



Annual Report

for the year ended 30 June 2021

Corporate Directory

Directors

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

Company Secretary

David Coyne

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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 Shareholders,

It is my pleasure to present you the Gascoyne Resources Limited (Gascoyne or the Company) Annual Report for the financial year ended 30 June 2021.

The financial year has been one of significant change for Gascoyne, most notably the recapitalisation of the Company, exit from administration and reinstatement of the Company's shares to trading on the ASX in October 2020.

One of the most significant changes that we have seen during the financial year has been the improvement in our safety culture within the Company and the corresponding improvement in our safety performance. We started the financial year with an unacceptable total recordable injury frequency rate (TRIFR) of 12.6 and ended the year with a TRIFR of 4.0 - a 68% improvement.

At the time of reinstatement to trading on the ASX in October 2020, the Company outlined its business strategy and plans for the following 18 months. As we are now around halfway through this time period, it is worth reflecting on our performance to date on these objectives:

- Our primary objective was to consolidate operating performance and cashflow generation at Dalgaranga. We performed well in this area with full year production of 77,278 ounces of gold. Financially, we reduced our bank debt balance to only \$14.0 million at year end and we had \$23.4 million cash in the bank.
- We conducted resource definition drilling in Gilbey's, Sly Fox and Plymouth with the intent to extend mine life. While we had success in Gilbey's, the depth of the additional ore delineated prevented it from making it into the ore reserve. Results from Sly Fox have highlighted the strong potential for a future high-grade underground development and we will be mining the new Plymouth pit in the 2022 financial year.
- We doubled our exploration budget to focus on Dalgaranga regional prospects. Exploration activities are ongoing at the Greencock Trend, Hendricks, Vickers and Lindville prospects with the 2021 financial year marking the first time that these prospects have seen concerted exploration activity in a number of years.
- Our 2.5+ million tonne per annum processing plant is a core and strategic asset for Gascoyne and one of our strategies is to leverage the investment in this asset by securing access to near surface higher-grade ore from regional prospects in order to increase near term production to over 100,000 ounces per annum. After evaluating regional opportunities, we were very pleased to sign the agreement to acquire Firefly Resources Limited (Firefly) in June 2021. Access to the higher-grade near surface ore at Firefly's Yalgoo project is fundamental to our near term growth strategy. We are also excited by the exploration potential to increase the mineral inventory at Yalgoo to help underpin a sustained increase in ore feed for Dalgaranga.
- At Glenburgh, we reassessed the previous Mineral Resource Estimate and applied, for the first time, a gold price constraint to the estimate and released an updated resource in December 2020. Toward the end of the financial year, we were able to commence additional exploration drilling at Glenburgh and the results of this drilling in the 2022 financial year will help guide our future decisions and activities at Glenburgh.
- Finally, we completed an aeromagnetic survey at our Mumbakine Well prospect. The interpretation from this survey has resulted in the identification of high priority drill targets that we expect to test in the foreseeable future.

Gascoyne has a robust balance sheet at the end of the 2021 financial year with low bank debt, a solid forward gold hedge position and cash in the bank exceeding bank debt. From a profit and loss perspective, we regrettably had to recognise a non-cash impairment expense of approximately \$80 million which is an outcome of a lower future gold price assumption and an increase in the remaining waste stripping ratio at Dalgaranga.

Looking forward, we plan on continuing to consolidate and improve our cost and production performance at Dalgaranga, and continue to explore in and around Dalgaranga with the intent of adding to the existing mine life. On completion of the acquisition of Firefly the focus will be to bring the Melville deposit into production in the second half of the 2022 calendar year.

I would like to conclude by acknowledging the contribution to the turnaround in the Company's operations and financial condition made by our employees, service providers, suppliers and stakeholders. We have achieved a lot over the past year and we look forward to achieving a lot more in the months and years ahead as we continue to build on the platform set in place to grow the Gascoyne rate of production and profitability.



George Bauk
Non-Executive Chairman

Environmental, Social and Governance

Environmental, Social and Governance (ESG) at Gascoyne

Gascoyne sustainability ambition:

'Delivering safe, responsible environmental and social outcomes while creating positive shareholder value.'

ESG foundations established

The context in which Gascoyne operates is rapidly changing due to climate risk, biodiversity loss, and more recently COVID-19 and its associated public health and social challenges. This new global setting is transforming traditional expectations of corporate behaviour and redirecting investment capital towards more responsible sources. Global sustainable investment now exceeds \$35.0 trillion globally¹, with two-year growth of 25% across Australasia. Gascoyne is committed to building resilience and driving positive impact through stronger commitments to long-term, sustainable value creation for all stakeholders.

In response, a Gascoyne ESG project team has been formed, comprising of senior leaders across the business from safety to environment and includes the Executive Management team. The team has been tasked with developing the roadmap for Gascoyne's ESG progress and collecting relevant data to report against required ESG metrics. Gascoyne is working with independent ESG specialists, Futureproof Consulting, to assess materiality and guide direction of sustainability focus areas. The scope of the project will include the Company's flagship Dalgarranga mine operations, various exploration and development activities and Perth head office.

¹ <http://www.gsi-alliance.org/wp-content/uploads/2021/08/GSIR-20201.pdf>

GRI standards

Whilst not being ready to report fully against all requirements, Gascoyne has adopted a number of internationally-recognised Global Reporting Initiative (GRI) standards to guide ESG strategy and sustainability reporting and commits to communicating progress on a regular basis. GRI is the most widely-used global ESG reporting standard, and is used by 66% of ASX 100 listed companies. Gascoyne aims to fully report against the GRI framework within the next one to two years.

Stakeholder engagement and material topics

High-quality stakeholder relationships are central to creating positive impacts across the communities in which the Company operates. Trusted partnerships and relationships are the foundation of strong social licence to operate, supporting shared values and a reputational improvement. Following GRI recommendations, Gascoyne stakeholders were mapped, and their inputs considered when prioritising material topics. Primary stakeholders include, but are not limited to, Gascoyne employees and families, shareholders and providers of debt, local communities and landowners, suppliers, traditional owners, government and regulators.

Following the stakeholder mapping, a comprehensive materiality analysis was conducted and seven material sustainability topics and eleven watchlist topics were identified. The material topics are health, safety and wellbeing, water management, economic performance, business ethics, governance and compliance, diversity, greenhouse gas emissions and climate change, and community relations. A materiality matrix has been developed to prioritise the highest-impact ESG issues to address as production at Dalgarranga continues to progress.



Environmental, Social and Governance

Gascoyne materiality matrix

Importance to Stakeholders	Very High				<ul style="list-style-type: none"> • Health, safety & wellbeing • Water management • Economic performance • Business ethics, governance & compliance 	Material reporting topics
		<ul style="list-style-type: none"> • Energy management 	<ul style="list-style-type: none"> • Rehabilitation • Tailings & hazardous materials • Supply Chain Management 	<ul style="list-style-type: none"> • Greenhouse gas emissions & climate change • Community relations • Diversity 		
		<ul style="list-style-type: none"> • Ecology, flora & fauna 	<ul style="list-style-type: none"> • Labour practices 	<ul style="list-style-type: none"> • Talent, training & development • Record keeping & data integrity 	<ul style="list-style-type: none"> • Indigenous peoples 	
	Low	<ul style="list-style-type: none"> • Waste management 	<ul style="list-style-type: none"> • Land access 			
		Low	Importance to Gascoyne	Very High		

Release of inaugural Sustainability report

Gascoyne is pleased to advise that its first Sustainability report will be published in the 2022 financial year Annual Report to shareholders. The Company's values are the foundations of the business, enabling safe, responsible environmental and social outcomes while creating positive shareholder value. As production at Dalgaranga continues, Gascoyne and its controlled entities (together, the Group) will build on these values and is committed to sustainability and ESG initiatives to further embed responsible practices across all aspects of the business.

Environmental, Social and Governance

ESG case study: Development of new Gascoyne Values

During the year, the Group's employees participated in a series of workshops to develop a set of new core values for the Group. These core values are the beliefs that drive the conduct, activities and goals of Gascoyne. By engaging with the employees of the Group, Gascoyne has ensured that these core values resonate with everyone to ensure that all employees are working towards the same goals to build great teams, deliver an excellent product and foster safety and innovation. The newly adopted core values formed the basis of quarterly performance discussions for all employees and serve as the foundation for developing a high-performance culture within Gascoyne.

"Putting HEARTS into Mining"



Review of operations

Overview

Gascoyne Resources Limited (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;
- gold exploration at the Mt Egerton Gold Project and
- regional exploration in Western Australia.

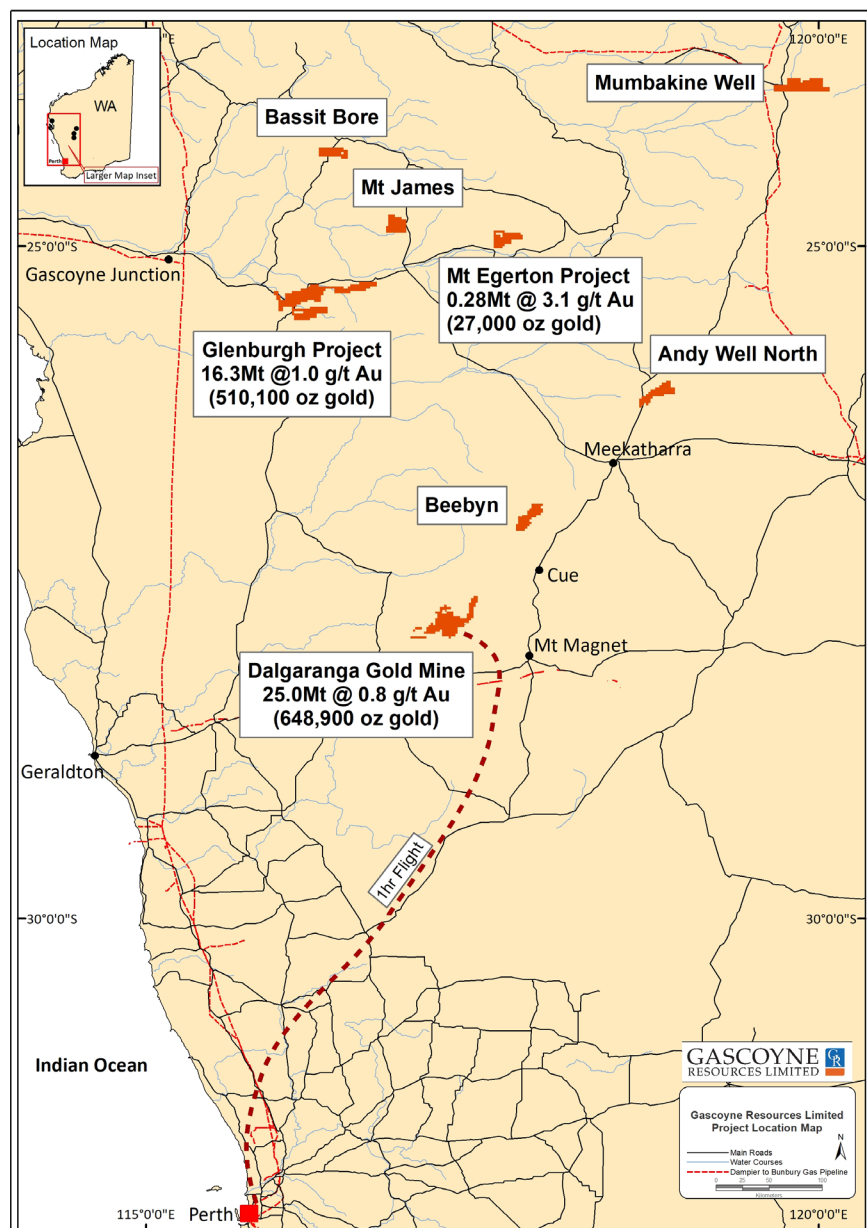


Figure 1: Gascoyne project locations

Review of operations

COVID-19 management

To address the risks associated with the COVID-19 pandemic, the Company implemented measures in March 2020 to minimise the risk to employees and the wider community. The Company worked closely with all regulatory and representative bodies to develop and implement the agreed Western Australian Resource Industry Framework and Implementation Plan, and continues to work closely with all regulatory and industry bodies to implement agreed actions as and when required.

Social distancing policies were 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 are extended to reduce travel interactions between personnel and the community whenever required to meet Western Australian Government restrictions, and return to normal following completion of lockdown periods. Periodic screening of all personnel travelling to and from site 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 due to COVID-19 to date and continues to closely monitor developments and maintain a high level of readiness to actively respond to potential COVID-19 risks. Building on the experience gained from the introduction of initial measures, the Company has established protocols and procedures to manage COVID-19 risks. These protocols and procedures were reactivated during the more recent COVID-19 lockdowns in Western Australia that occurred during the six months ending 30 June 2021.

While the Group has not experienced any material impact to its operations from interstate border closures as a result of COVID-19 restrictions, the current shortage in skilled workers in Western Australia has created pressure on existing personnel workloads, which is being constantly monitored by the Group.

Company assets

Dalgaranga Gold Project

Overview

The Dalgaranga Gold Project (Dalgaranga), with a tenement area of around 500km², 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 2021, over 210,000 ounces of gold have been produced from Dalgaranga.

Dalgaranga has a Measured, Indicated and Inferred Mineral Resource of 24.99Mt @ 0.8g/t Au for 648,900 ounces of gold from several deposits. The project has Proved and Probable Ore Reserves of 13.53Mt @ 0.8g/t Au for 339,000 ounces of gold. The annual update to the Dalgaranga Mineral Resource and Ore Reserve estimate was completed as at 31 March 2021.

Production

Over the past 12 months, the Group has focussed on maintaining a profitable gold mining operation which has been demonstrated by improved production results for the year. The Group achieved the upper end of its guidance for the current year (70,000 - 80,000 ounces) with 77,278 ounces of gold produced for the year.

This achievement directly reflects the higher grades of ore accessed from the Gilbey's Main Zone (GMZ) at Dalgaranga. During the first three quarters of the year, ore was sourced entirely from the GMZ with greater than 99% of fresh and transitional ore processed at a grade of 1.05g/t Au. During the year, \$49.6 million was reinvested into capitalised Stage 2 pre-stripping of the Gilbey's open pit to gain access to the deeper, wider, more continuous high-grade GMZ transitional and fresh rock ore zones within Stage 2 thus ensuring consistent ore supply to the processing plant for the 2022 financial year. A total of 7.5 million BCM were mined in the current year compared to 9.3 million BCM mined in the prior year. The difference of 1.8 million BCM is primarily driven by the decision to defer commencement of the Stage 3 cutback as well as access restrictions to Stage 1 ore for the first quarter of the 2021 calendar year following a blast misfire in January 2021 and consequential impact on the mining schedule.

Review of operations

Average plant feed grade significantly improved from 0.86g/t Au in the prior year to 1.03g/t Au in the current year. During the year, plant feed grade remained above 0.90g/t Au, with record average grade of 1.12g/t Au processed in the September 2020 quarter. During the March 2021 and June 2021 quarters, plant feed grade dropped marginally due to access restrictions in mining as a result of the misfire in January 2021 and the out-of-schedule mining of higher grade, elevated sulphide content ore from the northern end of the pit outside the GMZ as a result of Stage 2 cut-back being approximately four to six weeks behind schedule.

Processing plant throughput remained steady throughout the year with excellent full year throughput of 2.64Mtpa exceeding fresh rock nameplate design of 2.5Mtpa. This full year performance, combined with ongoing operational enhancement initiatives, provides Gascoyne with confidence that the plant will continue to exceed its design capacity. As part of its ongoing improvement initiatives, the Group invested in the Millstar® technology late in the current year.

During the year, the Group invested a further \$1.5 million and constructed the infrastructure required to convert the depleted Golden Wings pit into a tailings storage facility (TSF) which was commissioned in March 2021. This has enabled the original TSF located adjacent to the Gilbey's pit to be decommissioned. The in-pit tailings storage solution has no risk for tailings breaches at surface and avoids the cost of any TSF wall lifts for the next three to four years.

Reported resource ore grades have historically been based on assays using photon or fire assay methodology and mill feed grade based on assays from the onsite laboratory that only test using PAL / cyanide leachable gold methodology. However, in the June 2021 quarter the Group completed a full year reconciliation for mining and processing using photon / fire assay methods for both. The outcome from the use of photon / fire assay results undertaken in offsite laboratories provides a better indication of overall metallurgical recovery than the PAL / cyanide leachable gold methodology results undertaken in the onsite laboratory.

Mined grade, mill feed grade and recovery shown for the current year in the key operating indicators table below have now been based on reconciled data for mining and processing using photon / fire assay results. Importantly, recovery is now shown as gross metallurgical recovery as opposed to leachable gold recovery previously reported, and the gross metallurgical recovery of 88.3% for the year continues to compare favourably to the original feasibility study of 88% for non-shale ores. In addition, gross metallurgical recoveries show a close correlation to the resource model.

Recoveries in the June 2021 quarter were lower than previous quarters due to the increased processing of the higher-grade elevated sulphide content ore and higher than usual processing of shale ore, noting that planned level of recovery for shale ores is typically much lower at 77%. Importantly the return to GMZ ore from Stage 2 in the September 2021 quarter is expected to see a return to higher rates of recovery in the 2022 financial year.

Understanding of the treatment of the elevated sulphide content ore progressed during the June 2021 quarter. One of the six carbon-in-leach tanks (tank 1) was converted to an oxygen pre-conditioning tank towards the end of the current year, and this has proven to be successful in improving the recovery rate for elevated sulphide and shale ores. Further enhancements to the tank 1 oxygen distribution system are being progressed for implementation in the first half of the year ended 30 June 2022. Shale ores are scheduled to be processed at a blend rate of between 10 - 15% of ore feed throughout the year ended 30 June 2022.

Gravity gold recovery continued to improve during the year, with the 2021 financial year averaging 20.9% compared to an average recovery of 12.7% in the 2020 financial year. During the planned April 2021 shutdown, a number of improvements to the gravity circuit were made contributing to the improvement in gravity gold recovery.

All-in sustaining cost (AISC) of \$1,308 per ounce improved from the prior year AISC of \$1,576 per ounce. The improvement was primarily driven by the increased ounces of gold poured of 77,014 ounces this year compared to 73,283 ounces in the prior year. Increase in gold ounces poured is a result of the combination of factors discussed above. All-in cost (AIC) of \$2,064 per ounce has improved from the prior year AIC of \$2,260 per ounce primarily due to the increased waste capitalisation in 2021 driven by the life of stage waste to ore stripping ratio for Stage 2 of the Gilbey's pit being approximately twice that of Stage 1. Please refer to note 13 in the financial statements for further details on the capitalisation of deferred stripping costs.

During the year, the Group continued to progress a program of resource definition drilling at Dalgara targeting the down dip potential of the Gilbey's, Sly Fox and Plymouth deposits. Results of the drilling are discussed in the Resource definition drilling section below.

Review of operations

Key operating indicators

Key operational information is summarised as follows:

Production summary	Unit	Quarter				Financial year	
		September 2020	December 2020	March 2021	June 2021	2021	2020
Mining							
Total material movement	Kbcm	2,248	3,102	1,856	1,514	8,720	11,072
Waste	Kbcm	1,859	2,800	1,599	1,275	7,533	9,333
Ore (volume)	Kbcm	389	302	258	239	1,188	1,739
Ore (tonnage)	Kt	1,038	905	700	521	3,164	3,488
Mined grade ¹	g/t Au	0.91	0.90	0.93	1.17	0.95	0.78
Processing							
Throughput	Kt	621	654	705	655	2,635	2,921
Feed grade ¹	g/t Au	1.12	1.08	0.96	0.98	1.03	0.86
Recovery ¹	%	91.0	89.7	87.9	84.0	88.3	91.0
Recovered gold	Ounces	20,314	20,353	19,195	17,416	77,278	73,062
Poured fine gold	Ounces	20,540	19,640	19,087	17,746	77,014	73,283
Revenue summary							
Production sold	Ounces	20,088	21,341	19,073	17,993	78,495	72,848
Average price	A\$/oz	2,667	2,605	2,495	2,516	2,574	2,346
Gold sales revenue	A\$'000	53,565	55,601	47,593	45,278	202,037	170,925
Cost summary							
Mining (net)	A\$/oz	718	316	349	931	573	860
Processing	A\$/oz	400	401	422	511	431	468
Site support	A\$/oz	92	206	165	(22)	113	157
Site cash cost	A\$/oz	1,209	922	935	1,420	1,117	1,485
Royalties	A\$/oz	58	68	58	57	60	57
Sustaining capital, leases & exploration	A\$/oz	160	94	103	93	114	17
Corporate allocation	A\$/oz	16	17	17	19	17	18
AISC²	A\$/oz	1,444	1,100	1,114	1,589	1,308	1,576
AIC³	A\$/oz	1,949	2,214	2,058	2,039	2,064	2,260
Gold on hand ⁴	Ounces	2,441	739	754	504	504	1,981

Note: Discrepancies in totals are a result of rounding.

