

Dear Creditor,

Gascoyne Resources Ltd ACN 139 522 900 and All Wholly Owned Subsidiaries (All Administrators Appointed) ('Gascoyne Group', ASX:GCY)

We are pleased to include with this letter our Report to Creditors of the Gascoyne Group, along with documents relating to a second meeting of creditors to be held on Thursday 25 June 2020.

Following our appointment on 2 June 2019 we, together with GCY's management, employees, suppliers and our advisors, have undertaken significant work to stabilise the affairs of the Gascoyne Group, and reach the point where creditors may potentially be fully repaid.

At the time of our appointment the Company was arguably undervalued, likely due to past underperformance and failure to meet production forecasts. We also knew from market research based on previous transactions that an operating gold mine was worth seven to ten times more than a mine on care and maintenance.

Given this, we made the assessment that despite predicted short-term losses of circa \$1m per month to operate on a going concern basis, if the Gascoyne Group could be restructured to improve operational performance and deliver more consistent gold production, there was likely significant value in the Company.

This required us to implement a mini mine plan to overcome the short term losses, while the mine plan was corrected and a longer term plan put in place to allow profitable production. This was achieved and the Company has been operating on a more reliable updated life of mine plan for some time. Gascoyne has now reached the fifth consecutive month of more than 6,000 ounces of gold produced, reflecting higher grades accessed from the Gilbey's Main Zone at the Dalgaranga mine. This was made possible by the decision to reinvest c.\$10m of cash flow into an accelerated cutback of the Western Wall of the main Gilbey's pit commencing in October 2019, and has been the most important operational restructuring initiative implemented, designed to de-risk the mine's future access to sustainable quantities of Gilbey's Main Zone ore to continuously keep the processing plant at maximum capacity. An additional c.\$4.5m has been re-invested into long-term infrastructure and other improvements. Improvements to the Australian dollar gold price during the administration have also contributed significantly.

We thank the secured lenders for extending us the necessary financial support to allow this turnaround to occur.

The Report to Creditors outlines further how we have run the Company and our strategy to maximise value recovery as well as the current position of the Gascoyne Group, events leading up to Administration and other required information.

Most importantly, the report contains our recommendations for the next steps for Gascoyne to return the Company to a financially viable position, and our estimate of the likely amount you will get paid as a creditor of Gascoyne under a range of scenarios.

We are recommending that putting in place a Deed of Company Arrangement (DOCA) will provide the most return to you as a Creditor.

A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. It aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up of the company, or both. For the Gascoyne Group, the DOCA proposes raising significant amounts of new money from the stock exchange, enough to allow all creditors to receive up to full repayment of their claims, and for the Gascoyne Group to continue trading as an ASX listed business.

The remainder of this covering letter addresses some likely frequently asked questions you may have about the process, and how it will impact you as a creditor of the Gascoyne Group.

What do I need to do as a creditor?

Creditors are being asked to decide at the second creditors meeting on Thursday 25 June 2020 whether:

- the Gascoyne Group should execute a Deed of Company Arrangement (“DOCA”) (*our recommendation as outlined below*); or
- the administration of the companies should end; or
- the companies be wound up.

A notice of meeting allowing you to vote at this meeting is enclosed and we encourage you to return your proxy.

What are the Voluntary Administrators recommending?

- It is likely creditors will receive a higher return under the DOCA proposal than they would if each Gascoyne Group company was wound up.
- Further, less uncertainty exists under the DOCA proposal compared to placing the Gascoyne Group into liquidation.
- Accordingly, we consider it would be in the creditors' interests for the Gascoyne Group to execute a DOCA on the proposed terms as outlined in the Administrators Report to Creditors.

How much will I get paid as a creditor?

Assuming the Gascoyne Group executes the recapitalisation plan and effectuates the DOCA, we have estimated:

- If you are a current or former employee, your entitlements will be met in full;
- If you are an unsecured creditor owed \$10,000 or less, you will receive full repayment in cash;
- For unsecured creditors owed more than \$10,000, you will receive \$10,000 in cash, and the remainder of your debt will be paid 50% in Gascoyne shares and up to 50% in cash over time.

Please refer to the full report for further details of this estimate.

What is in the Report to Creditors?

As Voluntary Administrators, we have prepared a detailed Report to Creditors required in accordance with section 75-225 of the *Insolvency Practice Rules (Corporations) 2016* for a forthcoming meeting of creditors to be held on Thursday, 25 June 2020. Our report provides creditors with information about:

- the business, property, affairs and financial circumstances of the Gascoyne Group;
- events leading to the appointment of Voluntary Administrators and process;
- our actions and strategy adopted for continued trading and to maximise value recovery for all stakeholders;
- our opinion and recommendation concerning the future of each Gascoyne Group company and what we, as Voluntary Administrators, consider to be in the creditors' interests; and
- information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the future of the Gascoyne Group of companies.

Where can I get further information?

Gascoyne shareholders who have any questions in relation to the external administration should email gascoyne_enquiries@fticonsulting.com.

On behalf of the Joint and Several Administrators of the Gascoyne Group, Kate Warwick, Ian Francis and Michael Ryan.



Michael Ryan

Joint and Several Administrator



Report to Creditors of

**Gascoyne Resources Ltd ACN 139 522 900
and All Wholly Owned Subsidiaries
(All Administrators Appointed) (ASX:GCY)**

Pursuant to Section 75-225 of the Insolvency
Practice Rules (Corporations) 2016

About this Report: A Guide for Creditors

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Purpose of this Report

- We have prepared this report to provide creditors with information about the business, property, affairs and financial circumstances of the GCY Group, our opinion and recommendation concerning the future of the GCY Group and what we consider to be in the creditors' interests. The report should be read in conjunction with the glossary (**Appendix 1**) and the information included in the appendices.
- This report and its attachments also contain details about the concurrent second meetings of creditors to be held at **12pm WST on Thursday, 25 June 2020 via telephone conference**.
- Voting on the future of each company is restricted to the creditors of that particular company. For example, only creditors of GCY can vote on resolutions with respect to the future of GCY. Creditors are required to decide for each company whether:
 - the GCY Group should execute a DOCA; or
 - the Administration of the GCY Group should end; or
 - the GCY Group should be wound up.
- Alternatively, creditors can vote to adjourn each meeting for up to 45 business days to allow more time to make their decision.

Information Included

- This report contains information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the future of the GCY Group. The Table of Contents on the following page lists the sections of the report. A glossary and certain other information, including details of our claim for remuneration, is included in appendices.
- All details, forms and instructions relating to the concurrent meetings have been included with the covering letter and other documents attached to this report.

Key Messages and Recommendations

- Pages 5 to 11 summarise the items that we consider to be the most important for creditors, including our recommendation.

Questions and Help

- Please contact us if you are unsure about any of the matters raised in this report and the impact of decisions about the future of the GCY Group may have on you.

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I. Executive Summary on Key Commercial Matters

I. Executive Summary on Key Commercial Matters

Introduction

A summary of our key findings concerning the business, property and affairs of the GCY Group is provided below. Please read the Executive Summary in conjunction with the glossary (Appendix 1) and relevant report references.

Key Topic	Commentary	Reference
Explanation for GCY Group's Difficulties	<ul style="list-style-type: none"> ■ The Mine's difficulties were predominantly driven by i) lower grade ore presenting to the processing mill than predicted by the GCY Group's initial resource model, resulting in lower than forecast cash flow; and ii) limited options to raise necessary funding for waste stripping to access the GMZ, being the primary source of future ore for the project. ■ Additional capital raises and debt restructures were completed between September 2018 to May 2019 in order to continue funding operations. ■ In May 2019, a revised geological resource model was prepared using a new methodology, known as LUC. A revised forecast cashflow model, based on updated mining schedules from the LUC model, indicated the business would face a significant cash shortfall from operations over the next six months. 	Section II Appendix 5, 6
Administrators' Strategy	<ul style="list-style-type: none"> ■ Upon appointment, the Administrators determined the best option to preserve value of GCY Group's assets was to continue trading the Mine on a 'business as usual' basis, rather than placing the Mine on care and maintenance. ■ With the support of Secured Creditors, employees and the Mine's 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 sale and recapitalisation process. ■ A recapitalisation plan has been formulated with the objective of the GCY Group continuing as a going concern under its current Group structure, including the reinstatement of GCY on the ASX. 	Section III Appendix 7

I. Executive Summary on Key Commercial Matters

Recapitalisation Plan and DOCA

Key Topic	Commentary	Reference
Recapitalisation Plan	<ul style="list-style-type: none"> ■ The recapitalisation plan involves i) a proposed capital raise to inject new equity and reduce secured debt; ii) a DOCA proposal to facilitate a return to unsecured creditors; and iii) reinstatement of GCY on the ASX. ■ The prospects for executing a recapitalisation of the GCY Group improved as the Administration progressed, resulting from the combination of: <ul style="list-style-type: none"> — a significant turnaround in the Mine’s performance, with the fifth consecutive month of monthly gold production exceeding 6,000 ounces, reflecting higher grades accessed from the Gilbey’s Main Zone; — a material increase in the AUD gold price since appointment and the ability to sell at the spot price, after the Senior Secured Lenders closed out the pre-appointment forward sale hedges, has improved the viability of the operations; — ~\$14.5m of cashflow reinvested into the Mine to underpin future performance, including executing an accelerated cutback of the Western Wall of the main Gilbey’s pit between November 2019 and February 2020 to de-risk the Mine’s future access to sustainable quantities of ore from the Gilbey’s Main Zone; and — securing an experienced board of directors for the GCY Group, to be appointed following exit from voluntary administration. 	Section IV
DOCA	<ul style="list-style-type: none"> ■ A DOCA has been proposed which is a key aspect of the broader recapitalisation plan. The DOCA is primarily to deal with GCY Group’s unsecured creditors of ~\$6m (debts which predominantly accrued in the month prior to the Administration, May 2019). ■ With respect to the remaining debts of the GCY Group, under the DOCA: <ul style="list-style-type: none"> — Priority Creditors (employees) owed ~\$616k in leave entitlements will have their entitlements met in the normal course of business from a recapitalised GCY Group. For employees who resigned during the Administration and are owed entitlements, payments will be processed within 1 month of the DOCA execution; and — Secured Creditors collectively owed ~\$113.6m are not parties to the DOCA and agreements for repayment of their debts will be executed separately. Agreements incorporate a partial paydown of debt from the proposed capital raise, a refinance in part, a conversion of debt to equity and a contingent payment arrangement for any debt remaining thereafter. 	Sections V and VII Appendix 2, 3, 10

I. Executive Summary on Key Commercial Matters

DOCA and Associated Risks

Key Topic **Reference**

- DOCA (cont.)**
- A creditors’ trust will be formed to facilitate the return to unsecured creditors. Please refer to **Section V. DOCA and particularly page 38** on the details of the creditors trust and implications for unsecured creditors.
 - Under the DOCA, unsecured creditors will receive a **possible return of up to 100 cents in the dollar via a combination of debt repayment and equity entitlement**, paid in 3 instalments. Funds for the return will be generated from a capital raise (instalments 1 & 2) and the remainder from future trading proceeds (instalment 3):

Creditor	Value of Debt	Estimated Return	Estimated Timing	Source of Funds
	\$10,000 or under	100 cents paid	within 2 months of execution of DOCA	Funds generated from Capital Raise
		(i) \$10,000 paid per claim	within 2 months of execution of DOCA	Funds generated from Capital Raise
		Remaining Debt above \$10,000		
Unsecured	Above \$10,000	(ii) 50% effectively converted to equity	Issued in two tranches: 1) one month after GCY shares reinstated on ASX; 2) two months after GCY shares reinstated on ASX	Shares issued from Capital Raise
		(iii) 50% debt paid	Paid after full repayment of Secured Creditors (including any Refinancier) (3-5 years)	Dividend generated from Mine’s trading

Large Creditors will be able to direct the creditor trustee to sell their entitlement to their shares and receive cash in lieu of shares.
All GCY Group intercompany loans will remain in place and not be compromised by the DOCA.

- Risks to the DOCA**
- There are **conditions precedents that must be completed to effectuate the DOCA**, which are:
 - a capital raise in the order of \$70m to \$80m, by way of an entitlement offer and placement of shares;
 - a partial repayment of Senior Secured Debt from the capital raise and a subsequent release of their security upon refinance of the balance of the Senior Secured Debt;
 - reaching an agreement with NRW to restructure its debt; and
 - a creditors’ trust being formed in order for GCY to re-list on the ASX.
 - The Administrators have made significant advances in progressing the conditions precedents required under the DOCA. Details of those advances are commercial in confidence and we cannot elaborate at this time.
 - If the DOCA does not complete, the Deed Administrators will be required to convene a meeting of creditors to consider either a variation to the DOCA or alternatively, resolve to place the GCY Group into liquidation.
- Sections V and VII
Appendix 2, 3, 10

I. Executive Summary on Key Commercial Matters Investigations

Key Topic	Commentary	Reference
Estimated Date of Insolvency	<ul style="list-style-type: none"> ■ Our preliminary view is that the GCY Group experienced a temporary ‘lack of liquidity’ from time to time in the year leading up to the Administrators’ appointment. The periods of constrained liquidity were caused by a lack of gold production and were managed by a combination of capital raisings, reaching arrangements with its Senior Secured Lenders and entering into a loan with NRW (by way of the conversion of mining services invoices to long term secured debt). ■ The catalyst for the appointment of voluntary administrators was the downwards revision of the previously modelled grades, causing the GCY Group to forecast cashflow shortfalls for H2 CY2019. GCY Group was unable to borrow further debt or raise additional equity to fund the cashflow shortfalls. ■ Further investigation into the date of insolvency will be undertaken should GCY be placed into liquidation. 	Section VI Appendix 8, 9
Offences by Directors	<ul style="list-style-type: none"> ■ Based on our investigations to date, it does not appear that any offences of the Act have been committed by the directors. 	Section VI Appendix 8, 9
Liability for Insolvent Trading	<ul style="list-style-type: none"> ■ For the purposes of insolvent trading, we consider that it is likely the Group would have only been insolvent for a very short period prior to the Administrators’ appointment, given the funds received from the capital raise on 8 May 2019. We also note that the Directors arguably had protection under the Safe Harbour provisions. ■ Based on the above, we consider there is unlikely to be a material claim (if any) or a successful claim for insolvent trading. ■ Further investigations into the date of insolvency, and any potential liability for insolvent trading, will be undertaken if the GCY Group is placed into liquidation. 	Section VI Appendix 8, 9
Voidable Transactions and Offences	<ul style="list-style-type: none"> ■ Whilst there were transactions entered into by the GCY Group in the 6 months leading up to the Administration, further investigations would be required to be undertaken by a liquidator (if appointed) as to whether these may constitute voidable transactions that would likely result in property being recovered for the benefit of creditors. ■ Two issues which would need to be investigated whether: <ol style="list-style-type: none"> i. the temporary lack of liquidity events referred to above would be considered an event of insolvency; and if so ii. creditors had knowledge of the GCY Group’s solvency issues in the lead up to the Administrators’ appointment. 	Section VI Appendix 8, 9

I. Executive Summary on Key Commercial Matters

Estimated Return to Creditors

Key Topic	Commentary			Reference	
Estimated Return to Creditors	<ul style="list-style-type: none"> The estimates are based on the information presently available, our view of each GCY Group companies' estimated realisable value of assets and estimated claims of creditors: 			Sections V and VII Appendix 2, 3, 10	
	Creditor	Liquidation			DOCA
	Cents in the Dollar				
	Priority (Employees)	0 to 100 cents	0 to 100 cents		100 cents paid
	Unsecured (Trade Creditors)	0 to 32 cents	0 to 100 cents		Up to 100 cents via a combination of debt repayment and equity conversion, paid via 3 instalments.
	Unsecured (Inter Group Loans)	0 to 32 cents	N / A		Loan balances remain in place and continue to accrue. Only repayable once the GCY Group debtor company has sufficient funds to pay
	Timing of Payments				
	Priority (Employees)	6 to 12 months	6 to 12 months		Continuing employees: When leave is taken Resigned employees: Paid within one month following execution of DOCA
	Unsecured	6 to 12 months	6 to 12 months		(i) \$10,000 paid within 2 months Remaining Balance (ii) 50% equity component issued within two months after shares reinstated on ASX; (iii) Remaining 50% payment 12 months after full repayment of the Senior Secured Debt (including any Refinancier) and NRW (3-5 years)
	<ul style="list-style-type: none"> Under a DOCA, there is a higher degree of certainty as to the quantum (estimated to be up to 100 cents) and timing of a return to priority and unsecured creditors, as compared to liquidation. 				
<ul style="list-style-type: none"> For the other subsidiary companies of GCY (excluding GNT), the only identified creditor is an intercompany debt owed to GCY. Any return to unsecured creditors from the subsidiary entities will be paid to GCY as a dividend and has been factored into the above returns. 					

