70-80	70-80	70-80	70-80	25-35	25-35	25-35	55-60
AISC	**A$/oz**	1,200-1,300	1,300-1,400	1,650-1,750	1,200-1,300	1,500-1,600	1,700-1,800	1,900-2,000	1,400-1,500

14 Impairment of non-current assets (continued)

Resources and reserves

Mineral Resource and Ore Reserve ounces are based on the Group's JORC Code compliant Mineral Resource and Ore Reserve updates announced to the market on 10 June 2020 and 31 July 2020, respectively.

Impact

The impairment review conducted indicated a recoverable amount in excess of the current carrying amount of the Dalgaranga CGU and therefore no impairment loss has been recognised at 30 June 2020 (2019: $33.5 million).

Plant and equipment	2020 $'000	2019 $'000
Carrying amount	179,747	201,092
Impairment	-	(33,494)
Recoverable amount	**179,747**	**167,598**

Sensitivity analysis

Variation in movements in any key assumptions may result in a change to the estimated recoverable amount which may indicate an additional impairment, or a reduction in impairment, of non-current assets. Holding all other variables constant, the decreases in recoverable amount created by marginal changes in each of the key assumptions is as follows:

Key assumption	Change in assumption	Amount of decrease $'000
Gold price	$150/oz decrease	13,000
Pre-tax discount rate	1% point increase	3,500
Ore Reserve	5% decrease	20,000

The decreases above would not result in additional impairment for the Group. It is estimated that a reduction of AU$750 per ounce in the long-term price of gold, after incorporating any consequential effects of changes on the other variables used to measure recoverable amount, would cause the recoverable amount of the Dalgaranga CGU to equal its carrying amount.

Recognition and measurement

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been subject to an impairment loss, or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent if any, of the impairment loss or reversal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs).

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

The recoverable amount of a CGU is the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU). FVLCD is the best estimate of the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable willing parties, less the costs of disposal. This estimate is determined on the basis of best available market information taking into account specific conditions. VIU is the present value of the future cash flows expected to be derived from the CGU or group of CGUs. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions prepared by management.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

14 Impairment of non-current assets (continued)

Accounting estimates and judgements

Assessment of indicators of impairment

The assessment of indicators of impairment or impairment reversal requires significant management judgement. Indicators of impairment may include unfavourable changes in market rates, indication of a decline in asset value, the anticipation of lower than expected asset performance and significant adverse market, technological, economic or legal changes.

Assessment of CGU recoverable amounts

The assessment of the recoverable amount of non-current assets involves significant judgements and estimates in relation to the determination of estimated future cash flows expected to be derived from the assets' use and the associated discounting of those cash flows to the estimated present value. CGU recoverable amounts are subject to variability in key estimates and assumptions which include ore reserves, commodity prices, currency exchange rates, discount rates, production profiles, operating and sustaining capital costs and operating performance. The inputs to models used in these assessments are taken from observable markets where possible, but where this is not feasible, management uses the best information available and a degree of judgement is required in establishing recoverable amounts. Changes in assumptions used to estimate VIU or FVLCD could affect the reported recoverable amounts of assets.

15 Exploration and evaluation

	2020 $'000	**2019 $'000**
At 1 July	28,971	28,062
Expenditure incurred during the year	1,604	1,360
Expenditure reclassified to mine properties	(460)	-
Expenditure reclassified to mine properties under development	-	(306)
Exploration and evaluation expenditure write-off	(1)	(145)
At 30 June	**30,114**	**28,971**

Exploration expenditure is incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing identified mineral deposits.

There may exist, on the Group's exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within tenements may be subject to exploration or mining restrictions.

Recognition and measurement

Exploration and evaluation expenditure is capitalised and carried forward on an area of interest basis to the extent that rights to tenure of the area of interest are current and either:

- the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant exploration and evaluation activities in, or in relation to, the area of interest are continuing.

No amortisation is charged during the exploration and evaluation phase.

Reclassification to mine properties under development

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and a management decision to invest further has been made, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties under development.

15 Exploration and evaluation (continued)

Impairment

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or through sale of the respective areas of interest.

Exploration and evaluation assets are tested for impairment when reclassified to mine properties under development, or whenever facts or circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs of disposal and their value in use.

Accounting estimates and judgements

The Group has capitalised significant exploration and evaluation expenditure on the basis that such expenditure is expected to be recouped through future successful development or through sale of the areas of interest concerned, or on the basis that it is not yet possible to assess whether it will be recouped and activities are planned to enable that determination.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the area of interest itself, or if not, whether it successfully recovers the asset through sale.

16 Trade and other payables

	2020 $'000	2019 $'000
Trade payables	43,409	32,476
Deferred contractor mobilisation payables	-	372
Employee benefits	199	108
	43,608	**32,956**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition or in accordance with the payment terms agreed with the supplier.

Deferred contractor mobilisation payables represent costs relating to the mobilisation and site establishment for the mining contractor equipment and infrastructure for Dalgaranga that have been deferred with settlement to occur within 12 months from the reporting date.

Trade payables at 30 June 2020 included pre-Administration unsecured creditor debts of $6.8 million and secured creditor debt owed to NRW under the mining services contract of $20.7 million.

On 25 August 2020, the Company transferred $2.9 million to an external trust account held by the Deed Administrators. This amount represents the estimated maximum cash payment (approximately 50% of the amount owing to unsecured creditors owed more than $10,000) that the Group is required to make in order to satisfy its obligations to these creditors under the DOCA. Upon effectuation of the DOCA, the Deed Administrators will transfer this amount to the Creditors' Trust and, shortly thereafter, make cash payments to the unsecured creditors.

The remaining obligations of the Group to unsecured creditors will be met on or prior to completion of the Recapitalisation through a cash payment of up to $10,000 for each unsecured creditor out of proceeds received from the capital raise and through the issue of shares to the Creditors' Trust.

The secured NRW debt is expected to be settled through a cash payment of up to a maximum of $7.0 million from the proceeds of the capital raising and a payment arrangement for the remaining balance due. For further details, refer to the Deed of Company Arrangement section in the Directors' report.

16 Trade and other payables (continued)

Recognition and measurement

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Trade and other payables are presented in current liabilities unless payment is not due within 12 months after the reporting date.

17 Borrowings and lease liabilities

	2020 $'000	2019 $'000
Current		
Secured bank loan facility	56,049	58,378
Lease liabilities	3,483	2,379
Working capital facility	12,000	11,181
	71,532	**71,938**
Non-current		
Lease liabilities	**10,678**	**9,335**

Refer to note 9 for reconciliation of changes in borrowings and lease liabilities to cash flows arising from financing activities.

Secured bank loan facility

In December 2017, the Group entered into a syndicated facility agreement (SFA) with Commonwealth Bank of Australia and National Australia Bank (Original Banks) for the provision of a secured $60.0 million Project Finance Facility to fund the development of Dalgaranga. The loan facility is interest-bearing with a variable interest rate based on the BBSY rate plus a margin of 6.50% from 2 June 2019, incorporating an additional overdue rate of 2.00%, on commencement of Administration.

The SFA was originally repayable by June 2022, however, voluntary appointment of Administrators on 2 June 2019 was an event of default under the terms of the SFA, therefore the remaining loan balance due to the Original Banks as at 2 June 2019 became due and payable in full on that date. Principal repayments of $6.1 million (2019: $2.6 million) were made during the year.

Monthly payments to the Original Banks of $1.0 million per month commenced on 1 July 2020 and will continue until repayment of the SFA in full.

The SFA is secured by the following:

- a general security agreement over all of the assets of GNT Resources Pty Ltd[1] and holding company Dalgaranga Operations Pty Ltd[1];
- a featherweight and share security agreement over the shares and featherweight property of Gascoyne Resources (WA) Pty Ltd[1];
- a first ranking mining mortgage over the mining lease and certain other miscellaneous licences relating to Dalgaranga in accordance with the *Mining Act 1978 (WA)*;
- a guarantee provided by Gascoyne Resources Limited[1] until project completion has been reached; and
- a guarantee provided by Dalgaranga Operations Pty Ltd[1].