- 1 Mined grade, mill feed grade and recovery reported in the 2021 financial year are based on photon / fire assay results. In the 2020 financial year, these metrics were based on PAL / cyanide leachable gold methodology and are not able to be restated to photon / fire assay equivalent results.
- 2 All-in sustaining cost (AISC) includes mining (net of deferred waste capitalised) 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.
- 3 All-in cost (AIC) is the AISC plus deferred waste capitalised, plus non-sustaining exploration and capital costs. AIC is a non-IFRS measure.
- 4 Gold on hand as at period end.

Review of operations



Dalgaranga tenements and ownership interest

Tenements 100% owned by the Group

- 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 the Group

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

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

Resource definition drilling

Resource definition drilling programs were undertaken on the mining lease at Dalgaranga to support the current year Mineral Resource and Ore Reserve updates released on the ASX on 31 May 2021. One Reverse Circulation (RC) rig continued at Dalgaranga on the resource definition program throughout the year with 9,494 metres drilled in total targeting the down dip potential of the Gilbey's, Sly Fox and Plymouth deposits. Results from the drilling confirmed the grade and continuity of GMZ mineralisation, with mineralisation still open to the south of 3450N. A south-west orientated steeply plunging high-grade shoot remains open at depth and along strike at Sly Fox.

Review of operations

Refer to Figures 2 and 3 below for cross sections and location plans of the area drilled.

Two deeper diamond core holes were drilled at Sly Fox during the June 2021 quarter with results from the deeper hole returning an intersection of 43m @ 0.8g/t Au from 464m including 6m @ 2.2g/t Au. The first hole returned an intersection of very significant width confirming the mineralisation extends at depth. Results from the second deeper diamond core hole drilled, returned a significant gold intersection approximately 450m vertically below surface, the deepest hole drilled to date targeting the Sly Fox lode. Results received include 44m @ 2.0g/t Au from 466m, including 18m @ 3.8g/t Au from 489m which includes a higher-grade interval of 6m @ 6.3g/t Au. A hanging wall zone of mineralisation was also intersected containing 21m @ 1.3g/t Au from 435m. Follow-up drilling is being planned to further scope out the underground mining potential of the Sly Fox deposit, initially targeting infill of the 200m gap above drill hole DGRC0657-DT (Figure 4).

Significant intersections included:

Gilbey's

- 11m @ 4.2g/t Au (DGRC0592) from 227m (Estimated True Width (ETW) of 11m)
- 19m @ 0.8g/t Au (DGRC0594) from 273m (ETW of 17m)
- 13m @ 2.1g/t Au (DGRC0620) from 228m (ETW of 13m)
- 44m @ 1.0g/t Au (DGRC0608) from 221m (ETW of 44m), including 10m @ 1.9g/t Au
- 16m @ 1.6g/t Au (DGRC0632) from 250m (ETW of 16m)
- 23m @ 1.3g/t Au (DGRC0633) from 242m (ETW of 23m), including 13m @ 2.0g/t Au

Sly Fox

- 26m @ 1.8g/t Au (DGRC0589) from 184m including 13m @ 3.0g/t Au (ETW of 18m)
- 21m @ 1.2g/t Au (DGRC0588) from 198m (ETW of 18m)
- 19m @ 1.4g/t Au (DGRC0587) from 174m (ETW of 15m)
- 11m @ 15.7g/t Au (DGRC0599) from 142m (ETW of 10m)
- 21m @ 3.0g/t Au (DGRC0598) from 144m (ETW of 16m), including 15m @ 3.9g/t Au
- 26m @ 2.3g/t Au (DGRC0623) from 277m (ETW of 18m), including 16m @ 3.0g/t Au
- 46m @ 1.5g/t Au (DGRC0637) from 226m (ETW of 25m), including 25m @ 2.1g/t Au

Plymouth

- 20m @ 2.4g/t Au (DGRC0595) from 150m including 13m @ 3.8g/t Au (ETW of 15m)
- 3m @ 6.2g/t Au (DGRC0611) from 31m (ETW of 3m), including 1m @ 16.2g/t Au
- 12m @ 3.0g/t Au (DGRC0604) from 129m (ETW of 12m), including 6m @ 4.9g/t Au
- 18m @ 1.0g/t Au (DGRC0603) from 93m (ETW of 18m)

Review of operations

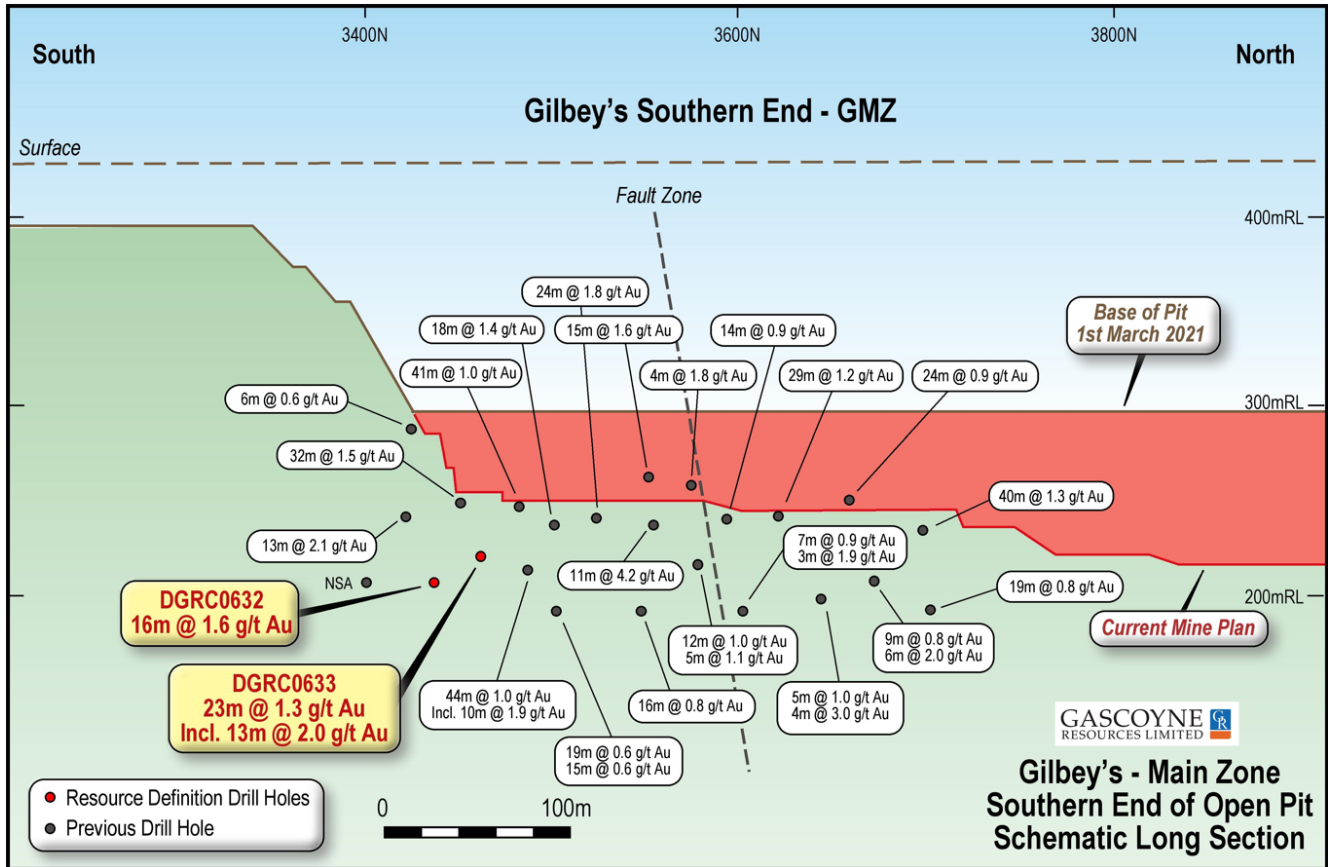


Figure 2: Schematic long section GMZ – Southern End of the Gilbey's open pit highlighting drill results during the year

Review of operations

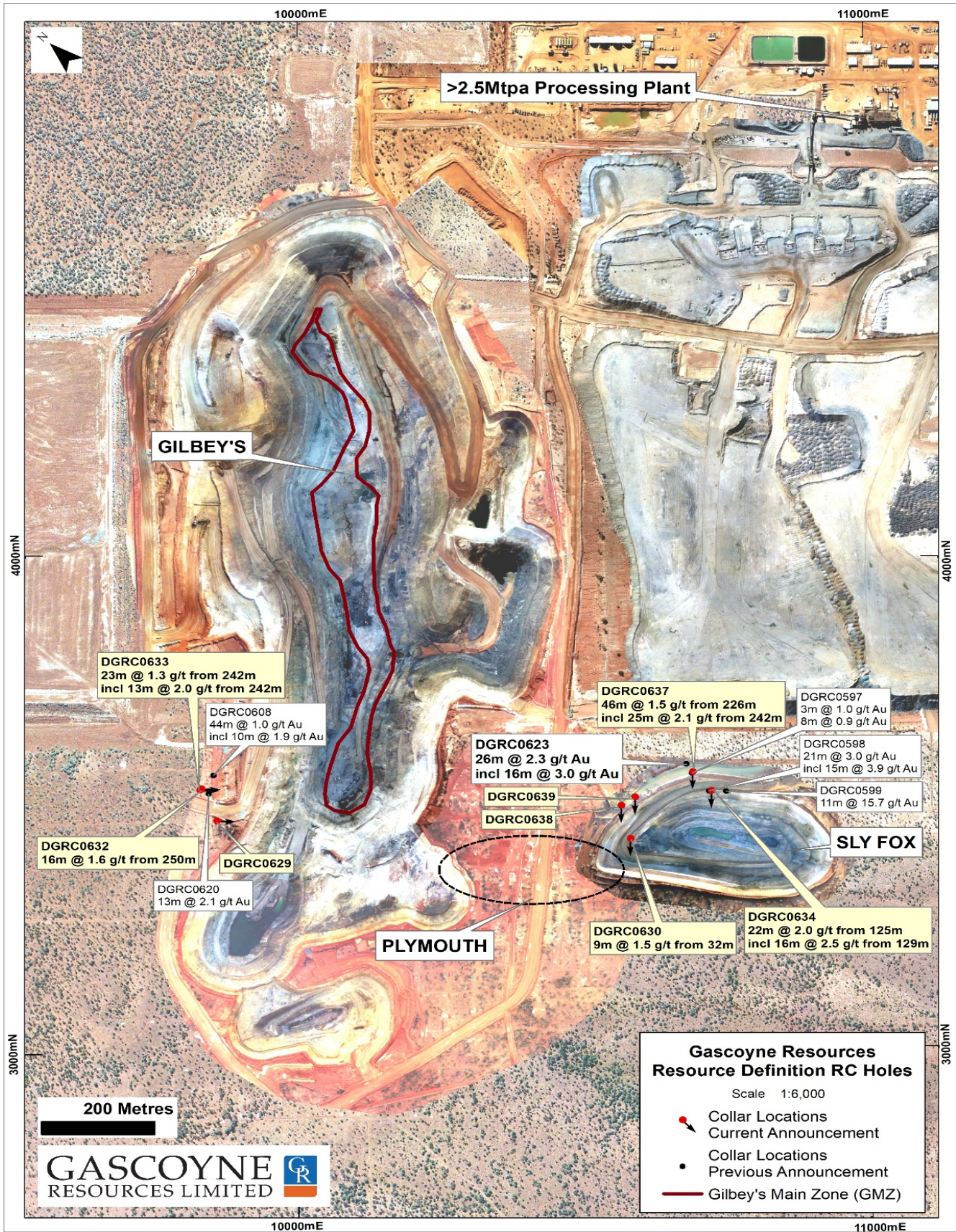


Figure 3: Gilbey's resource definition - RC drill hole location plan view

Review of operations

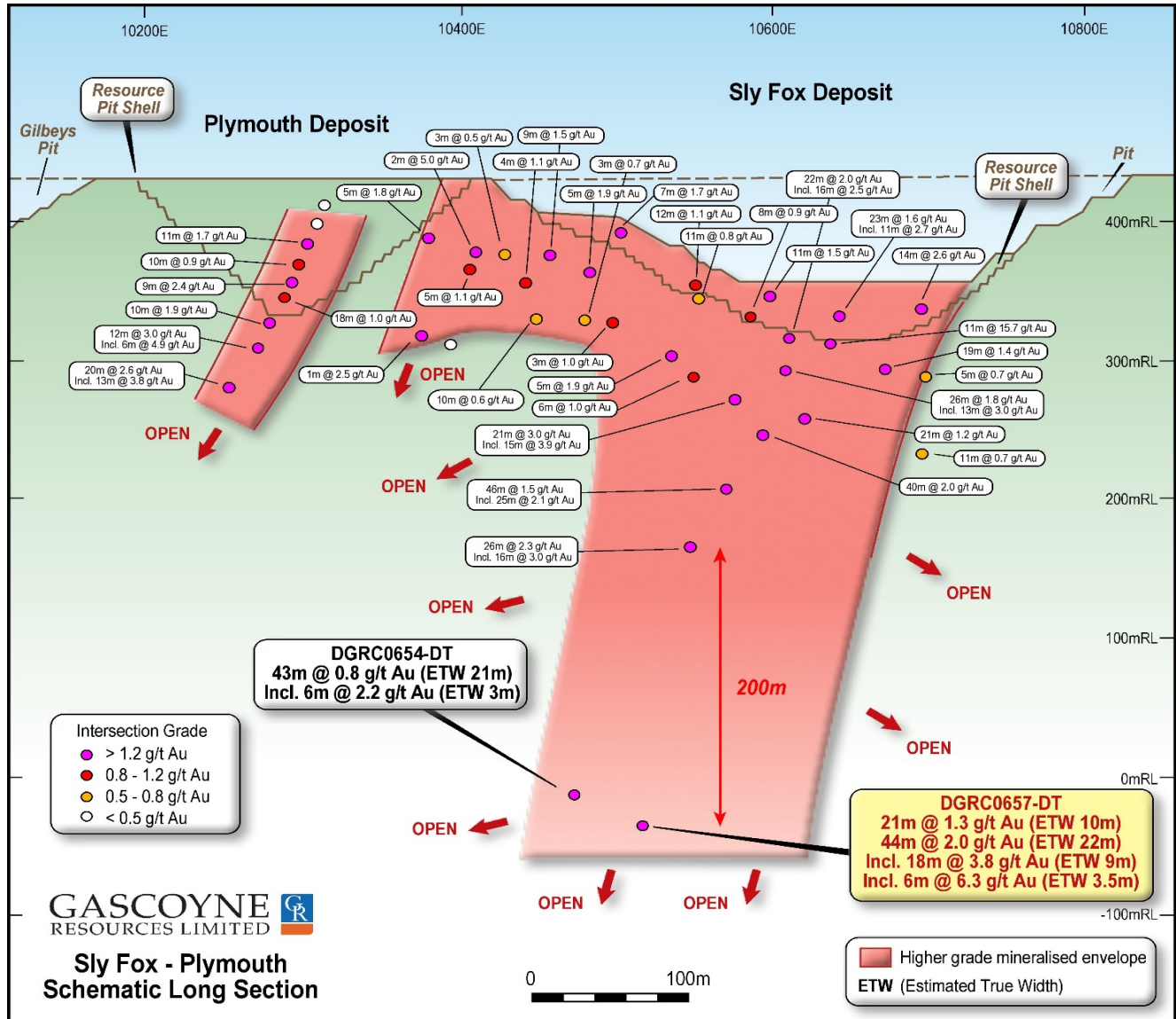


Figure 4: Sly Fox long section showing the results from DGRC0657-DT

Exploration

Dalgaranga comprises approximately 90% of the Dalgaranga greenstone belt. Exploration to date by the Group 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 Sulphide base metals and pegmatite-related mineralisation in addition to gold. A total of 33,126 metres of drilling was completed during the year.

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. During the year, RC and aircore drilling was focused on testing a number of targets within a 15km radius of the process plant.

Tanqueray

The Tanqueray prospect is located approximately 2km north-west of the Dalgaranga processing plant, in a covered area that is interpreted to be an east-west trending structural zone between magnetic highs. The Company has delineated the Tanqueray prospect into east and west sections. The Tanqueray East prospect is located on tenements E59/1904 and E59/1709 where the Group holds an 80% interest. The full area has previously had wide spaced aircore drilling completed on 200m spaced lines and minimal RC drilling.

Review of operations

In November 2020 infill aircore lines on 100m spacing were completed along the Tanqueray trend, to follow up on RC drilling completed late in 2018, where encouraging oxide zone intersections were found. Assay results from the infill aircore drilling, returned the significant intersection of 28m @ 1.5g/t Au from 64m to end of hole (EOH), including 12m @ 3.3g/t Au from 80m to EOH from 4m composite samples.

On 17 February 2021, the Company announced the early exploration success at the Tanqueray prospect from three follow-up RC holes targeting up and down dip of the aircore intersection. Significant intersections on the Tanqueray East prospect include:

- 9m @ 7.0g/t Au (DGRC0636) from 138m, including 3m @ 15.4g/t Au
- 8m @ 3.1g/t Au (DGRC0635) from 125m
- 13m @ 1.0g/t Au (DGRC0640) from 75m

Results from a further ten-hole follow-up RC drilling program undertaken at Tanqueray East targeting strike extensions to the primary fresh rock mineralisation, announced on 9 June 2021, returned an excellent intersection of 28m @ 2.5g/t Au from 114m, including 7m @ 5.0g/t Au from DGRC0652. Other significant results from this area include 7m @ 1.0g/t Au in DGRC0646 and 15m @ 0.6g/t Au, including 4m @ 1.4g/t Au from DGRC0641 (Figure 5). Drilling has now defined a limited short length high-grade zone. Further analysis of the structural controls on mineralisation is required to determine the next steps to potentially expand the extent of the mineralisation.

Results have now been received from all of the RC drill holes completed at Tanqueray West. The RC drilling targeted a large aircore drilling defined gold anomaly. The large gold anomaly is located approximately 1km west of the Tanqueray East prospect. In total ten RC holes were drilled; strongly altered quartz, sericite and pyrite altered schists over broad intervals have been intersected with results returned from most holes generally showing wide zones of anomalous gold within which there are narrower zones assaying greater than 1.0g/t Au. Only ten RC holes have been drilled to date on the 2km by 1km anomaly (Figure 5), and although these have recorded lower grade mineralised intersections, further analysis of the large regional anomaly is required to determine whether there are potentially structurally controlled zones where higher grade mineralisation is better developed.

