GASCOYNE
RESOURCES LIMITED

Interim financial report

for the half-year ended 31 December 2020

Corporate Directory

Directors

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

Joint Company Secretaries

David Coyne
Shane McBride

Australian Business Number

57 139 522 900

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Stock Exchange Listing

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

Contents

Directors' report

The Directors of Gascoyne Resources Limited (Gascoyne or the Company) present their report together with the condensed interim financial statements (interim financial statements) of the consolidated entity, being Gascoyne Resources Limited and its controlled entities (together, the Group), for the half-year ended 31 December 2020.

Directors

The Directors of the Company during the half-year and up to the date of this report were, unless otherwise stated:

Mr George Bauk[1]	Independent Non-executive Chairman
Mr Richard Hay[2]	Managing Director and Chief Executive Officer
Mr Rowan Johnston[1]	Independent Non-executive Director

1 Appointed 5 August 2020.
2 Mr R Hay was appointed as an Executive Director on 5 August 2020, retaining the title of Chief Executive Officer. On 20 October 2020 Mr Hay assumed the role of Managing Director and Chief Executive Officer.

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 was to restructure the Group's debts and facilitate the recapitalisation of the Company. 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 was completed and control of the Group reverted to the Directors following effectuation of the DOCA on 20 October 2020. The Deed Administrators confirmed that:

- all conditions of the DOCA were satisfied in full;
- the DOCA was fully effectuated on the terms approved by creditors of the Group and previously advised to the ASX; and
- that the Group is not subject to any other forms of external administration, receivership or liquidation.

ASX reinstatement conditions were satisfied following effectuation of the DOCA and trading in the Company's shares recommenced on 21 October 2020.

Review of operations

During the half-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.

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 in Western Australia.

COVID-19 management

In order to address the risks associated with the COVID-19 pandemic, the Company continues to work closely with all regulatory and industry bodies to implement agreed actions as and when required, including those from the most recent COVID-19 lockdown in Western Australia in early February 2021.

To date, the Company has not experienced any material impact to its operations due to COVID-19 and continues to closely monitor developments and maintains a high level of readiness to actively respond to potential COVID-19 risks. Building on the experience garnered from the first half of the 2020 calendar year, the Company has in place established protocols and procedures to manage COVID-19 risks. These protocols and procedures were recently reactivated during the COVID-19 lockdown in Western Australia in early February 2021.

Safety

Total recordable injury frequency rate (TRIFR) at the end of December 2020 was 11.3, a decrease from 12.6 at the end of June 2020. As part of the renewed focus on improving safety performance and culture, several initiatives were progressed during the half year period including safety leadership development at all levels of the organisation.

Environmental regulation

The Group continued to adhere to sound environmental regulatory stewardship during the half year with no environmental harm caused at any of the Group's operations. During the period, the Group continued to regularly engage with relevant regulators regarding ongoing matters as part of normal operations management including seeking modifications to certain licence conditions and limits at Dalgaranga. Among the modifications being sought are the removal of limits to the weak acid dissociable cyanide (WAD) discharge into the Tailing Storage Facility (TSF) and to decreasing the standing water level limits in groundwater monitoring bores peripheral to the operating TSF. The changes being sought are to better align licence conditions with operating outcomes observed over the past six to twelve months, align Dalgaranga to licence conditions and limits at other similar operations, and to reduce the risk of possible non-compliance in the future.

Production

During the half-year, the Group continued its focus on delivering consistent operating performance from the Dalgaranga Gold Project (Dalgaranga). For the period ended 31 December 2020, 40,695 ounces of gold were produced at Dalgaranga (2019: 33,670 ounces) an increase of 20.9% over the corresponding period. This increased and sustained rate of production was primarily driven by access to higher grade ore sourced from the Gilbey's Main Zone (GMZ) and ongoing operational improvements in the process plant. The quarter ended 31 December 2020 marked the third quarter in succession where over 20,000 ounces of gold were produced, and 80,086 ounces of gold were produced for the 2020 calendar year.

Mining in the Golden Wings open pit was completed in August 2020 and all mining operations are now occurring within the Gilbey's open pit. Importantly, most 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. Toward the end of the half-year period, the Group commenced a project to transform the depleted Golden Wings pit into an in-pit tails storage facility.

Following the completion of the Gilbey's Stage 1 cutback in the first half of the 2020 calendar year, the Company commenced the Gilbey's Stage 2 cutback in late September 2020, resulting in a total of 5.3 million bank cubic metres (BCM) being mined (2019: 6.2 million BCM), a decrease of 14.5% over the corresponding period. The decrease in mining volumes was primarily due to the 2019 corresponding period experiencing higher volumes following a decision to commence an acceleration of the Stage 1 cutback during the 2019 corresponding period.

Average plant feed grade improved to 1.05g/t Au in the current half-year (2019: 0.86g/t Au). The increase in grade compared to the corresponding period was driven primarily by the majority of ore feed being sourced from the transitional and fresh GMZ during the half year ended December 2020.

Processing plant throughput was excellent in the December 2020 half-year period with annualised run rates on predominantly fresh rock ore of approximately 2.6Mtpa, exceeding fresh rock nameplate design of 2.5Mtpa. It is anticipated that annualised throughput rates will remain similar to this rate, or better, even as higher percentages of fresh ore are processed. Even though the processing rate exceeded nameplate capacity for the half year period, plant recoveries averaged 92.5% (2019: 89.8%), 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, and the current half-year reflects a full period of operation of this system.

Gravity gold recovery continued to improve during the half-year, with the December 2020 half averaging 22.9% (2019: 13.7%). The gravity gold recovery increase has built confidence in the original feasibility study metallurgical test work, which identified a range of 30-50% gravity recoverable gold in the GMZ fresh ore.

All-in sustaining cost (AISC) of $1,276 per ounce (2019: $1,788 per ounce) significantly improved from the prior half-year AISC. The marked improvement was primarily driven by increased ounces of gold poured of 40,180 ounces this half-year compared to 33,791 ounces in the prior half-year. Increase in gold ounces poured is a result of the combination of factors discussed above.