1 All Subject to Deed of Company Arrangement.

17 Borrowings and lease liabilities (continued)

As part of the Recapitalisation of the Company, on 13 August 2020, the Group entered into a finance facility agreement with Investec Bank plc to refinance $40.0 million of the SFA debt with the balance to be repaid from the capital raising proceeds. On or about 20 October 2020, the remaining balance that will be due to the Original Banks under the SFA is expected to be repaid in full, thereby releasing the security held by the Original Banks over the Group's assets.

Working capital facility

On 21 December 2018 the Group secured a $12.0 million working capital facility from Dalgaranga mining contractor NRW Pty Ltd (NRW). The facility was repayable by 30 June 2020, however, voluntary appointment of Administrators on 2 June 2019 resulted in a suspension of repayments. Fees and interest rates are set at commercial rates commensurate for this type of facility.

The facility and associated mining contract are secured by a subordinated general security agreement over the assets of GNT Resources Pty Ltd (Subject to Deed of Company Arrangement), a Group subsidiary, until full repayment of both the facility and the associated mining contract.

On 13 October 2020 the working capital facility was settled in full through an issue of such number of shares calculated at the issue price under the NRW Offer as is equal to $12.0 million. The security held by NRW over the Group's assets will be released following effectuation of the DOCA which is scheduled to occur on or about 20 October 2020.

Assets pledged as security

The carrying amounts of assets pledged as security for borrowings and lease liabilities at the reporting date are:

	2020 $'000	2019 $'000
Current		
Cash and cash equivalents	5,599	9,064
Inventories	15,255	8,139
Other financial assets	633	633
Other assets	4,572	3,320
	26,059	**21,156**
Non-current		
Mine properties, property, plant and equipment	179,540	167,453
Exploration and evaluation	20,040	19,253
Other financial assets	250	250
	199,830	**186,956**
Total assets pledged as security	**225,889**	**208,112**

Lease liabilities

The Group leases power generating and storage facilities, plant and equipment, and property, for which contracts are typically entered into for fixed periods and may include extension options.

Lease liabilities are secured with the rights to leased assets recognised in the financial statements reverting to the lessor in the event of default.

AASB 16 Leases

The Group adopted the new lease accounting standard, AASB 16 *Leases* (AASB 16), on its effective date of 1 July 2019, refer to note 30. Additional lease liabilities of $5.8 million (current: $1.0 million; non-current: $4.8 million) were recognised on 1 July 2019. Additional lease interest expense of $0.3 million and lease principal repayments of $1.0 million were incurred during the year.

17 Borrowings and lease liabilities (continued)

Finance lease liabilities - AASB 117 Leases

In accordance with AASB 16, finance leases recognised under AASB 117 *Leases* (AASB 117) as at 30 June 2019 were reclassified as lease liabilities on 1 July 2019 and will continue to be accounted for using the effective interest method, with the measurement principles of AASB 16 applied to these leases from 1 July 2019.

Finance lease commitments at 30 June 2019 under AASB 117 were payable as follows:

2019	Within one year $'000	Between one year and five years $'000	Later than five years $'000	Total $'000
Lease expenditure commitments	2,793	10,042	-	12,835
Future finance charges	(414)	(707)	-	(1,121)
Finance lease liabilities	**2,379**	**9,335**	**-**	**11,714**

Recognition and measurement

Borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are derecognised when the contractual obligations are discharged, cancelled or expire. Any difference between the carrying amount of a derecognised liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

Borrowing costs, which do not meet the criteria for capitalisation, are expensed in the period in which they are incurred and reported as finance costs in profit or loss.

Lease liabilities

Lease liabilities are initially recognised on the commencement date of the lease, measured at the present value of lease payments to be made over the lease term. Refer to note 30 for the lease accounting policy applicable to contracts entered into, or changed, on or after 1 July 2019 and the related accounting estimates and judgements.

18 Provisions

	2020 $'000	2019 $'000
Current		
Employee benefits	1,528	1,326
Royalty payments	1,430	726
	2,958	**2,052**
Non-current		
Employee benefits	676	18
Rehabilitation and mine closure	25,524	23,864
	26,200	**23,882**

18 Provisions (continued)

Movements in the rehabilitation and mine closure provision during the year are as follows:

	2020 $'000	2019 $'000
At 1 July	23,864	15,137
Additional provisions recognised	1,347	8,327
Unwinding of discount	313	400
At 30 June	**25,524**	**23,864**

Current employee benefits include retention bonuses payable in order to maintain business continuity during the Administration period, as the Group's operations continued trading following the voluntary appointment of Administrators.

The Group completed a review of the rehabilitation and mine closure provision during the year, which resulted in an increase of $1.3 million (2019: $8.3 million) to both the provision and the corresponding rehabilitation asset recorded in mine properties.

Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

Employee benefits

The provision for employee benefits relates to the Group's liabilities for annual leave and long service leave.

The current provision represents amounts for annual leave that are expected to be settled within 12 months of the end of the period in which the employees render the service and is measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave not expected to vest within 12 months after the end of the period in which the employees render the service is recognised in the non-current provision for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields on high quality corporate bonds at the reporting date with terms and currencies that match the estimated future cash outflows as closely as possible.

Where the Group does not have an unconditional right to defer settlement for any annual or long service leave owed, it is classified as a current provision regardless of when the Group expects to realise the provision.

Rehabilitation and mine closure

The Group has obligations to dismantle and remove certain items of mine properties, property, plant and equipment and to restore and rehabilitate the land on which they sit.

A provision is recognised for the estimated cost of settling the rehabilitation and restoration obligations existing at the reporting date, discounted to present value using high quality corporate bond market yields at the reporting date, that match the timing of the estimated future cash outflows as closely as possible.

Where the obligation is related to an item of mine properties, property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. The related rehabilitation asset for Dalgaranga is included in mine properties. Costs that relate to obligations arising from waste created by the production process are recognised as operating costs in the period in which they arise.

18 Provisions (continued)

The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. Over time, the discounted value is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. This increase in the provision, being the periodic unwinding of the discount due to the passage of time, is recognised as a finance cost in profit or loss.

The provision is reassessed at least annually. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying amount of the provision. Any change in the provision is reflected as an addition to, or deduction from, the related rehabilitation asset in mine properties and amortised as appropriate.

Accounting estimates and judgements

Rehabilitation and mine closure

The provision recognised for rehabilitation and mine closure costs relating to Dalgaranga represents the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of mine properties, property, plant and equipment and to rehabilitate the site.

As the discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate, then changes to one or more of these assumptions is likely to result in changes to the carrying amount of the provision and the related rehabilitation asset and costs and may result in future actual expenditure differing from the amounts currently provided.

19 Equity

Share capital

	2020		2019	
	No. of shares	**$'000**	**No. of shares**	**$'000**
Fully paid ordinary shares				
At 1 July	1,004,864,955	171,931	434,702,028	125,847
Issue of shares[1]	-	-	68,323,334	20,497
Share purchase plan[2]	-	-	12,290,000	3,687
Issue of shares[3]	-	-	77,297,304	3,865
Issue of shares[4]	-	-	412,252,289	20,613
Share issue costs[5]	-	(497)	-	(3,683)
Deferred tax credit relating to share issue costs	-	149	-	1,105
At 30 June	**1,004,864,955**	**171,583**	**1,004,864,955**	**171,931**

1 Private placement at $0.30 per share on 28 August 2018 (63,966,667 shares) and 8 October 2018 (4,356,667 shares).
2 Share purchase plan at $0.30 per share on 28 September 2018.
3 Private placement at $0.05 per share on 12 April 2019.
4 Entitlement offer at $0.05 per share on 8 May 2019.
5 Share issue costs incurred during the current year relating to the capital raising which formed part of the Recapitalisation completed in the year ended 30 June 2021.