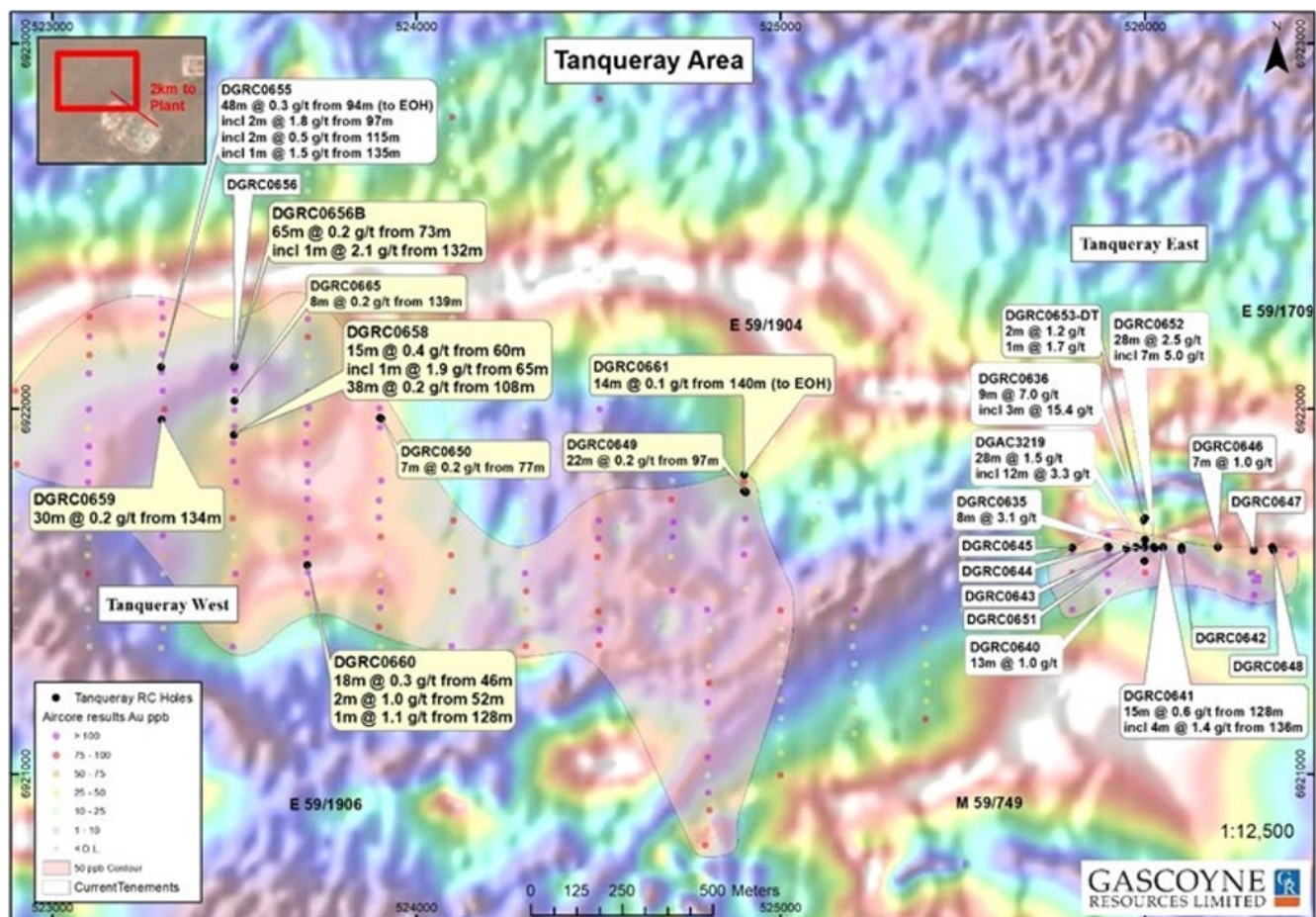


Figure 5: Wider Tanqueray region showing area of recent RC drilling and results received to date from Tanqueray East and West

Review of operations

Vickers

Three RC holes were completed at the Vickers prospect targeting mineralised zones below gold anomalous laterites. Drilling has intersected multiple zones of mineralisation including 6m @ 1.0g/t Au from 69m and 2m @ 1.0g/t Au from 92m in DGRC0662, 2m @ 4.2g/t Au from 110m in DGRC0663 and 1m @ 2.9g/t Au from 47m in DGRC0664. Mineralisation is associated with quartz pyrite altered basalts. Further analysis of Vickers is required prior to follow-up drilling.

Greencock Trend

163 holes were drilled for 8,803 metres of aircore drilling targeting the highly prospective Greencock structural trend. Wide spaced drilling on 400m spaced lines is targeting prominent regional structural zones associated with the Big Bell Lineament located within 15km of the Dalgaranga processing plant. Further drilling on the south-western end will be completed in the September 2021 quarter once ground conditions allow rig access which was hampered during the June 2021 quarter by wet weather.

Glenburgh Gold Project

Overview

The Glenburgh Gold Project (Glenburgh) with a tenement area of around 2,000km², 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. The tenement holding for Glenburgh includes one mining lease as well as a number of exploration licenses.

Glenburgh tenements and ownership interest

Tenements 100% owned by the Group

- 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 the Group.

Resource definition

During the year, the Company engaged Cube Consulting Pty Ltd to perform a detailed review of historic information and drilling and prepare a new Mineral Resource estimate that is aligned with mining requirements. On 18 December 2020, the Company released an updated Mineral Resource estimate for its Glenburgh advanced exploration project. The updated Mineral Resource estimate was prepared in accordance with JORC Code 2012 and is 16.3Mt @ 1.0g/t Au for 510,100 ounces of contained gold. Following the completion of the updated Mineral Resource estimate for Glenburgh, desktop studies into development options are underway, including the potential to incorporate the Mt Egerton project into a future Glenburgh processing hub development plan. Refer to the Mineral Resources and Ore Reserves section of this Annual Report for further information.

Exploration activities

In late June, RC drilling was completed at Glenburgh targeting resource extensions at the Zone 126, Zone 102, Cobra deposits, and the South West prospect (Figure 6). In total 17 RC holes were completed for 2,785 metres of drilling. Results are pending from this drilling.

On the south-western side of the Group's Glenburgh tenements, a heritage survey was conducted with the traditional owners during the June quarter. This will enable planned aircore drilling to be carried out in the September 2021 quarter.

Review of operations

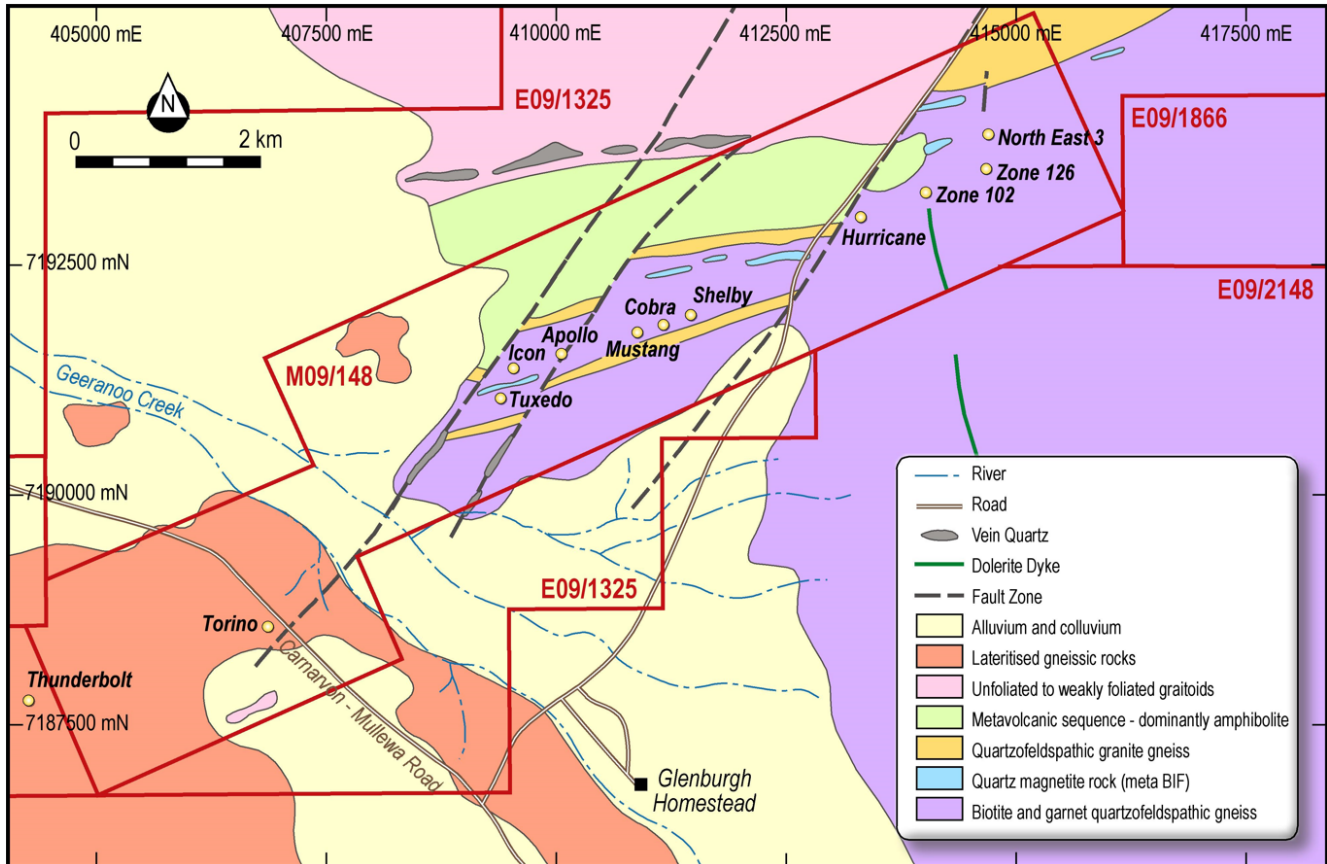


Figure 6: Glenburgh geology and deposit location plan

Mt Egerton Gold Project

Overview

The Mt Egerton Gold Project (Mt Egerton) 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.

Mt Egerton tenements and ownership interest

Tenements 100% owned by the Group

- Mining Licences: ML52/343 and ML52/567.
- Exploration Licences: EL52/2117, EL52/2515 and EL52/3574.

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

Resource definition and exploration activities

RC drilling at the Mt Egerton project was completed in the June 2021 quarter, with the aim of testing for resource extensions to the Hibernian deposit. The Hibernian deposit Mineral Resource estimate was updated during the year resulting in 0.3Mt @ 3.1g/t Au for 27,000 ounces (Figure 7), refer to the Mineral Resources and Ore Reserves section of this Annual Report for further information. Twelve RC holes for 1,482 metres were completed targeting the high-grade north and south lodges.

Results received from the drilling undertaken at Hibernian returned a number of significant intersections. Better results include 15m @ 1.2g/t Au from 47m including 3m @ 4.2g/t Au in MERC053, 5m @ 2.6g/t Au from 63m, including 1m @ 10.3g/t Au in MERC056, and 13m @ 1.9g/t Au from 24m, including 7m @ 3.0g/t Au. Mineralisation is associated with quartz veining in strongly sheared zones.

Review of operations

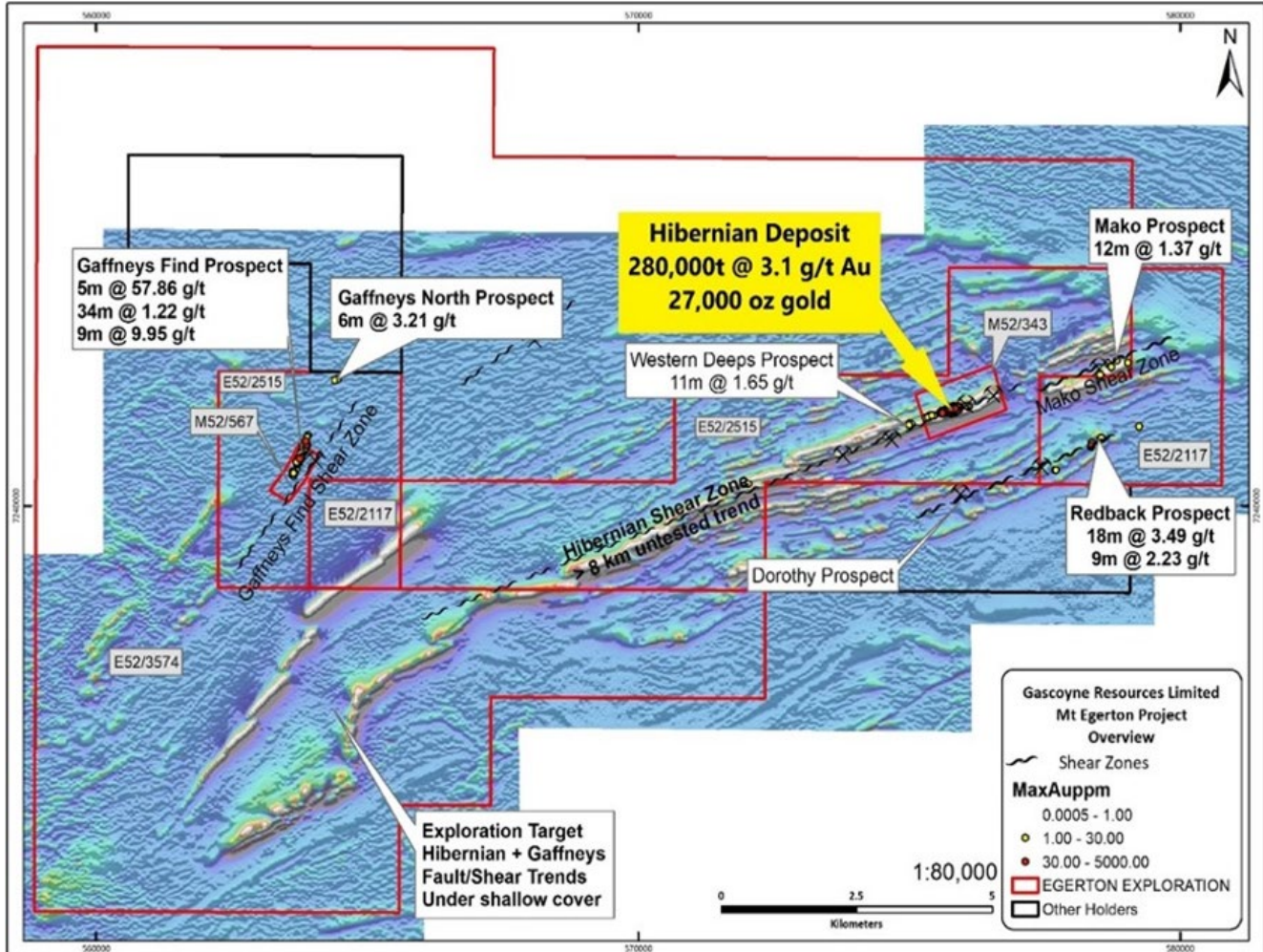


Figure 7: Mt Egerton prospects including high-grade Hibernian deposit

Regional exploration

Overview

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

Mumbakine Well

Mumbakine Well is located adjacent to the Capricorn Metals Ltd (ASX:CMM) Karlawinda project. During the year, the Company conducted a detailed aeromagnetic survey on the project. Interpretation of the aeromagnetic survey results highlighted a number of prospective targets. A future work program for Mumbakine Well is being developed.

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. During the year, soil sampling was completed at Beebyn with results pending.

Review of operations

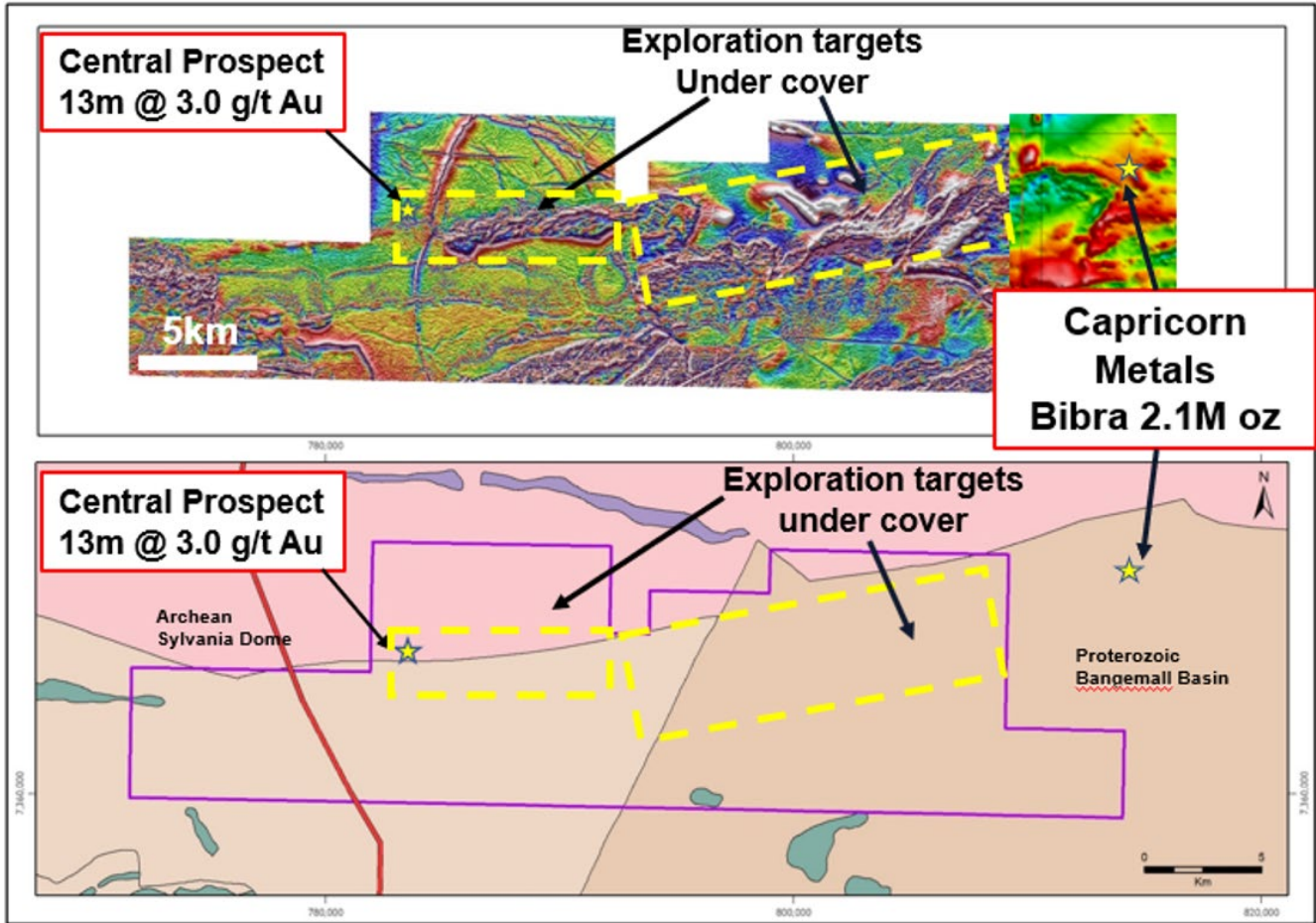


Figure 8: Mumbakine Well

Review of operations

Corporate

Firefly Transaction

On 16 June 2021, Gascoyne and Firefly Resources Limited (ASX:FFR) (Firefly) jointly announced the planned merger of the two companies through the signing of a binding Scheme Implementation Deed (Deed). Under the terms of the Deed, Gascoyne will acquire 100% of the fully paid ordinary shares in Firefly via a Scheme of Arrangement (Scheme) to create a regional gold production and development business in the Murchison Region of Western Australia.

Firefly shareholders are to receive 0.34 Gascoyne shares for each Firefly share held at the Scheme record date, representing an implied offer price of \$0.145 per share based on Gascoyne's five day volume weighted average price prior to the date of signing the Deed. This is expected to result in shareholders of Gascoyne and Firefly having an interest in the merged entity of approximately 67.6% and 32.4%, respectively.