Key operating metrics

Key operational information is summarised as follows:

		Quarter				Calendar year	
Production summary	**Unit**	**March 2020**	**June 2020**	**September 2020**	**December 2020**	**H1 2020**	**H2 2020**
Mining							
Total material movement	Kbcm	2,815	2,019	2,248	3,102	4,834	5,350
Waste	Kbcm	2,395	1,643	1,859	2,800	4,038	4,659
Ore (volume)	Kbcm	420	376	389	302	796	691
Ore (tonnage)	Kt	931	814	1,004	827	1,745	1,831
Mined grade	g/t Au	0.75	0.95	0.86	0.88	0.84	0.87
Processing							
Throughput	Kt	741	683	645	668	1,424	1,313
Feed grade	g/t Au	0.85	1.03	1.06	1.03	0.94	1.05
Recovery	%	92.77	90.92	92.8	92.2	91.8	92.5
Recovered gold	Ounces	18,841	20,550	20,314	20,381	39,391	40,696
Poured gold	Ounces	18,697	20,795	20,540	19,640	39,492	40,180
Revenue summary							
Production sold	Ounces	18,429	21,072	20,088	21,341	39,501	41,429
Average price	A$/oz	2,414	2,602	2,667	2,605	2,507	2,635
Gold sales revenue	A$'000	44,301	54,738	53,565	55,601	99,039	109,167
Cost summary							
Mining (net)	A$/oz	526	830	718	316	686	522
Processing	A$/oz	425	497	400	401	463	400
Site support	A$/oz	151	146	92	206	149	147
Site cash cost	**A$/oz**	**1,103**	**1,474**	**1,209**	**922**	**1,298**	**1,069**
Royalties	A$/oz	59	66	58	68	63	63
Sustaining capital, leases & exploration	A$/oz	41	1	160	94	20	128
Corporate allocation	A$/oz	14	13	16	17	13	16
AISC[1]	**A$/oz**	**1,217**	**1,554**	**1,444**	**1,100**	**1,394**	**1,276**
AIC[2]	**A$/oz**	**2,211**	**1,970**	**1,949**	**2,214**	**2,084**	**2,078**
Gold on hand[3]	Ounces	2,244	1,981	3,526	739	1,981	739

Note: Discrepancies in totals are a result of rounding.

1 All-in sustaining cost (AISC) includes mining (net of deferred waste capitalisation) and processing costs, site administration, net movement in the value of site stockpiles, refining charges, 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 All-in cost (AIC) is the AISC plus capitalised deferred waste, plus non-sustaining capital and exploration. AIC is a non-IFRS measure.
3 Gold on hand as at period end.

Exploration activities

Following a sustained improvement in operating performance and completion of the recapitalisation, the Group commenced more extensive resource definition and regional exploration programmes during the period. For the period, $2.3 million was spent on exploration and evaluation activities (2019: $0.7 million). Of the amount spent during the period, $0.8 million was spent within the mining lease at the Dalgaranga Gold Project and capitalised within the Mine Properties asset class. The remainder ($1.5 million) was spent outside the boundaries of the mining lease and was capitalised in the Exploration and Evaluation asset class.

Within the boundaries of the mining lease at the Dalgaranga Gold Project, a total of 7,108 metres of resource definition reverse circulation (RC) drilling was undertaken across the Gilbey's, Sly Fox and Plymouth deposits. Results from this programme were progressively announced on the ASX platform during the 6 months ending 31 December 2020. These results are now being incorporated into the annual revisions to the Dalgaranga Mineral Resource Estimate and Ore Reserve, together with an updated life of mine plan.

Outside the boundaries of the mining lease at the Dalgaranga Gold Project, but within a 15 kilometre radius of the Dalgaranga process plant, a total of 10,717 metres of aircore exploration drilling was undertaken on the Tanqueray and Lindville prospects. Samples from the initial 10,717 metres were collected and sent to Perth for assaying, however, the assay results were not completed during the period. Further exploration drilling is planned on these and other prospects during the 6 month period ending 30 June 2021.

During the period, the Group undertook a full review of historical geological and drilling data at the Glenburgh Gold Project, an advanced exploration and evaluation project in the Gascoyne region of Western Australia. This culminated in the release to the ASX on 18 December 2020 of an updated Mineral Resource Estimate in accordance with JORC Code 2012 of 16.3Mt @ 1.0 g/t Au for 510.1koz of contained gold. Resource development and exploration drilling are planned for the Glenburgh Gold Project, including deposits at Mt Egerton (at the Hibernian deposit) during the 6 month period ending 30 June 2021.

Financial results

Recapitalisation and DOCA Effectuation

On 13 August 2020, the Company announced the entry into agreements for a $125 million recapitalisation package following shareholder approval of resolutions in support of the equity components being received at an extraordinary general meeting held on 5 August 2020. The $125 million package comprised:

- Fully underwritten placement and entitlements offer to raise approximately $85.2 million
    - $35.0 million placement
    - $50.2 million accelerated institutional and retail entitlement offer
- $40.0 million amortising debt facility with Investec Bank plc ("Investec")

On 20 October 2020, the Company drew down the full amount under the $40.0 million Investec debt facility and used the proceeds to partly repay amounts owing to National Australia Bank and Commonwealth Bank of Australia (Original Banks). Part of the proceeds from the capital raising were used to retire the balance of the remaining amounts owed to the Original Banks, repay $7.0 million to NRW Holdings Limited ("NRW") and provide the cash funding to the creditors trust established in accordance with the DOCA.

Following completion of the recapitalisation activities on 20 October 2020, the Company and its directors were notified by the Deed Administrators that all conditions precedent required to effectuate the DOCA had been met and control of the Company immediately reverted to its directors and the Company was no longer subject to any form of external administration. The Company also completed a 1 for 20 issued capital consolidation on 20 October 2020.

On 21 October 2020, the shares in the Company were reinstated to trading on the ASX. The reinstatement was the culmination of a major recapitalisation process that enabled the Original Banks to be repaid in full, pre-voluntary administration ("pre-VA") amounts owing to NRW being repaid or settled through a contingent payment program and all pre-VA unsecured creditor obligations being settled through a combination of cash and equity.

Financial performance

Revenue generated from the sale of 41,429 ounces of gold was $109.2 million (2019: 33,348 ounces, $71.9 million) resulting in an average realised price of A$2,635 per ounce (2019: A$2,154 ounce). Revenue from the sale of 13,996 ounces of silver was $0.5 million (2019: $0.3 million; 10,695 ounces). The increase in revenue compared to the prior half-year is driven by an improvement in operating performance as well as the increase in the realised gold price between the two periods.