Fully paid ordinary shares have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value.

19 Equity (continued)

Recapitalisation

As proposed under the DOCA executed on 26 June 2020, 4,012,296,661 shares were issued on 13 October 2020 to meet cash funding requirements and equity-settlement of debt and employment contract obligations, refer to note 24. Following the capital raising, the total shares on issue are scheduled to be consolidated on a basis of 1 share for every 20 shares on issue, on or about 20 October 2020.

Non-controlling interests

	2020 $'000	2019 $'000
At 1 July	1,129	1,076
Non-controlling interests' share of current year exploration expenditure	(4)	53
At 30 June	**1,125**	**1,129**

Under the contractual joint venture agreements giving rise to the non-controlling interests (NCI), the Company is required to free carry the NCI by sole funding the joint venture operations until the earlier of: the completion of a bankable feasibility study, a decision to commence mining operations, or an election by the non-controlling joint venture partner to convert their respective 20% participation interest to a 2% net smelter return royalty.

Reserves

	Share-based payments reserve $'000	Exploration asset reserve $'000	Total $'000
At 1 July 2018	1,447	(764)	683
Share-based payments	252	-	252
Non-controlling interests' share of current year exploration expenditure	-	(53)	(53)
At 30 June 2019	**1,699**	**(817)**	**882**
Share-based payments	(25)	-	(25)
Non-controlling interests' share of current year exploration expenditure	-	4	4
At 30 June 2020	**1,674**	**(813)**	**861**

Share-based payments reserve

The share-based payments reserve recognises the fair value of outstanding share options, including options issued under the Company's Employee Share Option Plan.

Exploration asset reserve

The exploration asset reserve recognises exploration expenditure incurred on contractual joint venture tenements in proportion to any non-controlling interest in the joint venture during the free carry/sole funding period.

Notes to the financial statements

Risk management

This section of the notes to the financial statements provides information about the Group's exposure to various risks, how these risks could affect the Group's financial position and performance, and how the Group manages these risks.

20 Financial risk management

The Group's activities expose it to financial risks including market risk, liquidity risk and credit risk, arising from the financial instruments held by the Group. The Board has overall responsibility for the establishment and oversight of a risk management framework, through the Audit and Risk Committee, to ensure that financial activities are governed by policies and procedures and that financial risks are identified, measured and managed in accordance with policies, to support the delivery of financial targets while protecting future financial security. The Audit and Risk Committee is responsible for developing and monitoring the Group's risk management policies.

On commencement of Administration on 2 June 2019, the responsibilities of the Board as outlined in the Board Charter were assumed by the Administrators pursuant to section 437A of the *Corporations Act 2001*. Board responsibilities are expected to be resumed by the Directors on the return of control over the Company following effectuation of the DOCA and the immediate retirement of the Deed Administrators, scheduled to occur on or about 20 October 2020.

Financial assets and liabilities

The Group's financial instruments are as below:

2020	**Interest bearing - variable $'000**	**Interest bearing - fixed $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets at amortised cost				
Cash and cash equivalents	-	-	5,640	5,640
Other receivables[1]	-	-	4	4
Term deposits	-	380	-	380
Other financial assets	-	-	633	633
Total financial assets	**-**	**380**	**6,277**	**6,657**
Financial liabilities at amortised cost				
Trade and other payables[1]	-	-	42,857	42,857
Secured bank loan facility	56,049	-	-	56,049
Lease liabilities	-	14,161	-	14,161
Working capital facility	-	12,000	-	12,000
Other financial liabilities	-	-	24,995	24,995
Total financial liabilities	**56,049**	**26,161**	**67,852**	**150,062**

1 Excludes balances which do not meet the definition of financial instruments.

20 Financial risk management (continued)

2019	Interest bearing - variable $'000	Interest bearing - fixed $'000	Non-interest bearing $'000	Total $'000
Financial assets at amortised cost				
Cash and cash equivalents	12,233	-	4,496	16,729
Other receivables[1]	-	-	4	4
Term deposits	-	379	-	379
Other financial assets	-	-	633	633
Total financial assets	**12,233**	**379**	**5,133**	**17,745**
Financial liabilities at amortised cost				
Trade and other payables[1]	-	-	32,368	32,368
Secured bank loan facility	58,378	-	-	58,378
Lease liabilities[2]	-	11,714	-	11,714
Working capital facility	-	11,181	-	11,181
Other financial liabilities	-	-	30,326	30,326
Total financial liabilities	**58,378**	**22,895**	**62,694**	**143,967**

1 Excludes balances which do not meet the definition of financial instruments.
2 Accounted for as finance lease liabilities under AASB 117 *Leases* until 30 June 2019.

Recognition and measurement

Initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Classification and subsequent measurement

Financial assets

Classification and measurement of financial assets are based on the business model in which they are managed and their contractual cash flow characteristics. On initial recognition, financial assets, other than those designated and effective as hedging instruments, are classified as measured at amortised cost using the effective interest method, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

For financial assets subsequently measured at amortised cost, any interest income, impairment losses, foreign exchange gains and losses are recognised in profit or loss.

Financial assets at FVTPL

Financial assets whose contractual cash flows are not solely payments of principal and interest, or are not classified as measured at amortised cost or FVOCI, are measured at FVTPL. Derivative financial assets are measured at FVTPL.

20 Financial risk management (continued)

For financial assets subsequently measured at FVTPL, net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with debt instruments measured at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards of ownership are transferred.

Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expire.

Any gain or loss on derecognition is recognised in profit or loss.

Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

Accounting estimates and judgements

Fair value measurement

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, they are measured using valuation techniques including discounted cash flows (DCF). The inputs to DCF models are taken from observable markets where possible, but where this is not feasible, management uses the best information available and a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and arises from the Group's exposure to movements in commodity prices, interest rates and foreign currency. At the reporting date, the Group has minimal exposure to foreign currency risk as the Group's operations are all located within Australia and material transactions are denominated in Australian dollars, the Group's functional currency.

The Group manages market risk through the use of derivatives, within the guidelines set by the Audit and Risk Committee.

20 Financial risk management (continued)

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk on its outstanding borrowings and short-term cash deposits, as profiled in the Financial assets and liabilities analysis above. The Group's main interest rate risk arises from the variable rates payable on the secured bank loan facility, which exposes the Group to cash flow interest rate risk.

Interest rate sensitivity

The analyses below illustrate the sensitivity of profit or loss and other equity to a change in interest rates of +/- 1% (2019: +/- 1%), representing management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other factors remain constant.

	Profit/(loss)		**Other equity**	
	+1% $'000	**-1% $'000**	**+1% $'000**	**-1% $'000**
Cash and cash equivalents	-	-	-	-
Borrowings	(512)	512	-	-
At 30 June 2020	**(512)**	**512**	**-**	**-**
Cash and cash equivalents	122	(122)	-	-
Borrowings	(574)	574	-	-
At 30 June 2019	**(452)**	**452**	**-**	**-**

Commodity price risk

The Group uses derivative commodity contracts to manage its exposure to commodity price fluctuations.

Gold price risk

The Group's exposure to gold price fluctuations is managed by executing derivative gold contracts such as gold forward sales commitments, or purchasing gold put options, all denominated in Australian dollars, refer to note 4.

Oil price risk

The Group's diesel fuel costs are exposed to the volatility in crude oil prices. To mitigate the risk of adverse movements in the diesel fuel price, the Group may execute derivative fuel contracts such as diesel swap transaction contracts.

Liquidity risk

Liquidity risk is the risk that that the Group might be unable to meet its financial obligations as they fall due.