Gascoyne sees a number of key benefits for its shareholders from the proposed merger with Firefly, including:

- Optimised Dalgaranga mine schedule through integration of Firefly's higher-grade Yalgoo (Melville) Mineral Resource within haulage distance of Dalgaranga:
 - Firefly's Melville gold deposit at Yalgoo is shallow, with ore from surface;
 - Melville is located only 110km by road from the Dalgaranga production hub; and
 - Opportunities to optimise the Dalgaranga mine schedule given the presence of higher-grade ore at Yalgoo which will serve as valuable blending material at Dalgaranga in the future.
- Increased exploration and development opportunities to further extend life of mine, thereby enhancing shareholder returns:
 - Advanced exploration opportunities outlined at Yalgoo to extend the existing Mineral Resource through exploration activities, with in excess of 100 gold targets including 30 targets at untested historical workings with recorded gold production;
 - Current Yalgoo Mineral Resource covers just 0.9km of the 28km regional shear zone;
 - Combination of Yalgoo and Dalgaranga tenements unlocks access to approximately 1,200km² of highly prospective greenstone belts; and
 - Advanced exploration opportunities at Yalgoo complemented with broader exploration and development potential at Gascoyne's Glenburgh - Mt Egerton project and other regional projects such as Beebyn and Mumbakine Well.

In accordance with the Deed, Gascoyne and Firefly have also agreed to demerge Firefly's gold/copper assets located outside of the Yalgoo project area and their lithium rights over certain tenements at Yalgoo and Dalgaranga. Under the terms of the demerger deed that has been signed, Firefly shareholders and Gascoyne will respectively hold 90.1% and 9.9% of the demerged entity.

As at the date of this report, Gascoyne and Firefly were continuing to progress the material required to implement the Scheme and subject to Court and Firefly shareholder approvals, expect the Scheme to be completed in mid-November 2021.



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 25 June 2020, at the second meeting of creditors, the Group's creditors passed a resolution approving entry into a Deed of Company Arrangement (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. ASX reinstatement conditions were satisfied following effectuation of the DOCA and trading in the Company's shares recommenced on 21 October 2020.

Refer to the Deed of Company Arrangement and Recapitalisation section in the Directors' report for further details.



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 2012), Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31. The JORC Code 2012 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 Managing Director and 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 external consultants and by the Company.

Mineral Resources

As defined in the JORC Code 2012, 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 Group's Mineral Resources estimate was updated during the year, refer ASX announcement released on 31 May 2021. All new estimates were constrained within optimised pit shells based on a gold price of A\$2,800, the same as the previous Dalgaranga Mineral Resource estimate at 30 April 2020. The Group Mineral Resources now stand at 41.6Mt @ 0.9g/t Au for 1,186,000 ounces as at 31 March 2021.

Dalgaranga Mineral Resource

The Dalgaranga Mineral Resource estimate was updated during the year, refer ASX announcement released on 31 May 2021. The updated Mineral Resource estimate for Dalgaranga is 25.0Mt @ 0.8g/t Au for 648,900 ounces of contained gold. The Gilbey's Main Zone (GMZ) ore body includes 563,800 ounces of Measured and Indicated Resources, representing more than 87% of the Dalgaranga Mineral Resource.

The Dalgaranga Mineral Resource decreased by 152,400 ounces of gold from 801,300 ounces of gold as at 30 April 2020 to the current 648,900 ounces of gold Measured, Indicated and Inferred Mineral Resource. The decrease is related to mining depletion and a smaller A\$2,800 gold price pit optimisation pit shell for the southern end of the Gilbey's deposit. The smaller 2021 pit optimisation shell did not include a deeper area in the south end of the Gilbey's pit when compared to the 2020 estimate. This is primarily due to new information from drilling showing that the GMZ flattens off by approximately 10 - 15 degrees in the southern end. This shallower dip of the GMZ has the effect of increasing the waste to ore mining strip ratio in the southern end of the Gilbey's pit and consequently a portion of drilling delineated mineralisation is not economic at a A\$2,800 gold price and as a result has been excluded from the 2021 Mineral Resource estimate. Additionally, the Golden Wings pit was converted to an in-pit tailings storage facility during the March 2021 quarter and as a result approximately 15,000 ounces have been removed. Grade decreased at Dalgaranga from 0.89g/t Au at 30 April 2020 to 0.84g/t Au at 31 March 2021.

Glenburgh Mineral Resource

The Glenburgh Mineral Resource estimate was updated during the year, refer ASX announcement released on 18 December 2020. The updated Mineral Resource estimate for the Glenburgh Project is 16.3Mt @ 1.0g/t Au for 510,100 ounces of contained gold. A total of 430,700 ounces of gold (approximately 85% of the Mineral Resource) is contained in the Indicated category.

Mineral Resources and Ore Reserves

Mt Egerton - Hibernian Mineral Resource

The Mt Egerton - Hibernian Mineral Resource estimate was updated during the year, refer ASX announcement released on 31 May 2021. The Hibernian deposit contains 0.3Mt @ 3.1g/t Au for 27,000 ounces.

The Company is not aware of any new information or data that materially affects the information contained in the Group Mineral Resources statement as at 31 March 2021 other than changes due to normal mining depletion during the three months ended 30 June 2021.

Group Mineral Resources as at 31 March 2021

Classification	Tonnes Mt	Gold grade g/t	Contained gold koz
Dalgaranga Mineral Resource¹			
Measured	1.38	0.7	30.6
Indicated	20.04	0.8	533.1
Measured and Indicated	21.43	0.8	563.8
Inferred	3.56	0.7	85.1
Total	24.99	0.8	648.9
Glenburgh Mineral Resource			
Indicated	13.50	1.0	430.7
Inferred	2.80	0.9	79.4
Total	16.30	1.0	510.1
Mt Egerton - Hibernian Mineral Resource			
Indicated	0.23	3.4	25.0
Inferred	0.04	1.5	2.0
Total	0.28	3.1	27.0
Group total	41.58	0.9	1,186.0

Note: Discrepancies in totals are a result of rounding.

1 Dalgaranga Mineral Resource includes surface stockpiles and gold in circuit.

Ore Reserves

As defined in the JORC Code 2012, 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.

Mineral Resources and Ore Reserves

The Dalgaranga Ore Reserve was updated during the year, refer ASX announcement released on 31 May 2021. The Ore Reserve estimate has been constrained within final pit designs based on A\$2,100 optimised pit shells, the same as the previous Ore Reserve estimate at 30 April 2020. The Ore Reserve estimate decreased by 87,300 ounces of gold from 426,300 ounces of gold as at 30 April 2020 to the current 339,000 ounces of gold Proved and Probable Reserve at the date of signing this report. The Ore Reserve estimate increased by 22,000 ounces of gold in the southern end of the Gilbey's pit which was lower than hoped due to the unfavourable orientation of the orebody which increased the mining waste to ore strip ratio. An addition of 10,000 ounces of gold at Plymouth was also included for the first time, before accounting for mining depletion and pit design revisions. At 31 March 2021, grade remained unchanged from 30 April 2020 at 0.8g/t Au.

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 31 March 2021 other than changes due to normal mining depletion during the three months ended 30 June 2021.

Dalgaranga Ore Reserve as at 31 March 2021

Classification	Oxidation state	Cut-off grade g/t	Tonnes Mt	Gold grade g/t	Contained gold koz
Proved	Oxide	0.30	0.002	1.1	0.1
	Transition	0.30	0.62	0.7	13.5
	Fresh	0.30	0.45	0.8	10.0
	Stockpiles	0.30	1.84	0.4	24.4
	Gold in circuit		-	-	-
	Subtotal		2.91	0.5	49.8
Probable	Oxide	0.30	0.36	0.9	9.0
	Transition	0.30	0.36	0.9	9.2
	Fresh	0.30	9.90	0.9	271.0
	Subtotal		10.62	0.8	289.2
Total			13.53	0.8	339.0

Note: Discrepancies in totals are a result of rounding.



Mineral Resources and Ore Reserves

Competent Persons Statement

As defined in the JORC Code 2012, 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.

The information in this report that relates to the Group Mineral Resources 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 2012; 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 <i>Chief Geologist</i>	Gascoyne Resources Limited	The Australasian Institute of Mining and Metallurgy <i>Member</i>
Dalgaranga Mineral Resource			
	Mr Michael Job ^{1,2} <i>Principal Geologist/Geostatistician</i>	Cube Consulting Pty Ltd	The Australasian Institute of Mining and Metallurgy <i>Fellow</i>
	and		
	Mr Michael Millad ^{1,2} <i>Director and Principal Geologist/Geostatistician</i>	Cube Consulting Pty Ltd	Australian Institute of Geoscientists <i>Member</i>
Dalgaranga Ore Reserve			
	Mr Neil Rauert ³ <i>Senior Mining Engineer</i>	Gascoyne Resources Limited	The Australasian Institute of Mining and Metallurgy <i>Fellow</i>
Glenburgh and Mt Egerton - Hibernian Mineral Resources			
	Mr Brian Fitzpatrick <i>Principal Geologist</i>	Cube Consulting Pty Ltd	The Australasian Institute of Mining and Metallurgy <i>Member</i>

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 Ore Reserve for the Gilbey's, Gilbey's South and Plymouth 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

The Directors of Gascoyne Resources Limited (Gascoyne or the Company) present their report together with the financial statements of the consolidated entity, being Gascoyne Resources Limited and its controlled entities (together, the Group), for the year ended 30 June 2021.

Directors

The following persons were Directors of Gascoyne Resources Limited 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 Non-Executive Director on 5 August 2020 and Non-Executive Chairman on 20 October 2020

Mr Bauk is an experienced mining executive with over 30 years' experience in the resources industry, including over 15 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 and Nomination Committee.

Other directorships of ASX listed entities in the past three years:

- Executive Director of PVW Resources Limited since February 2021
- Executive Chairman of Valor Resources Limited since October 2020
- Non-Executive Chairman of BlackEarth Minerals NL since November 2020 and former Non-Executive Director from February 2018 to November 2020
- Non-Executive Chairman of Lithium Australia NL since July 2015
- Managing Director of Northern Minerals Limited from March 2010 to June 2020

Richard Hay MSc, MAIG

Managing Director and Chief Executive Officer

Appointed as Executive Director on 5 August 2020 and Managing Director and Chief Executive Officer on 20 October 2020

Mr Hay is a geologist and highly experienced mining executive with over 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 led the successful operational turnaround of the Company's Dalgara mine resulting in the Group's exit from Administration on 20 October 2020.

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:

Nil.

Interests in shares of the Company: 700,000 shares

Directors' report

Directors (continued)

Rowan Johnston BSc (Mining Engineering)

Independent Non-Executive Director

Appointed 5 August 2020

Mr Johnston is a mining engineer with over 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 and Nomination Committee.

Other directorships of ASX listed entities in the past three years:

- Non-Executive Director of Bardoc Gold Limited since December 2019 and former Executive Director from October 2018 to December 2019
- Managing Director of Excelsior Gold Limited from September 2016 to October 2018

Hansjoerg Plaggemars MBA

Non-Executive Director

Appointed 1 July 2021

Mr Plaggemars is an experienced company director specialising in corporate finance, corporate strategy and governance and has served on the Board of Directors of various international listed and unlisted companies, in a variety of industries including mining, agriculture, shipping, construction and investment. Mr Plaggemars has previously served on the Board of Deutsche Balaton AG, the Company's largest shareholder, and is the founder of Value Consult, a management consultancy firm.

Board committee membership:

Audit and Risk Committee; Remuneration Committee.

Other directorships of ASX listed entities in the past three years:

- Non-Executive Director of Wiluna Mining Corporation Limited since July 2021
- Non-Executive Director of PNX Metals Limited since November 2020
- Non-Executive Director of Altech Chemicals Limited since August 2020
- Non-Executive Director of Azure Minerals Limited since November 2019
- Non-Executive Director of South Harz Potash Limited since October 2019
- Non-Executive Director of Kin Mining NL since July 2019

Company Secretaries

David Coyne B.Com (Acct and Economics), CPA, GDIP (Applied Finance and Investment)

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.

Directors' report

Company Secretaries (continued)

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

Appointed 17 March 2020, resigned 30 March 2021

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.



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 results

For a detailed review of the Group's operations during the year, refer to the Review of operations section presented on page 5 in this report.

Financial performance

Gold sales revenue of \$202.0 million (2020: \$170.9 million) was generated from the sale of 78,495 ounces at an average gold price of A\$2,574 per ounce (2020: 72,848 ounces at an average price of A\$2,346 per ounce). Revenue from the sale of 32,651 ounces of silver was \$1.1 million (2020: \$0.6 million; 22,390 ounces). The increase in revenue compared to the prior year is driven by an improvement in operating performance increasing gold production, as well as an increase in the realised gold price from delivering a portion of gold production into forward contracts fixed at a higher than spot price.

Directors' report

Review of operations and financial results (continued)

Total cost of sales inclusive of depreciation and amortisation was \$150.1 million (2020: \$149.9 million). The movement in cost of sales compared to the prior year is driven by reduced material movements in the second half of the year, along with an increase in the proportion of mining costs capitalised to deferred waste from Gilbey's Stage 2, partially offset by lower gold inventory balances at the reporting date, write-down of gold inventory including run of mine stockpiles to net realisable value and increased amortisation of deferred waste stripping assets on completion of mining activities at Gilbey's Stage 1.

Although the volume of waste mined was lower compared to the prior year, a higher proportion of mining costs were capitalised to deferred waste in the current year. 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. Depreciation and amortisation of property, plant and equipment and capitalised mine properties expenditure totalled \$52.0 million (2020: \$42.2 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 gold production basis.

The net consolidated loss of the Group for the year was \$44.1 million (2020: \$2.0 million profit) primarily due to the impairment expense of \$80.2 million (2020: \$nil) recorded against the Dalgaranga gold operations cash-generating unit (Dalgaranga CGU). The Group was required to test the Dalgaranga CGU for impairment as the carrying value of the Dalgaranga CGU exceeded the market capitalisation of the Company on the reporting date, and due to changes in the Ore Reserve estimate and remaining life of mine plan made in the current year. Refer to note 14 for further details on the impairment expense.

Corporate expenses for the year totalled \$9.5 million (2020: \$11.9 million). The decrease is primarily driven by the reduction in Administrator, corporate advisory and legal costs following the recapitalisation completed in October 2020.

Financial position

The Group held cash and cash equivalents of \$23.4 million as at 30 June 2021 (2020: \$5.6 million), trade receivables of \$3.4 million (2020: \$nil) and \$1.2 million in unsold gold on hand was recognised in inventory at net realisable value (2020: \$3.5 million at cost). Market value of unsold gold on hand at 30 June 2021 was \$1.2 million (2020: \$5.1 million).

The Group's free cashflow generation (cash flow from operations less cash flows used in investing activities) improved from the prior year as a result of the increasing realised gold price as well as improved operating performance. The Group generated cash from operations of \$75.1 million for the year offset by investing activities of \$64.5 million, resulting in free cashflow generation of \$10.6 million for the year. Free cashflow generation in the first half of the year was \$0.5 million, and the second half of the year was impacted favourably by reduced waste material movements and lower corporate costs post-Administration in achieving positive free cash generation of \$10.1 million.

As at 30 June 2021 the Group has a working capital surplus of \$12.6 million (2020: \$116.0 million deficit) which includes a cash balance of \$23.4 million and a trade receivable of \$3.4 million. The significant improvement in working capital over the year 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 Commonwealth Bank of Australia and National Australia Bank (Original Banks), entry into the Investec finance facility, conversion of the NRW Pty Ltd (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.



Directors' report

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 0.8g/t Au for 426,300 ounces of contained gold (as at 30 April 2020). The Company also released its then current 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 (finance facility) with Investec Bank plc (Investec) as part of a \$125.2 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 \$125.2 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 Managing Director and 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 20 October 2020, following the drawdown of proceeds under the finance facility, 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.

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 the JORC Code 2012 for its Glenburgh Gold Project in the Gascoyne region of Western Australia of 16.3Mt @ 1.0g/t Au for 510,100 ounces of contained gold, as at 15 December 2020.

On 31 May 2021, the Company released an updated Group Mineral Resource Estimate in accordance with the JORC Code 2012 of 41.6Mt @ 0.9g/t Au for 1,186,000 ounces of contained gold as at 31 March 2021, and an updated Dalgaranga Ore Reserve estimate of 13.5Mt at 0.8g/t Au for 339,000 ounces of contained gold, also as at 31 March 2021.

On 15 June 2021, the Company entered into a binding Scheme Implementation Deed with Firefly Resources Limited (Firefly), pursuant to which both companies will merge by way of a Scheme of Arrangement (Scheme), under which the Company will acquire 100% of the fully paid ordinary shares of Firefly. Firefly shareholders will receive 0.34 Gascoyne ordinary shares for each Firefly share held at the Scheme record date, which is expected to result in shareholders of the Company and Firefly having an interest in the combined entity of approximately 67.6% and 32.4% respectively.

As a result of the change in the Ore Reserve estimate and resulting increase in remaining life of mine strip ratio at the Dalgaranga CGU, as well as the net assets being greater than the Company's market value at 30 June 2021, an impairment expense of \$80.2 million (2020: \$nil) has been recorded against the mine properties, property, plant and equipment of the Dalgaranga CGU. Refer to note 14 for further details on the impairment expense.

The Group completed a review of the rehabilitation and mine closure provision during the year, which resulted in an increase of \$2.4 million (2020: \$1.3 million) to both the provision and the corresponding rehabilitation asset recorded in mine properties.

Dividends

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

Directors' report



Events occurring after the reporting date

On 7 July 2021, the Company entered into a binding Demerger Implementation Deed, pursuant to which the Company and Firefly have agreed the terms of a demerger of various assets including the Paterson Copper-Gold Project, the Forrestania Gold Project and lithium mineral rights over various tenements held by both the Company and Firefly which are to be acquired by a newly incorporated wholly-owned subsidiary of Firefly, Firetail Resources Limited.

On 24 August 2021, the Company announced on the ASX that it had received a non-binding indicative proposal from Rivet Group for the Company to acquire the gold rights in the Snake Well gold project owned by Rivet Group. The proposal was conditional on a number of items, including the requirement for Gascoyne to terminate the Scheme Implementation Deed with Firefly. The Board of Gascoyne unanimously determined that the Rivet Group proposal was not superior to the Firefly transaction and rejected the proposal.

In August 2021, the Group signed a cost settlement deed with Habrok (Dalgaranga) Pty Ltd and Habrok Mining Pty Ltd to settle recovery of legal costs awarded to the Group in September 2020 following successful defence by the Group of legal action commenced by Habrok (Dalgaranga) Pty Ltd. Part proceeds under the settlement deed were received by the Group in early September 2021 and it is uncertain as to the extent, if any, of the remaining amount under the settlement deed will be recovered by the Group. The terms of the settlement deed are confidential, and the aggregate cost recovery amount agreed is not considered to be material to the Group.

Directors' report

Events occurring after the reporting date (continued)

On 6 September 2021, the Company announced on the ASX that the Supreme Court of Western Australia (Supreme Court) ordered the convening of a meeting of Firefly shareholders to consider and, if thought fit, approve the Scheme. The meeting is currently scheduled for 21 October 2021. The Supreme Court also made orders approving the despatch of the Scheme Booklet and Firefly despatched the Scheme Booklet to Firefly shareholders on or before 10 September 2021. The Scheme Booklet included an Independent Expert's Report which concluded that the Scheme is fair and reasonable, and is in the best interests of Firefly shareholders in the absence of a superior proposal.

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.



Directors' report

Deed of Company Arrangement and Recapitalisation

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.

Following recapitalisation of the Company, on 20 October 2020 the Deed Administrators confirmed that the conditions precedent to effectuate the DOCA were complete. From this date, control of the Company reverted back to its directors.

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 was required to make in order to satisfy its obligations to these creditors under the DOCA. Upon effectuation of the DOCA, the Deed Administrators transferred this amount to the Creditors' Trust and, shortly thereafter, made cash payments to the unsecured creditors.

The remaining obligations of the Group to unsecured creditors were 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 received the following as settlement of the total amount owing of \$34.8 million (\$32.7 million excluding GST), in return for releasing the NRW security over the Group's assets:

- an upfront cash payment of \$7.0 million including GST (\$6.4 million excluding GST);
- \$12.0 million in shares priced at \$0.025 (pre-equity consolidation), representing a conversion from debt to equity; and
- entry into a liability payment arrangement for the remaining balance due after settlement of the upfront cash payment and the conversion of debt to equity.