Cost of goods sold inclusive of depreciation and amortisation was $73.2 million (2019: $79.4 million). The decrease in cost of goods sold is primarily driven by an increase in the proportion of mining costs capitalised to deferred waste, partly offset by the drawdown from run of mine stockpiles, higher depreciation and amortisation expense and increased royalty expenses as a result of higher revenue. Depreciation and amortisation of fixed assets and capitalised mine properties expenditure totalled $24.6 million (2019: $22.4 million) for the half-year. The higher charge for the half-year is due to an increased level of production for assets depreciated on a units of production basis.

Corporate expenses for the half-year totalled $6.9 million (2019: $6.3 million). Even though the Group was no longer subject to external administration from 20 October 2020, the Group incurred higher administration and legal expenses during the period in successfully defending the action brought against the Group, and the Deed Administrators, by Habrok (Dalgaranga) Pty Ltd. At the conclusion of the trial in September 2020, costs were awarded in favour of the Group. The Group continues to seek recovery of costs through legal means and no provisions have been made in the financial statements for amounts that may be recovered from Habrok (Dalgaranga) Pty Ltd.

The net consolidated profit after tax of the Group for the half-year was $26.8 million (2019: $17.8 million loss). The significant turnaround from the 2019 half year period is driven by a range of factors including higher ounces of gold produced and subsequently sold at a higher average realised gold price and a higher proportion of mining costs capitalised to deferred waste during the December 2020 half. Even though the volume of waste mined was lower compared to the previous half year period, a higher proportion of mining costs were capitalised to deferred waste in the current period. This is a result of the life of stage waste to ore stripping ratio for Stage 2 (7.2:1) of the Gilbey's pit being approximately twice that of Stage 1 (3.7:1), combined with minimal ore being mined from Stage 2 to date.

A tax expense of $2.4 million has been recognised by the Group for the period (2019: $nil), however, the Group has not recognised any liability for tax payable due to the ability to offset the current period tax expense against previous tax losses.

Gold price risk management

A requirement under the debt facility with Investec is to partially protect against adverse movements in the gold price by hedging, on a rolling 18-month basis, a minimum of 40% of forecast gold sales. Following draw down of proceeds under the debt facility and effectuation of the DOCA, the Company entered into initial forward sale agreements with Investec for approximately 46,000 ounces (being 40% of forecast production and gold sales over the 18-month period commencing on 1 November 2020) at $2,667 per ounce.

In order to maintain the rolling 18-month coverage, the Company entered into new hedges during the period as the initial hedges were delivered into. Additional discretionary hedging was also entered into to further protect short term revenue from adverse movements in the gold price.

As at 31 December 2020, a total of 53,722 ounces is hedged out to June 2022 at an average price of $2,611 per ounce (Table 1).

Table 1: Quarter by Quarter Average Hedged Ounces

Qtr Ending	Oz	Price ($/Oz)
31-Mar-21	11,910	$2,600
30-Jun-21	11,910	$2,599
30-Sep-21	7,500	$2,668
31-Dec-21	7,500	$2,668
31-Mar-22	7,500	$2,668
30-Jun-22	7,402	$2,479
	53,722	**$2,611**

Put options were also purchased during the period to provide additional protection against adverse gold price volatility. Gold put options at 31 December 2020 amounted to 14,500 ounces at a strike price of $2,300 per ounce, expiring over a 12 month period to December 2021.

Financial position

The Group held cash and cash equivalents of $37.3 million as at 31 December 2020 (30 June 2020: $5.6 million) and $0.9 million in unsold gold on hand was recognised in inventory at cost (30 June 2020: $3.5 million at cost). Market value of unsold gold on hand at 31 December 2020 was $1.8 million (30 June 2020: $5.1 million). The Group's free cashflow generation continued to improve during the half-year as a result of a higher average realised gold price and improved operating performance, however, a number of cash payments were made during the period to settle obligations incurred prior to the appointment of Voluntary Administrators in June 2019.

Directors' report

The Group generated cash from operations of $37.3 million for the half-year offset by investing activities of $36.8 million, resulting in free cashflow generation of $0.5 million for the half-year. Cash flow generated from operations during the period is net of the cash payment of $10.6 million to settle pre-VA trade creditors and includes the cash payment to part settle the amount owed to NRW. The Group also paid legal fees of approximately $2.4 million during the half year to successfully defend the action brought by Habrok (Dalgaranga) Pty Ltd.

As at 31 December 2020 the Group has a working capital surplus of $24.1 million (30 June 2020: $116.0 million deficit). The improvement from 30 June 2020 is driven by the completion in October 2020 of the recapitalisation of the Group, including retirement of the previous project finance debt facility provided by the Original Banks, entry into the Investec debt facility and conversion of part of the pre-June 2019 amount owing to NRW (face value $13.7 million) to quarterly payments over time. The first quarterly payment to NRW is to commence in April 2021 and the amount to be paid each quarter is contingent upon the price of gold and production at Dalgaranga.

Significant changes in the state of affairs

On 31 July 2020, the Company released an updated Dalgaranga Ore Reserve estimate on the ASX platform of 16.3Mt at 0.8 g/t Au for 426.3koz of contained gold (as at 30 April 2020). The Company also released its updated seven-year life of mine plan on the same date.

On 4 August 2020, the Group received notice that proceedings had been commenced in the Federal Court of Australia (Federal 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. On 29 September 2020, the Federal Court issued its judgement dismissing each of Habrok's claims and awarded costs to the Company.

On 13 August 2020, the Group entered into a $40.0 million amortising debt facility with Investec as part of a $125 million recapitalisation package ($40.0 million debt and $85.2 million in equity proceeds). The Group drew down the $40.0 million in full on 20 October 2020.

On 13 August 2020, the Company issued a prospectus to raise approximately $85.2 million (before costs) through the issue of new shares as part of the proposed $125 million recapitalisation of the Company.

On 13 October 2020, the Company completed the capital raising component of its recapitalisation through the issue of 3,409,729,916 new shares (pre-equity consolidation) raising $85.2 million (before costs). On the same date, a further 602,566,745 new shares (pre-equity consolidation) were issued in order to partly settle amounts owing to NRW, settle the equity component of the DOCA and to settle the equity sign-on bonus to the Chief Executive Officer.

On 20 October 2020, the Company completed a 1 for 20 consolidation of its issued equity.

On 20 October 2020, the Deed Administrators confirmed that conditions required to effectuate the DOCA had been satisfied and control of the Group reverted to its directors on this date.

On 21 October 2020, shares of the Company were reinstated to trading on the ASX platform.

On 18 December 2020, the Company released an updated Mineral Resource Estimate in accordance with JORC Code 2012 for its Glenburgh Gold Project in the Gascoyne region of Western Australia of 16.3Mt @ 1.0 g/t Au for 510.1koz oz of contained gold.