The Group manages liquidity risk by monitoring cash flows and ensuring that adequate levels of working capital are maintained.

20 Financial risk management (continued)

Contractual maturities of financial liabilities, including estimated interest payments are as follows:

	Within 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Later than 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
2020						
Trade and other payables[1]	42,857	-	-	-	42,857	42,857
Secured bank loan facility	56,049	-	-	-	56,049	56,049
Lease liabilities	4,043	3,861	7,175	483	15,562	14,161
Working capital facility	12,000	-	-	-	12,000	12,000
Other financial liabilities	24,995	-	-	-	24,995	24,995
	139,944	**3,861**	**7,175**	**483**	**151,463**	**150,062**
2019						
Trade and other payables[1]	32,368	-	-	-	32,368	32,368
Secured bank loan facility	65,555	-	-	-	65,555	58,378
Lease liabilities[2]	2,793	2,793	7,249	-	12,835	11,714
Working capital facility	11,858	-	-	-	11,858	11,181
Other financial liabilities	30,326	-	-	-	30,326	30,326
	142,900	**2,793**	**7,249**	**-**	**152,942**	**143,967**

1 Excludes balances which do not meet the definition of financial instruments.
2 Accounted for as finance lease liabilities under AASB 117 *Leases* until 30 June 2019.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Group limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only dealing with banks and financial institutions with acceptable credit ratings.

The carrying amount of financial assets represents the maximum credit exposure.

20 Financial risk management (continued)

Fair value measurement

Fair value hierarchy

As prescribed under AASB 13 *Fair Value Measurement*, financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy, which categorises the inputs to valuation techniques used to measure fair value.

The valuation inputs are categorised as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Unobservable inputs for the asset or liability - inputs for the asset or liability that are not based on observable market data.

Therefore Level 3 inputs include the highest level of estimation uncertainty.

The fair value of financial instruments that are not traded in active market (for example, over-the-counter derivatives) is determined using valuation techniques.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

There were no financial assets and financial liabilities measured and recognised at fair value on a recurring basis as at 30 June 2020 or 30 June 2019. The carrying values of financial assets and liabilities recognised in the financial statements approximate their fair values.

21 Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, pay dividends to shareholders, issue new shares or sell assets.

The Group monitors the adequacy of capital by analysing cash flow forecasts.

The Group manages and adjusts the capital structure when funding is required.

Notes to the financial statements

Unrecognised items

This section of the notes to the financial statements provides information about items not recognised in the financial statements, as they do not satisfy recognition criteria, but which could affect the Group's financial position and performance in future.

22 Commitments

Exploration expenditure

	2020 $'000	2019 $'000
Minimum exploration expenditure commitments due:		
Within one year	1,621	1,305
Between one year and five years	4,677	4,546
Later than five years	4,435	4,924
	10,733	**10,775**

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet minimum expenditure commitments required under the lease conditions. These expenditure obligations can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions.

Capital expenditure

Group subsidiary GNT Resources Pty Ltd (Subject to Deed of Company Arrangement) had commitments for capital expenditures relating to Dalgaranga at the reporting date that were not recognised as liabilities amounting to $0.2 million (2019: $1.8 million) all due within one year.

Non-cancellable operating leases – AASB 117 *Leases*

	2020 $'000	2019 $'000
Minimum lease payments due:		
Within one year	-	1,373
Between one year and five years	-	4,348
Later than five years	-	198
	-	**5,919**

The Group's operating lease commitments at 30 June 2019 comprised of leases of LNG supply tanks at Dalgaranga, including the provision of associated infrastructure and services, land at Dalgaranga and the corporate office lease expiring 31 August 2020.

AASB 16 Leases

The Group applied the new lease accounting standard, AASB 16 *Leases* (AASB 16), on its effective date of 1 July 2019, refer to note 30. In accordance with AASB 16, the above operating lease commitments were recognised as ROU assets and lease liabilities on the consolidated statement of financial position on 1 July 2019.

22 Commitments (continued)

Recognition and measurement

Operating leases - accounting policy applicable prior to 1 July 2019

Until 30 June 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Operating lease payments were recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

23 Contingent liabilities

Bank guarantees

The Group has provided bank guarantees in favour of service providers for leased premises and road maintenance responsibilities. The total of these guarantees at the reporting date was $0.4 million (2019: $0.4 million). The bank guarantees are secured by blocked deposits held by the grantor of the guarantee. The deposit accounts are recognised as other financial assets in the consolidated statement of financial position.

Demobilisation costs

The Group has entered into certain contracts relating to Dalgaranga that provides for the payment of demobilisation costs upon termination of the contract. The amount to be paid is contingent upon the timing and basis of contract termination. The Group estimates that the maximum amount payable is not greater than $0.9 million (2019: $1.3 million).

Early termination payment

The Group has entered into a contract relating to Dalgaranga that provides for the payment to the contractor in the event of early termination of that contract. The amount to be paid is dependent on the period of time remaining under the contract at the time of termination. The amount payable in the event of early termination of this contract varies on a sliding scale between $nil and $13.4 million.

Transfer duty assessment

In December 2016, the Group acquired a joint venture partner's 20% interest in the mineral tenements comprising the Group's Dalgaranga Gold Project. The transfer of tenements is subject to transfer duty in Western Australia. At the request of the Office of State Revenue (OSR) the Group commissioned an independent valuation of the tenements transferred in the transaction. On 10 February 2020, the OSR confirmed an additional amount of $0.6 million payable in respect of transfer duty. The additional transfer duty was assessed based on an independent valuation of the tenements prepared by the OSR's preferred expert, Revaluate Pty Limited. The additional liability relates to transactions completed prior to 2 June 2019, being the appointment date of the Administrators. As such the full liability of $0.6 million was treated as a pre-appointment claim and will form part of the settlement of unsecured creditors as referred to in note 16.

24 Events occurring after the reporting date

On 31 July 2020, the Group released an updated Dalgaranga Ore Reserve to the market. The updated Dalgaranga Ore Reserve estimate of 426,300 ounces of gold represents a more than 53% conversion of the 801,300 ounces Dalgaranga Mineral Resource. The Group also released a robust seven-year life of mine plan on the same date. Key aspects of the updated life of mine plan include:

- four years expected annual production of 70-80,000 ounces (FY2021-2024), followed by three years expected annual production of 25-35,000 ounces (FY2025-2027) processing lower grade stockpiles;
- project average all-in sustaining cost (AISC) range of $1,400 - $1,500 per ounce;
- production target of approximately 400,000 ounces, underpinned by the GMZ; and
- life of mine strip ratio of 3.5:1 (waste:ore).

24 Events occurring after the reporting date (continued)

On 4 August 2020, the Group received notice that proceedings had been commenced in the Federal Court of Australia (Court) by Habrok (Dalgaranga) Pty Ltd (Habrok). Habrok's claims related to alleged deficiencies in the Administrators' Report to Creditors which resulted in the proposed DOCA, asserted that the DOCA is oppressive and unfairly prejudicial to creditors and that it shields the Directors and advisors of the Company from appropriate scrutiny and investigations. The Court ordered that the hearing of the Habrok proceedings was to commence on 14 September 2020. The Court also made consequent orders programming the interlocutory steps towards such a hearing date. This was on the basis of an undertaking by the Company and the Deed Administrators to the effect that the Company would not issue new shares related to the capital raise discussed below before 4pm (AEST) on 30 September 2020 (or such later date as may be ordered or agreed). On 29 September 2020, the Court issued its judgement dismissing all of Habrok's claims and awarded costs to the Company.

On 13 August 2020, the Company issued a prospectus to raise $85.2 million as part of the proposed Recapitalisation of the Company, comprising:

- 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.

All share numbers referred to above are prior to the consolidation of the Company's shares scheduled to complete on or about 20 October 2020.