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

Future developments

The Group is expected to continue exploration, development, operations and production and marketing of gold bullion in Western Australia and will continue the development of its gold exploration projects. The Group also expects to complete the acquisition of Firefly during the financial year ended 30 June 2022 and progress the studies and approvals required to commence initial mining activities from the Melville deposit at Yalgoo, with ore to be processed at the Dalgaranga Gold Project.

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.

During the year, 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 discharge into the tailings storage facility. As the Company has not been able to consistently meet the weak acid dissociable cyanide levels and after extensive and regular dialogue with the relevant regulators, and in line with other similar operations, a formal application has been submitted by the Company for the removal of the weak acid cyanide licence condition which is currently under assessment by the regulator.

Directors' report

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 meetings of Directors did not resume until 20 October 2020 following effectuation of the DOCA.

The number of meetings held during the year by the Board of Directors (Board) and Board committees, and the number of those meetings attended by each Director were:

	Board meetings		Remuneration and Nomination Committee meetings		Audit and Risk Committee meetings	
	Entitled to attend ¹	Attended	Entitled to attend ¹	Attended	Entitled to attend ¹	Attended
G Bauk ²	12	12	4	4	2	2
R Hay ³	12	12	4	4	2	2
R Johnston ⁴	12	12	4	4	2	2

1 In addition to the above meetings a number of meetings were dealt with by circular resolution.

2 Mr G Bauk was appointed as a Non-Executive Director on 5 August 2020. On 20 October 2020 Mr Bauk assumed the role of Non-Executive Chairman.

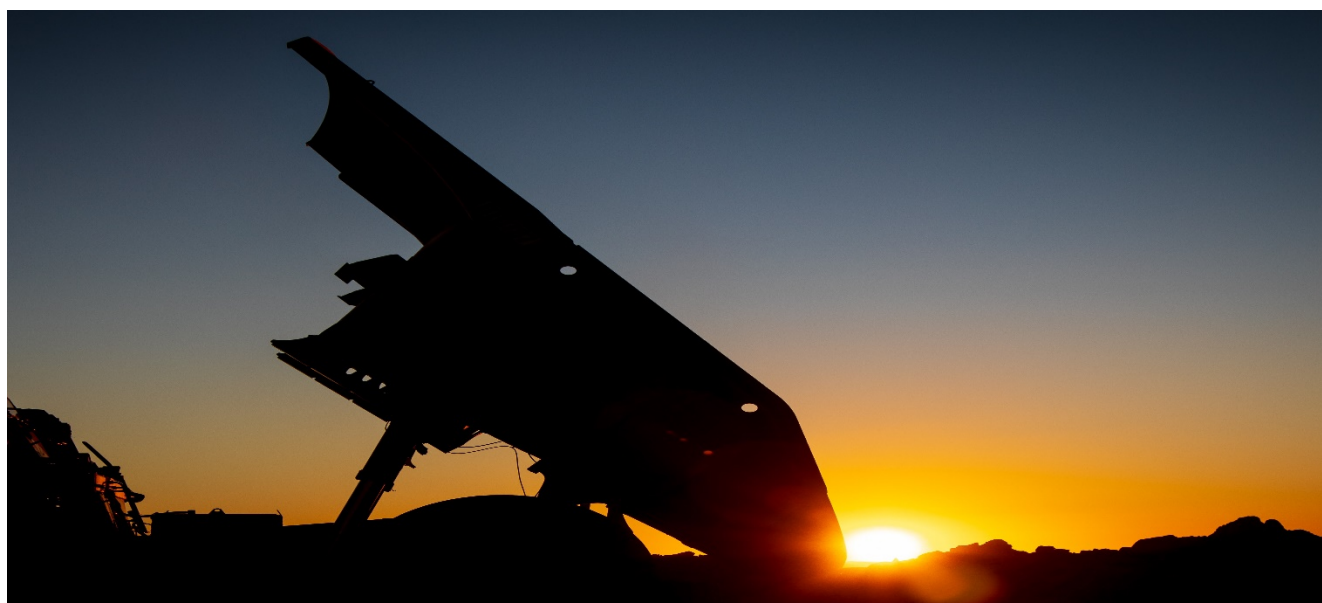
3 Mr R Hay was appointed as an Executive Director on 5 August 2020, retaining the title of Chief Executive Officer. On 20 October 2020 Mr Hay assumed the role of Managing Director and Chief Executive Officer.

4 Mr R Johnston was appointed as a Non-Executive Director on 5 August 2020.

Gender diversity

The Board of the Company is currently comprised of four male directors and no female directors (100% male). Within senior executive positions of the Company, 67% of persons holding these positions are male and 33% are female. Senior executive positions are those roles that are, or directly report to, the Managing Director and Chief Executive Officer, Chief Financial Officer and Executive General Manager - Operations and Development. Across the whole Group, 83% of employees are male and 17% are female.

As the Board of the Company was only reconstituted on 20 October 2020 following the effectuation of the DOCA, the initial focus of the Company has been to solidify the operation and business performance of its assets. As the Company matures as an organisation, the Board shall set measurable objectives to achieve gender diversity in accordance with its Diversity Policy.



Directors' report

Remuneration report (audited)

The Directors of the Company present the Remuneration report for Directors and other Key Management Personnel (KMP) prepared in accordance with the *Corporations Act 2001*, the *Corporations Regulations 2001* and applicable accounting standards.

This Remuneration report is presented under the following sections:

- Key management personnel
- Remuneration governance
- Remuneration policy and framework
- 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	Position¹	Term as KMP during the financial year
Directors		
G Bauk	Non-Executive Chairman ²	Appointed 5 August 2020
R Hay	Managing Director and Chief Executive Officer ³	Appointed 5 August 2020
R Johnston	Non-Executive Director	Appointed 5 August 2020
Other KMP		
J Goldsworthy	Chief Geologist	Full year
D Coyne	Chief Financial Officer and Company Secretary ⁴	Appointed 20 July 2020
D Baumgartel	Executive General Manager	Appointed 1 November 2020
T Magan	Head of Finance	Full year
S McBride	Joint Company Secretary ⁵	Resigned 30 March 2021

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

2 Mr G Bauk was appointed as a Non-Executive Director on 5 August 2020. Mr Bauk assumed the role of Non-Executive Chairman on 20 October 2020.

3 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.

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. Upon the resignation of Mr S McBride as Joint Company Secretary on 30 March 2021, Mr Coyne was confirmed as sole Company Secretary.

5 Mr S McBride was appointed as Joint Company Secretary on 6 October 2020, following his appointment as Company Secretary on 17 March 2020.

Directors' report

Remuneration report (audited) (continued)

Subsequent to 30 June 2021, the following KMP appointment was announced:

Name	Position	Appointment date
H Plaggemars ¹	Non-Executive Director	1 July 2021

¹ Mr H Plaggemars is to receive a director's fee of \$120,000 p.a. inclusive of committee fees. No retirement benefits are payable.

Full remuneration details for KMP appointed after 30 June 2021 will be disclosed in the Remuneration report for year ending 30 June 2022.

Remuneration governance

The Board has established Remuneration and Nomination Committees which operate in accordance with their Charters as approved by the Board and are responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

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, equity-settled awards, 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.

The Remuneration Committee may engage independent external remuneration consultants to provide advice on remuneration. No external remuneration consultants were engaged by the Group during the year.

The Remuneration Committee is comprised of Mr George Bauk as Chairman, and Mr Rowan Johnston and Mr Hansjoerg Plaggemars as Committee members. The Nomination Committee is comprised of Mr George Bauk as Chairman, and Mr Rowan Johnston as a Committee member.

Remuneration policy and framework

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 reviews principles governing the Group's executive remuneration policy to ensure that these are appropriately aligned with shareholder expectations and the objectives of the Group.

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

- fixed remuneration being annual salary and superannuation; and
- variable at-risk incentive remuneration comprising:
 - short-term incentives, including bonuses; and
 - long-term incentives, including employee equity-settled awards.

Following recapitalisation of the Company on 20 October 2020, the Board implemented an incentive scheme for all Group employees comprised of a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). The LTIP, included in the Company's GCY Equity Incentive Plan Rules (Incentive plan), was approved by shareholders at the Company's 2020 Annual General Meeting on 18 December 2020.

The incentive scheme is structured to reward employees for their contributions towards achieving short-term and long-term Group business objectives, align part of employee remuneration to shareholder returns and provide employees the opportunity to share in longer term value creation of the Company through part-ownership of the Company.

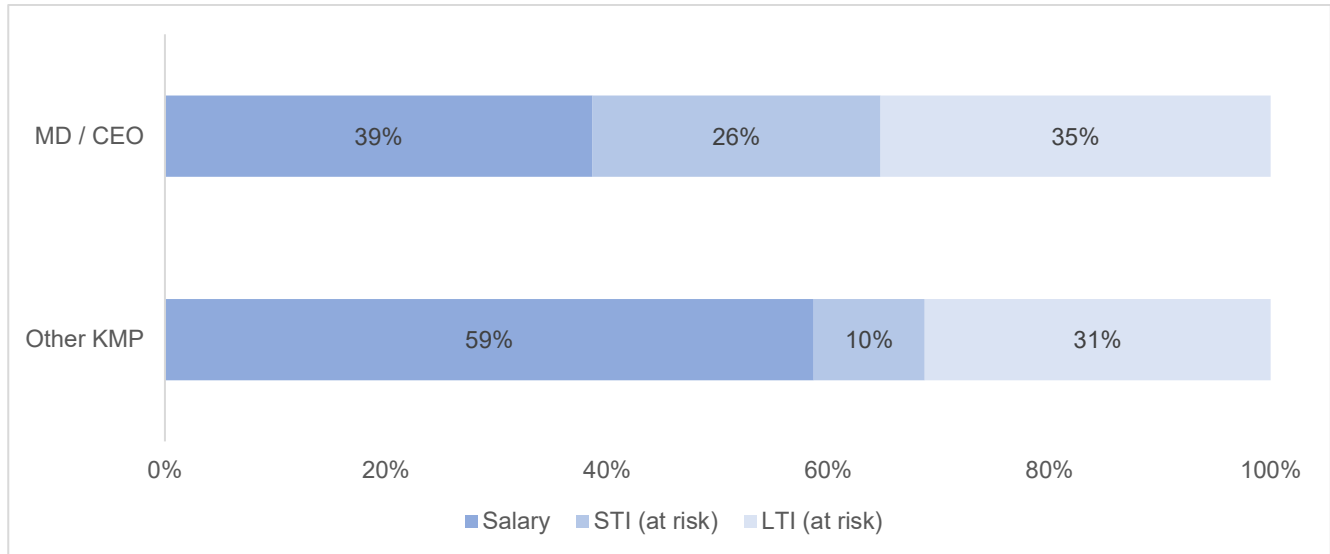
Directors' report

Remuneration report (audited) (continued)

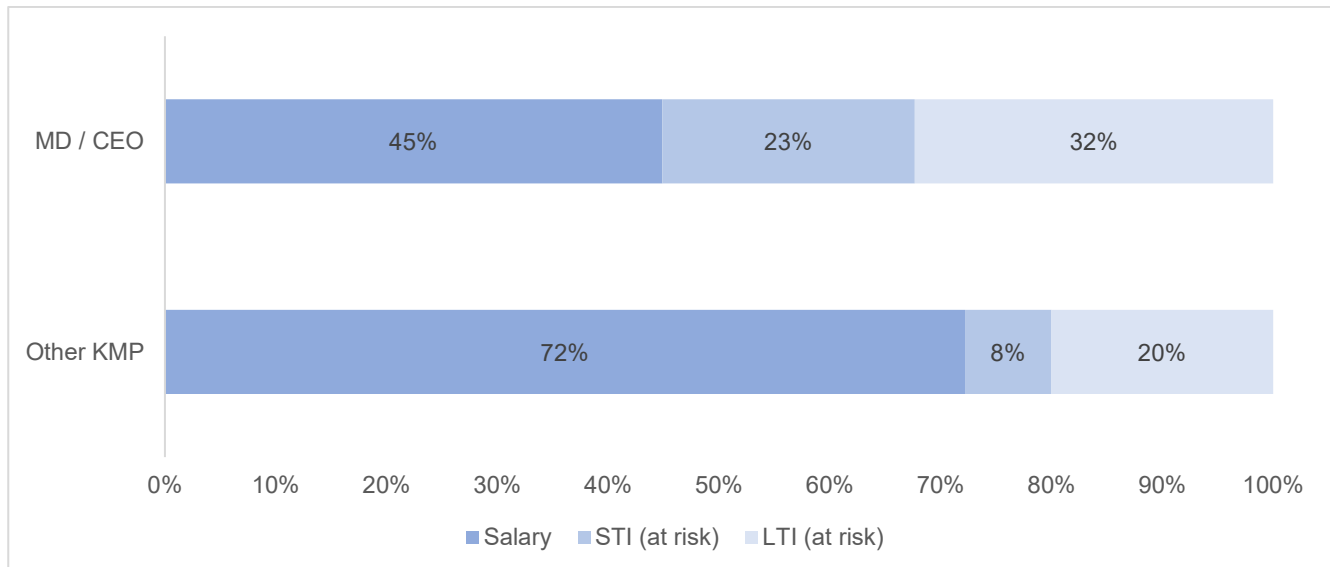
Composition of KMP remuneration

The composition of salary (fixed remuneration including superannuation) and STIP and LTIP awards (variable at-risk remuneration) for the current year performance period is summarised as follows:

Target remuneration mix



Actual remuneration mix



Short-term incentives

The Group uses 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 equity-based components for KMP and other employees. Performance measures are considered on commencement of employment for new KMP and annually for all KMP. They are set after consultation with the Directors and KMP and may be tailored to the areas over which the KMP has a level of control and may include both financial and non-financial measures.

Directors' report

Remuneration report (audited) (continued)

For the financial year ended 30 June 2021, performance areas include:

- financial: performance against budget; and
- non-financial: performance against budget, operational improvements and efficiency, growth in mineral resources and/or ore reserves and strategic goals dependent on KMP areas of influence.

If a major safety or environmental incident occurs, the STI key performance indicator for safety and environment will be reduced to zero, meaning that the safety or environmental key performance indicator within the overall STI weighting will be nil irrespective of any other improvements within safety and environment.

STIP objective

The intent of the STIP is to incentivise achievement of key annual targets that are expected to contribute to the growth in shareholder value and reward Executives for achieving those targets.

Performance measurement

Key performance indicators (KPIs) are set by the Board and are typically advised to Executives prior to or at the commencement of each financial year. The following KPIs used to measure performance were applied to all Executives for the current year:

KPI	Weighting	Performance measure	Outcome
Safety and environment	30%	Reduction in TRIFR ¹ of 12.6 by at least 5%; 100% of the KPI earned if TRIFR reduced by 50% or more.	Actual TRIFR as at 30 June 2021 was 4.0 resulting in all 100% of this KPI being earned.
Production guidance	30%	Gold production of at least 78,000oz to earn 50%; 100% earned at 84,000oz.	Gold production of 77,278oz was less than the threshold, resulting in nil for this KPI.
Share price growth	30%	Increase in share price above the \$0.50 per share October 2020 recapitalisation price; 100% earned if share price exceeds \$1.00.	30 day volume weighted average price to 30 June 2021 was \$0.395, resulting in nil for this KPI.
Discretionary	10%	Discretionary at Board discretion taking into account outcomes of individual performance reviews.	Varied outcome of between 4% and 10% for this KPI.

1 Total Recordable Injury Frequency Rate (TRIFR).

STI award

The STI award is based on a maximum percentage of annual base salary (excluding superannuation) and is determined following assessment of the Executive's annual performance. The STI award is paid in cash, typically before 31 August in the following financial year. For the current financial year, the STIP only applied from 1 January 2021 to 30 June 2021, but will apply to full years in future.

Directors' report

Remuneration report (audited) (continued)

Details of the STI awards payable to KMP for the current year, and paid in the year ended 30 June 2022, are as below:

KMP	Maximum STI opportunity¹ %	STI achieved² %	STI awarded³ \$
R Hay	50%	9.5%	52,250
D Coyne	30%	5.3%	21,375
D Baumgartel	30%	5.3%	21,375
J Goldsworthy	20%	3.6%	8,088
T Magan	20%	3.9%	8,580

1 Maximum percentage of KMP's base salary, excluding superannuation. The percentage assigned to each KMP is dependent on the individual KMP's role within the Group.

2 Weighted percentage assigned to each KMP following assessment of KMP performance and review of Group performance for the current year. As the STIP for the financial year ended 30 June 2021 only applied for a six month period, the STI achieved has been reduced by 50%.

3 Award excludes compulsory superannuation contributions (if applicable).

Long-term incentives

The Board considers that long-term incentives (LTIs) should form a key component of total annual remuneration of Executives, KMP and other eligible employees (collectively Eligible Participants), which can be achieved by setting a significant portion of total annual remuneration 'at risk' to better align interests with those of shareholders to encourage the production of long-term sustainable growth and to assist with retention.

The Board recognises that to preserve shareholder value it must operate a long-term remuneration structure which ensures Eligible Participants are attracted, retained and motivated by the Group.

Under the Group's Incentive plan, approved by shareholders on 18 December 2020, annual grants of equity-settled awards (including performance rights, restricted share units and share options) may be made to eligible employees. For the current financial year, the Group offered performance rights (rights) as a long-term incentive to Eligible Participants. The rights are issued for nil consideration and contain a service condition. Any unvested rights lapse on the date of cessation of employment, subject to the discretion of the Board and the terms of the Incentive plan.

LTIP objective

The intent of the LTIP is to support long-term business strategy and value creation, and reward sustained performance in achieving long-term growth in shareholder value.

Performance measurement

KPIs are set by the Board and are advised to Eligible Participants prior to, or shortly after, the commencement of each financial year.



Directors' report

Remuneration report (audited) (continued)

The following KPIs used to measure long-term performance applied to all Eligible Participants for the current year performance period:

KPI	Weighting	Performance measure	Outcome
Growth in mineral resources	20%	End FY2021 with resources (excl. Glenburgh) of at least 90% of start of FY2021 resources of 3.06 ounces of gold per 1,000 shares on issue (post-equity consolidation).	End of FY2021 mineral resource (excl. Glenburgh) was 659,749oz, or 2.63oz per 1,000 shares, resulting in a nil score for this KPI for KMP.
Retention	45-60%	One-off measure for FY2021 only. Maintain employment with the Group through until the dates of award and vesting.	45% for CEO/MD, CFO and EGM Operations and Development. 60% for all other Eligible Participants.
Total Shareholder Return	30%	Gascoyne shares to outperform the ASX Gold Index by at least 5% to earn 50% of the weighting, sliding scale to earn 100% of weighting if outperform by 25% or more.	Gascoyne shares did not outperform the ASX Gold Index, resulting in a nil score for this KPI.
Culture development	20%	Establish high-performing team by establishing Gascoyne Values, developing objectives and development plans for each employee and conducting quarterly and annual performance reviews.	Gascoyne Values were developed and all employees had objectives and development plans set. All employees had quarterly and annual performance reviews. Full 20% earned for this KPI.

LTI award

The determination of the number of rights granted is based on the Eligible Participant's salary and performance against LTIP KPIs. There are no further performance conditions after the grant of rights.

The number of rights granted is determined by dividing the dollar value of the LTI award achieved by the Eligible Participant, by the 30 day volume weighted average price of the Company's shares for the period to 30 June of the relevant financial year.

While the KPIs described above relate to the performance period ending 30 June 2021, the rights were not granted as at the end of the financial year. In September 2021, a total of 797,208 rights were granted and issued to KMP, excluding the Managing Director and Chief Executive Officer. The Managing Director and Chief Executive Officer is to be granted 452,532 rights subject to approval by shareholders at the Company's 2021 Annual General Meeting.