Directors' report

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 Instrument (Rounding in Financial/Directors' Report) 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.

George Bauk
Non-Executive Chairman

26 February 2021

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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 review of Gascoyne Resources Limited for the year ended 31 December 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 review; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 26 February 2021

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Independent Auditor's Review Report

To the Members of Gascoyne Resources Limited

Report on the review of the half year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of Gascoyne Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Gascoyne Resources Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Gascoyne Resources Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Grant Thornton

Auditor’s responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 26 February 2021

Directors' declaration

1 In the Directors' opinion:

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

(i) complying with Australian Accounting Standards, including AASB 134 *Interim Financial Reporting*, 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 31 December 2020 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

George Bauk
Non-Executive Chairman
26 February 2021

Consolidated statement of comprehensive income
For the half-year ended 31 December 2020

	Note	31 December 2020 $'000	31 December 2019 $'000
Revenue	4	109,637	72,157
Cost of sales	4	(73,208)	(79,423)
Gross profit/(loss)		**36,429**	**(7,266)**
Other income	4	2,190	2
Other expenses	4	(7,331)	(6,963)
Operating profit/(loss)		**31,288**	**(14,227)**
Finance income	4	1	13
Finance costs	4	(2,015)	(3,571)
Profit/(loss) before income tax		**29,274**	**(17,785)**
Income tax expense	5	(2,440)	-
Profit/(loss) for the half-year after income tax		**26,834**	**(17,785)**
Total other comprehensive income		-	-
Total comprehensive income/(loss) for the half-year		**26,834**	**(17,785)**
Profit/(loss) for the half-year after income tax attributable to:			
Owners of the Company		26,834	(17,785)
Non-controlling interests		-	-
		26,834	**(17,785)**
Total comprehensive profit/(loss) for the half-year attributable to:			
Owners of the Company		26,834	(17,785)
Non-controlling interests		-	-
		26,834	**(17,785)**
Profit/(loss) per share			
Basic (cents per share)	6	19.6	(35.4)
Diluted (cents per share)	6	19.6	(35.4)

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

Consolidated statement of financial position

As at 31 December 2020

	Note	31 December 2020 $'000	30 June 2020 $'000
Current assets			
Cash and cash equivalents	7	37,302	5,640
Inventories		12,555	15,255
Other financial assets	8	-	633
Other assets		6,894	5,571
		56,751	**27,099**
Non-current assets			
Mine properties, property, plant and equipment	9	193,863	179,747
Exploration and evaluation		31,615	30,114
Other financial assets	8	423	380
		225,901	**210,241**
Total assets		**282,652**	**237,340**
Current liabilities			
Trade and other payables	11	10,490	43,608
Borrowings and lease liabilities	12	16,755	71,532
Provisions		2,647	2,958
Other financial liabilities	8	2,776	24,995
		32,668	**143,093**
Non-current liabilities			
Borrowings and lease liabilities	12	35,513	10,678
Provisions		25,737	26,200
Other financial liabilities	8	9,918	-
		71,168	**36,878**
Total liabilities		**103,836**	**179,971**
Net assets		**178,816**	**57,369**
Equity			
Share capital	13	266,196	171,583
Non-controlling interests		1,219	1,125
Reserves		767	861
Accumulated losses		(89,366)	(116,200)
Total equity		**178,816**	**57,369**

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2020

	Share capital $'000	Share-based payments reserve $'000	Exploration asset reserve $'000	Accumulated losses $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total $'000
At 1 July 2019	171,931	1,699	(817)	(118,189)	54,624	1,129	55,753
Loss for the half-year	-	-	-	(17,785)	(17,785)	-	(17,785)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	(17,785)	(17,785)	-	(17,785)
Movement in non-controlling interests' share of net assets	-	-	17	-	17	(17)	-
Share-based payments	-	(28)	-	-	(28)	-	(28)
At 31 December 2019	**171,931**	**1,671**	**(800)**	**(135,974)**	**36,828**	**1,112**	**37,940**
At 1 July 2020	171,583	1,674	(813)	(116,200)	56,244	1,125	57,369
Profit for the half-year	-	-	-	26,834	26,834	-	26,834
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	26,834	26,834	-	26,834
Movement in non-controlling interests' share of net assets	-	-	(94)	-	(94)	94	-
Shares issued during the half-year	100,307	-	-	-	100,307	-	100,307
Share issue costs (net of tax)	(5,694)	-	-	-	(5,694)	-	(5,694)
Share-based payments	-	-	-	-	-	-	-
At 31 December 2020	**266,196**	**1,674**	**(907)**	**(89,366)**	**177,597**	**1,219**	**178,816**

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

Consolidated statement of cash flows

For the half-year ended 31 December 2020

	Note	31 December 2020 $'000	31 December 2019 $'000
Cash flows from operating activities			
Receipts from customers		109,637	72,157
Payments to suppliers and employees		(70,510)	(58,340)
Other revenue received		2	2
Finance charges paid		-	(146)
Interest received		1	13
Interest paid		(1,845)	(371)
Net cash flows from operating activities		**37,285**	**13,315**
Cash flows from investing activities			
Payments for exploration and evaluation		(872)	(568)
Payments for mine properties, property, plant and equipment		(35,896)	(20,068)
Transfer to security deposits		(43)	-
Net cash flows used in investing activities		**(36,811)**	**(20,636)**
Cash flows from financing activities			
Proceeds from issue of shares		85,243	-
Share issue costs		(8,133)	-
Proceeds from borrowings		40,000	-
Repayment of borrowings		(83,362)	(12,245)
Repayment of lease liabilities		(1,509)	(1,667)
Payments for borrowing transaction costs		(1,051)	-
Net cash flows from/(used in) financing activities		**31,188**	**(13,912)**
Net change in cash and cash equivalents		31,662	(21,233)
Cash and cash equivalents at 1 July		5,640	16,729
Cash and cash equivalents, net of overdraft, at 31 December	7	**37,302**	**(4,504)**

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

Notes to the financial statements

Notes to the financial statements

The interim financial report for Gascoyne Resources Limited (Gascoyne or the Company) and its controlled entities (together, the Group) for the half-year ended 31 December 2020 was approved and authorised for issue in accordance with a resolution of the Directors on 26 February 2021.

Basis of preparation

1 Reporting entity

Gascoyne Resources Limited 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

These interim financial statements for the half-year ended 31 December 2020 have been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all the notes required in annual financial statements, and should be read in conjunction with the Group's annual report for the year ended 30 June 2020 and any public announcements made by Gascoyne Resources Limited during the half-year.