On 13 August 2020, the Group entered into a $40.0 million amortising debt facility (finance facility) with Investec Bank plc (the Financier) to fund the remaining balance that will be due on the SFA, following partial settlement of the SFA from capital raising proceeds. On 15 October 2020 a utilisation request was made by the Group for the full amount of the facility with proceeds scheduled to be received for use by the Group on 20 October 2020. The finance facility is to be repaid over three years in quarterly instalments commencing 31 December 2020, with a variable interest rate based on the BBSY rate plus a margin of 5.25% per annum. The facility is secured, with the Financier to have senior security over the assets of the Company and certain subsidiaries, subject to agreed carve-outs that are customary for a facility of this nature.

On 17 August 2020, the Group announced successful completion of the placement and accelerated institutional component of the $85.2 million capital raise. The Group received commitments for $35.0 million through a placement to institutional and sophisticated investors and accepted applications for approximately $26.3 million under the accelerated institutional component of the Entitlement Offer.

The Group agreed revised rates under the mining contract with NRW effective from 1 September 2020. Drafting of the related contract amendment documentation remains in progress.

On 4 September 2020, and 21 September 2020, the Group released supplementary prospectuses to advise of extensions to the closing date for the retail component of the Entitlement Offer from 10 September 2020 to 25 September 2020 and from 25 September 2020 to 7 October 2020 respectively, to accommodate a revised Court timetable in relation to the Habrok proceedings detailed above.

On 7 September 2020, the Original Banks extended the time limit on their initial commitment to not accept or enter into any transaction which may jeopardise the completion of the DOCA from 12 September 2020 to 8 October 2020. On 6 October 2020, the Original Banks further extended the time limit on their initial commitment to not accept or enter into any transaction which may jeopardise the completion of the DOCA from 8 October 2020 to 31 October 2020.

On 8 October 2020, the Company announced that acceptances under the Retail Entitlement Offer amounted to $17.1 million, (71.3% of the Retail Entitlement Offer). The shortfall amount of $6.8 million was subscribed for by the underwriter of the Entitlement Offer, thereby ensuring that the targeted capital raise amount of $85.2 million was realised.

The Recapitalisation of the Company is currently progressing and control of the Group is expected to revert to the Directors following effectuation of the DOCA which is scheduled to occur on or about 20 October 2020. All shares were issued on 13 October 2020, raising $85.2 million before costs. The Company is scheduled to complete a 1-for-20 share consolidation on or about 20 October 2020. Proceeds from the capital raising are to be used to settle pre-administration debts as per the creditor payment terms of the DOCA, fund working capital requirements and drilling and exploration activities.

24 Events occurring after the reporting date (continued)

If ASX reinstatement conditions are satisfied following effectuation of the DOCA, which is scheduled to occur on 20 October 2020, trading in the Company's shares will recommence on or about 21 October 2020.

The Directors are not aware of any other matter or circumstance that has arisen since the end of the year which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

Notes to the financial statements

Other information

This section of the notes to the financial statements provides additional financial information, including information which is not specifically related to individual financial items, and other disclosures which are required to comply with Australian Accounting Standards and other regulatory pronouncements.

25 Interests in other entities

Interests in subsidiaries

Subsidiary	Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Gascoyne Resources (WA) Pty Ltd[1]	Australia	100	100
Dalgaranga Operations Pty Ltd[1]	Australia	100	100
GNT Resources Pty Ltd[1]	Australia	100	100
Egerton Exploration Pty Ltd[1]	Australia	100	100
Dalgaranga Exploration Pty Ltd[1]	Australia	100	100
Gascoyne (Ops Management) Pty Ltd[1]	Australia	100	100
Dalgaranga Joint Ventures[2]	Unincorporated	80	80

1 All Subject to Deed of Company Arrangement.
2 Principal place of business is Perth, Western Australia.

Gascoyne is party to two contractual joint ventures to undertake mineral exploration on tenements that form part of Dalgaranga. The joint venture entities are classified as subsidiaries of the Group in accordance with AASB 10 *Consolidated Financial Statements*.

The Dalgaranga Joint Ventures' activities include the exploration of the joint venture tenements for minerals and if successful, to develop and mine minerals within the joint venture tenements. Under the terms of the agreements Gascoyne is required to free carry the vendors' participating interest in the joint ventures by sole funding the joint venture costs until the earlier of, the completion of a bankable feasibility study, a decision to commence mining operations, or an election by the non-controlling joint venture partner to convert their respective 20% participation interest to a 2% net smelter return royalty. If an election is made to convert the 20% participation interest to a net smelter royalty the Group's ownership interest in the respective joint ventures' net assets will increase to 100%.

26 Related party transactions

Key management personnel remuneration

	2020 $	2019 $
Short-term employee benefits	1,143,971	2,178,872
Long-term employee benefits	(12,285)	(77,722)
Post-employment benefits	65,630	118,840
Share-based payments	-	67,200
	1,197,316	**2,287,190**

Detailed key management personnel remuneration disclosures are provided in the Remuneration report section of the Directors' report. There were no other transactions between the Company and KMP during the year.

27 Share-based payments

	2020		2019	
	No. of options	Weighted average exercise price[1]	No. of options	Weighted average exercise price[1]
Employee share options				
Outstanding at 1 July	11,650,000	$0.48	7,850,000	$0.55
Expired during the year	(7,850,000)	$0.53	-	-
Granted during the year	-	-	4,180,000	$0.40
Forfeited during the year	-	-	(380,000)	$0.40
Outstanding at 30 June	**3,800,000**	**$0.38**	**11,650,000**	**$0.48**
Exercisable at 30 June[2]	-	-	-	-

1 Options outstanding on 8 May 2019 were repriced in accordance with ASX listing rule 6.22, on issue of shares pursuant to a pro-rata non-renounceable entitlement offer. Option exercise prices were reduced from $0.40 to $0.38 and from $0.55 to $0.53.

2 Options not exercisable at end of year due to the Company being in Administration at that time. Share transfers are not permitted during Administration without the consent of the Administrators or the Court.

In September 2020, option holders were offered nominal consideration of $100 to relinquish their options resulting in the cancellation of 1,660,000 options, leaving a remaining balance of 2,140,000 options which are scheduled to be consolidated on a basis of 1 option for every 20 options on issue, on or about 20 October 2020.

Options outstanding on 8 May 2019 were repriced in accordance with ASX listing rule 6.22, on issue of shares pursuant to a pro-rata non-renounceable entitlement offer. The option exercise price was reduced from $0.40 to $0.38. Options outstanding were further repriced in accordance with ASX listing rule 6.22, on issue of shares pursuant to a pro-rata non-renounceable entitlement offer. The option exercise price was reduced from $0.38 to $0.37. Following the 1-for-20 share consolidation scheduled to complete on or about 20 October 2020, the option exercise price will be adjusted from $0.37 to $7.40.

Share-based compensation benefits are provided to employees via the Group's incentive plans. The total of share-based payments recognised in profit or loss during the year as part of employee benefits expense was a credit of $24,024 (2019: $250,824 expense).

Employee share option plan

Eligible employees are entitled to purchase shares in the Company, under the Company's Employee Share Option Plan (ESOP). All options are equity-settled, by physical delivery of shares.

Employee share options carry no rights to dividends and no voting rights. In accordance with the terms of the ESOP, options may be exercised at any time from the vesting date to the date of their expiry. Unvested options expire on the earlier of their expiry date or within 30 days of cessation of the employee's employment.

27 Share-based payments (continued)

Details of options outstanding at the reporting date are as follows:

	2018 Grant
Number granted	4,180,000
Vested	3,800,000
Unvested	-
Forfeited	380,000
Vesting conditions	Service condition[1]
Weighted average remaining contractual life	1.25 years
Grant date	5 October 2018
Expiry date	7 October 2021
Exercise price at grant date	$0.40
Exercise price at reporting date[2]	$0.38
Fair value at grant date	$0.084

1 The options contain a six-month service condition expiring on 7 April 2019 and a twelve-month service condition expiring on 7 October 2019. The options vest one-third on grant, one-third after six months and one-third after twelve months, and remain exercisable until the options lapse.