Details of rights granted as remuneration to KMP during the year are as follows:

2021 KMP	Class of right ¹	Grant date ²	Maximum LTI opportunity ³ %	LTI granted ³ %	Rights granted No.	Grant date fair value \$/right
D Coyne	A	26 March 2021	n/a	n/a	100,000	\$0.525
	B	26 March 2021	n/a	n/a	100,000	\$0.525
D Baumgartel	A	26 March 2021	n/a	n/a	100,000	\$0.525
	B	26 March 2021	n/a	n/a	100,000	\$0.525

1 Class A and Class B rights vest on 1 July 2022 and 1 January 2023 respectively, and expire on 30 June 2032 and 31 December 2032 respectively.

2 Prior to the grant of the annual LTI awards, Mr Coyne and Mr Baumgartel were granted Class A and Class B rights on 26 March 2021.

3 The rights granted in the current year were not subject to the KPI performance testing applicable to annual LTI awards as described in the LTIP KPI performance measures as they are rights granted in accordance with respective employment agreements.

Directors' report

Remuneration report (audited) (continued)

Sign-on bonus

Upon the Company exiting Administration on 20 October 2020 and following his appointment as an Executive Director of the Company on 5 August 2020, Mr R Hay received a sign-on bonus of \$250,000 on 13 October 2020, equity-settled in Company shares.

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. Total Non-Executive Directors' fees paid during the year was \$235,538. 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 2020 Annual General Meeting (AGM) 99.8% of the votes cast in relation to the resolution to adopt the 2020 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	2021	2020	2019	2018	2017
Profit/(loss) per share (cents) ¹	(22.8)	4.0	(371.0)	(2.7)	(9.7)
Dividends (cents per share)	-	-	-	-	-
Net profit/(loss) (\$'000)	(44,130)	1,989	(107,105)	(559)	(1,444)
Share price ²	\$0.300	\$0.039	\$0.039	\$0.50	\$0.435

1 Profit/(loss) per share has been restated for the years ended 30 June 2017 to 30 June 2020 to account for the effect of the 1-for-20 share consolidation undertaken in the year ended 30 June 2021.

2 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.

Directors' report

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:

2021	Short-term employee benefits		Long-term employee benefits	Post-employment benefits	Share-based payments ¹	Total	Performance related ²
	Salary and fees ³	Bonus ⁴	Accrued long service leave ⁵	Super-annuation	Shares, options and performance rights		%
	\$	\$	\$	\$	\$	\$	%
Directors							
G Bauk ⁶	115,825	-	-	11,003	-	126,828	-
R Hay ⁷	571,966	302,250	6,092	57,144	250,000	1,187,452	47%
R Johnston ⁸	99,278	-	-	9,431	-	108,709	-
	787,069	302,250	6,092	77,578	250,000	1,422,989	
Other KMP							
D Coyne ⁹	371,976	51,375	-	25,000	18,870	467,221	15%
D Baumgartel ¹⁰	272,115	21,375	-	19,586	18,870	331,946	12%
J Goldsworthy ¹¹	225,652	19,320	4,151	23,210	-	272,333	7%
T Magan ¹²	232,650	30,580	1,823	24,558	-	289,611	11%
S McBride ¹³	142,869	-	-	13,573	-	156,442	-
	1,245,262	122,650	5,974	105,927	37,740	1,517,553	
	2,032,331	424,900	12,066	183,505	287,740	2,940,542	

1 Share-based payments represent the fair value of granted shares, options and rights over the vesting period, recognised as an accounting expense during the year.

2 Calculated as the total of 'Bonus' plus 'Share-based payments' divided by Total remuneration, reflecting the percentage of at-risk performance-tested remuneration.

3 Salary and fees include movements in the annual leave provision.

4 Bonuses comprised of:

- STI award earned for the current financial year. For further information, refer to the Short-term incentives section above in this Remuneration report.
- Retention bonuses earned during the Administration period. For further information, refer to the Retention bonus section below 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 G Bauk was appointed as a Non-Executive Director on 5 August 2020 and as Non-Executive Chairman on 20 October 2020.

7 Mr R Hay received a cash bonus of \$250,000 and a discretionary equity-settled bonus of \$250,000 upon the Company exiting Administration. Mr Hay also received \$52,250 as an STI award earned for the current financial year.

8 Mr R Johnston was appointed as Non-Executive Director on 5 August 2020.

9 Mr D Coyne received \$30,000 in retention bonuses earned during the Administration period and \$21,375 as an STI award earned for the current financial year.

10 Mr D Baumgartel was appointed as Executive General Manager on 1 November 2020. Mr Baumgartel received \$21,375 as an STI award earned for the current financial year.

11 Mr J Goldsworthy received \$11,232 in retention bonuses earned during the Administration period and \$8,088 as an STI award earned for the current financial year.

12 Ms T Magan received \$22,000 in retention bonuses earned during the Administration period and \$8,580 as an STI award earned for the current financial year.

13 Mr S McBride resigned on 30 March 2021.

Directors' report

Remuneration report (audited) (continued)

2020

	Short-term employee benefits		Long-term employee benefits	Post-employment benefits	Share-based payments ¹	Total	Performance related ²
	Salary and fees ³	Bonus ⁴	Accrued long service leave ⁵	Super-annuation	Shares, options and performance rights		
	\$	\$	\$	\$	\$	\$	%
Directors							
R M Joyce ⁶	6,762	-	-	642	-	7,404	-
I Kerr ⁷	21,424	-	(3,796)	1,711	-	19,339	-
	28,186	-	(3,796)	2,353	-	26,743	
Other KMP							
R Hay	547,993	125,000	-	25,000	-	697,993	18%
J Goldsworthy	220,683	33,699	4,353	23,744	-	282,479	12%
S McBride ⁸	62,068	-	-	3,382	-	65,450	-
E O'Malley ⁹	122,148	4,194	(12,842)	11,151	-	124,651	3%
	952,892	162,893	(8,489)	63,277	-	1,170,573	
	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 the total of 'Bonus' plus 'Share-based payments' divided by Total remuneration, reflecting the percentage of at-risk performance-tested remuneration.

3 Salary and fees include movements in the annual leave provision.

4 Bonuses comprised of retention bonuses earned during the Administration period.

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 were included in unsecured creditors under the terms of the DOCA. For details on unsecured creditor payment terms, refer to the Deed of Company Arrangement and Recapitalisation section in the Directors' report.

8 Mr S McBride was appointed as Company Secretary on 17 March 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.

Directors' report

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	Managing Director and Chief Executive Officer	\$575,000 p.a.	Unspecified	Three and six months ⁴
D Coyne	Chief Financial Officer and Company Secretary	\$400,000 p.a.	Unspecified	Three and six months ⁴
D Baumgartel	Executive General Manager	\$400,000 p.a.	Unspecified	Three and six months ⁴
J Goldsworthy	Chief Geologist	\$246,000 p.a.	Unspecified	Three months
T Magan	Head of Finance	\$240,900 p.a.	Unspecified	Four weeks
S McBride ⁵	Joint Company Secretary	\$275 p.h.	Unspecified	One week

1 Inclusive of superannuation entitlement.

2 Notice period to be provided by either party to the agreement, except for Mr R Hay, Mr D Coyne and Mr D Baumgartel, 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, Mr D Coyne and Mr D Baumgartel are required to provide notice of three months, the Company is required to provide notice of six months.

5 Mr S McBride resigned on 30 March 2021.

Short-term incentives

Performance bonuses

Refer to the Short-term incentives section above in this Remuneration report for details of STI cash bonuses awarded during the year.

Other bonuses

Retention bonus

Mr R Hay received a total of \$250,000 cash retention bonuses, payable upon his continued employment on the date of recapitalisation of the Company on 20 October 2020. Refer to the Remuneration report in the Annual Report for the year ended 30 June 2020 for further details of the conditions for payment of Mr Hay's retention bonuses.

Mr D Coyne received the following cash retention bonuses:

- \$15,000 on 14 October 2020 due to his continued employment to 30 September 2020; and
- \$15,000 on 15 January 2021 due to the successful exit from Administration and reinstatement of the Company's shares to trading on the Australian Securities Exchange (ASX).

Mr J Goldsworthy received the following cash retention bonuses:

- \$5,616 on 14 October 2020 due to his continued employment to 30 September 2020; and
- \$5,616 on 15 January 2021 due to the successful exit from Administration and reinstatement of the Company's shares to trading on the ASX.

Ms T Magan received the following cash retention bonuses:

- \$11,000 on 14 October 2020 due to her continued employment to 30 September 2020; and
- \$11,000 on 15 January 2021 due to the successful exit from Administration and reinstatement of the Company's shares to trading on the ASX.

Directors' report

Remuneration report (audited) (continued)

Share-based remuneration

Long-term incentives

Long-term incentive plans were introduced during the current year.

Performance rights

Granted performance rights

Refer to the Long-term incentives section above in this Remuneration report for details of LTI rights awards granted during the year and for LTI rights earned during the year but granted subsequent to the end of the year in September 2021.

Rights are granted to eligible employees under the Company's GCY Equity Incentive Plan Rules (Incentive plan) as part of their remuneration. Each right entitles the employee to receive one fully paid ordinary share in the Company, for nil consideration on exercise, after vesting.

The rights contain a service condition, vesting in two equal tranches of 50%, the first on the 30 June in the year immediately following the award, and the second on the 30 June of the following year.

Rights may be exercised from the vesting date until expiry and are not transferrable. The employee may only exercise the rights by submitting a written notice of exercise to the Board of Directors.

The rights refer to rights over ordinary shares in the Company, which are exercisable on a one-for-one basis under the terms of the Incentive plan rules. The rights are provided at no cost to the recipients.

Unvested rights are forfeited within 30 days of cessation of the employee's employment, subject to Board discretion. Rights which have vested but not exercised lapse on their expiry date. The rights carry no dividend or voting rights and do not entitle the holder to participate in any share issue of the Company other than on exercise of the right.

There has been no alteration of the terms and conditions of the above rights since grant date.

Exercised performance rights

No performance rights granted as part of KMP remuneration were exercised in the current year.

Performance rights held by KMP

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

2021 KMP	Class of right ¹	Balance at start of year No.	Granted as remuneration No.	Exercised ¹ No.	Forfeited/ lapsed No.	Balance at end of year No.	Unvested ¹ No.
R Hay	A	-	-	-	-	-	-
	B	-	-	-	-	-	-
D Coyne	A	-	100,000	-	-	100,000	100,000
	B	-	100,000	-	-	100,000	100,000
D Baumgartel	A	-	100,000	-	-	100,000	100,000
	B	-	100,000	-	-	100,000	100,000
J Goldsworthy	A	-	-	-	-	-	-
	B	-	-	-	-	-	-
T Magan	A	-	-	-	-	-	-
	B	-	-	-	-	-	-

¹ Class A and Class B rights vest on 1 July 2022 and 1 January 2023 respectively, and expire on 30 June 2032 and 31 December 2032 respectively.

Directors' report

Remuneration report (audited) (continued)

Share options

No options were granted as remuneration to KMP during the current year, or were exercised in the current year. There were no options held by KMP at the end of, or during the current 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.

2021	Balance at start of year No.	Granted as remuneration No.	Share purchase ¹ No.	Received on exercise of options and performance rights No.	Net other change ² No.	Balance at end of year No.	Balance held nominally No.
Directors							
G Bauk	-	-	-	-	-	-	-
R Hay	-	10,000,000	4,000,000	-	(13,300,000)	700,000	700,000
R Johnston	-	-	-	-	-	-	-
Other KMP							
D Coyne	-	-	1,000,000	-	(950,000)	50,000	30,000
D Baumgartel	-	-	-	-	-	-	-
J Goldsworthy	4,130,000	-	1,400,000	-	(5,253,500)	276,500	50,000
T Magan	-	-	80,000	-	(76,000)	4,000	-
S McBride	-	-	-	-	-	-	-
	4,130,000	10,000,000	6,480,000	-	(19,579,500)	1,030,500	780,000

1 Cash subscription as part of private placement at \$0.025 per share (pre-equity consolidation) in accordance with prospectus dated 13 August 2020. Refer to the Significant changes in the state of affairs section in the Directors' report.

2 Net other change includes the effect of the 1-for-20 share consolidation. Refer to note 19 for details.

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	\$7.40	107,000

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. Following the 1-for-20 share consolidation completed on 20 October 2020, the option exercise price was adjusted from \$0.37 to \$7.40, and the remaining balance of options outstanding was adjusted proportionately from 2,140,000 options to 107,000 options.

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. There were no fully paid ordinary shares issued upon the exercise of options during and since the end of the year (2020: nil shares).

Refer to the Remuneration report and note 27 for information on rights over unissued ordinary shares.

Indemnification and insurance of Officers

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 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.

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.

Directors' report

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. No non-audit services were provided to the Group by the Group's auditor for the year ended 30 June 2021 (2020: \$5,000 paid for due diligence services). Details of the amounts paid or payable to the auditor for audit services provided during the year are disclosed in note 28.

The Board considered the non-audit services provided during the prior year by the auditor and is satisfied that the provision of non-audit services during the prior 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.

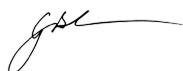
Auditor's independence declaration

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.



George Bauk
Non-Executive Chairman
Perth
24 September 2021

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 2021, 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 AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 24 September 2021

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 2021, 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 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 2021 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 (including Independence Standards)* (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.

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.

Key audit matter
How our audit addressed the key audit matter
Value of the mine properties, property, plant and equipment – Notes 13 & 14

The Group recorded mine properties and property, plant and equipment totalling \$112.6 million at 30 June 2021 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*, are required to undertake annual impairment testing.

Management test the CGU for impairment by comparing its carrying amount against its recoverable amount determined by either, the greater of its fair value less costs to sell and its value in use. An impairment charge totalling \$80.2 million was recorded at 30 June 2021.

The valuation of the DGP was considered a key audit matter due to the size of mine properties and property, plant and equipment asset recorded and the level of estimates and judgements used by management within the assumptions to prepare 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, in order to:
 - Scrutinise 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
 - Scrutinise 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;
- Agreeing the impairment allocation of the Dalgaranga assets on a pro-rata basis; and
- Assessing the adequacy of financial report disclosures.

Provision for rehabilitation – Note 18

The Group held a rehabilitation provision of \$28.1 million as at 30 June 2021 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 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;
 - Scrutinising management's cost allocation to stages of rehabilitation and mine closure;
 - Considering 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;
- 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 2021, 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_responsibilities/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 35 to 46 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Gascoyne Resources Limited, for the year ended 30 June 2021 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 AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

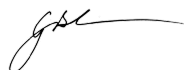
Perth, 24 September 2021

Directors' declaration

- 1 In the Directors' opinion:
 - (a) the consolidated 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, 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 2021 and of its performance for the financial year ended on that date, and
 - (b) 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 2021.

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



George Bauk
Non-Executive Chairman
Perth
24 September 2021

Consolidated statement of comprehensive income

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue	4	203,149	171,489
Cost of sales	5	(150,145)	(149,940)
Gross profit		53,004	21,549
Other income	4	1,354	3
Impairment expense	14	(80,232)	-
Other expenses	5	(11,955)	(12,873)
Operating (loss)/profit		(37,829)	8,679
Finance income	6	2	15
Finance costs	6	(3,863)	(6,556)
(Loss)/profit before income tax		(41,690)	2,138
Income tax expense	7	(2,440)	(149)
(Loss)/profit for the year after income tax		(44,130)	1,989
Total other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(44,130)	1,989
(Loss)/profit for the year after income tax attributable to:			
Owners of the Company		(44,130)	1,989
Non-controlling interests		-	-
		(44,130)	1,989
Total comprehensive (loss)/profit for the year attributable to:			
Owners of the Company		(44,130)	1,989
Non-controlling interests		-	-
		(44,130)	1,989
(Loss)/profit per share			
Basic (cents per share)	8	(22.8)	4.0
Diluted (cents per share)	8	(22.8)	4.0

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

Consolidated statement of financial position

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	9	23,448	5,640
Trade and other receivables	10	5,504	4,196
Inventories	11	13,029	15,255
Other financial assets	12	-	633
Prepayments		1,697	1,375
		43,678	27,099
Non-current assets			
Mine properties, property, plant and equipment	13	112,575	179,747
Exploration and evaluation	15	32,881	30,114
Other financial assets	12	407	380
		145,863	210,241
Total assets		189,541	237,340
Current liabilities			
Trade and other payables	16	9,736	43,608
Borrowings and lease liabilities	17	16,769	71,532
Provisions	18	2,650	2,958
Other financial liabilities	12	1,894	24,995
		31,049	143,093
Non-current liabilities			
Borrowings and lease liabilities	17	11,526	10,678
Provisions	18	28,147	26,200
Other financial liabilities	12	10,929	-
		50,602	36,878
Total liabilities		81,651	179,971
Net assets		107,890	57,369
Equity			
Share capital	19	266,196	171,583
Non-controlling interests	19	1,352	1,125
Reserves	19	672	861
Accumulated losses		(160,330)	(116,200)
Total equity		107,890	57,369

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

Consolidated statement of changes in equity

For the year ended 30 June 2021

	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
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
Loss for the year	-	-	-	(44,130)	(44,130)	-	(44,130)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(44,130)	(44,130)	-	(44,130)
Movement in non-controlling interests' share of net assets	-	-	(227)	-	(227)	227	-
Shares issued during the year	100,307	-	-	-	100,307	-	100,307
Share issue costs (net of tax)	(5,694)	-	-	-	(5,694)	-	(5,694)
Share-based payments	-	38	-	-	38	-	38
At 30 June 2021	266,196	1,712	(1,040)	(160,330)	106,538	1,352	107,890

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

Consolidated statement of cash flows

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		199,826	171,489
Payments to suppliers and employees		(121,280)	(119,742)
Other revenue received		15	3
Finance charges paid		(57)	(146)
Interest received		2	14
Interest paid		(3,434)	(695)
Net cash flows from operating activities	9	75,072	50,923
Cash flows from investing activities			
Payments for exploration and evaluation		(3,306)	(1,147)
Payments for mine properties, property, plant and equipment		(61,117)	(44,763)
Transfer to security deposits		(27)	-
Net cash flows used in investing activities		(64,450)	(45,910)
Cash flows from financing activities			
Proceeds from issue of shares		85,243	-
Share issue costs		(8,134)	(497)
Proceeds from borrowings		40,000	-
Repayment of borrowings		(105,864)	(12,245)
Repayment of lease liabilities		(3,008)	(3,360)
Payments for borrowings transaction costs		(1,051)	-
Net cash flows from/(used in) financing activities		7,186	(16,102)
Net change in cash and cash equivalents		17,808	(11,089)
Cash and cash equivalents at 1 July		5,640	16,729
Cash and cash equivalents at 30 June	9	23,448	5,640

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

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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 (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 2021 was approved and authorised for issue by the Directors on 24 September 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

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 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.

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.

Functional and presentation currency

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

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.

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.

Notes to the financial statements Basis of preparation

2 Basis of preparation (continued)

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; Recognition of deferred tax assets
11	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; Mineral resources and ore reserves estimates
14	Impairment of non-current assets	Assessment of indicators of impairment; Assessment of CGU recoverable amounts
15	Exploration and evaluation	Recovery of capitalised exploration and evaluation expenditure
17	Leases	Identifying a lease; Determining the lease term; Determining the incremental borrowing rate
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

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 2021 the Group recorded a net loss after tax of \$44.1 million that includes a pre-tax non-cash impairment expense of \$80.2 million, an operating cash inflow of \$75.1 million and free cashflow generation of \$10.6 million. Free cashflow generation in the period is net of one-off outflows of \$16.9 million in payments to pre-Administration creditors incurred prior to June 2019.

The working capital surplus of \$12.6 million includes a cash balance of \$23.4 million. Unsold gold on hand had a market value of \$1.2 million as at 30 June 2021 and the Group had a trade receivable of \$3.4 million resulting from the sale of gold bullion shortly before the end of the year. The significant improvement in working capital over the year 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 the Original Banks;
- entry into the Investec finance 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 the life of mine.

The Directors have reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and the Directors consider 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.