Gascoyne Resources Limited is a for-profit entity for the purpose of preparing financial statements.

Accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's latest annual financial statements for the year ended 30 June 2020.

These policies have been applied consistently to all financial periods presented, unless otherwise stated.

Historical cost convention

The interim 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.

Accounting estimates and judgements

The accounting estimates, judgements and assumptions applied in these interim financial statements are in accordance with those that were applied and disclosed in the annual financial statements for the year ended 30 June 2020, unless otherwise stated.

Going concern

The interim 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 half-year ended 31 December 2020 the Group recorded a net profit after tax of $26.8 million (2019: $17.8 million loss), and an operating cash inflow of $37.3 million (2019: $13.3 million) and free cashflow generation of $0.5 million (2019: $7.3 million cash outflow). Free cashflow generation in the period is net of one-off outflows of $10.6 million in payments to pre-VA creditors incurred prior to June 2019.

The Group has a working capital surplus of $24.1 million as at 31 December 2020 (30 June 2020: $116.0 million deficit) which includes a cash balance of $37.3 million. Unsold gold on hand had a market value of $1.8 million as at 31 December 2020. The significant improvement in working capital from 30 June 2020 to 31 December 2020 is driven by the completion of the recapitalisation of the Group in October 2020, including retirement of the previous project finance debt facility provided by NAB and CBA, entry into the Investec debt facility, conversion of the NRW working capital facility to equity and conversion of part of the pre-June 2019 amount owing to NRW (face value $13.7 million) to quarterly payments over time. The first quarterly payment to NRW will commence in April 2021 and the amount to be paid each quarter is contingent upon the price of gold and production at Dalgaranga.

Notes to the financial statements

2 Basis of preparation (continued)

On 13 August 2020, the Company entered 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 20 October 2020, the Company completed its recapitalisation and control of the Group reverted to the Directors following effectuation of the DOCA on the same date. ASX reinstatement conditions were satisfied following effectuation of the DOCA and trading in the Company's shares recommenced on 21 October 2020.

On 21 January 2021, the Company released its Quarterly Activities Report and Appendix 5B for the quarter ended 31 December 2020. The releases noted a third consecutive quarter of gold production in excess of 20,000 ounces per quarter at Dalgaranga and $16.8 million normalised free cashflow generation for the six months ended 31 December 2020, excluding payments to the then Administrators, settlement of pre-Voluntary Administration trade creditors and Habrok related legal costs.

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:

- gold production from Dalgaranga at rates and costs generally consistent with those contained in the life of mine plan;
- 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.

As a result of the recapitalisation, improved operating performance and cashflow generation, the Directors have reasonable grounds to believe 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 interim 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 interim financial report.

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

Notes to the financial statements

Financial performance

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 Executive team, 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 half-year to 31 December 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, results, assets and liabilities for each of the Group's operating segments are summarised as follows:

Half-year ended 31 December 2020	**Gold operations**	**Exploration, evaluation and development**	**Total operations**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External revenue	109,637	-	109,637	-	**109,637**
Segment profit/(loss) before income tax	36,259	-	36,259	(6,985)	**29,274**
Segment profit/(loss) includes the following adjustments:					
Depreciation and amortisation	(24,637)	-	(24,637)	(110)	**(24,747)**
Net deferred stripping costs capitalised	31,674	-	31,674	-	**31,674**
Inventory movement and provision	(2,698)	-	(2,698)	-	**(2,698)**
	4,339	-	4,339	(110)	**4,229**
At 31 December 2020					
Segment assets	248,065	31,067	279,132	3,520	**282,652**
Segment liabilities	275,081	17,514	292,595	(188,759)	**103,836**

Notes to the financial statements

3 Operating segments (continued)

Half-year ended 31 December 2019	**Gold operations $'000**	**Exploration, evaluation and development $'000**	**Total operations $'000**	**Other $'000**	**Total $'000**
External revenue	72,157	-	72,157	-	**72,157**
Segment loss before income tax	(15,095)	(1)	(15,096)	(2,689)	**(17,785)**
Segment loss includes the following adjustments:					
Depreciation and amortisation	(22,301)	-	(22,301)	(101)	**(22,402)**
Net deferred stripping costs capitalised	16,932	-	16,932	-	**16,932**
Exploration and evaluation expenditure write-off	-	(1)	(1)	-	**(1)**
Inventory movement and provision	2,020	-	2,020	-	**2,020**
	(3,349)	(1)	(3,350)	(101)	**(3,451)**
At 31 December 2019					
Segment assets	184,459	29,268	213,727	1,124	**214,851**
Segment liabilities	263,327	17,323	280,650	(103,739)	**176,911**

Notes to the financial statements

4 Revenue and expenses

	31 December 2020 $'000	31 December 2019 $'000
Gold sales	109,167	71,887
Silver sales	470	270
Other revenue	-	-
Revenue	**109,637**	**72,157**
Cash costs of production	(75,022)	(74,391)
Net deferred stripping costs capitalised	31,674	16,932
Inventory movement	(2,698)	1,726
Inventory net realisable value provision	-	294
Depreciation and amortisation	(24,637)	(22,301)
Royalties and selling costs	(2,525)	(1,683)
Cost of sales	**(73,208)**	**(79,423)**
Gain on disposal of property, plant and equipment	536	-
Recognition of discount[1]	1,652	-
Other income	2	2
Other income	**2,190**	**2**
Corporate expenses	(6,880)	(6,346)
Put option expense[2]	(341)	(543)
Exploration and evaluation expenditure write-off	-	(1)
Depreciation and amortisation	(110)	(101)
Share-based payments[3]	-	28
Other expenses	**(7,331)**	**(6,963)**
Interest income	1	13
Finance income	**1**	**13**
Interest expense on borrowings	(1,349)	(2,925)
Interest expense on lease liabilities	(491)	(344)
Borrowing costs	(8)	(146)
Unwinding of discount	(167)	(156)
Finance costs	**(2,015)**	**(3,571)**
Profit/(loss) before tax	**29,274**	**(17,785)**

1 Refer to note 8 for additional details on the discount resulting from the NRW payment arrangement
2 Relating to short-term put options purchased to protect revenue, measured at cost.
3 The Group settled $2.8 million of pre-VA trade creditors and a $0.25 million sign-on bonus for the Managing Director and Chief Executive Officer during the period through the issue of share capital. The settlement and sign-on bonus have not been recognised as a share-based payment expense in the current half-year as the associated costs were incurred in prior periods. Refer note 11 and 13 for details.