I. Executive Summary on Key Commercial Matters

Remuneration

Key Topic	Commentary	Reference
Remuneration	<ul style="list-style-type: none"> <li data-bbox="349 400 1912 475">■ As at the date of this report, we have had our remuneration approved for the period 2 June 2019 to 30 April 2020 totalling \$1,611,273 for GCY and \$4,298,892 (excluding GST) for GNT at five COI meetings. <li data-bbox="349 491 1912 566">■ Additionally, we are seeking approval from the COI for \$394,397 for GCY and \$624,408 for GNT (excluding GST) for the period 1 May 2020 to the conclusion of the Administration. <li data-bbox="349 582 1912 657">■ At the second meeting of creditors, we will seek creditor approval to fix the future remuneration of the Deed Administrators of \$500,000 for GNT and \$270,000 for GCY (both amounts excluding GST), if appointed. <li data-bbox="349 673 1912 746">■ Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report at Appendix 11. 	Section IX Appendix 11

I. Executive Summary on Key Commercial Matters

Recommendation on the Future of the GCY Group

Options Available to Creditors	Option 1: Execute a DOCA	Option 2: Administration End	Option 3: Liquidation
Recommended Option	<p style="text-align: center;">✓</p> <p style="text-align: center;">Recommended</p>	<p style="text-align: center;">✗</p> <p style="text-align: center;">Not recommended</p>	<p style="text-align: center;">✗</p> <p style="text-align: center;">Not recommended</p>
Description	<ul style="list-style-type: none"> Whether it would be in the creditors’ interests for the GCY Group to execute a DOCA. 	<ul style="list-style-type: none"> Whether it would be in the creditors’ interests for the administration to end. 	<ul style="list-style-type: none"> Whether it would be in the creditors’ interests for each GCY Group company to be wound up.
Key Factors to Consider	<ul style="list-style-type: none"> On balance, there appears to be more certainty as to the returns to creditors under the DOCA compared to a liquidation. We consider there is a higher likelihood that the initial payment to unsecured creditors under the DOCA will be greater than the full amount received under a liquidation. Further, a portion of the return will be payable earlier than under a liquidation. The proposed DOCA is part of a recapitalisation plan that will provide the best chance of the business continuing to operate including current suppliers, many of which are creditors, continuing as suppliers to ongoing operations. 	<ul style="list-style-type: none"> The GCY Group is insolvent and is required to go through a formal process in order to deal with the GCY Group’s debts. 	<ul style="list-style-type: none"> The proposed DOCA will likely provide a higher cents in the dollar return for unsecured creditors than they are likely to receive in an immediate winding up.
Our Opinion	<ul style="list-style-type: none"> It is in the creditors’ interests that each GCY Group company executes a DOCA in accordance with the terms proposed. 	<ul style="list-style-type: none"> It is not in the creditors’ interests that the administrations should end. 	<ul style="list-style-type: none"> It is not in the creditors’ interests that each GCY Group Company be wound up.
Potential to Adjourn the Meeting to a Future Date	<ul style="list-style-type: none"> As an alternative to deciding the future of the GCY Group at the second meeting, creditors have the right to adjourn the second meeting for up to 45 business days to allow for a revised DOCA proposal to be formulated or submitted to the Administrators. The Administrators are not aware of any party that intends to submit a further or improved DOCA proposal. It is matter for creditors to decide if they wish to adjourn the second meeting. 		



II. Background Information

II. Background Information

Administration Milestones

Appointment of Administrators

- On 2 June 2019, the GCY Group appointed Michael Ryan, Kathryn Warwick and Ian Francis as Joint and Several Administrators in accordance with resolutions passed pursuant to section 436A of the Act at meetings of the directors of the GCY Group.
- In a voluntary administration, the Administrators take control of a company and its affairs, superseding the powers of the directors and officers to make decisions and perform management functions. The Administrators also investigate the business, property, affairs and financial circumstances of the company to which they are appointed.

Administrator's Prior Involvement and Independence

- In accordance with section 436DA of the Act, on 5 June 2019, we provided our DIRRI to creditors. A copy of the DIRRI is provided at **Appendix 4**, and explains the circumstances that led to our appointment and details prior relationships we had with the GCY Group and creditors. We consider none of those relationships resulted in a conflict of interest or duty or affected our independence. We are not aware of any matter that requires us to prepare an updated DIRRI.

Outcome of the First Meetings of Creditors

- On 13 June 2019, the Administrators held concurrent First Meetings of Creditors for the GCY Group, to consider the formation of committees of inspection and whether or not to appoint different persons as the Administrators of each company.

- Committees of inspection were formed for GCY and GNT, but not for the remaining Subsidiaries.
- Details of the committees of inspection for GCY and GNT are shown below.

GCY COI Members

Company Appointed	Representative
Security Agent for Senior Secured Lenders	Adam Wald
National Australia Bank Ltd	Jon Munnings or Richard Solar
Commonwealth Bank of Australia Ltd	Mark Sutton or Andrew Hopkins
Tejal Magan – Employee	Self

GNT COI Members

Company Appointed	Representative
Security Agent for Senior Secured Lenders	Adam Wald
National Australia Bank Ltd	Jon Munnings or Richard Solar
Commonwealth Bank of Australia Ltd	Mark Sutton or Andrew Hopkins
NRW Pty Ltd	Kim Hyman
Zenith Pacific (DGA) Pty Ltd	Hamish Moffat
Wesfarmers LNG Ltd	Nick Rae or Josh Phillips

- No resolution was proposed to appoint different Administrators to GCY and the Subsidiaries.

II. Background Information

Administration Milestones

The Administrators continue to provide updates to both COI members and shareholders via ASX continuous disclosures. Importantly, there was no further impairment to GCY Group's assets in the FY2019 audited financials.

Meetings of the Committees of Inspection

- Broadly, the COI role has been to:
 - advise and assist the Administrators in relation to matters relating to the Administration, act as a sounding board and monitor the conduct of the Administration;
 - review reports and additional information relevant to the Administration;
 - if required, obtain their own specialist advice or assistance; and
 - approve the Administrators' remuneration.
- We have held five (5) COI meetings, and provided supplementary correspondence where necessary, for the purposes of:
 - providing updates on the Administration;
 - seeking consent for the extension of the convening period;
 - seeking consent for the limited recourse facility agreement with the Senior Secured Lenders (and a variation of that agreement); and
 - approval of the Administrators' remuneration.

FY2019 Financial Accounts and Audit

- GCY Group's auditors, Grant Thornton, completed its annual audit of the Financial Year 2019 statutory accounts (released on the ASX on 31 January 2020).
- This involved extensive engagement with Grant Thornton and CSA Global Mining Industry Consultants (technical mining consultant appointed by Grant Thornton in connection with the audit).
- Importantly, Grant Thornton concluded no further impairment was required to the value of GCY Group's assets for FY19, other than the impairment previously disclosed in the December 2018 half year accounts of c.\$33.5m (being an impairment made before the appointment of the Administrators).
- As is customary with companies in voluntary administration, Grant Thornton noted there was a material uncertainty as to going concern.

AGM

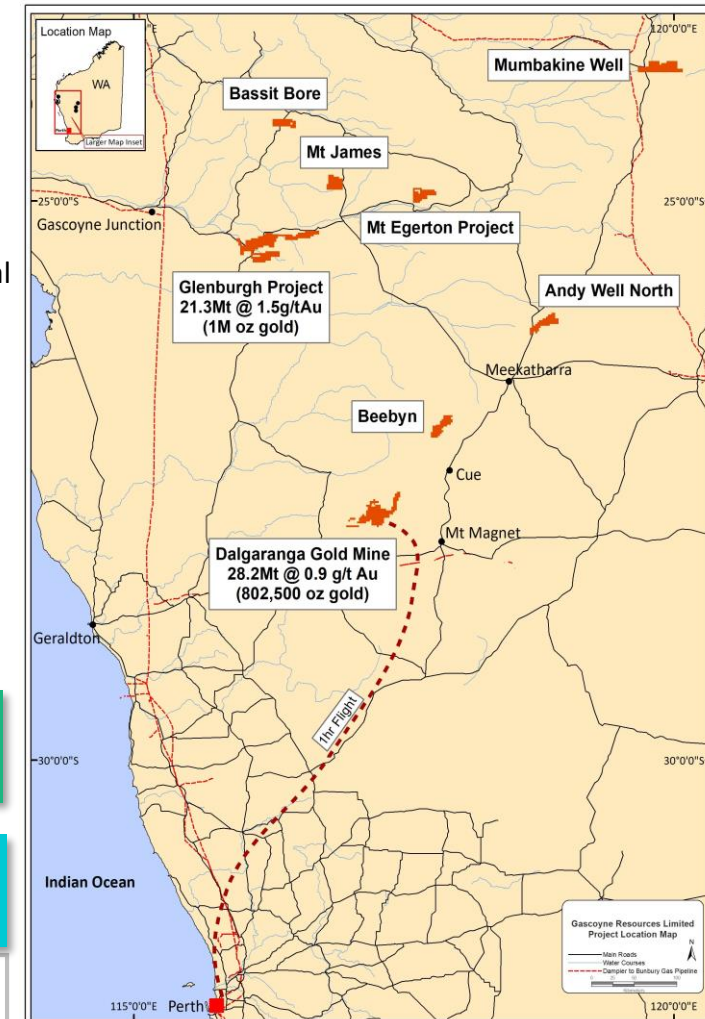
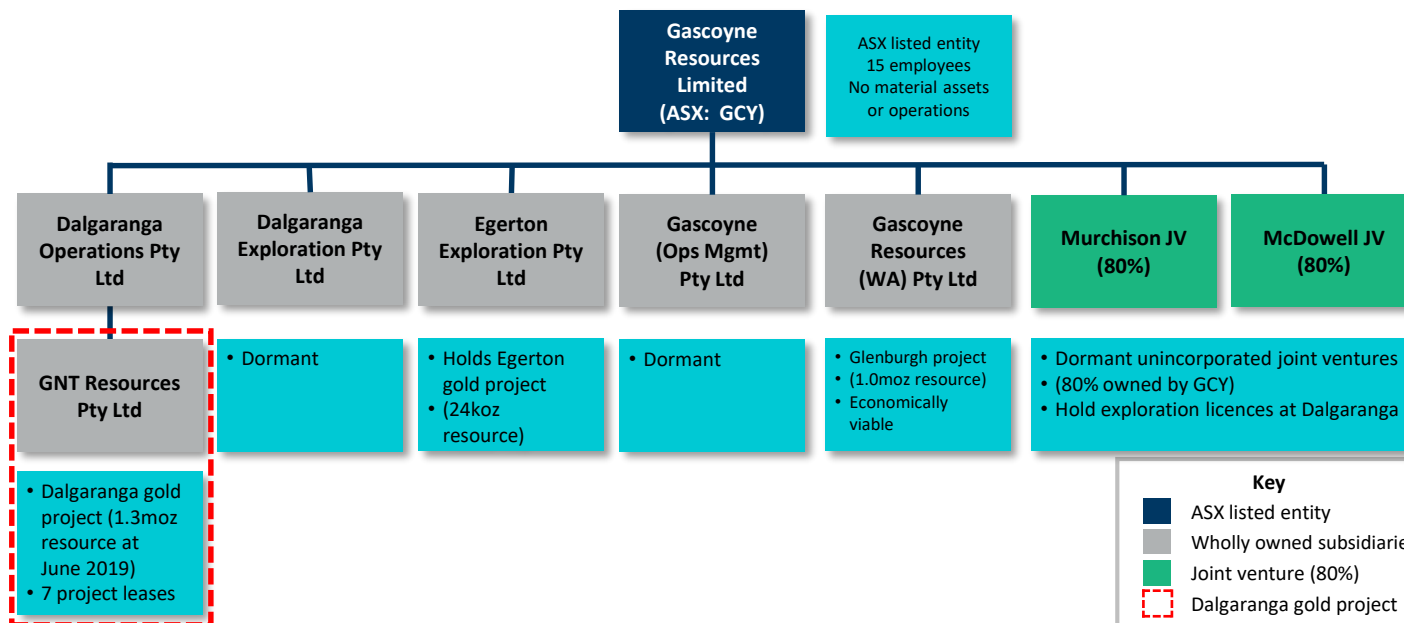
- The GCY 2019 AGM was held on 30 April 2020 via teleconference.
- At the meeting:
 - Mike Joyce retired as a director of GCY and its associated entities;
 - the FY2019 Financial Statements were received and considered; and
 - the Remuneration Report was approved.

II. Background Information

Corporate Structure

GCY Group comprises of Gascoyne Resources Ltd, an ASX listed entity, GNT Resources Pty Ltd, which operates the Dalgaranga Gold Mine, and five non-operating companies holding ancillary assets.

- Dalgaranga Gold Mine is located approximately 70km from Mount Magnet in Western Australia, with approx. 801k ounces of gold as Measured, Indicated and Inferred Mineral Resources (ASX Release - 10 June 2020) and a Proved and Probable Ore Reserve of 502k ounces of gold (ASX Release – 3 October 2019). The Mine possesses fully established infrastructure with a carbon-in-leach processing facility, camp and airstrip.
- Upon appointment, GCY Group employed c.90 staff across the mine site and West Perth head office, a further c.290 staff in the mining workforce (employed by mining contractor NRW), and 35+ other external contractors to support operations. Commissioning and the first gold pour were completed in May 2018.
- The GCY Group also owns exploration resource projects being Glenburgh (~1m ounce resource with granted mining leases and mining approvals in place) and Egerton (24k ounce resource at Hibernian, Haffneys high grade drilling not yet in the resource).



II. Background Information

Absence of Deeds of Cross Guarantee

GCY is a major unsecured creditor of each of the GCY subsidiaries and is entitled to submit proofs of debt as no deeds of cross guarantee exist within the GCY Group.

Absence of Deeds of Cross Guarantee

- We have consulted with senior management and carried out our own investigations of GCY's records and advise that no deeds of cross guarantee exist.
- GCY has unsecured claims against each of the GCY subsidiaries (shown in the table opposite).
- On this basis, GCY is entitled to submit proofs of debt in the voluntary administrations of the Subsidiaries on account of such claims.
- If the GCY Group had previously executed deeds of cross guarantee, then:
 - creditors of an insolvent subsidiary (e.g. GNT) would have gained access to the assets of the GCY; and
 - reciprocally, the creditors of GCY would have been given access to the assets of each subsidiary (e.g. GNT).
- Consequently, as Administrators, we are required to administer each voluntary administration separately. Each company must be treated as a separate legal entity and the claims against each company are only admissible in the voluntary administration of the particular company.
- If liquidators are appointed, unless pooling orders are made, assets of each company would only be available to pay claims admissible in the voluntary administration of the particular company.