2 Options outstanding on 8 May 2019 were repriced in accordance with ASX listing rule 6.22, on issue of shares pursuant to a pro-rata non-renounceable entitlement offer.

Fair value of options granted

The fair value of services received in return for share options granted is based on the fair value of the share options granted. The following principal assumptions were applied in the valuations of outstanding options:

Valuation assumptions	2018 Grant
Grant date (Valuation date)	5 October 2018
Vesting period end date	7 October 2019
Expiry date	7 October 2021
Exercise price at grant date	$0.40
Share price at grant date	$0.28
Expected volatility based on historical share price information	60.00%
Risk-free interest rate	2.06%
Valuation model employed	Black Scholes

Valuations of options may not necessarily represent the market price of the options at the date of valuation.

Recognition and measurement

Fair value of options

The fair value at grant date is determined using a Black Scholes option pricing model that takes into account the exercise price, term of the option, share price at grant date of the underlying share, expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

27 Share-based payments (continued)

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (the vesting period), ending on the date on which the relevant employees become fully entitled to the option (the vesting date). The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions, for example, profitability and sales growth targets.

At each reporting date, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefits expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

Accounting estimates and judgements

Management and external specialists use a Black Scholes option pricing model to determine the fair values of options granted. Both the selection of the valuation methodology and various inputs to models are subject to judgement.

28 Auditor's remuneration

	2020 $	2019 $
Audit and review of financial statements	110,000	110,000
Due diligence services[1]	5,000	-
	115,000	**110,000**

1 Non-audit services provided by Grant Thornton Australia Limited.

The auditor of the parent entity Gascoyne Resources Limited (Subject to Deed of Company Arrangement) is Grant Thornton Audit Pty Ltd.

29 Parent entity financial information

Summary financial information

The individual financial statements of Gascoyne Resources Limited (Subject to Deed of Company Arrangement), the parent entity, are summarised below:

	2020 $'000	2019 $'000
Current assets	1,041	8,137
Non-current assets	60,258	115,776
Total assets	**61,299**	**123,913**
Current liabilities	3,729	1,552
Non-current liabilities	201	7
Total liabilities	**3,930**	**1,559**
Net assets	**57,369**	**122,354**
Issued capital	171,583	171,931
Share-based payments reserve	1,674	1,699
Accumulated losses	(115,888)	(51,276)
Total equity	**57,369**	**122,354**
Financial performance		
Loss for the year	**(64,612)**	**(38,985)**

Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for tax consolidation legislation as referred to in note 7.

Guarantees in relation to debts of subsidiaries

The parent entity has provided a guarantee in relation to the SFA, refer to note 17.

Contingent liabilities

Refer to note 23 for details of a bank guarantee given by the parent entity for leased premises.

Contractual commitments for the acquisition of property, plant and equipment

The parent entity had no contractual commitments for the acquisition of property, plant and equipment as at the reporting date (2019: $nil).

30 Summary of other significant accounting policies

The Group's accounting policies referred to in this financial report are consistent in all material respects with those applied in the previous year except for the changes arising from the adoption of AASB 16 *Leases* (AASB 16) on 1 July 2019, as described below. Significant accounting policies not already disclosed in the notes to the financial statements above are presented in this note.

30 Summary of other significant accounting policies (continued)

Principles of consolidation

Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiaries as at the reporting date. A subsidiary is an entity that is controlled by the parent. The parent controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements are prepared using uniform accounting policies for each Group member and all Group members have a 30 June reporting date.

The Group consolidates the assets, liabilities and results of a subsidiary from the date on which it first controls the entity. On loss of control of a subsidiary the Group de-recognises the assets and liabilities of the former subsidiary, and recognises any investment it retains in its former subsidiary in accordance with the relevant accounting standard(s).

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group entities. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

A non-controlling interest is recognised in the consolidated statement of financial position within equity where an entity outside of the Group has an ownership interest in a subsidiary or its net assets.

Joint ventures

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement in which the parties have rights to the net assets of the arrangement. Investments in joint ventures are recognised as an investment and are typically accounted for using the equity method of accounting. The Dalgaranga Joint Ventures, refer to note 25, are classified as subsidiaries of the Group, based on the Group's controlling interest in the joint ventures.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing transactions which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Leases

The following lease accounting policy is applicable to contracts entered into, or changed, on or after 1 July 2019.

Lease assessment

Applying the definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease, by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

30 Summary of other significant accounting policies (continued)

Control is considered to exist if the Group has the right to obtain substantially all of the economic benefits from the use of an explicitly or implicitly identified asset over which the supplier does not have a substantive substitution right, and the right to direct the use of that asset throughout the period of use.

Lease term

The lease term is the non-cancellable term of the lease and any periods covered by:

- an extension option, if that option is reasonably certain to be exercised, and;
- a termination option, if that option is reasonably certain not to be exercised.

Non-lease components

At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component on the basis of their relative stand-alone prices, unless an election is made to account for the lease and non-lease components as a single lease component.

Non-lease components are excluded from future lease payments and recognised separately as incurred as operating expenses on a straight-line basis in profit or loss.

Initial recognition

Leases are recognised as an ROU asset and a corresponding lease liability at the commencement date, which is the date the leased asset is available for use by the Group.

Short-term leases and leases of low-value assets

All leases are accounted for by recognising an ROU asset and a lease liability except for:

- short-term leases (defined as leases with a lease term of 12 months or less and which do not contain a purchase option) and;
- leases of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as incurred as operating expenses on a straight-line basis over the lease term in profit or loss.

Lease liabilities

Initial measurement

Lease liabilities are initially measured at the present value of lease payments to be paid after the commencement date over the lease term, discounted using the lessee’s incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined.

The lessee’s incremental borrowing rate (IBR) is the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the IBR, the Group obtains external interest rate advice and adjusts the interest rates to reflect the lease conditions and the underlying asset.

Lease payments included in the measurement of the lease liabilities comprise:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts payable under residual value guarantees; and
- payments arising from purchase, extension or termination options reasonably certain to be exercised by the Group.

Variable lease payments not dependent on an index or a rate, for example, variable lease payments linked to the use of an underlying asset, are not included in the measurement of lease liabilities, and are recognised as operating expenses in profit or loss as incurred.

30 Summary of other significant accounting policies (continued)

Subsequent measurement

The lease liability is subsequently measured on an amortised cost basis using the effective interest method, where the lease liability is increased to reflect the accretion of interest and reduced by the lease payments made, over the lease term.

Interest expense is recognised as interest expense on lease liabilities in profit or loss over the lease term, on the remaining lease liability balance for each period.

Remeasurement

Lease liabilities are remeasured if:

- there is a lease modification that is not accounted for as a separate lease; or
- there are changes in: the lease term; the assessment to exercise a purchase option; amounts payable under a residual guarantee; in-substance fixed payments; or future lease payments arising from a change in an index or rate.

A revised discount rate is applied when there is a change in the assessment to exercise a purchase option, the lease term or floating interest rates. A corresponding adjustment is recognised in the ROU asset, or in profit or loss if the carrying amount of the ROU asset has been reduced to nil.

ROU assets

ROU assets, representing the Group's right to use the underlying leased asset for the lease term, are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Initial measurement

The initial cost of ROU assets includes:

- the initial measurement of the related lease liabilities recognised;
- any lease payments made on or before the commencement date, less any lease incentives received;
- initial direct costs incurred; and
- restoration cost estimates, recognised and measured applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Subsequent measurement

ROU assets are subsequently depreciated, in accordance with the Group's existing depreciation accounting policy, over the shorter of the estimated useful life of the underlying asset and the lease term. If it is reasonably certain that the Group will either obtain ownership of the underlying asset by the end of the lease term or exercise a purchase option, the ROU asset is depreciated over its estimated useful life.