Revenue

Management of gold price risk

During the half-year, the Group entered into and utilised gold forward contracts to assist in managing the price risk associated with a portion of its estimated future gold sales, refer note 14. The sale price of gold bullion not sold into forward contracts is fixed on the date of sale, based on the Australian dollar denominated gold spot price.

4 Revenue and expenses (continued)

Cost of sales

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 $6.7 million (2019: $6.1 million).

Net deferred stripping costs capitalised

Net deferred stripping costs capitalised represent costs incurred in the development and production phase of a mine and are capitalised as part of the upfront cost of stripping overburden in order to access ore and subsequently amortised over the useful life of the ore body that access is provided to on a units-of-production basis. Where the waste to ore stripping ratio in a period exceeds the stripping ratio for that stage, the cost of waste movement beyond the average stripping ratio for that stage is capitalised. The amount recognised in a period is the gross amount capitalised less amortisation of previously capitalised amounts.

Inventory movement

Inventory movement represents the movement in the inventory value of ore stockpiles, gold in circuit, gold on hand and consumables stores.

Inventory 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.

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 sold 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.

5 Income tax

Income tax expense

The current income tax expense of $2.4 million (2019: Nil) recorded for the half-year arises as a result of the recognition of a deferred tax credit relating to share issue expenses recognised directly in equity. The Group is not liable to pay income tax and remains in a cumulative tax loss position for income tax purposes.

Unrecognised tax losses

	31 December 2020 $'000	**31 December 2019 $'000**
Unrecognised tax losses	71,307	71,307
Derecognised tax losses	24,206	46,971
	95,513	**118,278**
Potential tax benefit at 30% (2019: 30%)	**28,654**	**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.

5 Income tax (continued)

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.

At 31 December 2020 the Group has $95.5 million of tax losses available to be offset against future taxable income. A deferred tax asset has not been recognised for these tax losses at the reporting date as the Group considers it prudent to allow a further period of trading improvement prior to assessing the recoverability of previously derecognised and unrecognised tax losses. These tax losses do not expire and can be used to reduce future tax profits subject to relevant tax legislation associated with recoupment including the same business test and continuity of ownership test.

6 Earnings per share

	31 December 2020	31 December 2019
	Cents per share	Cents per share
Basic profit/(loss) per share	19.6	(35.4)
Diluted profit/(loss) per share	19.6	(35.4)

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	**26,834**	**(17,785)**

	No. of shares	No. of shares
Weighted average number of ordinary shares used as the denominator in calculating earnings per share *	**136,995,634**	**50,243,257**

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.

* In accordance with AASB 133 paragraph 26, the weighted average number of shares outstanding during the period and for all periods presented shall be adjusted for events (such as a share consolidation) that have changed the number of shares outstanding without a corresponding change in resources. As a result, the share consolidation described in Note 13 has been applied to the period ending 31 December 2020 and 31 December 2019.

Notes to the financial statements

Capital management

7 Cash and cash equivalents

	31 December 2020 $'000	30 June 2020 $'000
Cash at bank and on hand	**37,302**	**5,640**

8 Other financial assets and liabilities

	31 December 2020 $'000	30 June 2020 $'000
Current assets		
Receivable on close out of commodity swap contracts	**-**	**633**
Non-current assets		
Term deposits	**423**	**380**
Current liabilities		
Payable on close out of commodity forward contracts	**-**	**24,995**
Payable due under NRW liability payment arrangement	**2,776**	**-**
Non-current liabilities		
Payable due under NRW liability payment arrangement	**9,918**	**-**

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 appointment of Voluntary 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 at that time.

The balance was offset against debt repayments made to CBA on the date of recapitalisation, 20 October 2020.

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 appointment of Voluntary 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 remaining balance of $25.0 million was settled as part of the repayment to the Original Banks on the date of recapitalisation, 20 October 2020.

8 Other financial assets and liabilities (continued)

NRW liability payment arrangement

During the year ended 30 June 2020, the Group entered into an arrangement with NRW to settle the pre-Administration total amount owing of $32.7 million. The arrangement included the following:

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

As the LPA liability is not expected to be settled within twelve months, the liability has been discounted to net present value using the Group's incremental borrowing rate as a discount rate. The amount of the discount recognised is disclosed in Note 4 as other income.

Fair value measurement

There were no financial assets and financial liabilities measured and recognised at fair value on a recurring basis as at 31 December 2020 or 30 June 2020. The carrying values of financial assets and liabilities recognised in the interim financial statements approximate their fair values.

Notes to the financial statements

9 Mine properties, property, plant and equipment

	Right-of-use assets						
	Plant and equipment $'000	Property $'000	Mine properties $'000	Plant and equipment $'000	Capital work in progress $'000	Mine properties $'000	Total $'000
Cost							
At 1 July 2020	19,476	254	394	84,487	1,328	182,462	288,401
Additions	884	415	-	16	2,244	32,388	35,947
Disposals	(1,038)	(253)	-	-	-	-	(1,291)
Remeasurement[1]	3,162	-	29	-	-	-	3,191
Transfers between classes	-	-	-	522	(3,322)	2,800	-
At 31 December 2020	22,484	416	423	85,025	250	217,650	326,248
Accumulated depreciation, amortisation and impairment							
At 1 July 2020	6,766	147	54	32,274	-	69,413	108,654
Depreciation and amortisation	1,749	81	33	5,130	-	17,754	24,747
Disposals	(788)	(228)	-	-	-	-	(1,016)
Impairment loss	-	-	-	-	-	-	-
At 31 December 2020	7,727	-	87	37,404	-	87,167	132,385
Net book value	**14,757**	**416**	**336**	**47,621**	**250**	**130,483**	**193,863**
At 30 June 2020							
Cost	19,476	254	394	84,487	1,328	182,462	288,401
Accumulated depreciation, amortisation and impairment	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**

1 Remeasurements arising from a change in the lease term and/or revised contractual payments.

Mine properties, property, plant and equipment includes $1.0 million of asset additions arising from leasing arrangements during the half-year (2019: $5.8 million).

10 Impairment

The Company has assessed its Dalgaranga gold operations cash generating unit to determine whether indicators of impairment existed at 31 December 2020. Due to its net assets being greater than market value, the Company has completed an impairment assessment of the Dalgaranga gold operations cash generating unit.

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.

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.