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 Managing Director and 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's 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 2021, 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:

2021	Gold operations \$'000	Exploration, evaluation and development \$'000	Total operations \$'000	Other \$'000	Total \$'000
External revenue	203,149	-	203,149	-	203,149
Segment loss before income tax	(29,782)	(1,043)	(30,825)	(10,865)	(41,690)
Segment loss includes the following adjustments:					
Depreciation and amortisation	(51,807)	-	(51,807)	(189)	(51,996)
Impairment expense	(80,232)	-	(80,232)	-	(80,232)
Deferred stripping costs capitalised	54,325	-	54,325	-	54,325
Deferred stripping costs write-off	(1,225)	-	(1,225)	-	(1,225)
Exploration and evaluation expenditure write-off	(29)	(1,043)	(1,072)	-	(1,072)
Inventory movement and provision	(3,349)	-	(3,349)	-	(3,349)
	(82,317)	(1,043)	(83,360)	(189)	(83,549)
At 30 June 2021					
Segment assets	152,292	32,568	184,860	4,681	189,541
Segment liabilities	248,694	18,610	267,304	(185,653)	81,651

Notes to the financial statements Financial performance

3 Operating segments (continued)

2020	Gold operations \$'000	Exploration, evaluation and development \$'000	Total operations \$'000	Other \$'000	Total \$'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 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

4 Revenue and other income

Revenue

	2021 \$'000	2020 \$'000
Gold sales	202,038	170,925
Silver sales	1,111	564
	203,149	171,489

During the year, the Group sold gold and silver in the form of bullion to:

- The Perth Mint which is wholly owned by the Government of Western Australia; and
- Investec Bank plc, the Group's finance facility provider (refer note 22).

Management of gold price risk

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

During the year, the Group entered into and utilised gold forward sale contracts (gold forward contracts) to assist in managing the price risk associated with a portion of its estimated future gold sales.

The Group also purchased short-term gold put options during the year to provide protection against a fall in gold prices. Put options remaining at 30 June 2021 had an exercise price of A\$2,300 per ounce for 10,200 ounces, expiring between 28 July 2021 and 29 December 2021.

The sale price of gold bullion not sold into gold forward contracts is fixed on the date of sale, based on the Australian dollar denominated gold spot price.

Notes to the financial statements Financial performance

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

	2021 \$'000	2020 \$'000
Net gain on disposal of property, plant and equipment	54	-
Discount on restructure of NRW liability ¹	1,285	-
Other income	15	3
	1,354	3

1 Refer to note 12 for details of the discount resulting from the NRW liability payment arrangement.

5 Expenses

Cost of sales

	2021 \$'000	2020 \$'000
Cash costs of production	143,425	153,557
Deferred stripping costs capitalised	(54,325)	(43,220)
Inventory movement	(1,861)	(6,067)
Inventory net realisable value provision	5,210	(540)
Depreciation and amortisation ¹	51,807	41,987
Royalties	4,664	4,223
Deferred stripping costs write-off ²	1,225	-
	150,145	149,940

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

2 Relates to write-off of remaining unamortised capitalised deferred waste costs on the completion of mining at Gilbey's Stage 1.

Notes to the financial statements Financial performance

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 \$13.8 million (2020: \$12.6 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 the life of 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. Refer to note 13 for further details on the Group's accounting policy for deferred stripping costs.

Inventory movement

Inventory movement represents the movement in the inventory value of ore stockpiles, gold in circuit, gold on hand and consumable stores. Refer to note 11 for further details on the Group's accounting policy for inventory.

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. Refer to note 11 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% (2020: 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

	2021	2020
	\$'000	\$'000
Corporate expenses ¹	9,506	11,946
Put option expense ²	1,150	749
Exploration and evaluation expenditure write-off ³	1,072	1
Depreciation and amortisation	189	202
Share-based payments	38	(25)
	11,955	12,873

1 Corporate expenses include \$2.1 million in non-recurring Administrators' fees, and \$2.4 million in legal fees in successfully defending the action brought by Habrok (Dalgara) Pty Ltd who sought to set aside the DOCA.

2 Relating to short-term put options purchased to protect revenue, measured at cost.

3 Refer to note 15 for details of the exploration and evaluation expenditure write-off.

Notes to the financial statements Financial performance

5 Expenses (continued)

Employee benefits expense

	2021	2020
	\$'000	\$'000
Salaries and wages	15,542	13,320
Superannuation	1,431	1,190
Share-based payments	38	(25)
Other employment costs	750	886
	17,761	15,371
Amounts capitalised	(887)	(674)
	16,874	14,697

6 Finance income and costs

	2021	2020
	\$'000	\$'000
Finance income		
Interest income	2	15
	2	15
Finance costs		
Interest expense on borrowings	2,538	5,420
Interest expense on lease liabilities	951	677
Borrowing costs	40	146
Unwinding of discount	334	313
	3,863	6,556

Recognition and measurement

Interest income and interest expense 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.

Notes to the financial statements Financial performance

7 Income tax

The major components of income tax expense are:

	2021 \$'000	2020 \$'000
Current income tax	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(15,095)	8,525
Deferred tax liability offset by deferred tax asset losses	2,600	(7,890)
Derecognition of previously recognised deferred tax asset losses	14,935	(486)
Income tax expense	2,440	149

Income tax expense

The current income tax expense of \$2.4 million recorded for the year (2020: \$0.1 million) 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 to the Australian Taxation Office and remains in a cumulative tax loss position for income tax purposes.

Reconciliation of income tax expense to prima facie tax

	2021 \$'000	2020 \$'000
Accounting (loss)/profit before income tax	(41,690)	2,138
Tax at the Australian tax rate of 30% (2020: 30%)	(12,507)	641
Tax effect of expenses not deductible for tax purposes:		
Share-based payments	11	(7)
Entertainment expenditure	1	1
Derecognition/(recognition) of deferred tax asset losses	14,935	(486)
Income tax expense	2,440	149

Notes to the financial statements Financial performance

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
2021						
Deferred tax assets						
Tax losses	17,847	(2,600)	-	5	(14,935)	317
Capital raising costs	1,134	(1,010)	2,440	-	-	2,564
Mine properties, property, plant and equipment	-	6,404	-	-	-	6,404
Provisions	772	(100)	-	-	-	672
Borrowing costs	349	(349)	-	-	-	-
	20,102	2,345	2,440	5	(14,935)	9,957
Deferred tax liabilities						
Exploration and evaluation	(8,710)	(862)	-	-	-	(9,572)
Mine properties, property, plant and equipment	(11,392)	11,397	-	(5)	-	-
Financial assets and liabilities	-	(385)	-	-	-	(385)
	(20,102)	10,150	-	(5)	-	(9,957)
Net deferred tax assets	-	12,495	2,440	-	(14,935)	-
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	-

Notes to the financial statements Financial performance

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

	2021 \$'000	2020 \$'000
Unrecognised tax losses	71,307	71,307
Derecognised tax losses	95,134	45,351
	166,441	116,658
Potential tax benefit at 30% (2020: 30%)	49,932	34,997

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

	2021 \$'000	2020 \$'000
Deferred tax credit relating to share issue costs	2,440	149

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, 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.

Notes to the financial statements Financial performance

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

Income tax provisions

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.

Notes to the financial statements Financial performance

7 Income tax (continued)

Recognition of deferred tax assets

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

	2021	2020
	Cents per share	Cents per share
Basic (loss)/profit per share	(22.8)	4.0
Diluted (loss)/profit per share	(22.8)	4.0

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

	\$'000	\$'000
Earnings used in calculating earnings per share		
(Loss)/profit after tax attributable to the owners of the Company	(44,130)	1,989

	No. of shares	No. of shares
Weighted average number of ordinary shares used as the denominator in calculating earnings per share ¹	193,147,001	50,243,257

1 In accordance with paragraph 26 of AASB 133 *Earnings per Share*, 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 19 has been applied to years ended 30 June 2021 and 30 June 2020.

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

Performance rights have not been included in the determination of diluted earnings per share as the Group was loss-making and the effect on earnings per share would have been anti-dilutive.

The exercise price of employee share options was higher than the average market price of the Company's shares for both current and prior years 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.

8 Earnings per share (continued)

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 potential 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.

Potential ordinary shares

Employee share options and rights over ordinary shares in the Company are considered to be potential ordinary shares, and are included in determining diluted earnings per share to the extent to which they are dilutive.

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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

	2021 \$'000	2020 \$'000
Cash at bank and on hand	23,448	5,640

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

	2021 \$'000	2020 \$'000
(Loss)/profit for the year after income tax	(44,130)	1,989
Adjustments		
Depreciation and amortisation	51,996	42,189
Exploration and evaluation expenditure write-off	1,072	1
Deferred stripping costs write-off	1,225	-
Impairment expense	80,232	-
Unwinding of discount	334	313
Share-based payments	38	(25)
Finance costs	(553)	1,610
Income tax expense	2,440	149
Loss on disposal of assets	749	-
Net changes in operating assets and liabilities		
Increase in trade and other receivables	(1,308)	(215)
Decrease/(increase) in inventories	1,493	(5,207)
Increase in prepayments	(322)	(548)
(Decrease)/increase in trade and other payables	(16,902)	9,103
(Decrease)/increase in provisions	(1,292)	1,564
Net cash flows from operating activities	75,072	50,923

Non-cash transactions

Mine properties, property, plant and equipment includes \$1.3 million (2020: \$5.8 million) of additional assets arising from lease arrangements during the year.

Notes to the financial statements Capital management

9 Cash and cash equivalents (continued)

The Group equity-settled an employee bonus and outstanding pre-Administration debt obligations during the year, refer to note 27 for further details.

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

	Secured bank loan facility \$'000	Investec finance facility \$'000	Lease liabilities \$'000	Working capital facility \$'000	Total \$'000
At 1 July 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	-	-	5,764	-	5,764
Interest and fees expense	3,795	-	661	819	5,275
Remeasurement ¹	-	-	82	-	82
Other movements	-	-	(39)	-	(39)
At 30 June 2020	56,049	-	14,161	12,000	82,210
Cash flows					
Proceeds	-	40,000	-	-	40,000
Repayments	(55,244)	(26,002)	(3,008)	-	(84,254)
Interest and transaction costs paid	(1,463)	(2,177)	(960)	-	(4,600)
Non-cash movements					
Additions	-	-	1,299	-	1,299
Interest and fees expense	658	1,716	951	-	3,325
Remeasurement ¹	-	-	3,191	-	3,191
Other movements ²	-	-	(876)	(12,000)	(12,876)
At 30 June 2021	-	13,537	14,758	-	28,295

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

2 Other movements in lease liabilities include the impact of lease terminations. Other movements in the working capital facility relate to equity-settlement of pre-Administration debt, refer to note 27 for details of the share-based payment.

10 Trade and other receivables

	2021 \$'000	2020 \$'000
Trade receivables	3,361	-
GST and fuel tax receivables	1,881	4,192
Other receivables	262	4
	5,504	4,196

Notes to the financial statements Capital management

10 Trade and other receivables (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.

Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group applies a simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables classified at amortised cost. The expected credit loss on trade receivables is estimated by reference to past default experience and credit rating, adjusted as appropriate for current observable data.

Other receivables

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

11 Inventories

	2021 \$'000	2020 \$'000
Ore stockpiles	5,316	6,794
Gold in circuit	2,628	2,120
Gold on hand	1,160	3,540
Consumable stores	3,925	2,801
	13,029	15,255

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. Gold on hand represents the pre-refined saleable product before refining.

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, ore stockpiles, gold in circuit and gold on hand are valued at net realisable value, consumable stores are valued at cost (2020: all inventories valued at cost).

A provision of \$5.2 million was required to write down inventories (except consumable stores) to their recoverable value at 30 June 2021 (2020: \$nil).

Recognition and measurement

Ore stockpiles, gold in circuit and gold 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, depreciation and amortisation expense 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 obsolete and slow-moving items.

Notes to the financial statements Capital management

11 Inventories (continued)

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.

12 Other financial assets and liabilities

	2021 \$'000	2020 \$'000
Current assets		
Receivable on close out of commodity swap contracts	-	633
Non-current assets		
Term deposits	407	380
Current liabilities		
Payable on close out of commodity forward contracts	-	24,995
NRW liability payment arrangement	1,894	-
Non-current liabilities		
NRW liability payment arrangement	10,929	-

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 at that time.

The amount due from CBA was offset against debt repayments made to CBA on the date of recapitalisation, 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 credit card facilities, leased premises and road maintenance responsibilities. These bank guarantees are secured by blocked deposits held by the grantor of the guarantee.

12 Other financial assets and liabilities (continued)

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 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.

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 \$34.8 million including GST (\$32.7 million excluding GST). The arrangement included the following:

- an upfront cash payment of \$7.0 million including GST (\$6.4 million excluding GST);
- \$12.0 million in shares priced at \$0.025 (pre-equity consolidation), representing a conversion of debt to equity (being the retirement in full of the working capital facility entered into on 21 December 2018 with NRW); and
- entry into a liability payment arrangement (LPA) for the remaining balance due after settlement of the upfront cash payment and the conversion of debt to equity.

As the LPA liability is not expected to be settled within 12 months, the liability has been discounted to net present value using the Group's incremental borrowing rate (BBSY rate plus a margin of 5.25% per annum) as a discount rate. The amount of the discount recognised is disclosed in note 4 as other income. There is no interest payable on the LPA liability.

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.

Notes to the financial statements Capital management

13 Mine properties, property, plant and equipment

	Right-of-use assets			Owned 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 2019	-	-	-	96,669	6,389	131,590	234,648
Recognised on adoption of AASB 16	5,198	172	394	-	-	-	5,764
Reclassified on adoption of AASB 16 ¹	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 ²	-	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 ¹	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
Cost							
At 1 July 2020	19,476	254	394	84,487	1,328	182,462	288,401
Additions	884	415	-	58	4,073	58,641	64,071
Disposals	(1,465)	(254)	-	(279)	-	(1,225)	(3,223)
Remeasurement ²	3,162	-	29	-	-	-	3,191
Transfers between classes	-	-	-	1,151	(3,978)	2,827	-
Transfers to inventory	-	-	-	-	-	-	-
At 30 June 2021	22,057	415	423	85,417	1,423	242,705	352,440
Accumulated depreciation, amortisation and impairment							
At 1 July 2020	6,766	147	54	32,274	-	69,413	108,654
Depreciation and amortisation	3,589	135	64	9,713	-	38,495	51,996
Impairment expense	-	-	-	18,976	-	61,256	80,232
Disposals	(788)	(229)	-	-	-	-	(1,017)
At 30 June 2021	9,567	53	118	60,963	-	169,164	239,865
Net book value	12,490	362	305	24,454	1,423	73,541	112,575

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

- 1 Finance lease arrangements previously presented within plant and equipment were reclassified to the right-of-use asset class. There was no change in the amounts recognised.
- 2 Remeasurement arising from a change in the lease term and/or revised contractual payments.

Mine properties, property, plant and equipment includes \$1.3 million (2020: \$5.8 million) of additional assets arising from leasing arrangements during the year. Mine properties includes \$9.4 million (2020: \$18.0 million) relating to the rehabilitation asset after impairment. Following the review of the rehabilitation and mine closure provision, refer to note 18, the rehabilitation asset was increased by \$2.4 million (2020: \$1.3 million increase in the asset value) at the reporting date.

Recognition and measurement

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

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.

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.

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

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, and adjusted for any remeasurement of lease liabilities. Refer to note 17 for the lease accounting policy 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 or production stage.

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 on a units of production basis (contained gold ounces mined) over the useful life of the identified component of the ore body to which access has been improved.

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.

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

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 except for deferred stripping costs that utilises contained gold ounces mined as the unit of account.

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.

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.

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 2012). The information on mineral resources and ore reserves was prepared by Competent Persons as defined in the JORC Code 2012.

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

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

	2021 \$'000	2020 \$'000
Dalgaranga gold operations cash-generating unit	80,232	-

The Group has assessed its Dalgaranga gold operations cash-generating unit (Dalgaranga CGU) to determine whether indicators of impairment existed at 30 June 2021. The Group identified two indicators of impairment, namely the change in the Ore Reserve estimate and resulting increase in remaining life of mine strip ratio, and the net assets being greater than the Company's market value. Accordingly, the Group has completed an impairment assessment of the Dalgaranga CGU.

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.

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 was developed in the context of the current gold price environment and using an Ore Reserve estimate determined using a gold price of A\$2,100 per ounce.

Key assumptions used in calculations

The table below summarises the key assumptions used in the 30 June 2021 carrying value assessments.

Key assumption	Unit	2021	2020
Gold price (spot)	A\$/oz	2,300	2,550
Average gold hedge price (forward contracts)	A\$/oz	2,564	-
Pre-tax discount rate	%	9	22
Ore Reserve	Ounces	339,000	426,300
Recovery %	%	88	86
Process plant capacity per annum (fresh ore feed)	tonnes	2,750,000	2,500,000

Notes to the financial statements Capital management

14 Impairment of non-current assets (continued)

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 September 2022.

Discount rate

A pre-tax nominal discount rate of 12% (2020: 22%) was used, which equated to a post-tax rate of 9% (2020: 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 internal life of mine financial model. 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.

Resources and reserves

Mineral Resource and Ore Reserve ounces are based on the Group's JORC Code 2012 compliant Mineral Resource and Ore Reserve updates announced to the ASX on 31 May 2021.

Impact

The impairment review conducted indicated a lower recoverable amount than the current carrying amount of the Dalgaranga CGU. In addition, the carrying value exceeded the market capitalisation of the Company on the reporting date, therefore the Group has recognised an impairment expense of \$80.2 million (pre-tax) at 30 June 2021 (2020: \$nil). The impairment expense of \$80.2 million has not been applied to ROU assets as the value of this asset class is independent of the Group's other mine properties, property, plant and equipment assets within the Dalgaranga CGU. Following the recognition of the impairment expense, the net asset value for the Dalgaranga CGU approximates the market capitalisation of the Company as at 30 June 2021.

	2021	2020
	\$'000	\$'000
Mine properties, property, plant and equipment		
Carrying amount	192,807	179,747
Impairment	(80,232)	-
Recoverable amount	112,575	179,747

Sensitivity analysis

The following changes in the key assumptions would have the following approximate impact (increase or decrease) on the VIU of the Dalgaranga CGU in Australian dollars:

Key assumption	Change in assumption	Amount of change \$'000
Gold price	\$150/oz increase / decrease	29,000
Pre-tax discount rate	1% point increase / decrease	3,000
Ore Reserve	5% increase / decrease	26,000

It must be noted that each of the sensitivities above assume that the specific assumptions move in isolation whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Action is also usually taken by management to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

14 Impairment of non-current assets (continued)

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 expense, or reversal of impairment expense. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent if any, of the impairment expense 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 expense 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 considering 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 expense 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 expense been recognised for the asset or CGU in prior years. A reversal of an impairment expense is recognised immediately in profit or loss.

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

	2021 \$'000	2020 \$'000
At 1 July	30,114	28,971
Expenditure incurred during the year	5,835	1,604
Expenditure reclassified to mine properties	(1,996)	(460)
Exploration and evaluation expenditure write-off	(1,072)	(1)
At 30 June	32,881	30,114

15 Exploration and evaluation (continued)

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.

As part of annual impairment testing, the Group's currently held exploration and mining tenements were assessed for any events or issues that would impact the Group's ongoing ability to perform exploration and evaluation activities. On completion of this testing, tenements determined to be impacted by proposed National Park applications, likely future divestment or forfeiture were written down by \$1.1 million to their carrying value as at 30 June 2021.

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.

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 expense 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

Recovery of capitalised expenditure

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

	2021 \$'000	2020 \$'000
Trade payables	9,725	43,409
Employee benefits	11	199
	9,736	43,608

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.

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 13 October 2020, a total of 112.6 million shares (pre-equity consolidation) were issued to the Creditors' Trust held by the Deed Administrators to settle approximately 50% of the amount owing to creditors that were owed more than \$10,000. On 20 October 2020, the Company transferred \$3.6 million to the Creditors' Trust. This amount represented the estimated maximum cash payment that the Group was required to make in order to satisfy its obligations to these creditors under the DOCA.

Following effectuation of the DOCA, the Creditors' Trust assumed sole responsibility to pay creditors as part of the settlement of pre-Administration obligations.