ROU assets are assessed for any impairment in accordance with the Group's existing impairment accounting policy.

Finance lease liabilities – accounting policy applicable prior to 1 July 2019

Finance lease liabilities, which transferred substantially all of the risks and rewards incidental to ownership of the leased item to the Group, were initially recognised at the fair value of the underlying assets or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability to reflect a constant periodic rate of interest on the remaining balance of the liability. Finance charges were recognised as finance costs in profit or loss.

Assets acquired under finance leases were depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there was no reasonable certainty that the Group would obtain ownership at the end of the lease term.

30 Summary of other significant accounting policies (continued)

Accounting estimates and judgements

Leases

The application of AASB 16 requires judgements that affect the valuation of lease liabilities and ROU assets. In addition to the critical judgements and areas of estimation uncertainty discussed below, the following judgements and estimations need to be considered when assessing leases:

- determination of stand-alone prices of lease and non-lease components, whether remeasurement or a separate lease is required following a change in lease terms and conditions, and whether variable payments are in-substance fixed or not to be included in the calculation of the lease liability; and
- assessments of whether a purchase option will be exercised or an ROU asset is impaired.

Identifying a lease

Identifying whether a contract is, or contains, a lease involves the exercise of judgement about whether:

- the contract depends on a specified asset;
- the Group obtains substantially all of the economic benefits from the use of the asset and has the right to direct the use of the asset; and
- the contract is perpetual or for a period of time over which the underlying assets are to be used.

Determining the lease term

The following assessments impact the lease term which may significantly affect the amount of lease liabilities and ROU assets recognised.

Extension and termination options

The Group applies judgement in determining whether it is reasonably certain to exercise extension or termination options, by considering all relevant factors that could provide an economic incentive to exercise these options.

Non-cancellable period

In determining the lease term, the assessment of a contract following the contractual non-cancellable period needs to consider the substance of the contract and whether any economic penalties exist which may affect the term of the non-cancellable period.

Determining the incremental borrowing rate

Where the Group (or Group entity) cannot readily determine the interest rate implicit in the lease, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Therefore, as the IBR reflects what the Group would have to pay, estimation is required when no observable rates are available or when observable rates need to be adjusted to reflect the terms and conditions of the lease.

New standards adopted by the Group

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of new and revised standards and interpretations has had no effect on the amounts reported for prior periods.

The Group applied AASB 16 from the initial date of application, 1 July 2019. AASB 16 replaces AASB 117 *Leases* (AASB 117) and related interpretations, and is effective for financial periods beginning on or after 1 January 2019.

The Group's accounting policies have been amended as required, refer to the above section headed Leases in this note.

There are no other new standards and interpretations in issue which are mandatory for 30 June 2020 reporting periods that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

30 Summary of other significant accounting policies (continued)

AASB 16 Leases

AASB 16 introduces a single lessee on-balance sheet accounting model, eliminating the distinction between operating and financing leases under AASB 117, and requires recognition of an ROU asset and a lease liability for most lease contracts with a lease term of more than 12 months, unless the underlying asset is of low value.

AASB 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset.

Transition approach on adoption of AASB 16

The Group adopted AASB 16 on the date of initial application, 1 July 2019, applying the modified retrospective approach permitted by the standard. Under this approach, ROU assets and lease liabilities are calculated as at 1 July 2019 for operating leases existing at 30 June 2019 and comparative information is not restated, with any cumulative effect of initially applying AASB 16 recognised as an adjustment to the opening balance of retained earnings on 1 July 2019. The comparative information continues to be reported under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease* (IFRIC 4).

Recognition of ROU assets and lease liabilities on the date of initial application

On adoption of AASB 16 on 1 July 2019, ROU assets of $5.8 million were recognised in mine properties, property, plant and equipment and lease liabilities of $5.8 million were recognised in borrowings and lease liabilities, with no cumulative effect recognised in accumulated losses.

For leases previously classified as operating leases, lease liabilities were measured at the present value of the remaining lease payments, discounted using asset and company-specific incremental borrowing rates at the date of initial application, 1 July 2019. The weighted average incremental borrowing rate applied was 5.53%.

The related ROU assets recognised were measured at an amount equal to the related lease liability recognised on 1 July 2019.

For leases previously classified as finance leases, the carrying amounts of the lease assets and lease liabilities immediately before transition on 30 June 2019, as measured under AASB 117, were carried forward as the carrying amounts of the ROU asset and lease liability at the date of initial application, 1 July 2019. The measurement principles of AASB 16 are applied to these leases from the date of initial application.

30 Summary of other significant accounting policies (continued)

The reconciliation of the lease liabilities recognised on initial application of AASB 16 at 1 July 2019 to the total operating lease commitments recognised under AASB 117 as disclosed on 30 June 2019 is summarised below:

	$'000
Operating lease commitments disclosed as at 30 June 2019	5,919
Less: Components excluded from lease liability[1]	(139)
Add: Extension options reasonably certain to be exercised	946
Operating lease liabilities before discounting	6,726
Impact of discounting future lease cash flows at the incremental borrowing rate at 1 July 2019	(962)
Additional lease liabilities recognised on adoption of AASB 16	5,764
Finance lease liabilities recognised as at 30 June 2019	11,714
Total lease liabilities recognised under AASB 16 at 1 July 2019	17,478
Of which:	
Current	3,393
Non-current	14,085
	17,478

1 Including non-lease components.

Practical expedients applied

The Group has used the following practical expedients permitted by the standard when applying AASB 16 on the date of initial application to leases previously classified as operating leases:

- applying the optional exemptions to not recognise ROU assets and lease liabilities for leases with a remaining lease term of less than 12 months (short-term lease) as at 1 July 2019, or for leases for which the underlying asset is of low value. The lease payments will continue to be treated as operating expenses accounted for on a straight-line basis over the remaining lease term;
- the exclusion of the initial direct costs of obtaining a lease from the measurement of ROU assets at the date of initial application; and
- the use of hindsight in determining the lease term when considering options to extend or terminate leases.

Definition of a lease

For existing contracts on 1 July 2019, the Group elected to apply the practical expedient which allows AASB 16 to only be applied to contracts which were previously identified as leases under AASB 117 and IFRIC 4. Contracts that were not identified as leases before the date of initial application were not reassessed to determine whether a lease existed. The Group has applied AASB 16 to contracts entered into, or changed, on or after 1 July 2019.

Use of judgement and estimates

Judgement has been applied in determining the transition adjustments which includes:

- assessing the variability of future lease payments, and
- the determination of the lease term, incremental borrowing rates, and which contractual arrangements represent a lease.

Refer to the above section entitled 'Leases' in this note for further details on accounting judgements and estimates related to lease accounting.

30 Summary of other significant accounting policies (continued)

Impact of adoption of AASB 16

The effects on financial statements of lessees following adoption of AASB 16 are summarised as follows:

- The recognition of assets and liabilities for almost all leases on the consolidated statement of financial position.
- The nature and timing of lease-related expenses change under AASB 16, as operating lease expenses, typically accounted for on a straight-line basis over the lease term, are replaced by the depreciation expense for ROU assets and the interest expense on lease liabilities.
- Equipment under finance lease arrangements previously presented as mine properties, property, plant and equipment is now presented in right-to-use assets. There has been no change in the amounts previously recognised under AASB 117.
- Leases previously classified as finance leases and presented in finance lease liabilities under AASB 117 are now presented in lease liabilities. There has been no change in the liabilities recognised.
- Cash flows from operating activities increase as the principal portion of the lease liability will move from operating cash flows to financing cash flows, with the net increase/decrease in cash and cash equivalents remaining unchanged.