- This means that :
 - the dividend (cents in the dollar) in a liquidation received by each ordinary non-priority creditor will vary depending on the identity of the company of which it is a creditor; and
 - the intercompany loan account balances owing to GCY by its subsidiaries are admissible to prove in the voluntary administrations of those companies.

Summary of Intercompany Loans from GCY

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
Loan to GNT	104,049	104,049	(104,049)	(104,049)	-	-
Loan to GRWA	14,267	14,267	-	-	(14,267)	(14,267)
Loan to Egerton	1,649	1,649	-	-	(1,649)	(1,649)
Loan to DOPL	1	1	-	-	(1)	(1)
Loan to DEPL	1,102	1,102	-	-	(1,102)	(1,102)
Loan to GOMPL	0	0	-	-	(0)	(0)
Total	121,068	121,068	(104,049)	(104,049)	(17,018)	(17,018)

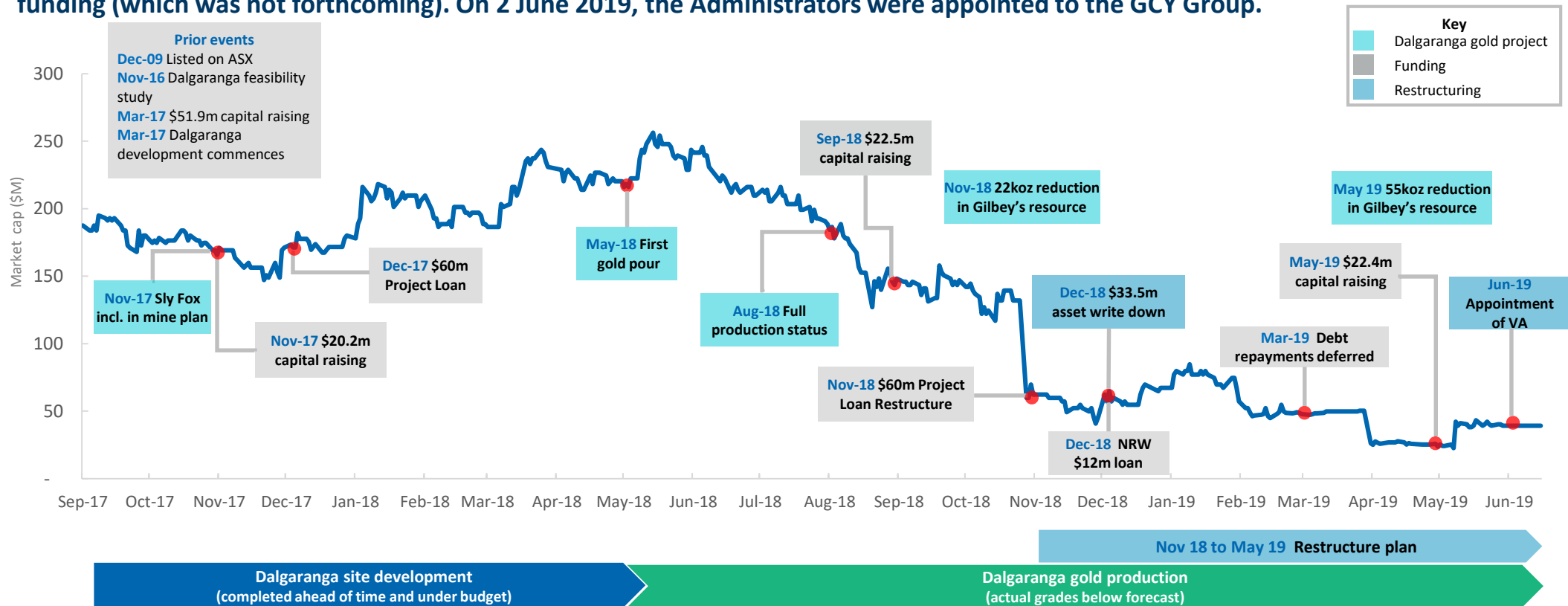
Source: GCY Group management accounts

II. Background Information

Timeline of Events

GCY Group’s financial difficulties arose from lower than forecast mined grades being achieved. Between August 2018 and May 2019, GCY funded its operating losses via two (2) capital raisings (\$44.9m), a working capital loan (conversion, of one unpaid invoice and one invoice immediately upon issue, to a secured loan) from its mining services contractor, NRW (\$12m including restructure fees), and a restructure of debt repayments with Senior Secured Lenders.

In May 2019, new mine plans (based on updated LUC resource modelling) showed operations could not continue without additional funding (which was not forthcoming). On 2 June 2019, the Administrators were appointed to the GCY Group.



Further historical background information, including events leading up to the Administrators’ Appointment, are contained at **Appendix 5**.

II. Background Information

Directors' Explanation and Company Information

Ongoing reconciliation issues with previous OK resource model, development of the new LUC resource model, and inability to address a significant forecast cashflow shortfall based on revised mining schedules, resulted in the GCY Group's Board appointing the Administrators on 2 June 2019.

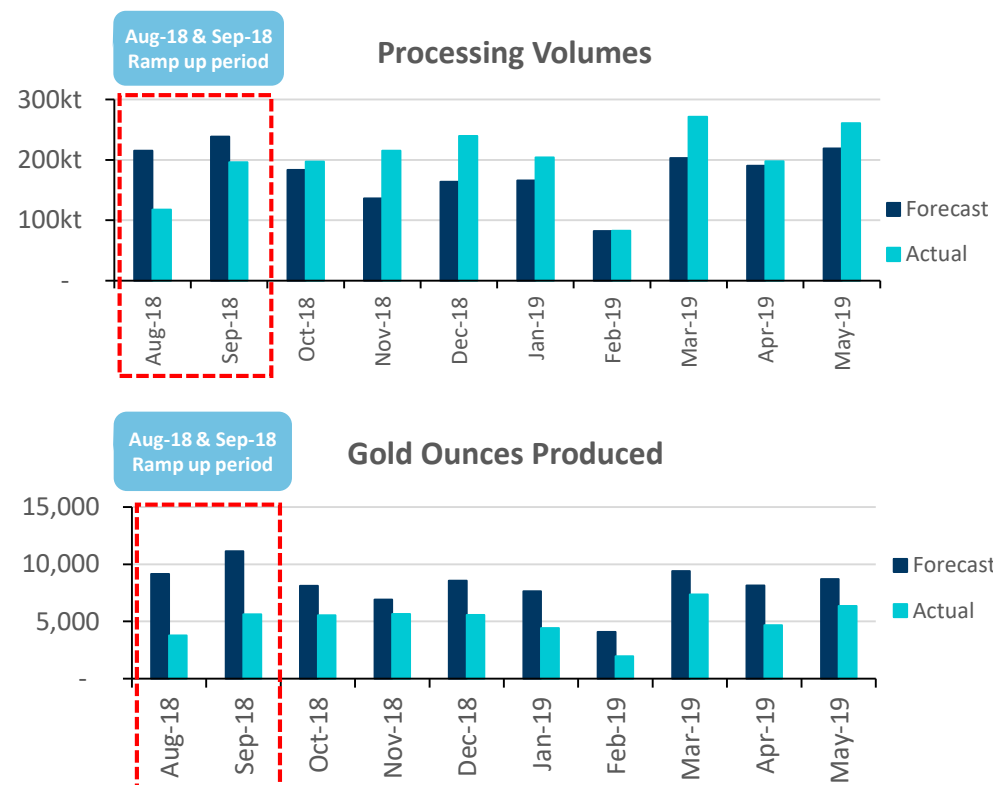
Company Information and Historical Performance

- **Appendix 6** provides statutory information, summary of the historical financial information and our preliminary analysis on the GCY Group.

Director's Explanation for GCY Group's Difficulties

- GCY Group continued to experience issues with reconciliation to Ore Reserves and Mineral Resource models which were materially below expectations despite extensive efforts by GCY Group to optimise operations, impacting the level of ounces GCY Group was able to produce.
- On 28 May 2019 a new preliminary unclassified LUC resource model for the Gilbey's deposit was produced by the GCY Group's resource consultants. GCY Group's in-house resource geologist also advised the Board on 30 May 2019 that the LUC model was a better fit with drill data and a more reliable forecasting tool than the previous December 2018 OK model.
- The LUC model, although supporting the global gold inventory, defined a higher tonnage lower grade deposit than the previous OK model. On the basis of the new LUC model and urgently prepared pit mining schedules, high level cash flow analysis (prepared in May 2019) indicated that due to lower predicted grades, the GCY Group would likely face a significant cash shortfall from operations over the next six months as it progressed the cutback required to access the GMZ (the primary source of future ore for the project (+85%) under the LOMP).

- With insufficient cash reserves to fund the projected near-term cash shortfall, and no options for further funding presenting, the Board made the decision to place the GCY Group into voluntary administration.



Source: GCY Group management information



III. Administrators' Strategy, Trading and Technical Work

III. Administrators’ Strategy, Trading and Technical Work

Value Proposition

We quickly stabilised and assessed operations, determined that continuing to trade (and potentially optimise) the Mine would achieve a better value outcome for all stakeholders than placing the Mine on care and maintenance.

Value Proposition

- Analysis of ASX listed gold companies had seen an average market capitalisation of over A\$120 per ounce ascribed to gold resources, however GCY traded at a significant discount to this value.
- It could be assumed this discount reflected past under-performance, with the implication that if a mine plan could be demonstrated for more continuous and predictable ore presentation from the main Gilbey’s deposit, coupled with improved continuity of plant operations, GCY could achieve a market re-rating to underpin recapitalisation and/or sale opportunities for significant value recovery.
- With the above in mind, the thesis at the time was that the assets of the GCY Group were worth significantly more as a ‘going concern’ than on ‘care and maintenance’. This was supported by independent research of PCF Capital Group indicating that over the last one, three and five years, the value of transactions on either a resource or reserve basis were seven to ten times higher when gold projects were sold as a continuing operation compared to being sold on a care and maintenance basis.

Decision Analysis

- Initial forecasts showed the GCY Group would incur losses of c.\$1m per month whilst operating on a going concern basis. Alternatively, a six month care and maintenance scenario was estimated to cost approximately \$4m.
- To maximise optionality and mitigate trading losses for the GCY Group, a six month ‘mini’ mine plan was prepared, aimed at increasing ore mining and reducing waste stripping, as well as reducing any development activities/expenditures relating to a time horizon greater than six months.
- We considered short term trading of the Mine would be dependent upon:
 - immediate trading performance (closely monitored on a daily basis); and
 - availability of short term funding (provided post appointment by the Senior Secured Lenders via a \$2m overdraft facility).
- Whilst trading continued, a longer term study would be conducted as to whether the Gilbey’s deposit (i.e. GMZ) was economically viable in the longer term.
- If viable, this would achieve a better outcome for all stakeholders through a sale and/or recapitalisation of the project, rather than placing the Mine on care and maintenance.

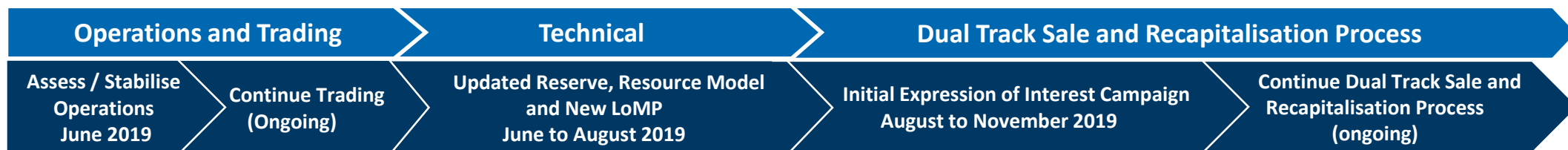
Transaction Multiples Gold price US\$1,283/oz 30 April 2019	Operation (US\$/oz Au Eq) 3 year average	Care and Maintenance (US\$/oz Au Eq) 3 year average
Resource	\$103/oz	\$13/oz
Reserve	\$245/oz	\$34/oz

Source: Page 15, PCF Resources Thermometer – May 2019

III. Administrators' Strategy, Trading and Technical Work

Key Work Streams

Upon appointment, 3 key work streams were quickly established: i) stabilisation of operations and support for continued trading; ii) undertake detailed mining technical work (engaged independent technical mining consultants, Mining One); and iii) commence a dual track sale and recapitalisation process to maximise the prospects of a better outcome than an immediate winding up.



- Significant work completed in taking control of the assets, stabilising operations, and putting controls in place to continue trading the Mine.
- We quickly:
 - engaged with key suppliers to ensure minimum disruption to supply lines;
 - stemmed initial attrition of staff numbers and filled key vacancies; and
 - Implemented a revised near term mine plan to optimise planned material movement, focusing on increased ore delivery and ounces recovered to supplement cash flow necessary to continue to trade.

- Mining One, together with Cube Consulting (GCY Group's technical consultants), were commissioned to update the LUC derived JORC classified Mineral Resource and Ore Reserve statements, together with finalised LUC derived mining schedules.
- A new LoMP was developed based on the new LUC derived mining schedules to allow:
 - mining operations to transition from the near term mine plan to the longer term LoMP to ensure that the value of the overall project was not compromised; and
 - the Mine to demonstrate a track record of performance against the revised LoMP (necessary to building confidence for interested parties under a sale or recapitalisation).

- Investec engaged on 13 July 2019 to assist with the dual track process.
- A financial model was prepared by FTI Consulting based on revised LoMP and relevant economic assumptions.
- Following an EOI campaign, confirmed interested parties were provided access to an online data room to conduct Due Diligence.
- Final offers for the purchase of all GCY Group assets were received on 24 November 2019, with further negotiations undertaken thereafter.
- Having regard to the financial model based on the updated mineral resource and reserves, a stronger gold price environment, and the Mine's improved performance during the Administration, we considered that the offers received did not reflect appropriate value of GCY Group's assets.

- We continue to trade the Mine to demonstrate a track record of performance against the Updated LoMP, and provide greater certainty as to longer-term performance.
- Negotiations continue with interested parties regarding an asset sale, whilst we have continued to explore recapitalisation opportunities including:
 - a capital raise;
 - a refinance of Senior Secured Debt;
 - deferred payments; and
 - debt for equity conversion.

III. Administrators' Strategy, Trading and Technical Work Funding and Stabilising Operations

We thank the Senior Secured Lenders, suppliers and employees for their continued support, enabling operations to continue whilst an operational turnaround strategy was implemented to preserve and enhance value of the Mine and underpin future mine life in accordance with the LoMP.

Supplier and Employee Communications

- We engaged with all key suppliers and employees who were generally supportive of the trade-on strategy, enabling mining and processing operations to continue.
- In instances where trade creditors insisted on payment of pre-appointment debts to agree to continue supply, we sought and executed new supply agreements with alternate suppliers, whilst balancing price and quality of goods/services.
- A number of retention strategies were also implemented to ensure a skilled and experienced workforce was retained.
- We thank all trade creditors who have continued to supply the Mine and for their continued support of the business.

Price Protection

- We acquired gold put options to protect revenue for the majority of gold production as set out below.