The secured NRW debt was settled partly through a cash payment of \$7.0 million (inclusive of GST) from the proceeds of the capital raising and entry into a payment arrangement for the remaining balance due. For further details of the settlement of NRW pre-Administration debt, refer to note 12.

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

	2021 \$'000	2020 \$'000
Current		
Secured bank loan facility	-	56,049
Investec finance facility ¹	13,537	-
Lease liabilities	3,232	3,483
Working capital facility	-	12,000
	16,769	71,532
Non-current		
Lease liabilities	11,526	10,678

¹ The face value of the Investec finance facility was \$14.0 million as at 30 June 2021.

Notes to the financial statements Capital management

17 Borrowings and lease liabilities (continued)

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 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.

Monthly payments to the Original Banks of \$1.0 million per month (combination of principal and interest) 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 (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. On 20 October 2020, the funds were fully drawn down and the remaining 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.

The SFA was secured over various Group assets including all assets of GNT Resources Pty Ltd and its holding company Dalgaranga Operations Pty Ltd, along with other mortgages and guarantees customary for a facility of this nature.

Investec finance facility

The \$40.0 million facility was 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 \$26.0 million were made during the year and the face value of the remaining debt was \$14.0 million as at 30 June 2021.

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.

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 were set at commercial rates commensurate for this type of facility.

The facility was secured by a subordinated general security agreement over the assets of GNT Resources Pty Ltd, a Group subsidiary, until full repayment of the facility. On 13 October 2020 the working capital facility was settled in full through the issue of 480 million shares (pre-equity consolidation, refer note 19) 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 Capital management

17 Borrowings and lease liabilities (continued)

Assets pledged as security

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

	2021 \$'000	2020 \$'000
Current		
Cash and cash equivalents	23,448	5,599
Trade and other receivables	5,504	3,902
Inventories	13,029	15,255
Other financial assets	-	633
Prepayments	1,697	670
	43,678	26,059
Non-current		
Mine properties, property, plant and equipment	112,575	179,540
Exploration and evaluation	32,881	20,040
Other financial assets	407	250
	145,863	199,830
Total assets pledged as security	189,541	225,889

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.

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.

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.

17 Borrowings and lease liabilities (continued)

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 (IBR), if the interest rate implicit in the lease cannot be readily determined.

The lessee's 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.

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.

17 Borrowings and lease liabilities (continued)

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 expenses, 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.

Accounting estimates and judgements

Leases

The application of AASB 16 *Leases* 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.

Notes to the financial statements Capital management

17 Borrowings and lease liabilities (continued)

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.

18 Provisions

	2021 \$'000	2020 \$'000
Current		
Employee benefits	1,624	1,528
Royalty payments	1,026	1,430
	2,650	2,958
Non-current		
Employee benefits	90	676
Rehabilitation and mine closure	28,057	25,524
	28,147	26,200

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

	2021 \$'000	2020 \$'000
At 1 July	25,524	23,864
Expenditure on rehabilitation and closure activities	(169)	-
Additional provisions recognised	-	1,347
Reassessment of economic assumptions	2,368	-
Unwinding of discount	334	313
At 30 June	28,057	25,524

The Group completed a review of the rehabilitation and mine closure provision during the year, which resulted in an increase of \$2.4 million (2020: \$1.3 million) to both the provision and the corresponding rehabilitation asset recorded in mine properties.

18 Provisions (continued)

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, long service leave and the short-term incentive plan (STIP).

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.

For details of the STIP, refer to the Short-term incentives section of the Remuneration report.

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 Dalgara 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.

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.

Notes to the financial statements Capital management

18 Provisions (continued)

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

	2021		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	-	(8,134)	-	(497)
Deferred tax credit relating to share issue costs	-	2,440	-	149
At 30 June	250,858,128	266,196	1,004,864,955	171,583

1 Entitlement offer at \$0.025 per share (pre-equity consolidation) on 13 October 2020.

2 Private placement at \$0.025 per share (pre-equity consolidation) on 13 October 2020.

3 Private placement issued to NRW at \$0.025 per share (pre-equity consolidation), 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 (pre-equity consolidation), 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 (pre-equity consolidation), 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. Ordinary shares have no par value.

Recapitalisation

As proposed under the DOCA executed on 26 June 2020, 4,012,296,661 shares (pre-equity consolidation) were issued on 13 October 2020 to meet working capital requirements and 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.

The prior period earnings 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 Capital management

19 Equity (continued)

Non-controlling interests

	2021 \$'000	2020 \$'000
At 1 July	1,125	1,129
Non-controlling interests' share of current year exploration expenditure	227	(4)
At 30 June	1,352	1,125

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 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	38	-	38
Non-controlling interests' share of current year exploration expenditure	-	(227)	(227)
At 30 June 2021	1,712	(1,040)	672

Share-based payments reserve

The share-based payments reserve recognises the fair value of equity-settled share-based payments provided to eligible employees as part of their remuneration including options issued under the Company's Employee Share Option Plan, and performance rights issued under the Company's GCY Equity Incentive Plan Rules.

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.

Financial assets and liabilities

The Group's financial instruments are as below:

2021	Interest bearing - variable \$'000	Interest bearing - fixed \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets at amortised cost				
Cash and cash equivalents	23,434	-	14	23,448
Trade and other receivables ¹	-	-	3,623	3,623
Term deposits	-	407	-	407
Total financial assets	23,434	407	3,637	27,478
Financial liabilities at amortised cost				
Trade and other payables ¹	-	-	9,232	9,232
Investec finance facility	13,537	-	-	13,537
Lease liabilities	-	14,758	-	14,758
Other financial liabilities	-	-	12,823	12,823
Total financial liabilities	13,537	14,758	22,055	50,350

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

Notes to the financial statements Risk management

20 Financial risk management (continued)

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.

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 expenses, 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.

Notes to the financial statements Risk management

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 FVTPL. 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.

Notes to the financial statements Risk management

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 Investec finance 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% (2020: +/- 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%	-1%	+1%	-1%
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	234	(234)	-	-
Borrowings	(140)	140	-	-
At 30 June 2021	94	(94)	-	-
Cash and cash equivalents	-	-	-	-
Borrowings	(512)	512	-	-
At 30 June 2020	(512)	512	-	-

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 notes 4 and 22.

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.

Notes to the financial statements Risk management

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
2021						
Trade and other payables ¹	9,232	-	-	-	9,232	9,232
Investec finance facility	14,466	-	-	-	14,466	13,537
Lease liabilities	4,015	3,813	7,530	1,630	16,988	14,758
Other financial liabilities	1,894	3,117	7,812	-	12,823	12,823
	29,607	6,930	15,342	1,630	53,509	50,350
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

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

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 2021 or 30 June 2020. 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

	2021 \$'000	2020 \$'000
Minimum exploration expenditure commitments due:		
Within one year	2,138	1,621
Between one year and five years	2,971	4,677
Later than five years	3,945	4,435
	9,054	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. 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 \$0.1 million (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 year, the Group initially entered into gold forward 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 contracts and purchased gold put options with Investec to further protect against adverse movements in the gold price.

On 31 March 2021, the Group voluntarily pre-paid \$14.6 million to Investec, reducing the remaining term of the loan by 12 months to 30 June 2022. As a result, the Group is no longer required to enter into any further mandatory hedges. The balance of gold production is currently to be sold at spot prices or settled against discretionary gold forward contracts. The first gold delivery into the forward sale contracts was in November 2020 and as at 30 June 2021, the last delivery date is in September 2022.

At the reporting date the Group has contractual sale commitments of 44,782 ounces of gold (2020: nil ounces) at an average forward price of A\$2,528 per ounce.

2021	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	38,982	2,568	100,094
Between one year and five years	5,800	2,261	13,116
	44,782	2,528	113,210

22 Commitments (continued)

Gold forward contract price sensitivity

Using the gold forward contracts in place as at the reporting date, a movement of \$100 in gold spot prices would result in the Group's mark-to-market gold hedge position (a contingent asset or liability, refer to note 23) changing by approximately \$4.5 million.

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.

23 Contingent assets and liabilities

Bank guarantees

The Group has provided bank guarantees in favour of service providers for credit card facilities, leased premises and road maintenance responsibilities. The total of these guarantees at the reporting date was \$0.4 million (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 \$1.3 million (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 \$14.7 million.

Gold forward contracts

The Group has entered into gold forward contracts to manage exposure to gold price fluctuations. At the reporting date the Group had gold forward contracts for 44,782 ounces of gold that have an estimated contingent asset value of \$7.4 million (2020: \$nil) in the event that the gold forward contracts were not settled by the physical delivery of gold.

24 Events occurring after the reporting date

On 7 July 2021, the Company entered into a binding Demerger Implementation Deed, pursuant to which the Company and Firefly have agreed the terms of a demerger of various assets including the Paterson Copper-Gold Project, the Forrestania Gold Project and lithium mineral rights over various tenements held by both the Company and Firefly which are to be acquired by a newly incorporated wholly-owned subsidiary of Firefly, Firetail Resources Limited.

24 Events occurring after the reporting date (continued)

On 24 August 2021, the Company announced on the ASX that it had received a non-binding indicative proposal from Rivet Group for the Company to acquire the gold rights in the Snake Well gold project owned by Rivet Group. The proposal was conditional on a number of items, including the requirement for Gascoyne to terminate the Scheme Implementation Deed with Firefly. The Board of Gascoyne unanimously determined that the Rivet Group proposal was not superior to the Firefly transaction and rejected the proposal.

In August 2021, the Group signed a cost settlement deed with Habrok (Dalgara) Pty Ltd and Habrok Mining Pty Ltd to settle recovery of legal costs awarded to the Group in September 2020 following successful defence by the Group of legal action commenced by Habrok (Dalgara) Pty Ltd. Part proceeds under the settlement deed were received by the Group in early September 2021 and it is uncertain as to the extent, if any, of the remaining amount under the settlement deed will be recovered by the Group. The terms of the settlement deed are confidential, and the aggregate cost recovery amount agreed is not considered to be material to the Group.

On 6 September 2021, the Company announced on the ASX that the Supreme Court of Western Australia (Supreme Court) ordered the convening of a meeting of Firefly shareholders to consider and, if thought fit, approve the Scheme of Arrangement (Scheme). The meeting is currently scheduled for 21 October 2021. The Supreme Court also made orders approving the despatch of the Scheme Booklet and Firefly despatched the Scheme Booklet to Firefly shareholders on or before 10 September 2021. The Scheme Booklet included an Independent Expert's Report which concluded that the Scheme is fair and reasonable, and is in the best interests of Firefly shareholders in the absence of a superior proposal.

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	
		2021 %	2020 %
Gascoyne Resources (WA) Pty Ltd	Australia	100	100
Dalgaranga Operations Pty Ltd	Australia	100	100
GNT Resources Pty Ltd	Australia	100	100
Egerton Exploration Pty Ltd	Australia	100	100
Dalgaranga Exploration Pty Ltd	Australia	100	100
Gascoyne (Ops Management) Pty Ltd	Australia	100	100
Dalgaranga Joint Ventures ¹	Unincorporated	80	80

1 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

	2021 \$	2020 \$
Short-term employee benefits	2,457,231	1,143,971
Long-term employee benefits	12,066	(12,285)
Post-employment benefits	183,505	65,630
Share-based payments	287,740	-
	2,940,542	1,197,316

Detailed KMP 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

Employee share-based remuneration

Benefits in the form of share-based remuneration are provided to employees via the Company's incentive plans. The total of share-based payments recognised in profit or loss during the year as part of employee benefits expense was \$37,740 (2020: credit of \$24,024).

Employee performance rights

Employee performance rights plan

Eligible employees are entitled to obtain shares or rights to shares in the Company, under the Company's GCY Equity Incentive Plan Rules (Incentive plan), through the grant of performance rights (rights), as part of employee remuneration. Each right entitles the employee to receive a fully paid ordinary share in the Company, for nil consideration on exercise, after vesting. Employee rights do not carry any dividend or voting rights. All rights are equity-settled.

In accordance with the terms of the Incentive plan, rights may be exercised at any time from the vesting date to the date of their expiry. Unvested rights are forfeited within 30 days of cessation of the employee's employment, subject to Board discretion.

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

	March 2021 Grant
Number granted	400,000
Vested and exercisable	Nil
Unvested	400,000
Forfeited	Nil
Vesting conditions	Service condition ¹
Weighted average remaining contractual life	10 years
Grant date	26 March 2021
Expiry date ²	2032
Weighted average fair value at grant date	\$0.525

1 The rights contain a service condition, vesting in two equal tranches of 50% on 1 July 2022, and on 1 January 2023.

2 The first tranche expires on 30 June 2032 and the second tranche expires on 31 December 2032.

Fair value of rights granted

The fair value assigned to each right at grant date was the underlying market price of the Company's shares at the grant date, as the rights contain a service condition only and there is no expectation of dividends being declared during the vesting period.

Notes to the financial statements Other information

27 Share-based payments (continued)

Employee share options

	2021		2020	
	No. of options	Weighted average exercise price ¹	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 year	-	-	(7,850,000)	\$0.53
Cancelled during the year ¹	(1,660,000)	\$0.37	-	-
Effect of 1-for-20 option consolidation	(2,033,000)	-	-	-
Outstanding at 30 June²	107,000	\$7.40	3,800,000	\$0.38
Exercisable at 30 June³	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 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 30 June 2020 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.

Employee share option plan

Eligible employees are entitled to purchase shares in the Company, under the Company's Employee Share Option Plan (ESOP). Employee share options do not carry any dividend or voting rights. All options are equity-settled.

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, subject to Board discretion.

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

	2018 Grant
Number granted	4,180,000
Forfeited	380,000
Vested	3,800,000
Unvested	-
Cancelled ¹	1,660,000
Effect of 1-for-20 option consolidation	2,033,000
Vesting conditions	Service condition ²
Weighted average remaining contractual life	0.25 years
Grant date	5 October 2018
Expiry date	7 October 2021
Exercise price at grant date	\$0.40
Exercise price at reporting date ¹	\$7.40
Fair value at grant date ³	\$0.084

27 Share-based payments (continued)

- 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 price was reduced from \$0.38 to \$0.37. Following the 1-for-20 share consolidation completed on 20 October 2020, the option exercise price was adjusted from \$0.37 to \$7.40.
- 2 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.
- 3 For information about the principal assumptions applied in the valuation of outstanding options, refer to note 27 in the Annual Report for the year ended 30 June 2020.

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

Employee bonus share issue

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

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 \$12.0 million working capital facility was settled in full through the issue of 480 million shares (pre-equity consolidation) to NRW. The security held by NRW over the Group's assets was released following effectuation of the DOCA on 20 October 2020. Refer notes 17 and 19 for further details.

Unsecured creditors

On 13 October 2020, the Company issued 112.6 million shares (pre-equity consolidation) to the Creditor's Trust in accordance with the DOCA in order to settle approximately 50% of the amounts owed to unsecured creditors individually owed more than \$10,000.

Recognition and measurement

Employee share-based payments

The fair value of equity-settled share-based payment awards (awards), measured at grant date, is recognised as an employee benefits expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The total amount to be expensed is determined by reference to the fair value of the awards 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 awards that are expected to become exercisable. The employee benefits expense recognised each period includes the most recent estimate.

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

Fair value of rights

The fair value of rights at grant date is determined using the most appropriate valuation model, taking into consideration the terms and conditions upon which the rights were issued, including market and non-vesting conditions.

Fair value of options

The fair value of options at grant date is determined using a Black Scholes option pricing model that considers 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.

Notes to the financial statements Other information

27 Share-based payments (continued)

Accounting estimates and judgements

Valuation methodology

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

	2021	2020
	\$	\$
Audit and review of financial statements	110,000	110,000
Other assurance and due diligence services ¹	1,700	5,000
	111,700	115,000

¹ Prior year non-audit services provided by Grant Thornton Australia Limited.

The auditor of the parent entity Gascoyne Resources Limited is Grant Thornton Audit Pty Ltd.

29 Parent entity financial information

Summary financial information

The individual financial statements of Gascoyne Resources Limited, the parent entity, are summarised below:

	2021	2020
	\$'000	\$'000
Current assets	3,760	1,041
Non-current assets	120,593	60,258
Total assets	124,353	61,299
Current liabilities	16,161	3,729
Non-current liabilities	302	201
Total liabilities	16,463	3,930
Net assets	107,890	57,369
Issued capital	266,196	171,583
Share-based payments reserve	1,712	1,674
Accumulated losses	(160,018)	(115,888)
Total equity	107,890	57,369
Financial performance		
Loss for the year	(44,130)	(64,612)

Notes to the financial statements Other information

29 Parent entity financial information (continued)

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.

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 (2020: \$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. Significant accounting policies not already disclosed in the notes to the financial statements above are presented in this note.

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 derecognises 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 Dalgara 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.

30 Summary of other significant accounting policies (continued)

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.

New standards not yet 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.

There are no new standards and interpretations in issue which are mandatory for 30 June 2021 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.

The Group has not elected to early adopt any issued standards and interpretations which are not mandatory for 30 June 2021 reporting periods. All issued standards and interpretations relevant to the Group will be adopted on their effective date. These standards are not 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 22 September 2021.

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 and rights

Options and rights 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	1,172	333,943	0.13
1,001 - 5,000	817	2,121,435	0.84
5,001 - 10,000	278	2,206,269	0.88
10,001 - 100,000	628	21,326,259	8.50
100,001 and over	145	225,055,058	89.65
	3,040	251,042,964	100.00

There were 1,370 holders of less than a marketable parcel of shares.

Distribution of unquoted equity securities – employee performance rights

Size of holding	Number of rights holders	Number of rights	% of Outstanding rights
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	40	1,714,400	90.91
100,001 and over	4	817,092	9.09
	44	2,531,492	100.00

Unquoted equity securities – employee incentive options

The number of options on issue was 107,000 and the number of holders of those options was 11.

ASX additional information

Substantial shareholders¹

Shareholder	Number of shares	% of Issued capital
Deutsche Balaton AG	55,461,463	22.11
NRW Holdings Limited	36,935,762	14.72
First Sentier Investors Holdings Pty Limited	25,174,140	10.04

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

Twenty largest shareholders

Rank	Shareholder	Number of shares	% of Issued capital
1	Deutsche Balaton AG	55,461,463	22.09
2	Citicorp Nominees Pty Limited	38,082,048	15.17
3	NRW Holdings Limited	36,935,762	14.71
4	HSBC Custody Nominees (Australia) Limited	21,515,482	8.57
5	BNP Paribas Nominees Pty Limited	17,712,816	7.06
6	Troca Enterprises Pty Ltd <Coulson Super A/C>	6,050,706	2.41
7	J P Morgan Nominees Australia Pty Limited	2,784,794	1.11
8	BNP Paribas Nominees Pty Limited	2,337,530	0.93
9	LL&P Pty Ltd	2,000,000	0.80
10	Argonaut Securities Pty Limited <ASPL Client No 6 A/C>	1,910,000	0.76
11	Struven Nominees Pty Ltd	1,403,037	0.56
12	Brazil Farming Pty Ltd	1,400,000	0.56
13	Gold Elegant (HK) Investment Limited	1,350,000	0.54
14	Peligan Pty Ltd	1,334,281	0.53
15	Mr Jaime Anthony McDowell	1,200,000	0.48
16	Rodney Michael Joyce	1,081,697	0.43
17	Jamax Holdings Pty Limited	1,060,000	0.42
18	Brispot Nominees Pty Ltd	1,052,781	0.42
19	Sanperez Pty Ltd	1,000,000	0.40
20	Rigi Investments Pty Ltd	974,037	0.39
		196,646,434	78.34

On-market buy-back

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

Restricted securities or securities subject to voluntary escrow

Fully paid ordinary shares issued to employees on 10 September 2021 under the GCY Equity Incentive Plan are subject to a three year escrow period from the date of issue. The escrow period applies while the recipient remains employed by the Group.

Tenement schedule

As at 30 June 2021

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
MLA09/181	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	ML	Mining Lease
ELA	Exploration Licence Application	MLA	Mining Licence Application
L	Miscellaneous Licence		