

ASX ANNOUNCEMENT

30 May 2022

GASCOYNE TO SELL NON-CORE MUMBAKINE WELL PROJECT TO CAPRICORN METALS FOR UP TO \$4.75M PLUS ROYALTY

First transaction completed following commencement of strategic review of all non-Murchison assets, reinforcing focus on Dalgaranga

Highlights:

- **Mumbakine Well tenement sold to Capricorn Metals Limited (ASX: CMM) for proceeds of up to \$4.75 million:**
 - **\$1.25 million payable upon completion; plus**
 - **\$1.5 million payment on the date that Capricorn announces to the ASX a JORC code compliant Mineral Resource Estimate of greater than 200,000oz of gold on the tenement (representing a minimum of 6.55 million tonnes at a minimum grade of 0.95g/t Au); plus**
 - **A \$2.0 million payment on the date that Capricorn announces to the ASX a decision to commence commercial mining activities on the tenement;**
 - **All amounts payable in cash or Capricorn shares, at Capricorn's election¹.**
- **0.5% net smelter royalty to apply on all gold produced from the tenement.**
- **Completion expected to occur by the end of June 2022.**

Gascoyne Resources Managing Director and CEO, Mr Simon Lawson, said: *"We are pleased to have reached agreement with Capricorn to divest one of our non-Murchison assets in a transaction that will crystallise significant value for our shareholders while retaining exposure to future upside from resource development and production at Mumbakine Well.*

"This is a pleasing first outcome from the ongoing strategic review of our non-core assets. It simplifies our portfolio and reinforces our strategic focus on the jewel in our crown – our Murchison assets including the +2.5Mtpa plant and resources at Dalgaranga.

"The outstanding exploration success we have been enjoying at Dalgaranga has revealed the significant short-term value and upside that is available to the Company by discovering and developing new resources in the shadow of the processing facility. This combined with the strong mining and processing performance seen over the past few months has put Gascoyne in a strong position for the future."

¹ Capricorn's right to elect to settle any contingent deferred payment in shares expires on the date which is 5 years after the date of execution of the agreement to purchase the tenement.



Gascoyne Resources Limited (“**Gascoyne**” or the “**Company**”) (ASX: GCY) is pleased to advise that it has entered into a binding agreement to sell its non-core Mumbakine Well Project (Exploration Licence E52/3531) in the Pilbara to gold producer Capricorn Metals Limited (“**Capricorn**”) (ASX: CMM) for proceeds of up to \$4.75 million plus a 0.5% net smelter royalty on all gold produced in the future.

Mumbakine Well lies immediately adjacent to the Bibra deposit that hosts Capricorn’s recently commissioned Karlawinda Gold Project, located approximately 65km from the township of Newman in Western Australia.

The occurrence of known gold mineralisation on the Mumbakine Well tenement includes a historical drill intersection of 13m @ 3.0g/t. Much of the highly prospective greenstone rock is located under a thin cover of onlapping Bangemall Basin sediments.

Recently completed high-resolution aeromagnetics completed by Gascoyne have revealed several compelling structural targets with similar geological settings to Capricorn’s Bibra deposit, making Mumbakine Well a compelling bolt-on acquisition for Capricorn at Karlawinda.

The commercial structure of the transaction provides Gascoyne with exposure to future mineral resource definition and subsequent mining.

Sale Terms and Conditions

Key terms and conditions of the sale are:

- \$1.25 million payable upon completion, payable in cash or Capricorn shares, at the election of Capricorn;
- A \$1.5 million payment on the date that Capricorn announces to the ASX a JORC code compliant Mineral Resource Estimate of greater than 200,000oz of gold (representing a minimum of 6.55 million tonnes at a minimum grade of 0.95g/t Au) on the tenement, payable in cash or Capricorn shares, at the election of Capricorn (“**Resource Payment**”);
- A \$2.0 million payment on the date that Capricorn announces to the ASX a decision to commence commercial mining activities on the tenement, payable in cash or Capricorn shares, at the election of Capricorn (“**Mining Payment**”); and
- 0.5% net smelter royalty to apply on all gold produced from the tenement.

In the event that Capricorn announces to the ASX a decision to commence mining activities prior to the definition of a JORC code compliant Mineral Resource Estimate of greater than 200,000oz of gold (representing a minimum of 6.55 million tonnes at a minimum grade of 0.95g/t Au), Capricorn must pay both the Resource Payment and the Mining Payment.

Completion of the sale remains subject to the parties receiving approval from third parties to effect the transfer of the tenement including West Australian regulatory approval. The binding agreement contains representations and warranties that are standard for a transaction of this nature. Completion is expected to occur by the end of June 2022.

For the strategic review of its non-Murchison assets, Gascoyne is being advised by Sternship Advisers and Canaccord Genuity (Australia) Limited.

Authorisation

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



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BACKGROUND ON GASCOYNE RESOURCES

Gascoyne was reinstated on the ASX in October 2020 and is focused on production, development and exploration of a number of gold projects in Western Australia underpinned by positive cash flow generated from the Dalgaranga Operation. In financial year 2021, Dalgaranga produced in excess of 77,000 ounces of gold. The acquisition of Firefly Resources Limited which held the Yalgoo project approximately 70km southwest of Dalgaranga completed on 10 November 2021. The Melville deposit at Yalgoo has the potential to be mined and hauled 110km by road and integrated into the Dalgaranga production plan.