Strike Price	Period	Ounces
\$2,000 p/oz	4-Oct-19 to 20-Dec-19	Total of 16,200 oz (1,400 oz p/w)
\$2,050 p/oz	20-Dec-19 to 28-Feb-20	Total of 10,400 oz (1,400 oz p/w)
\$2,000 p/oz	3-Mar-20 to 1-May-20	Total of 12,600 oz (1,400 oz p/w)
\$2,100 p/oz	11-May-20 to 26-Jun-20	Total of 8,000 oz (1,000 oz p/w)
\$2,200 p/oz	11-May-20 to 31-Jul-20	Total of 10,200 oz (400 oz p/w to 26-Jun then 1,400 oz p/w to 31-Jul)
\$2,200 p/oz	7-Aug-20 to 28-Aug-20	Total of 4,000 oz (1,000 oz p/w)

- Given the recent high gold price environment, the above put options have not been exercised.

Administrators' Funding Facility

- The Administrators were provided with an initial \$2m overdraft facility for GNT by the Senior Secured Lenders.
- In December 2019 the Senior Secured Lenders provided a temporary increase in the GNT overdraft limit from a (\$2m) limit to a (\$5m) limit.
- The increase in facility limit was required to primarily assist funding:
 - the accelerated cutback of the Western Wall to expose the higher grade GMZ ore body, thereby de-risking future ore supply to the processing plant; and
 - the TSF lift completed in January 2020 necessary for continued operations.
- As agreed with the Senior Secured Lenders in April 2020, the overdraft:
 - was reduced to a limit of (\$3m) effective 1 May 2020;
 - further reduced to a limit of (\$2m) effective 1 June 2020; and
 - expires 30 June 2020.
- Post 30 June 2020, the GCY Group is forecast to have positive cash at bank available to the Administrators to allow to continue to trading.

III. Administrators’ Strategy, Trading and Technical Work

Mining Technical Work

Given the historical underperformance of the Mine, we completed a comprehensive mining technical review to i) develop interim and Updated LoMP; and ii) to explore pit optimisation/cost improvement opportunities.

Mining Technical Work

Stage 1 Technical Review: Confirmed whether i) current LoMP was suitable to support short term trading; or ii) an alternate plan was required.

Stage 2 Interim Mine Plan:

- Mining One, together with GCY Group’s management conducted a detailed technical review of the Interim Mine Plan.
- Interim Mine Plan focused on increased ore delivery over the immediate term to assist with short-term cash flow, whilst preserving longer term mine NPV value.

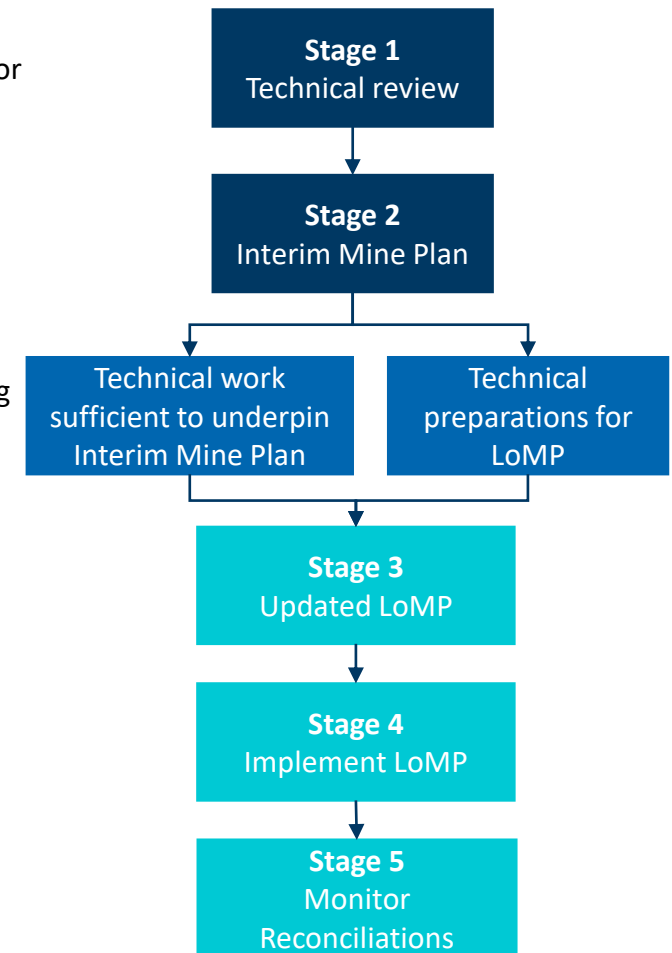
Stage 3 Updated LoMP: Updated LoMP with revised classified Mineral Resource and Ore Reserve modelling prepared in accordance with JORC code, applying the revised LUC estimation methodology.

Stage 4 Implement LoMP : Transition mining schedules and incorporate into financial model.

Stage 5 Monitor Reconciliations: Monitor geological reconciliations to Updated LoMP to provide a greater level of confidence in the mineral resource.

Wall Steepening

- In October 2019, the prospect of mine plan optimisation and cost improvements were explored, identifying the wall steepening and pit wall redesign potential upside opportunities.
- A report prepared by Mining One concluded a steeper gradient of the pit walls was viable, resulting in reduced waste stripping to access the GMZ at depth.
- Our cashflow modelling indicated a cost saving of up to \$71m over LoMP.
- A secondary report was prepared by an independent third party, SRK, supporting Mining One’s position and providing further confidence in the potential upside opportunities.



III. Administrators' Strategy, Trading and Technical Work Funds Reinvested into Dalgaranga Gold Mine

Significant funds have been reinvested to i) ensure continued operations and safety; ii) support operational initiatives to preserve/enhance value of the Dalgaranga Gold Mine; and iii) underpin future mine life.

Resource Definition Drilling Program (completed early May 2020)

- A 10-hole infill RC resource definition drill program was completed early May 2020 and involved an **investment of approx. \$250k** targeting the shallow, sparsely drilled southern GMZ zone of inferred resources located immediately below the southern end of the Gilbey's 2019 reserve pit.
- The program achieved significant results (refer ASX announcement dated 6 May 2020) and improved geological confidence in grade and continuity of GMZ mineralisation, with results to be included in the updated Mineral Resource Estimate.

Accelerated cutback of the Western Wall of the main Gilbey's pit (completed 18 February 2020)

- The accelerated cutback of the Western Wall of the main Gilbey's pit commenced in November 2019 and completed in February 2020, involved an **investment of c.\$10m**, and has been the most important key operational restructuring initiative implemented since appointment, designed to de-risk the mine's future access to sustainable quantities of GMZ ore to continuously keep the processing plant at maximum capacity.
- GMZ is the Mine's highest grade, continuous, wide, +800 metre long ore zone that remains open at depth and represents +90% of remaining Ore Reserves.
- GMZ accounted for approx. 60% of total ore feed in April 2020 and is anticipated to comprise 100% of ore feed post-July 2020 after completion of mining of high grade ore from Golden Wings pit.

Tailings Storage Facility Lift (completed January 2020)

- **Investment of c.\$2.2m** to lift the walls of the TSF to increase storage capacity sufficiently for an additional 12 to 15 months of ore processing.

Other major projects / capital expenditure invested in the mine to improve operations, preserve and enhance value

- **Hydrogeological Drilling Program** – Completed October 2019 and involved an **investment of \$373k** for the installation of critical dewatering bores to manage water levels in the Gilbey's pit. The Gilbey's Stage 1 pit has progressed to a point where the historical pit mined by Equigold in the late 1990's has been fully dewatered and mining has now exposed the bottom of the pit.
- **Process Water Borefield Installation** – Completed in March 2020 and involved an **investment of \$750k** resulting in the discovery of sufficient water for the processing plant for life of mine.
- **Automated Cyanide and Oxygen Dosing System** – Completed in March 2020 and involved a total **investment of approx. \$270k**. This system assists the Processing Department attain the highest possible gold recoveries whilst decreasing overall cyanide consumption.
- **Major Reline of Processing Mill** – Scheduled 72 hour mill shutdown completed in May 2020 – **funds committed \$715k**.

III. Administrators' Strategy, Trading and Technical Work

Trading Results

Trading performance has continued to improve with March 2020 Quarterly production reflecting GCY Group's best quarterly results (18.8koz Au) and May 2020 Monthly production marked the fifth consecutive month of >6koz Au.

December 2019 Quarter

- Challenges existed in the December 2019 quarter given the majority of ore mined and processed in H2 CY2019 was sourced from the less reliable peripheral, gold depleted oxide lodes. Mining in these areas was required whilst the accelerated cutback of the Western Wall was progressed to expose the GMZ.

March 2020 Quarter

- March 2020 quarter results reflected the Mine's strongest results across all metrics: ounces delivered; mill feed grade; and ounces produced, largely attributable to accessing the GMZ from January 2020 onwards which has provided more continuous, reliable high grade ore.

April and May 2020

- During April and May 2020, 60% of ore feed to the mill was sourced from the GMZ (highest ratio to date), driving a mill feed grade of 0.98g/t and 1.09g/t respectively.
- Strong performance continued during May 2020 whereby production totalled a record 7,189oz. Majority of material sourced from GMZ, supported by high grade ore from Golden Wings, driving the mill feed grade of 1.09g/t and reflects GCY Group's best month in the history of the Mine.

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Mining												
Total material moved (BCM)	1,111,613	963,782	944,202	890,529	929,672	1,304,619	1,205,978	1,201,675	875,488	737,464	665,611	686,875
Ore tonnes delivered (t)	222,495 t	241,127 t	248,908 t	247,071 t	338,364 t	405,609 t	262,792 t	318,637 t	328,875 t	283,140 t	306,965 t	268,989 t
Grade (g/t)	0.78 g/t	0.85 g/t	0.83 g/t	0.82 g/t	0.65 g/t	0.62 g/t	0.69 g/t	0.69 g/t	0.78 g/t	0.80 g/t	0.86 g/t	1.01 g/t
Ounces delivered (oz)	5,602 oz	6,615 oz	6,610 oz	6,489 oz	6,390 oz	6,809 oz	5,768 oz	7,080 oz	8,245 oz	7,241 oz	8,473 oz	8,754 oz
Processing												
Dry tonnes milled (t)	275,074 t	241,127 t	248,908 t	247,071 t	258,480 t	256,307 t	245,743 t	262,451 t	215,419 t	262,832 t	226,500 t	226,431 t
Mill feed grade (g/t)	0.84 g/t	0.85 g/t	0.83 g/t	0.82 g/t	0.73 g/t	0.78 g/t	0.66 g/t	0.81 g/t	0.96 g/t	0.80 g/t	0.98 g/t	1.09 g/t
Recovery %	88.70%	90.88%	87.25%	80.71%	93.54%	93.08%	94.20%	93.10%	93.48%	91.70%	90.90%	90.80%
Ounces produced (oz)	6,561 oz	6,012 oz	5,767 oz	5,237 oz	5,698 oz	6,006 oz	4,950 oz	6,395 oz	6,235 oz	6,211 oz	6,506 oz	7,189 oz
Total ore feed from GMZ %					10% for December 2019 quarter			49% for March 2020 quarter			60% April	60% May

Source: GCY Group management information

III. Administrators' Strategy, Trading and Technical Work

Trading Results

Western Wall cutback completed, GMZ exposed de-risking future access to sustainable quantities of higher grade ore, strong recent mine performance, resource definition drilling upside.

March 2020 Quarter Key Operating Highlights

Results

Record total of 18,841oz produced for the quarter

Record processed grade of 0.96 g/t Au in February 2020

Third consecutive month > 6,000oz produced

Approx. 49% of ore processed sourced from the higher grade GMZ (only 10% in December 2019 quarter)

A total of 740,702 dry tonnes processed at a grade of 0.85 g/t Au achieving a 92.8% process recovery

Sold 18,429oz of gold at an average spot price of A\$2,414

A total of 2.8M BCM mined for the quarter, decreasing in February (as scheduled) following completion of the c.\$10m cutback acceleration investment

Resource Definition Drilling Program

Commenced 10-hole RC resource definition drill program

Exploration and further resource definition drill program design continues in readiness should a recapitalisation be successful

Geological Reconciliations

c.34kt GMZ batch trial of transitional-fresh rock in first week of April 2020 returned 118% for tonnes and 126% for grade versus recoverable LUC model

April and May 2020 Months Key Operating Highlights

Results

Total of 6,506oz produced in April 2020	Total of 7,189oz produced in May 2020
Record processed grade of 0.98 g/t Au	Record processed grade of 1.09 g/t Au
Five consecutive months > 6,000oz produced reflecting higher grades accessed from the GMZ	
Approx. 60% of ore processed sourced from the higher grade GMZ	
Over 226,000 dry tonnes processed with process recoveries exceeding 90%	
Excellent overall monthly Gilbey's reconciliation 101% tonnes, 110% grade, and 111% ounces	Excellent overall monthly Gilbey's reconciliation 111% tonnes, 105% grade, and 117% ounces
Sustained access to the GMZ locks in successful operational turnaround	

Resource Model, Ore Reserve and LoMP Update

Update to the Mineral Resource model currently underway which will be utilised to update the Ore Reserves and LoMP (during June 2020 Quarter)

Results from the successful 10-hole infill RC resource definition drill program to be incorporated into new Ore Reserves

Geological Reconciliations

c.100kt GMZ only batch trial completed on 6 May 2020, excellent reconciliation results to LUC model (combined batches result in 18% more tonnes, 6% higher grade for 25% more ounces)*

*Batch sourced from southern 300m of GMZ, so caution should be taken when extrapolating result to the full +800m length of GMZ.

III. Administrators' Strategy, Trading and Technical Work

May 2020 YTD Management Accounts

May 2020 YTD management accounts show GCY Group made EBITDA of \$51.6m and profit before tax of \$8.9m before Administrators' fees and costs, evidencing the successful operational turnaround at the Mine.

May 2020 YTD P&L												
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	May-20 YTD
Revenue	10,397	14,266	10,549	12,132	14,026	10,801	16,724	12,306	15,442	16,724	19,199	152,566
Expenses												
Mining	(7,486)	(8,383)	(8,100)	(8,477)	(10,064)	(10,353)	(9,784)	(9,081)	(9,074)	(7,836)	(9,104)	(97,743)
Capitalised Deferred Waste*	126	96	217	3,504	6,299	6,689	6,567	5,252	6,471	5,059	2,328	42,609
Processing	(2,195)	(2,836)	(2,975)	(2,960)	(2,541)	(2,437)	(2,650)	(2,473)	(2,832)	(2,892)	(3,952)	(30,743)
Site Support	(1,179)	(906)	(894)	(929)	(960)	(720)	(1,001)	(942)	(880)	(949)	(967)	(10,327)
Royalties	(133)	(361)	(265)	(226)	(290)	(408)	(419)	(306)	(384)	(420)	(480)	(3,693)
Working Capital Adjustment	4,026	(382)	2,407	(1,960)	(2,840)	768	(2,502)	1,852	(556)	113	2,167	3,095
Corporate Costs	(278)	(505)	(552)	(337)	(253)	(1,339)	(329)	557	(291)	(445)	(416)	(4,188)
Total Expenses	(7,118)	(13,277)	(10,164)	(11,386)	(10,648)	(7,799)	(10,118)	(5,141)	(7,547)	(7,370)	(10,424)	(100,990)
EBITDA												
(Before Administrators' Fees and Costs)	3,279	989	385	746	3,379	3,002	6,605	7,165	7,896	9,354	8,775	51,576
Interest	(502)	(503)	(661)	(596)	(513)	(653)	(552)	(509)	(553)	(506)	(505)	(6,054)
Depreciation and Amortisation*	(5,286)	(3,058)	(3,094)	(3,143)	(3,686)	(4,136)	(3,993)	(3,163)	(2,647)	(2,355)	(2,012)	(36,572)
Profit (Loss) Before Tax												
(Before Administrators' Fees and Costs)	(2,509)	(2,572)	(3,370)	(2,993)	(820)	(1,786)	2,061	3,494	4,696	6,493	6,258	8,951

* Relates to capitalised mining costs on the GCY Group's balance sheet (including the accelerated Western Wall Cutback). This capital item will be amortised as mining continues.