Notes to the financial statements

10 Impairment (continued)

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 31 December 2020 carrying value assessments.

Key assumption	Unit	2020
Gold price (spot)	A$/oz	2,400
Average gold hedge price (forward contracts)	A$/oz	2,611
Pre-tax discount rate	%	18
Ore Reserve	Ounces	374,500
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 committed forward values in place to July 2022.

Discount rate

A pre-tax nominal discount rate of 18% (2019:15%) was used, which equated to a post-tax rate of 5.5%, 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 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, supported by recent operating results.

Notes to the financial statements

10 Impairment (continued)

Key metrics underpinning the LOMP include:

Metric	Unit	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	Average
Ore mined	**Mtpa**	4.6	4.3	4.6	1.0	-	-	-	3.6
Ore processed	**Mtpa**	2.5	2.5	2.5	2.5	2.6	2.7	1.4	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	0.4-0.8	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
Mining Cost	**$/tonne mined**								$4.33
Processing cost	**$/tonne milled**								$13.85
General admin cost	**$/tonne milled**								$2.61

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 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. Even though the carrying value exceeded the market capitalisation of the Company on the reporting date, the Directors are of the view that no impairment is required as the assessed recoverable amount exceeds the carrying value. No impairment loss has been recognised at 31 December 2020 (2019: $nil).

Property, plant and equipment	**31 December 2020 $'000**	**30 June 2020 $'000**
Carrying amount	193,863	179,747
Impairment	-	-
Recoverable amount	**193,863**	**179,747**

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	14,000
Pre-tax discount rate	1% point increase	5,000
Ore Reserve	5% decrease	21,500

Notes to the financial statements

10 Impairment (continued)

The decreases above would not result individually in impairment for the Group. It is estimated that a reduction of AU$550 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.

11 Trade and other payables

	31 December 2020 $'000	30 June 2020 $'000
Trade payables	10,490	43,409
Employee benefits	-	199
	10,490	**43,608**

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

On 20 October 2020, the Company transferred $3.6 million to an external trust account held by the Deed Administrators. This amount represented the estimated cash payment to unsecured creditors that the Group was required to make in order to satisfy its obligations to these creditors under the DOCA. A total of 112.6 million shares (pre-consolidation) were issued on 13 October 2020 to the Creditor's Trust to settle approximately 50% of the amount owing to creditors that were owed more than $10,000. Following effectuation of the DOCA, the Creditors' Trust took over the responsibility to pay creditors as part of the settlement of pre-VA obligations.

The secured NRW creditor amount was settled partly through a cash payment of $7.0 million from the proceeds of the capital raising and entry into a payment arrangement for the remaining balance due. For further details, refer to note 8.

12 Borrowings and lease liabilities

	31 December 2020 $'000	30 June 2020 $'000
Current		
Secured bank loan facility	-	56,049
Investec finance facility	13,641	-
Lease liabilities	3,114	3,483
Working capital facility	-	12,000
	16,755	**71,532**
Non-current		
Investec finance facility	22,346	-
Lease liabilities	13,167	10,678
	35,513	**10,678**

Notes to the financial statements

12 Borrowings and lease liabilities (continued)

Secured bank loan facility

In December 2017, the Group entered into a syndicated facility agreement (SFA) with the Original Banks for the provision of a secured $60.0 million Project Finance Facility to fund the development of Dalgaranga, secured over assets of the Company and certain subsidiaries. The loan facility was 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, appointment of Voluntary 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.

Monthly payments to the Original Banks of $1.0 million per month commenced on 1 July 2020 and continued until repayment of the SFA in full on 20 October 2020.

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 20 October 2020, the balance due to the Original Banks under the SFA was repaid in full, thereby releasing the security held by the Original Banks over the Group's assets.

Investec finance facility

On 13 August 2020, the Group entered into a finance facility agreement with Investec Bank plc (Investec) to refinance $40.0 million of the SFA debt with the remaining balance of the SFA to be repaid from the capital raising proceeds. The funds were fully drawn down 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 Investec having senior security over the assets of the Company and all wholly owned subsidiaries, subject to agreed carve-outs that are customary for a facility of this nature.

Principal repayments of $3.5 million were made during the half-year and the face value of the remaining debt was $36.5 million as at 31 December 2020.

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, appointment of Voluntary Administrators on 2 June 2019 resulted in a suspension of repayments. Fees and interest rates were set at commercial rates commensurate for this type of facility.

The facility and associated mining contract were secured by a subordinated general security agreement over the assets of GNT Resources Pty Ltd, a Group subsidiary, until full repayment of both the facility and the associated mining contract.

On 13 October 2020 the $12.0 million working capital facility was settled in full through the issue of 480 million shares (pre-consolidation) to NRW. The security held by NRW over the Group's assets was released following effectuation of the DOCA on 20 October 2020.

Notes to the financial statements

12 Borrowings and lease liabilities (continued)

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.

Principal repayments of $1.8 million (2019: $1.7 million) for equipment and infrastructure held under lease arrangements were made in accordance with agreed repayment terms during the half-year in addition to scheduled interest payments.

13 Equity

Share capital

	31 December 2020		30 June 2020	
	No. of shares	**$'000**	**No. of shares**	**$'000**
Fully paid ordinary shares				
At 1 July	1,004,864,955	171,583	1,004,864,955	171,931
Issue of shares[1]	2,009,729,916	50,243	-	-
Issue of shares[2]	1,400,000,000	35,000	-	-
Issue of shares[3]	480,000,000	12,000	-	-
Issue of shares[4]	112,566,745	2,814	-	-
Issue of shares[5]	10,000,000	250	-	-
Effect of 1-for-20 share consolidation	(4,766,303,488)	-	-	-
Share issue costs	-	(8,133)	-	(497)
Deferred tax credit relating to share issue costs	-	2,439	-	149
At 31 December	**250,858,128**	**266,196**	**1,004,864,955**	**171,583**

1 Entitlement offer at $0.025 per share on 13 October 2020.
2 Private placement at $0.025 per share on 13 October 2020.
3 Private placement issued to NRW at $0.025 per share, at nil consideration representing a conversion from debt to equity, on 13 October 2020.
4 Private placement issued to the Creditors' Trust at $0.025 per share, at nil consideration representing equity settlement of pre-Administration unsecured creditor claims, on 13 October 2020.
5 Bonus shares issued to Managing Director and Chief Executive Officer Mr Richard Hay at $0.025 per share, at nil consideration representing an equity-settled sign on bonus, on 13 October 2020.

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.