Summary of the additional amounts recognised during the year following adoption of AASB 16:

	$'000
Consolidated statement of financial position	
Lease liabilities initially recognised on 1 July 2019	5,764
Additional lease liabilities recognised during the year	82
Additional lease principal repayments during the year	(1,014)
Additional lease liabilities at 30 June 2020	4,832
ROU assets initially recognised on 1 July 2019	5,764
Additional ROU assets recognised during the year	82
Additional depreciation and amortisation during the year	(1,323)
Net book value of additional ROU assets at 30 June 2020	4,523
Consolidated statement of comprehensive income	
Additional lease interest expense during the year	(268)
Additional depreciation and amortisation during the year	(1,323)
Operating lease payments replaced	1,282
Impact on profit before tax	(309)
Impact on income tax	93
Impact on profit after tax	(216)

Presentation under AASB 16

For the year ended 30 June 2020:

- Lease liabilities are presented in borrowings and lease liabilities.
- ROU assets are presented in mine properties, property, plant and equipment, by asset class.
- Interest expense on lease liabilities is included in finance costs.
- In the consolidated statement of cash flows, the principal portion of lease payments is included in financing activities and the interest portion is included in operating activities.
- Payments associated with short-term leases, leases of low-value assets and variable lease payments are classified as cash flows from operating activities.

30 Summary of other significant accounting policies (continued)

New standards not yet adopted by the Group

The Group has not elected to early adopt any issued standards and interpretations which are not mandatory for 30 June 2020 reporting periods. There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

ASX additional information

The following information as required by the Australian Exchange Securities Limited Listing Rules was current as at 16 October 2020.

Voting rights

Fully paid ordinary shares

On a show of hands, every holder of fully paid ordinary shares present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote in accordance with the Company's Constitution.

Options

Options hold no voting rights.

Distribution of shareholdings – ordinary fully paid shares (ASX: GCY)

Size of holding	Number of shareholders	Number of shares	% of Issued capital
1 - 1,000	438	128,929	0.00
1,001 - 5,000	358	1,009,981	0.02
5,001 - 10,000	282	2,225,193	0.04
10,001 - 100,000	1,090	43,484,913	0.87
100,001 and over	830	4,970,312,600	99.07
	2,998	**5,017,161,616**	**100.00**

The Company's shares are suspended from trading while the Company is subject to Deed of Company Arrangement. Accordingly, all holdings are unmarketable at this time.

Distribution of unquoted equity securities – employee incentive options

Size of holding	Number of option holders	Number of options	% of Outstanding options
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	5	270,000	12.62
100,001 and over	6	1,870,000	87.38
	11	**2,140,000**	**100.00**

Substantial shareholders[1]

Shareholder	Number of shares	% of Issued capital
DELPHI Unternehmensberatung Aktiengesellschaft	867,789,249	17.30
NRW Holdings Limited	738,715,230	14.72

1 As notified in substantial shareholder notices received by the Company.

ASX additional information

Twenty largest shareholders

Rank	Shareholder	Number of shares	% of Issued capital
1	HSBC Custody Nominees (Australia) Limited	765,367,016	15.25
2	NRW Holdings Limited	738,715,230	14.72
3	Citicorp Nominees Pty Limited	411,548,902	8.20
4	DELPHI Unternehmensberatung Aktiengesellschaft	362,232,832	7.22
5	CS Third Nominees Pty Limited	256,361,527	5.11
6	Pershing Australia Nominees Pty Ltd <Accum A/C>	254,383,922	5.07
7	Sparta AG	232,000,000	4.62
8	J P Morgan Nominees Australia Pty Limited	206,761,241	4.12
9	DELPHI Unternehmensberatung Aktiengesellschaft	185,316,417	3.69
10	Ian Francis, Michael Ryan and Kathryn Warwick <GRL Group Creditors A/C>	112,566,745	2.24
11	BNP Paribas Nominees Pty Limited	90,211,591	1.80
12	DELPHI Unternehmensberatung Aktiengesellschaft	88,240,000	1.76
13	BNP Paribas Nominees Pty Limited Canaccord <DRP A/C>	57,600,000	1.15
14	CS Fourth Nominees Pty Limited	48,787,204	0.97
15	National Nominees Limited	46,006,100	0.92
16	Mr Stanley Macdonald and associated entities	43,691,087	0.87
17	UBS Nominees Pty Limited	35,108,900	0.70
18	Argonaut Securities Pty Limited <ASPL Client No 2 A/C>	32,833,248	0.65
19	Lim Advisors Ltd	32,133,334	0.64
20	Lind Global Macro Fund LP	28,000,000	0.56
		4,027,865,296	**80.26**

On-market buy-back

The Company is not currently conducting an on-market buy-back.

Restricted securities or securities subject to voluntary escrow

The Company does not have any restricted securities.

The Company has 480,000,000 shares that are voluntarily escrowed until 13 April 2021.

Waiver from ASX Listing Rule 10.13.5 for the issue of shares

The Company advises that it obtained a waiver from the requirements of ASX Listing Rule 10.13.5 to enable it to issue up to 12,500,000 bonus shares and 5,000,000 placement shares at a minimum price of $0.02 per share to Mr Richard Hay (or his associate) no later than three months after the date of the shareholders' meeting held on 5 August 2020 (EGM). Subsequent to receiving the waiver, the issue price was set at $0.025 per share and therefore, the approval granted by shareholders at the EGM authorised the Company to issue 10,000,000 bonus shares and 4,000,000 placement shares to Mr Hay.

The Company advises that on 13 October 2020, it issued 10,000,000 bonus shares and 4,000,000 placement shares to Mr Hay's associate.

Tenement schedule

As at 30 June 2020

Tenement	Tenement name	Mineral targeted	Location	Ownership interest
ELA09/2352	Bassit Bore	Gold	Gascoyne Region	100% Gascoyne Resources
EL21/195	Dalgaranga	Gold	Murchison Region	80% Gascoyne Resources
EL59/1709	Dalgaranga	Gold	Murchison Region	80% Gascoyne Resources
EL59/1904	Dalgaranga	Gold	Murchison Region	80% Gascoyne Resources
EL59/1906	Dalgaranga	Gold	Murchison Region	80% Gascoyne Resources
L59/141	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
L59/142	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
L59/151	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
L59/152	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
L59/153	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
L59/167	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
L59/168	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
L59/169	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
L59/170	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
ML59/749	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
EL59/2150	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
EL59/2053	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
EL59/2289	Dalgaranga	Gold	Murchison Region	100% Gascoyne Resources
EL52/3531	Mumbakine Well	Gold	Pilbara Region	100% Gascoyne Resources
EL09/1325	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
EL09/1764	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
EL09/1865	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
EL09/1866	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
EL09/2025	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
EL09/2148	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
L09/56	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
L09/62	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
ML09/148	Glenburgh	Gold	Gascoyne Region	100% Gascoyne Resources
EL51/1648	Andy Well Nth	Gold	Murchison Region	100% Gascoyne Resources
EL51/1681	Beebyn	Gold	Murchison Region	100% Gascoyne Resources
EL52/2117	Mt Egerton	Gold	Gascoyne Region	100% Gascoyne Resources
EL52/2515	Mt Egerton	Gold	Gascoyne Region	100% Gascoyne Resources
EL52/3574	Mt Egerton	Gold	Gascoyne Region	100% Gascoyne Resources
ML52/343	Mt Egerton	Gold	Gascoyne Region	100% Gascoyne Resources
ML52/567	Mt Egerton	Gold	Gascoyne Region	100% Gascoyne Resources
EL52/3490	Mt James	Gold	Gascoyne Region	100% Gascoyne Resources

Abbreviations used in Tenement schedule:

EL Exploration Licence
ELA Exploration Licence Application
L Miscellaneous Licence
ML Mining Lease