IV. Dual Track Sale and Recapitalisation Process

IV. Dual Track Sale and Recapitalisation Process

Initial EOI Campaign

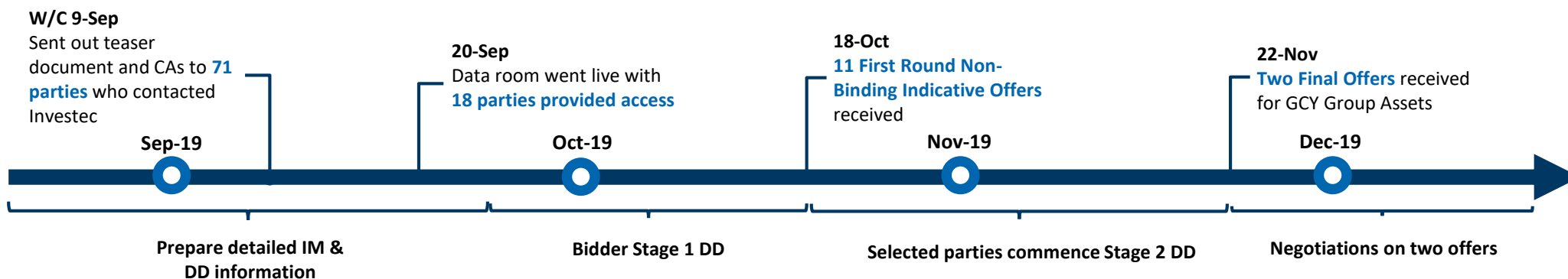
The Administrators pursued a dual track sale and recapitalisation process with a view to maximise value of the Mine and ancillary assets for all stakeholders.

Appointment of Corporate Advisor

- To assist with various workstreams associated with a sale or recapitalisation, on 13 July 2019 Investec was appointed as M&A / financial advisor.
- Investec has primarily been responsible for introducing interested parties to the process, engagement of such parties, preparation and oversight of provision of confidential information, and negotiations with interested parties.

Initial EOI Campaign

- In close collaboration with Investec, we initiated an EOI campaign for the sale or recapitalisation of the GCY Group from September 2019 to December 2019. A summary timeline of the campaign is below.
- A strong level of interest was received for GCY Group and/or its ancillary assets. After detailed question and answers from interested parties, two final offers were received for the whole of GCY Group's assets. The assessment of those offers are discussed further overleaf.
- Additionally, offers were received for GCY Group's ancillary tenements in Glenburgh and Egerton. These offers were further explored and negotiated. However, after assessing the offers we considered greater value would likely be derived from the assets if they were left within the GCY Group, or alternatively, holding those assets would assist in raising new equity under a potential recapitalisation option.



IV. Dual Track Sale and Recapitalisation Process

Key Events and Strategy for Realising Value

No offers were received we considered satisfactorily reflected the value of GCY Group’s business and assets. Therefore, we sought a further extension of the convening period to 30 June 2020 to explore recapitalisation options, given i) improvements in the Mine’s performance; and ii) material increase in AUD gold spot price.

Key Events in December 2019/January 2020

- At the time of receiving offers, the Updated LoMP for the Mine (demonstrating enhanced value from a new mine plan, focused on accelerating access to the GMZ and reducing waste removal to optimise cashflows over the next 5 years) had only recently been completed.
- Following receipt of the two final offers in the week ended 24 November 2019 and further negotiations with the interested parties, no offers were received which we considered satisfactorily reflected the value of the GCY Group’s business and assets. It was not clear whether the proposals had fully factored in the improvements contained in the Updated LoMP.
- There had only been limited opportunity to demonstrate that the Mine could perform in accordance with the Updated LoMP, and therefore limited ability to reconcile actual performance against the new mine plan. As a consequence, we considered that the bidders had likely ascribed a lower level of confidence in the Mine’s future performance, impacting the value of their offers.
- By April 2020, there would be greater certainty in the longer-term performance of the Mine demonstrating an extended period of performance in accordance with the Updated LoMP, and therefore a sustained track record of improved results.
- The above key events gave rise to our application to the WA Supreme Court on 14 February 2020 for a further extension of the convening period up until 30 June 2020, which was approved on 20 February 2020.

Recapitalisation and Negotiations with Interested Parties

- Since completing the accelerated waste cutback and exposing the GMZ, the Mine continued to deliver improvements in production performance.
- This, combined with the material increase in the AUD gold spot price, created new debt and capital raising opportunities for the potential recapitalisation of the GCY Group.
- A recapitalisation would ultimately achieve the continuation of operations under GCY Group’s current structure and reinstatement on the ASX.
- Investec has remained in discussions with interested parties with a view to generating higher offers to reflect the improved value of the GCY Group’s business and assets, as an alternative to the recapitalisation process.

IV. Dual Track Sale and Recapitalisation Process

Recapitalisation Plan

Proposed Capital Raise

- We continued to explore possible pathways to raise fresh capital for the recapitalisation of the GCY Group which included meetings with brokers and existing shareholders to gauge market appetite.
- Concurrently, we continued to explore whether existing Senior Secured Debt could be successfully refinanced alongside a capital raising.
- ASX confirmed the GCY Group would require a full form prospectus pursuant to section 710 of the Act, notwithstanding the relaxed capital raising rules recently introduced in light of COVID-19.
- A DDC was established in late March 2020 for the purposes of progressing key workstreams necessary to quickly advance the proposed capital raising, broader recapitalisation initiatives, and potential re-listing of GCY.
- Key ongoing workstreams include but are not limited to:
 - continued engagement with ASX regarding capital raising and reinstatement conditions;
 - satisfying all legal and statutory requirements associated with proposed capital raise structure;
 - preparing full form prospectus required by ASX;
 - progression of DD requirements as part of the prospectus process;
 - attending DDC meetings to steer and drive progress;
 - updating Mineral Resources and Reserves in accordance with JORC code;
 - updating LoMP model;
 - overseeing insurance arrangements for future D&O and POSI covers.

Engagement of Canaccord

- In April 2020, we engaged Canaccord to act as the lead manager and bookrunner for the proposed capital raising.
- Canaccord is working closely with us, GCY management, our financial advisor (Investec), and legal advisor (HSF).
- Existing shareholders, including major shareholder Deutsche Balaton AG, remain supportive of the proposed capital raise whilst Investec continues to hold discussions with possible financiers and existing interested parties.

Potential New Board

- We have established a potential new board comprising:
 - Richard Hay (current CEO who plans to transition into the role of Managing Director sitting on the newly constituted board post-recapitalisation); and
 - two (2) new Non-Executive Directors.
- The potential Non-Executive Directors completed their respective DD in March 2020 and formed independent views that the project has strong prospects.
- Both have signed Consultancy Agreements, are working closely with us and Richard Hay, and have expressed a strong desire to assist:
 - GCY Group with its recapitalisation efforts; and
 - achieve a positive outcome for all stakeholders.

IV. Dual Track Sale and Recapitalisation Process

Recapitalisation Plan

The recapitalisation plan for the GCY Group involves i) a capital raising from new and existing shareholders; and ii) reaching separate arrangements with key stakeholders being the Senior Secured Lenders, NRW, and unsecured creditors for the repayment of pre-appointment debts.

Capital Raising

- A successful capital raising is the key component in GCY Group’s recapitalisation plan.
- Funds from the proposed capital raise are expected to be applied as follows:
 - reduction of the Secured Creditors’ debt;
 - funding a creditors’ trust to facilitate payments to unsecured creditors;
 - provide additional working capital for the GCY Group.

Arrangements with Key Stakeholders

Senior Secured Lenders

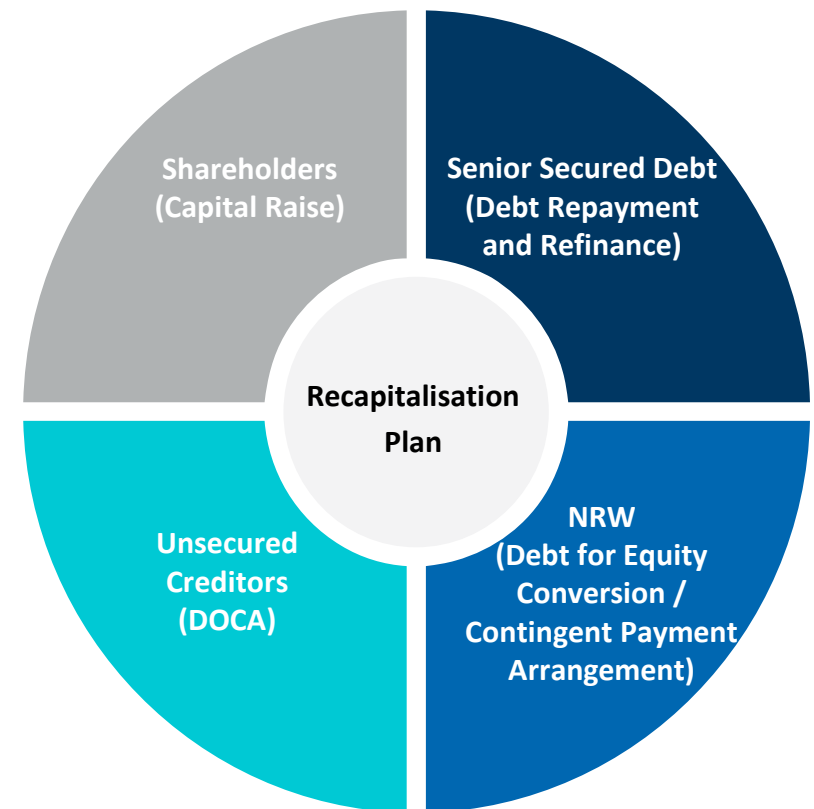
- A proposal has been formulated for repayment of the Senior Secured Debt in full involving i) partial repayment from the capital raising; and ii) refinance of the remainder.

NRW

- Heads of agreement signed with NRW for new mining contract.
- Debt restructure to allow for an upfront cash payment equal to 5% of the gross capital raise proceeds, approx. 35% debt for equity, and remaining balance payable on a contingent arrangement.

Unsecured Creditors

- DOCA to facilitate initial payment of up to \$10k to all unsecured creditors.
- 50% of balance in equity, 50% balance in cash once Secured Creditors (including any Refinancier and NRW, who are also a secured creditor for the whole of their debt) are repaid.
- Further details and analysis on the DOCA and returns to creditors are contained in **Sections V and VII**.



IV. Dual Track Sale and Recapitalisation Process

Achieving Production Guidance With GMZ, Seeking Exploration Upside

Management's future plans post relisting are summarised below. Operations will continue to focus on mining and processing of high-grade ore sourced from the GMZ, and capital expenditure necessary to continue safe operations. Management has earmarked an exploration budget of c\$3.5m to c\$5.0m aimed at defining additional Mineral Resources to grow GCY Group's asset base.

Timeframe	Within 3 months	3 to 6 months	6 to 12 months
<p>Operational Activities</p> <p><i>Ongoing mining and processing of GMZ ore to underpin future performance</i></p>	<ul style="list-style-type: none"> ■ In the first 12 months post relisting, Management's effort and focus will be centred on the following key operational aspects: <ul style="list-style-type: none"> ■ generating positive free operating cashflow with mining and processing the main Gilbey's ore body underpinning future gold production above 6koz per month and achieving annual gold production guidance of 70koz to 80koz per annum; ■ Updated LoMP as part of updating the Group's Mineral Resources and Reserves in accordance with JORC code; ■ delivering the Updated LoMP in accordance with a new mine plan; ■ continuing mine optimisation initiatives as waste stripping in the Gilbey's pit continues; and ■ ongoing investment in capital expenditure necessary to ensure continued safety of existing operations and to underpin future mine life. ■ Continued waste stripping of the Gilbey's pit, with major capital expenditure limited to: <ul style="list-style-type: none"> ■ standard sustaining capital items; ■ a further lift of the TSF (in November/December 2020); and ■ additional resource definition drilling following the successful May 2020 drill results in the southern area of the GMZ. 		
<p>Drilling Activities</p> <p><i>Mine life extensions and increase in grade are key drivers of future investment in drilling activities</i></p>	<ul style="list-style-type: none"> ■ Conduct additional RC resource definition drilling on southern end of the Gilbey's pit to increase the Indicated Resources in that area. ■ RC resource definition drilling under Sly Fox pit to determine the continuity and grade between the base of the current pit to the single hole intersection 42m @ 2.4g/t Au, approx. 100m below base of Sly Fox pit. ■ RC resource definition drilling into the north and east of the Gilbey's pit, targeting high grade ore zones. 	<ul style="list-style-type: none"> ■ Continue RC resource definition drilling in the Gilbey's pit to: <ul style="list-style-type: none"> ■ further improve geological confidence of GMZ mineralisation (grade and continuity); and ■ follow up extension of drilling results from the first 3 and 6 month periods post relisting. ■ Drilling results to be included in the updated Mineral Resource Estimates. ■ Continue to target opportunities for mine life extensions and high grade ore zones 	

IV. Dual Track Sale and Recapitalisation Process

Achieving Production Guidance With GMZ, Seeking Exploration Upside

Timeframe	Within 3 months	3 to 6 months	6 to 12 months	
<p>Exploration Activities</p> <p><i>Excellent near mine exploration potential</i></p> <p><i>In addition to the regional exploration potential, there remains the potential for depth extensions of the currently identified deposits</i></p>	<ul style="list-style-type: none"> ■ GCY Group’s Dalgaranga Project comprises approximately 90% of the prospective Dalgaranga Greenstone Belt, with tenements covering 73,000 ha. Exploration to date has predominantly focussed on the central mining lease. ■ Brownfield exploration potential exists with numerous gold prospects identified in previous exploration drilling within 10km of the processing plant, indicating potential for additional resources within the GCY Group tenement package. Various high priority exploration targets not currently in the Mineral Resource or Updated LoMP. ■ Regional assets provide upside comprising, but not limited to: <ul style="list-style-type: none"> ■ Glenburgh, a 1.0Moz Resource, mining lease granted and mining approval in place, high grades in several deposits open at depth; ■ Egerton, a Hibernian prospect, mining lease granted; ■ Mumbakine Well, located adjacent to Capricorn Metals Limited’s Karlawinda project, subject to limited exploration to date with best intersection of 13m at 3.0g/t Au; and ■ Beebyn, located 45km north of Cue, previous exploration has identified high grade iron ore and arsenic anomalies that have not yet been tested for gold. 	<ul style="list-style-type: none"> ■ Undertake aircore drill programs along highly prospective trends extending from known mineralisation at Greencock, Hendricks, Tanqueray, and Vickers. ■ Aircore wide spaced regional reconnaissance drilling in areas of deeper cover. 	<ul style="list-style-type: none"> ■ Aircore infill drill programs targeting anomalies identified in reconnaissance drilling. ■ Aircore drill programs along highly prospective trends extending from known mineralisation at Gilbey’s north, Beefeater, Bombay, and Seagrams. ■ Low cost reconnaissance exploration surface sample assay program at Mumbakine Well & Beebyn exploration projects to identify drill targets. 	<ul style="list-style-type: none"> ■ Continue follow up drilling of anomalies and prospects as they develop from the first 3 and 6 month periods post relisting. ■ Glenburgh: <ul style="list-style-type: none"> ■ undertake drilling to increase the amount of the resource classified in the indicated category; then ■ commence desk top development evaluation; and ■ subject to positive metrics from desktop level assessment of development options, progress to a Pre-Feasibility Study on Glenburgh.