Recapitalisation

As proposed under the DOCA executed on 26 June 2020, a total of 4,012,296,661 shares were issued on 13 October 2020 to meet working capital requirements, equity-settlement of debt, creditor and employment contract obligations. Following the capital raising, the total shares on issue were consolidated on a basis of 1 share for every 20 shares on issue, resulting in 250,858,128 shares on issue on 20 October 2020.

Prior period loss per share quoted in the consolidated statement of comprehensive income has been adjusted as a result of the completion of the share consolidation.

Notes to the financial statements

Unrecognised items

14 Commitments

Exploration expenditure

	31 December 2020 $'000	30 June 2020 $'000
Minimum exploration expenditure commitments due:		
Within one year	1,674	1,621
Between one year and five years	3,214	4,677
Later than five years	3,701	4,435
	8,589	**10,733**

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. Minimum expenditure commitments for the 12 months following the reporting date total $1.7 million (30 June 2020: $1.6 million). 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 had commitments for capital expenditures relating to Dalgaranga at the reporting date that were not recognised as liabilities amounting to $1.3 million (30 June 2020: $0.2 million) all due within one year.

Gold delivery commitments

A requirement under the Investec finance facility is to partially protect against adverse movements in the gold price by hedging, on a rolling 18-month basis, a minimum of 40% of forecast gold sales. Following the drawdown of proceeds under the facility during the half-year, the Group initially entered into gold forward sale contracts with Investec for approximately 46,000 ounces of gold (being 40% of forecast gold production and sales over the 18-month period commencing 1 November 2020) at an average forward sale price of A$2,667 per ounce. The Group subsequently executed discretionary gold forward sale contracts and purchased gold put options with Investec to further protect against adverse movements in the gold price.

Settlements under the forward sale agreement are expected to occur evenly over the duration of the initial 18-month period. Additional mandatory hedging of a minimum 40% of forecast gold sales will be agreed on a month by month basis with Investec as each gold forward sale contract is settled, for the duration of the debt facility. The balance of gold production is currently to be sold at spot prices or settled against discretionary gold forward sale contracts. The first gold delivery into the forward sale contracts was in November 2020 and as at 31 December 2020, the last delivery date is in June 2022.

At the reporting date the Group has contractual sale commitments of 53,722 ounces of gold at an average forward price of A$2,611 per ounce (2019: nil ounces).

31 December 2020	Gold for physical delivery Ounces	Weighted average contracted gold sale price A$/oz	Value of committed sales $'000
Gold forward contracts maturing:			
Within one year	38,820	2,626	101,936
Between one year and five years	14,902	2,574	38,354
	53,722	**2,611**	**140,290**

14 Commitments (continued)

Recognition and measurement

Gold delivery commitments

The gold forward contracts are settled by the physical delivery of gold as per contract terms. These physical gold forward contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 9 *Financial Instruments*. Accordingly, no derivatives are recognised and the gold forward contracts are accounted for as sale contracts with revenue recognised at the agreed price when the contractual commitment is met through physical delivery of gold.

The market value of the outstanding gold forward contracts varies over time as a result of changes in the market price of gold. At each reporting date the Group calculates the fair value of outstanding gold forward contracts and discloses the fair value as either a contingent asset or liability in the notes to the financial statements. The fair value represents the amount which would be received (asset) or paid (liability) if the outstanding obligations were settled on the valuation date, in the event the gold forward contracts were not settled by the physical delivery of gold.

15 Contingent assets and 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 (30 June 2020: $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 provide 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 (30 June 2020: $0.9 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.

Gold forward contracts

The Group has entered into gold forward sale contracts to manage exposure to gold price fluctuations. At the reporting date the Group had gold forward contracts for 53,722 ounces of gold with a contingent asset of $7.5 million (30 June 2020: $nil) in the event that the gold forward contracts were not settled by the physical delivery of gold.

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 related 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 forms part of the settlement of unsecured creditors as referred to in note 11.

16 Events occurring after the reporting date

The Directors are not aware of any matter or circumstance that has arisen since the end of the half-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

17 Share-based payments

NRW 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).

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 was released following effectuation of the DOCA on 20 October 2020. Refer notes 12 and 13 for further details.

Unsecured creditors

On 13 October 2020, the Company issued approximately 112 million shares (pre-consolidation) to the Creditor's Trust in accordance with the DOCA in order to settle approximately 50% of the value owed to unsecured creditors individually owed more than $10,000.

Bonus share issue

Following shareholder approval on 5 August 2020, the Company issued 10,000,000 bonus shares at $0.025 per share (pre-consolidation) to Mr Richard Hay (Managing Director and Chief Executive Officer) for nil consideration on 13 October 2020.

Employee Share options

	31 December 2020		30 June 2020	
	No. of options	**Weighted average exercise price**	**No. of options**	**Weighted average exercise price**
Employee share options				
Outstanding at 1 July	3,800,000	$0.38	11,650,000	$0.48
Expired during the half-year	-	-	(7,850,000)	$0.53
Cancelled during the half-year[1]	(1,660,000)	$0.37	-	-
Effect of 1-for-20 option consolidation	(2,033,000)	-	-	-
Outstanding at 31 December[2]	**107,000**	**$7.40**	**3,800,000**	**$0.38**
Exercisable at 31 December[3]	**107,000**	**$7.40**	**-**	**-**

1 In September 2020, option holders were offered nominal consideration of $100 (per option holder) to relinquish their options resulting in the cancellation of 1,660,000 options, leaving a remaining balance of 2,140,000 options. Options outstanding 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 $0.38 to $0.37.

2 Following the 1-for-20 share consolidation completed on 20 October 2020, the option exercise price was adjusted from $0.37 to $7.40.

3 Options were not exercisable at 31 December 2019 due to the Company being in Administration at that time. Share transfers were not permitted during Administration without the consent of the Administrators or the Court.

18 Summary of other significant accounting policies

Accounting policies, estimates, judgements and assumptions

The preparation of financial statements requires the use of accounting estimates, judgements and assumptions that affect the application of accounting policies and the reported net assets and financial results. Actual results may differ from these estimates. Estimates, judgements and underlying assumptions are continually reviewed based on historical experience and reasonable expectations of future events.

The accounting policies, estimates, judgements and assumptions applied in the interim financial statements are in accordance with those that were applied and disclosed in the annual financial statements for the year ended 30 June 2020.

Notes to the financial statements

18 Summary of other significant accounting policies (continued)

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.

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 31 December 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.

Tenement schedule

As at 31 December 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