V. Deed of Company Arrangement

V. Deed of Company Arrangement

Overview and Key Features of DOCA

A DOCA has been formulated as part of the broader recapitalisation plan, with the objective of the GCY Group continuing in existence under its current structure.

What is a DOCA?

- As previously advised, a DOCA proposal is one aspect of the recapitalisation plan for the GCY Group.
- A DOCA is a formal agreement between a company and its creditors, usually, for the compromising of creditors' debts as an alternative to winding up the companies (liquidation).
- A DOCA may involve:
 - maximising the chance of the company continuing in existence and/or
 - result in a better return for creditors than in a winding up.

DOCA Objective

- In this instance, the DOCA proposal achieves the objective of the GCY Group continuing in existence via executing its recapitalisation plan.
- Additionally, it provides for a possible return to priority and unsecured creditors of up to 100 cents in the dollar through a combination of debt repayment and equity entitlement to the value of the creditors' claim.
- The estimated return is greater than what is envisaged under a liquidation scenario, discussed further in **Section VII. Estimated Return to Creditors**.

DOCA Term Sheet

- A copy of the DOCA term sheet for the proposal is attached at **Appendix 2**. Creditors should read the proposal and ask us before the meeting if they have any specific queries that are not addressed in this report.

Key Features of the DOCA

Restructure and Conditions Precedent

- The GCY Group will undertake a restructure of its debt and equity on the following basis:
 - GCY will raise an amount which is anticipated to be of the order of \$70m to \$80m, by way of an entitlement offer and placement of shares;
 - as a condition precedent to completion of the DOCA, after partial repayment of the Senior Secured Debt from the proposed capital raise, there will be a refinance of part of the Senior Secured Debt and subsequent release of their security;
 - as a condition precedent to completion of the DOCA, NRW will agree to restructure its debt; and
 - the unsecured creditors will release their debts pursuant to the DOCA in consideration for the right to participate as a beneficiary of the creditors' trust (discussed further on the following pages).

V. Deed of Company Arrangement

Our Comments on the DOCA

The DOCA provides for a possible return of up to 100 cents in the dollar to unsecured creditors via cash and equity entitlement distributions.

Treatment of Creditor Claims under the DOCA

Secured Creditors

- Terms of the agreements for the repayment of secured debts are outside the DOCA terms. Accordingly, secured creditors are not bound by the DOCA.
- Repayment of the Senior Secured Debt will be achieved from i) partial repayment from the capital raising; and ii) refinance of the remainder.
- Repayment of NRW's debt will involve an upfront cash payment from the capital raise, a conversion of debt to equity, and a contingent payment arrangement for the balance of the debt.

Priority Creditors

- The DOCA provides for the continuation of the GCY Group's business and operations and therefore, current employees will have their entitlements met in the normal course of business.
- Employees who resigned during the voluntary administration with outstanding pre-appointment entitlements will be paid in full within 1 month from the execution of the DOCA.

Unsecured Creditors

- A GCY Group Creditors' Trust will be formed (further discussed on the following page). All unsecured creditors will become beneficiaries of the Trust to the value of their debt against the GCY Group.
- Returns to unsecured creditors as follows:
 - Instalment 1: Up to \$10,000 per unsecured creditor claim following the receipt of funds from the capital raise (estimated to be within two months of DOCA execution);
 - Remaining balance of debt due to Large Creditors i.e. unsecured creditors who are not paid in full through the payment of \$10,000:
 - Instalment 2: 50% effectively converted to equity at the share price of the new capital raise which will be distributed in two tranches:
 - i) first tranche within 1 month of shares reinstated on the ASX; and
 - ii) second tranche 2 month afterwards; and
 - Instalment 3: 50% paid within 12 months after the full repayment of Senior Secured Debt (including full repayment of any Refinancier) and NRW.
- Large Creditors will be able to direct the creditor trustee to sell their entitlement to their shares and receive cash in lieu of shares within 3 months. The direction must be made within 21 days of receipt of the shares by the Trustee.

V. Deed of Company Arrangement

Our Comments on the DOCA

A Creditors' Trust will be formed for the purpose of receiving cash and equity contributions from the GCY Group in accordance with the DOCA terms, from which distributions to the beneficiaries (unsecured creditors of GCY and GNT) will be made.

Other Features of the DOCA

Creditors' Trust

- A creditors' trust in a DOCA is a mechanism that:
 - is used to accelerate a company's exit from external administration, avoiding the GCY Group having to trade 'Subject to DOCA'; and
 - enables certain tasks ordinarily undertaken by a Deed Administrator, to be performed by the Trustee of the creditors trust.
- Under the DOCA, property (funds and new shares in GCY) is transferred to the Creditors' Trust in order to satisfy unsecured creditors' claims against the GCY Group. In return, unsecured creditors extinguish their rights against the GCY Group, in exchange for being a beneficiary of the Creditors' Trust.
- Importantly, creditors' claims will only be extinguished and become beneficiaries of the Creditors' Trust upon the Creditors' Trust receiving:
 - funds from the capital raise enabling a dividend to unsecured creditors of up to \$10,000 per claim (instalment 1); and
 - new shares equivalent to 50% of the remaining balance of unsecured creditor claims (instalment 2).
- Following the creation of the Creditors' Trust, payment of the remaining 50% balance owed to creditors (instalment 3) will remain payable to the Trust if the condition precedent is met (i.e. Secured Creditors repaid in full including any Refinancier). Creditors should note, should the conditions for instalment 3 not be satisfied, creditors have no recourse under the Act to enforce payment against GCY Group.

- The information provided on the Creditors' Trusts, as part of the Deed of Company Arrangement, has been prepared inline with ASIC's *Regulatory Guide 82 – Creditors' Trusts (Appendix 3)*.

Inter Group Loans

- All inter group loans for the GCY Group will remain in place and will not be compromised by the DOCA.
- A term of the DOCA provides that a GCY Group company cannot make a demand for the repayment of an inter group debt until such time as the debtor company has sufficient funds to repay all debts due by the debtor company.

Board of Directors

- A potential new board of GCY has been proposed, and each potential new board member has signed a Consultancy Agreement and is working closely with GCY management with respect to the recapitalisation plan.
- Under the DOCA, the Deed Administrators will have the power to appoint or remove Directors to the GCY Group to assist with the recapitalisation plan.

V. Deed of Company Arrangement

Our Comments on the DOCA

Creditors should be aware of the risks associated with the completion of a DOCA and balance those risks against the benefits of the DOCA.

Risks to the DOCA

- Should the conditions precedents of the DOCA fail to be met (discussed on the prior page), GCY Group may be placed into liquidation. All additional unpaid debts incurred during the DOCA period will then be provable in a liquidation of the GCY Group.
- Accordingly, there is a prospect of a larger quantum of creditor claims in a liquidation following a failed DOCA, than the current creditor pool in the Administration. This is a generic risk associated with executing DOCA proposals.

Our Comments on the DOCA

- In creditors forming their own views as to whether or not the DOCA proposal is in their interests (as opposed to a liquidation), creditors should consider the following:
 - DOCA provides for a potential return of up to 100 cents in the dollar to priority and unsecured creditors via cash/equity distributions;
 - GCY Group continues its operations with a recapitalised balance sheet;
 - GCY Group retains its existing staff and continues its existing relationships with trade creditors;
 - there is no alternate DOCA proposal for creditors to consider. Accordingly, the only other realistic option would be for the GCY Group be placed into liquidation; and
 - returns under a liquidation have a greater degree of uncertainty for priority and unsecured creditors.

Expected Sequence of Events

- If the proposed DOCA is approved by creditors at the forthcoming meeting, the below key events (in sequence) can be expected to occur.
 - The DOCA will be executed by GCY Group and the Deed Administrators. This is expected to occur shortly after the forthcoming second meeting of creditors. At law, there is a maximum time period of 15 business days after the meeting for the DOCA to be executed. If the DOCA is not executed within this time, the Company would be placed into liquidation;
 - The GCY Group Creditors' Trust will be formed and the Deed Administrators appointed as Trustees of the Trust;
 - The Creditors' Trust receives proceeds from capital raising and new share entitlement issue (instalments 1 and 2 referred to on page 37) at which time the DOCA will effectuate (i.e. terminate);
 - Following effectuation of the DOCA and the creation of the Creditors' Trust, unsecured creditors will become beneficiaries of the Creditors' Trust, with GCY Group ceasing to be subject to a DOCA;
 - A dividend will be paid to beneficiaries of the Creditors' Trust to a maximum of \$10,000 per claim;
 - The Creditors' Trust will distribute the new share entitlements (or sale proceeds of share entitlement) to beneficiaries in tranches as discussed; and
 - The Creditors' Trust will receive the remaining amounts owed (instalment 3), payable upon full repayment of Secured Creditors (including any Refinancier) and NRW (which at the date of Administration is secured).



VI. Investigations, Offences and Voidable Transactions

VI. Investigations, Offences and Voidable Transactions

Overview

The Act requires us to investigate and specify whether the GCY Group and its officers may have contravened the Act, and whether there may be voidable transactions in respect of which money, property or other benefits could be recoverable by a liquidator for the benefit of creditors.

Relevance of Insolvency and Liquidation

- Broadly speaking, the ability to challenge voidable transactions and recover money/property for creditors is contingent on two elements:
 - the GCY Group (or the relevant GCY Group Company) being placed into liquidation, and
 - A liquidator being able to establish that the relevant company was insolvent at the time it entered into any particular transaction, or that the company became insolvent as a consequence of that transaction.

Work Performed

- We have made enquiries into the financial affairs of the GCY Group. In this section, we set out our preliminary views and findings about:
 - offences that may have been committed by the GCY Group and its directors;
 - the solvency position of the GCY Group;
 - existence of voidable transactions – including unfair preferences/loans, uncommercial transactions, arrangements to avoid employee entitlements, and unreasonable director related transactions;
 - charges that may be voidable; and
 - whether there is the prospect of a claim for insolvent trading.
- Please note, the investigations we have undertaken are only indicative of the actions that may be possible in the event of liquidation.

Date of Insolvency

- Our key workings on the date of insolvency are contained in following pages, supplemented with additional analysis at **Appendix 8**.
- In the appendix we have also included some general comments and information about recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.

Creditors' Information Sheet and Other Explanations

- Provided at **Appendix 9** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions; and insolvent trading.
- Creditors should read this information in conjunction with our comments in this section of the report.

Relevance of Liquidation versus DOCA

- Voidable transactions and other actions that a liquidator can make are not available if the GCY Group executes a DOCA.
- As a result, creditors have to assess the advantages to them of a DOCA (and any benefits that may be available to them in this scenario), compared to the likely return in a liquidation (and any recoveries that may be available where a liquidator is appointed).
- To help creditors, where a DOCA is proposed, the estimated return to creditors section (**Section VII** of this report) includes a comparison between liquidation and DOCA, highlighting the differences in estimated recoveries and outcomes. There may also be timing differences which are discussed as applicable.

VI. Investigations, Offences and Voidable Transactions Indicators and Estimated Date of Insolvency

Our preliminary view is that the GCY Group experienced a temporary ‘lack of liquidity’ from time to time in the year leading up to the Administrators’ appointment. Solvency has been assessed on a Group basis, having regard to the regular flow of funds between the companies and reliance on each company within the GCY Group to trade its operations.

- The periods of constrained liquidity were caused by a lack of gold production and were managed by a combination of capital raisings, reaching arrangements with its Senior Secured Lenders and entering into a loan with NRW (through the conversion of mining services invoices to long term secured debt).
- GCY Group was arguably insolvent between March 2019 and April 2019, but resolved this period of constrained liquidity after the May 2019 raising.
- Additional details are contained in the following pages and **Annexure 8**.

Indicators of Insolvency

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Trading losses	✓	✓	✓	✓	✓	✓
Insufficient cash flow	-	-	-	✓	✓	-
Inability to obtain new or alternative funding ¹	-	-	-	-	-	✓
Resignation of directors or other senior management ²	-	-	-	-	-	✓
Qualified audit opinion ³	-	-	-	-	-	-
The Company has defaulted, or is likely to default, on its agreements with its financiers ⁴	-	-	-	-	-	-
Creditors paid outside terms / special arrangements	-	-	-	-	-	-
Arrears of statutory liabilities	-	-	-	-	-	-
Legal action threatened or commenced	-	-	-	-	-	-
Inability to produce accurate financial information	-	-	-	-	-	-
Finance staff raise solvency concerns	-	-	-	-	-	-
Inability to sell surplus assets	-	-	-	-	-	-

Note 1: Directors first aware of GCY’s inability to obtain new or alternative funding on about 28 May 2019.

Note 2: Resignations of Sally-Ann Layman and Simon Le Messurier occurred on 28 May 2019.

Note 3: FY 2019 audit report included an ‘emphasis of matter’ regarding the ability of the GCY Group to continue as a going concern.

Note 4: Debt repayments due Mar-19 deferred with consent of GCY’s lenders.

VI. Investigations, Offences and Voidable Transactions

Solvency Review

Liquidity Ratios

- As shown in the below table, in the year prior to our appointment, the GCY Group had a working capital shortfall and its liquidity ratios were less than one – suggesting difficulties meeting short term obligations.
- Until late May 2019, the GCY Group was able to manage its temporary ‘lack of liquidity’ by:
 - completing 2 capital raisings in August 2018 and May 2019;
 - NRW conversion of mining services invoices to long term secured debt in December 2018;
 - rescheduling loan repayments under the Project Loan Facility and the NRW loan agreement in March 2019; and
 - the renegotiated terms reduced repayments under the Project Loan Facility between March 2019 and December 2019 by \$20m (from \$24m to \$4m) and extended the date of the first repayment to NRW by 6 months to 31 January 2020.

Liquidity – Test of Solvency

\$m	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Cash and cash equivalents	28	15	12	20	20	14	17	16	10	7	10	12
Inventory	1	1	1	1	1	1	11	9	7	11	13	7
Other current assets	1	1	1	13	8	12	1	1	1	1	1	-
Total current assets	30	17	14	35	30	27	29	26	18	19	24	19
Current liabilities												
Trade Payables	(14)	(12)	(5)	(4)	(9)	(1)	(7)	(2)	(0)	(9)	(13)	(5)
Trade Payables Accruals	(10)	(14)	(22)	(13)	(13)	(20)	(20)	(18)	(18)	(18)	(21)	(20)
Loans – Current	(11)	(11)	(11)	(20)	(20)	(20)	(26)	(36)	(36)	(16)	(18)	(20)
Other current liabilities	(9)	(3)	(1)	(9)	(2)	(2)	(6)	(5)	(5)	(4)	(5)	(2)
Total current liabilities	(45)	(40)	(40)	(46)	(43)	(43)	(59)	(61)	(60)	(47)	(57)	(47)
Working capital shortfall	(15)	(23)	(26)	(11)	(14)	(15)	(30)	(35)	(42)	(28)	(33)	(28)
<i>Current ratio</i>	<i>0.67</i>	<i>0.43</i>	<i>0.35</i>	<i>0.76</i>	<i>0.69</i>	<i>0.64</i>	<i>0.49</i>	<i>0.42</i>	<i>0.30</i>	<i>0.41</i>	<i>0.43</i>	<i>0.41</i>
<i>Acid ratio</i>	<i>0.63</i>	<i>0.40</i>	<i>0.32</i>	<i>0.73</i>	<i>0.65</i>	<i>0.61</i>	<i>0.31</i>	<i>0.27</i>	<i>0.19</i>	<i>0.18</i>	<i>0.20</i>	<i>0.27</i>

Liquidity ratios less than 1

VI. Investigations, Offences and Voidable Transactions

Solvency Review

Cash Flow Test

- Determining solvency under the cash flow test requires an assessment of a company's ability to meet its obligations as and when they fall due and payable. In assessing the GCY Group's solvency under the cash flow test, we examined:
 - the cash resources available to the GCY Group;
 - the ageing profile of the group's trade creditors;
 - the GCY Group's statutory liability position; and
 - sources of funding available to the GCY Group and support by financiers.

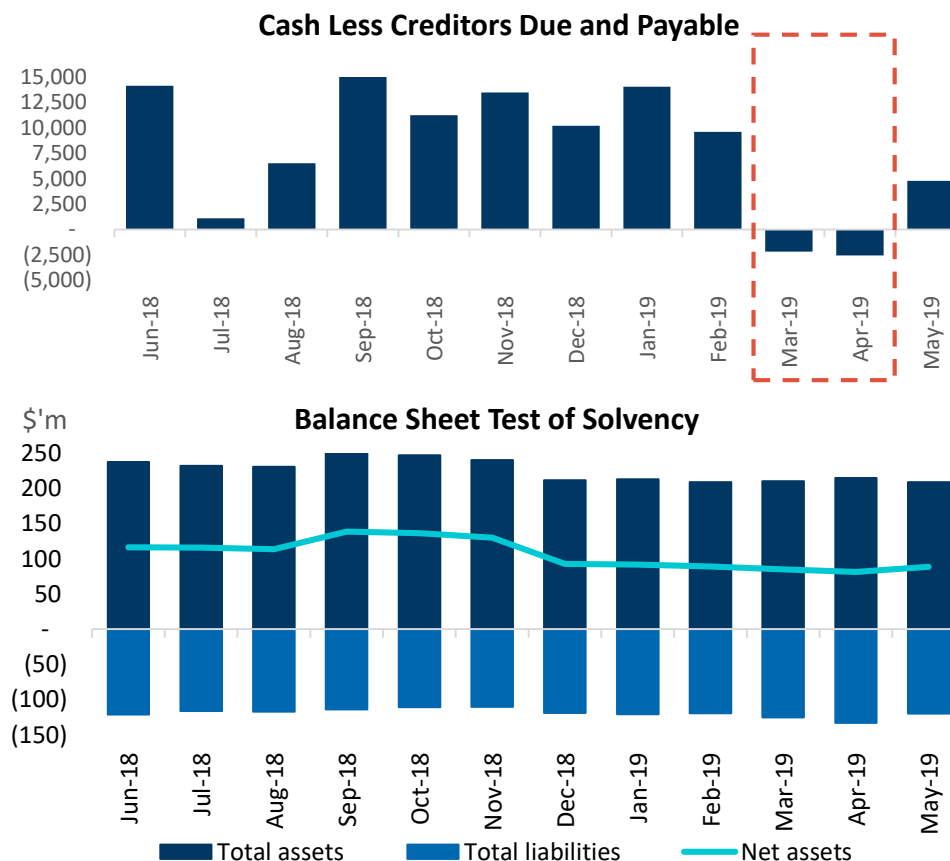
Net Cash Less Creditors Due and Payable

- As shown in the adjacent chart, over the 12 months prior to our appointment, the GCY Group had sufficient cash resources to pay all debts due and payable except for the months of March 2019 and April 2019.
- Although the GCY Group experienced a net cash deficiency during those months, the GCY Group returned to a net cash surplus position following the capital raising in May 2019, suggesting a temporary lack of liquidity rather than insolvency.

Balance Sheet Test

- Under the balance sheet test, a company will be solvent if the realisable value of its assets exceeds the amount of its liabilities.
- As shown below, using balance sheet values of assets and liabilities, the GCY Group is solvent under the balance sheet test of solvency.

- When assessing solvency under the balance sheet test, the analysis must be considered as only a guide. This is because the balance sheet value of assets may not necessarily equate to their realisable value, due to manner in which the accounting standards require asset values to be calculated.
- An investigation into the realisable market value of the GCY Group's assets will occur if the GCY Group is wound up and liquidators appointed.



Source: GCY Group management accounts

VI. Investigations, Offences and Voidable Transactions

Safe Harbour Provisions

Safe Harbour Provisions

- The Safe Harbour provisions of the Act apply (subject to certain conditions being met) if a director(s) develops courses of action that is reasonably likely to lead to a better outcome than an immediate liquidation or administration.
- The provisions continue to apply from the time the director(s) develops courses of action until the earliest of the following events:
 - director(s) fails to take steps to implement the proposed course of action;
 - when the director(s) ceases to take any such course of action;
 - when a course of action or various courses of action cease to be reasonably likely to lead to a better outcome for the company; or
 - an administrator or liquidator is appointed to the company.
- The Directors implemented a restructuring plan between December 2018 to the date of the Administrators' appointment and likely have protection under the Safe Harbour provisions of the Act based on the following:
 - the GCY Group had the continued support of its Senior Secured Lenders and second ranking secured creditor, NRW;
 - this support provided breathing space to allow the new LUC resource modelling to be completed;
 - the restructuring plan allowed GCY Group to explore an asset sale or takeover, whilst also ensuring continued employment; and
 - an asset sale or takeover (without external administration) was likely to have led to a better outcome than an immediate liquidation/administration.

NRW Loan Facility

- In December 2018, NRW agreed to provide a short term second ranking secured loan of \$12m repayable in 6 monthly instalments, commencing 31 July 2019.
- No physical payment was made to the GCY Group under the loan agreement, as the GCY Group had agreed to pay the full amount of the loan to NRW on account of:
 - outstanding trade invoices of \$10m;
 - a loan facility fee of \$800k; and
 - prepaid interest of \$1.2m.

May 2019 Raising

- The Directors may have reasonably held the belief that capital raised in May 2019 was sufficient to provide the GCY Group with the adequate runway required to continue operations through to when the Mine was forecast to become cash flow positive.
- However, at the end of May 2019, on the basis of the new LUC model and urgently prepared pit mining schedules, high level cash flow analysis indicated that due to lower predicted grades, GCY would likely face a significant cash shortfall from operations over the next six months as it progressed the cutback required to access the GMZ.
- Further, with no readily available funding options, the Directors made the decision to place the GCY Group into voluntary administration.

VI. Investigations, Offences and Voidable Transactions

Liability for Insolvent Trading

Our preliminary opinion is that the Directors did not engage in insolvent trading as the GCY Group would have only been insolvent for a very short period prior to the Administrators' appointment given the funds received from the capital raise on 8 May 2019. We also note the Directors arguably have a defence under the Safe Harbour provisions.

Liability for Insolvent Trading

- A director will engage in insolvent trading where:
 - a person is a director of a company at the time the company incurs a debt;
 - the company is insolvent at that time, or becomes insolvent by incurring that debt or by incurring at that time debts including that debt; and
 - at that time, there are reasonable grounds for suspecting that the company is insolvent, or would so become insolvent, as the case may be.
- If a director engages in insolvent trading, a liquidator will be entitled to recover from the director (subject to certain available defences e.g. Safe Harbour) an amount equivalent to the unsecured or partially unsecured debts owing on a liquidator's appointment that were incurred whilst the company was insolvent.
- Our preliminary opinion is that the Directors did not engage in insolvent trading. We formed this opinion after considering the following:
 - over the 12 months prior to our appointment, the GCY Group suffered from a temporary 'lack of liquidity', specifically in March 2019 and April 2019;
 - the periods of constrained liquidity were resolved by additional capital raisings in September 2018 and May 2019;
 - GCY Group continued to receive on-going support of its lenders and major creditors who agreed to rescheduled/extended payment terms;
 - GCY Group was in a position to restore creditors to within payment terms following temporary liquidity shortfalls, throughout the 12 months prior to appointment; and
 - the Directors implemented a restructuring plan between December 2018 to the date of the Administrators' appointment and likely have a defence under the Safe Harbour provisions.

Further Work

- If the GCY Group is wound up and a liquidator appointed, further work will be performed to determine the benefit to creditors in pursuing the Directors for insolvent trading including quantifying the amount of any potential damages.
- If the preliminary view that GCY Group did not trade whilst insolvent is correct, there will be no claim against the directors or officers of the GCY Group.
- Current unsecured creditor claims total ~\$6m for GCY and GNT collectively, of which, 96% relate to debts incurred from 1 April 2019 onwards.
- Our preliminary review is that GCY Group appears to have not traded whilst insolvent, or if it did, it was for a very limited time and therefore, the insolvent trading claim would be nominal.

VI. Investigations, Offences and Voidable Transactions

Other Investigations and Potential Recoveries

Area	Our View	Comments
Directors' Capacity to Pay Claims by a Liquidator	None likely	<p>The Directors held a Director and Officer liability policy for the GCY Group which was renewed days before the appointment of the Administrators' appointment, but premiums not paid. Our preliminary investigations indicated the policy:</p> <ul style="list-style-type: none"> ■ did not have Company Securities coverage (often referred to as 'Side C') which means that claims related to ASX disclosures are not covered; and ■ had an 'Insolvency Exclusion' which meant insolvent trading claims were not covered. <p>Further investigations into the D&O policy and the Directors' ability to pay an insolvent trading claim would be conducted in a liquidation, on the basis a claim is identified.</p>
Liability for Insolvent Trading	Nil, further analysis required if liquidation	Refer to prior pages for analysis.
Books and Records	No breach	The books and records of the GCY Group appear to have been maintained in accordance with section 286 of the Act as at the date of the Administrators' appointment.
Directors and Officers Obligations	No breach, further analysis required if liquidation	<p>Based on our investigations to date, it does not appear that the Directors have committed offences. Primarily:</p> <ul style="list-style-type: none"> ■ the Directors and officers of GCY Group made decisions and relied on external consultants and internal peer reviews; ■ prior to May 2019 i.e. before development of LUC resource model, the Directors and officers may have held a reasonable belief that the upcoming capital raise in May 2019 would be sufficient to provide the GCY Group with the adequate working capital to continue operations until the Mine was forecast to become cash flow positive; and ■ after reviewing forecasts based on the LUC resource modelling methodology, the Directors identified that the GCY Group would have insufficient cash over the next 6 months and appointed voluntary administrators. <p>We note this is a preliminary view, and further analysis would be required if the GCY Group was placed into liquidation.</p>

VI. Investigations, Offences and Voidable Transactions

Other Investigations and Potential Recoveries

Area	Our View	Comments
Unfair Preferences	Claims unlikely	<p>Based on our investigations to date, we consider that the potential for preferential payments that would result in property being recovered for the benefit of creditors are remote for the following reasons:</p> <ul style="list-style-type: none"> ■ other than Senior Secured Lenders and NRW, the majority of creditors were paid within terms; ■ major creditors are likely considered to have been paid as part of a continuing business relationship and therefore have the “running balance account” defence to unfair preference claims, reducing the quantum of claims; and ■ if NRW’s security was found to be voidable (discussed below), a liquidator would undertake further investigation into whether NRW received any unfair preference payments and any potential defences available to NRW.
Uncommercial Transactions	No claims	We are not aware of any potential uncommercial transactions that may result in property being recovered for the benefit of creditors.
Unfair Loans	No claims	We are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors.
Unreasonable Payments to Directors	No claims	Our investigations have not found any evidence of unreasonable payments to the Directors.
Related Entity Benefit	No claims	Our investigations have not revealed any transactions with related entities that would likely result in property being recovered for the benefit of creditors.
Arrangements to Avoid Employee Entitlements	No claims	Our investigations have not revealed the existence of any such arrangements.
Voidable Charges	Action unlikely	<p>NRW registered a security interest within 6 months of the Administrators’ appointment and therefore, the security is potentially voidable pursuant to section 588FJ of the Act, unless certain exclusions apply. The security will not be voidable if it is established:</p> <ul style="list-style-type: none"> ■ the GCY Group was solvent immediately after the security was registered pursuant to section 588FJ(3) of the Act. Further investigation into the temporary lack of liquidity events in the year prior to the Administrators’ appointment would be undertaken in a liquidation; and ■ NRW had no knowledge of GCY Group’s solvency position at the time of the security being granted.



VII. Estimated Return to Creditors

VII. Estimated Return to Creditors

Disclosure: Effect on Employees

Effect on Employees - Liquidation

Position as Priority Creditors

- Employees are afforded a priority in the winding up of a company compared to ordinary unsecured creditors. The order of priority for typical employee claims is as follows:
 - amounts due in respect of wages, superannuation and superannuation guarantee charges outstanding as at the date of the Administrators' appointment; followed by
 - amounts due in respect of leave of absence and other amounts due under the terms of an employment contract or industrial instrument; followed by
 - retrenchment payments.

Return to Employees if the GCY Group is Wound Up

- **Section VII. Estimated Return to Creditors** includes details about the return to employees if the GCY Group is wound up and a liquidator appointed.
- Under a liquidation scenario, the liquidator will seek a buyer for the whole of GCY Group, failing which, an asset sale for the Mine and ancillary assets will be sought.
- Should a sale be executed, certain employees would likely be offered new employment by the purchaser ensuring a highly skilled workforce and intellectual property remains with the asset. This usually results in employees' entitlements being transferred to the purchaser under the sale, which would be paid out to employees in the normal course of business, by the purchaser.

- However, this may not be the case for all employees of the GCY Group under a sale.

Government Assistance Available if the GCY Group is Wound Up

- In the alternative, if there is insufficient funds available to employees from the individual companies' property, eligible employees may be entitled to lodge a claim for their unpaid entitlements under the Federal Government's FEG Scheme.
- Details about FEG can be read at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>

Effect on Employees – DOCA

- Employees should note that the FEG Scheme is not available to employees in the event that the GCY Group executes a DOCA.
- Under a DOCA, employees would remain employed based on their existing conditions and entitlements owed would be met in the normal course of business.
- For employees who have resigned during the Administration and are owed outstanding employee entitlements, payment of those entitlements will be made within one month of the DOCA being executed.
- Our comments on the impact on employees of a DOCA is provided at **Sections V. Deed of Company Arrangement and VII. Estimated Return to Creditors.**

VII. Estimated Return to Creditors Scenarios

We have prepared an estimated return based on a liquidation scenario versus the DOCA. A DOCA is estimated to provide a higher return to all classes of creditors than a liquidation.

- We set out below the assumptions, estimated return and timing of returns to creditors for the liquidation and DOCA scenarios.
- Please refer to the following pages and **Appendix 10** for detailed workings on the estimated return to creditors.

Item	Liquidation	DOCA
Scenario	Mine's operations traded whilst executing a sale of the GCY Group as a going concern.	GCY Group executes the recapitalisation plan and effectuates the DOCA.
Assumptions	Dalgaranga Gold Mine and exploration assets have been valued using discounted cash flow methodology, based on the project LoMP cashflows and market based assessment using a resource multiple. A high and low range has been provided after consideration of factors including project risk (rates of returns) and orderly liquidation sales.	All elements of the recapitalisation plan are executed including i) completion of capital raise; ii) reaching agreements with Senior Secured Lenders and NRW; and iii) creditors resolution to execute the DOCA.
Realisation Timeframe	Assumes trading for ~3 months to completion of sale.	GCY Group completes recapitalisation plan by 31 August 2020.
Employees	An unknown number of employees remain employed and those entitlements transferred to the purchaser and deducted from the purchase price. Remaining terminated employees' entitlements referred to the Fair Entitlements Guarantee Scheme.	All employees retain employment with GCY Group on current conditions.
Legal Entities	GCY Group did not execute deeds of cross guarantee. Accordingly, unless pooling orders are made, each company in the GCY Group must be administered as a separate legal entity in the liquidation.	The GCY Group structure remains unchanged and the intergroup loans remain on foot.

VII. Estimated Return to Creditors

Liquidation

Under the (low) liquidation scenario, there will be a shortfall to the Senior Secured Lenders and no other class of creditor of GNT or GCY will receive a dividend. Under a (high) scenario, there is estimated to be sufficient funds to enable a dividend to unsecured creditors of 32 cents in the dollar for GNT and 100 cents to GCY.

Secured Creditors

- It is estimated the Senior Secured Lenders will receive a combined return between **99 to 100 cents in the dollar** from the GCY Group (inclusive of dividends paid by GCY subsidiaries as guarantors to the Senior Secured Debt).
- In the case of the GNT liquidation, NRW is estimated to receive a return of between **0 to 100 cents in the dollar**. This estimate is subject to the validity of NRW's security.

Priority Creditors

- In a liquidation scenario there is **likely to be a return to priority creditors** from circulating asset realisations (which take priority over the Secured Creditors' debts). The quantum of priority creditor claims in a liquidation is dependent upon whether a purchaser of GCY Group assumes employee liabilities as part of the sale.
- The return, if any, is not expected to be paid within 3 months of the date of liquidation. Accordingly, to expedite payment of employees' outstanding entitlements, terminated employees will be referred to the Fair Entitlements Guarantee Scheme.

Unsecured Creditors

- It is estimated unsecured creditors will receive a return between:
 - GNT: **0 to 32 cents in the dollar**; and
 - GCY: **0 to 100 cents in the dollar**.

Item	GNT (\$'000)		GCY (\$'000)		Subsidiaries (\$'000)	
	Low	High	Low	High	Low	High
Surplus / (Deficit) from Trading	5,728	7,001	(898)	(735)	-	-
Proceeds from Mine / Tenements	69,944	146,511	-	-	9,103	28,319
Voidable Recoveries / Intergroup Dividend	-	-	-	50,501	-	-
Total Realisations & Recoveries	75,673	153,512	(898)	49,766	9,103	28,319
Less Professional Costs	(4,682)	(3,182)	(2,490)	(1,973)	(35)	(45)
Net Funds Available for Creditors	70,991	150,331	- 47,793	47,793	9,068	28,274
Senior Secured Debt	(80,079)	(80,079)	Guarantors		Guarantors	
Cents in the dollar to Senior Secured Debt	89	100	-	-	-	-
Surplus after Senior Secured Debt	-	70,252	- 47,793	47,793	9,068	28,274
Shortfall Senior Secured Debt (Guarantor)	-	-	(9,088)		(9,088)	
Second Ranking Secured Debt	(51,029)	(34,780)	-	-	-	-
Cents in the dollar to Second Ranking / Guarantor Debt	-	100	-	-	99	-
Surplus after Second Ranking / Guarantor Debt	-	35,471	- 47,793	47,793	-	28,274
Priority Creditor Debts	(141)	(141)	(77)	(77)	-	-
Cents in the dollar to Priority Creditors	-	100	- 100	100	-	100
Surplus / (Deficit) after Priority Creditors	-	35,330	- 47,717	47,717	-	28,274
Unsecured Creditor Claims	(109,792)	(109,792)	(233)	(233)	(17,018)	(17,018)
Cents in the dollar to Unsecured Creditors	-	32	- 100	100	-	100
Surplus Funds after unsecured creditors	-	-	- 47,483	47,483	-	11,256

Under a liquidation scenario, there is a higher degree of uncertainty as to the quantum and timing of returns to creditors, compared to a DOCA.

VII. Estimated Return to Creditors

DOCA

Priority and unsecured creditors estimated to receive up to 100 cents in the dollar under a DOCA, through a combination of debt repayment and equity entitlement.

- As previously detailed in this report, the DOCA is one aspect of the broader recapitalisation plan to raise new equity and restructure the GCY Group's debts. The DOCA's objective is for the GCY Group to continue in existence, executing the current LoMP, under the management of a new board of directors.
- The Secured Creditors (being NAB, CBA and NRW) are not bound by the DOCA. The DOCA is conditional upon the GCY Group executing the broader recapitalisation plan involving executing final agreements with Secured Creditors for the settlement of their debts.
- The recapitalisation plan is estimated to enable the following return to priority and unsecured creditors under a DOCA:

Creditor	Value of Debt	Estimated Return	Estimated Timing	Source of Funds
Priority (employees)	All	100 cents paid	Ongoing Employees: Entitlements met in the normal course of business. Resigned Employees: Paid within one month of the GCY Group executing a DOCA.	Dividend generated from Mine's operating cashflows.
	\$10,000 or under	100 cents paid	within 2 months of execution of DOCA	Funds generated from Capital Raise
		(i) \$10,000 paid per claim	within 2 months of execution of DOCA	Funds generated from Capital Raise
		Remaining Debt above \$10,000		
Unsecured*	Above \$10,000	(ii) 50% effectively converted to equity	Issued in two tranches: 1) one month after GCY shares reinstated on ASX; 2) two months after GCY shares reinstated on ASX	Shares issued from Capital Raise
		(iii) 50% debt paid	Paid after full repayment of Senior Secured Debt (including any Refinancier and NRW) (3-5 years)	Dividend generated from Mine's operating cashflows

* Large Creditors will be able to direct the creditor trustee to sell their entitlement to their shares and receive cash in lieu of shares.

* All GCY Group intercompany loans will remain in place and not be compromised by the DOCA.



VIII. Administrators' Opinion and Recommendation

VIII. Administrators' Opinion and Recommendation

What Creditors Can Decide at the Meeting

- At the concurrent second meetings of creditors, creditors are required to decide whether:
 - the GCY Group should execute the DOCA;
 - the Administration of the GCY Group should end;
 - the GCY Group company should be wound up; or
 - a combination of the above.
- In accordance with the requirements of section 75-225 of the IPS, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

Administrators' Opinion on Voidable Transactions

- It is the Administrators' opinion that there may be transactions that are voidable transactions as defined in section 75-225 of the IPS. However, these voidable transactions would not result in monetary recoveries for the benefit of creditors. This has been discussed in **Section VI. Investigations, Offences and Voidable Transactions.**

Administrators' Opinions on the Options Available to Creditors

1. Execution of the DOCA

- **We consider that it would be in the creditors' interests for each GCY Group company to execute a DOCA on the terms proposed.** On balance, there appears to be less uncertainty under the DOCA proposal compared to a liquidation scenario and it is likely that creditors will potentially receive a greater return under the DOCA proposal than they would if each GCY Group company was immediately wound up.

2. The Administration comes to an end

- If creditors voted for this option, control of the GCY Group would revert to the Directors following the forthcoming meeting of creditors.
- The GCY Group is insolvent and is required to go through a formal process in order to deal with its debts. We do not consider this is in the creditors' interests.

3. The GCY Group be Wound Up

- We do not consider it would be in the creditors' interests for the GCY Group to be wound up as the DOCA proposal for GCY and GNT will likely provide a better return to creditors than they may receive in a winding up.



IX. Remuneration and Receipts & Payments

IX. Remuneration and Receipts & Payments

Approved and Drawn Remuneration

Overview

- The Administrators' first circular to creditors indicated our intention to claim remuneration on a time basis (hourly rates). FTI Consulting's hourly rates as at 1 May 2019, were included with the circular.

Voluntary Administrators' Remuneration

- At the five meetings of the COI, the total aggregate of remuneration approved by the COI for GNT and GCY is \$5,910,165 (excluding GST) for the period 2 June 2019 to 30 April 2020, as detailed in the below table. We have additionally sought approval from the COI for a further \$1,018,805 (excluding GST) to the conclusion of the voluntary administration.
- We have drawn remuneration from operational cashflow, whilst balancing current trading liability commitments.

(\$) Excl GST	GNT (\$)	GCY (\$)	Total
Approved by COI as at date of Report*	4,298,892	1,611,273	5,910,165
Additional approval sought from COI*	624,408	394,397	1,018,805
Amount Paid as at Date of Report	(3,741,412)	(1,346,266)	(5,087,678)
Total Unpaid Remuneration	1,181,888	659,404	1,841,292

*GCY includes non-insolvency services of \$42,057 charged by FTI Consulting (Strategic Communications).

Initial Remuneration Estimate

- In our circular to creditors dated 5 June 2019, we provided an initial remuneration estimate for undertaking the administration in the approximate amount of \$1m to \$2m (excluding GST), subject to:
 - the full scope and extent of necessary work; and
 - the date of the second meeting of creditors.

- Ordinarily, the second meeting is held within 25 business days of the date of the Administrators' appointment. An exception to this is if the second meeting is convened and adjourned for a period not longer than 45 business days, or in instances where the Court grants an extension of the convening period.
- The Administrators made applications to the WA Supreme Court to extend the convening period for the following reasons (which have been further detailed in the **Sections III and IV**):
 - to allow adequate time to complete a technical evaluation of the underlying gold mineral resource and ore reserve model, and in turn, determine the overall viability of the Mine's future operations;
 - to undertake the dual track sale and recapitalisation process;
 - following receipt of the two final offers in November 2019 and further negotiations with the interested parties, no offers were received which we considered satisfactorily reflected the value of the GCY Group's business and assets. It was not clear whether the proposals had fully factored in the improvements contained in the Updated LoMP;
 - to provide an opportunity for the Mine to produce a track record of results against the new LUC model, and thus, increase confidence in the geological modelling; and
 - to explore and progress recapitalisation of the GCY Group.
- The WA Supreme Court reviewed and granted all three (3) of the Administrators' applications, the last one being the extension of the convening period up to 30 June 2020.
- Our remuneration to date reflects the complexity of the Administration and the resulting extended period of the Administration (some 12+ months to the date of the second meeting).

IX. Remuneration and Receipts & Payments

Future Remuneration

Second Meeting of Creditors

- In accordance with section 60-10(1)(a) of the IPS, creditors of GCY and GNT will be asked to fix the future remuneration of that of the Deed Administrators, if appointed.
- The amount of the remuneration sought is an estimate only, and has been made to the best of our ability. If actual costs are below the estimate, we will cap our remuneration at the lower amount. If our cost exceed the amount, further approval may be sought from creditors.

Remuneration Approval Report

- Creditors should refer to the enclosed Remuneration Approval Report provided at **Appendix 11** for further details on our remuneration sought.

Administrators' Receipts and Payments

- A summary of receipts and payments since the date of our appointment is attached at Schedule 2 in the respective Remuneration Approval Reports.

Summary of Remuneration Sought

Item	Appointment	GNT (\$)	GCY (\$)	Total (\$)
1	Deed Administrators (commencement to conclusion of DOCA)	500,000	270,000	770,000

1. Remuneration of the Deed Administrators

- If creditors resolve that GCY and GNT execute a Deed of Company Arrangement, we will be seeking approval of the future Deed Administrators remuneration from the commencement to effectuation or termination of the Deed of Company Arrangement, for GNT and GCY of \$500,000 and \$270,000 respectively.

Dated 18 June 2020



Michael Ryan

Joint and Several Administrator



X. Appendices



Appendix 1

Glossary and Disclaimer

Appendix 1

Glossary

Item	Definition
A\$ or AUD	Australian dollar
Act	Corporations Act 2001
Administration	Voluntary Administration of GCY Group
Administrators or Voluntary Administrators	Michael Ryan, Kathryn Warwick and Ian Francis
Administrators' Report	Administrators' Report pursuant to section 75-225 of the IPR
AGM	Annual General Meeting
AJG	Arthur J Gallagher, insurance brokers
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Au	Gold
BCM	Bank cubic metres
Board or Directors	Directors of GCY Group
CA	Confidentiality agreement
Canaccord	Canaccord Genuity (Australia) Limited, a leading independent, full-service financial services firm engaged to act as the Administrators' broker for the proposed capital raise
CEO	Chief executive officer
COI	Committee of Inspection
COVID-19	Coronavirus disease 2019 pandemic
CY	Calendar Year
D&O	Directors and Officers liability insurance cover
Dalgaranga Gold Mine, Mine or Dalgaranga Project	Dalgaranga Gold Mine Project operated by GNT
DD	Due diligence
DDC	Due diligence committee established for the purposes of progressing key workstreams for the proposed capital raising, broader recapitalisation initiatives, and potential re-listing of GCY

Item	Definition
DEPL	Dalgaranga Exploration Pty Ltd (Administrators Appointed)
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DMIRS	Department of Mines, Industry Regulation and Safety
DOCA	Deed of Company Arrangement
DOPL	Dalgaranga Operations Pty Ltd (Administrators Appointed)
EEPL	Egerton Exploration Pty Ltd (Administrators Appointed)
Egerton	Egerton gold project
EOI	Expression of Interest
Equigold	Equigold NL
ERV	Estimated realisable value
FEG Scheme	Federal Entitlements Guarantee Scheme
FIFO	Fly-in fly-out
First Meetings of Creditors	Initial meeting on 13 June 2019
FY	Financial Year
GCY	Gascoyne Resources Ltd (Administrators Appointed)
GCY Group	Gascoyne Resources Ltd and its wholly owned subsidiaries (All Administrators Appointed)
Gilbey's Glenburgh	Main pit for the Dalgaranga Gold Mine Glenburgh gold project
GMZ	Gilbeys Main Zone, a high grade, continuous, wide, +800 metre long ore zone that remains open at depth and represents +90% of remaining Ore Reserves
GNT	GNT Resources Pty Ltd (Administrators Appointed)
Golden Wings	Golden Wings pit in Dalgaranga Gold Mine
GOMPL	Gascoyne (Ops Mgmt) Pty Ltd (Administrators Appointed)

Appendix 1 Glossary

Item	Definition
GRWAPL	Gascoyne Resources (WA) Pty Ltd (Administrators Appointed)
ha	hectare
HSF	Herbert Smith Freehills
IM	Information memorandum
Interim Mine Plan	Short term mine plan at the beginning of the Administration, focused on increased ore delivery over the immediate term to assist with short-term cash flow, whilst preserving longer term mine NPV value
Investec	Investec Australia Ltd
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations)
JORC	Joint Ore Reserves Committee
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
JV	Joint venture
Large Creditors	Unsecured creditors with claims exceeding \$10,000
LoMP	Life of Mine Plan
LUC	Localised uniform conditioning resource modelling methodology
M&A	Mergers and acquisitions
Macquarie Bank	Macquarie Bank Ltd
Management or Mgmt	GCY Group's management
Mining One	Mining One Consultants
MRF	Mining rehabilitation fund
NPV	Net present value
NRW	NRW Holdings Limited and NRW Pty Ltd
OHS	Occupational health and safety
OK	Ordinary Kriedged resource modelling

Item	Definition
POSI	Public offering of securities insurance
Project Loan Facility	Loan provided by Senior Secured Lenders for the development of the Dalgaranga Gold Mine
RC	Reverse circulation
Refinancier	Party who refinances a portion of the Senior Secured Debt
ROCAP	Report on Company Activities and Property
Safe Harbour	section 588GA of the Act
Secured Creditors	Senior Secured Lenders and NRW, who hold first and second ranking security respectively in the GCY Group
Senior Secured Lenders / Debt	Debt owed to National Australia Bank Limited and Commonwealth Bank of Australia Limited
Subsidiary or Subsidiaries	Any or all of GCY's wholly owned subsidiaries - GNT, DOPL, DEPL, EEPL, GOMPL, GRWAPL
Trust or Creditors' Trust or GCY Group Creditors' Trust	GCY Group's creditors trust as part of the DOCA
TSF	Tailings Storage Facility
Updated LoMP	LoMP prepared by Management in November/December 2019 incorporating wall-steepening 'upside' and optimised Stage 3 pit designs.
WA	Western Australia
Western Wall	Western wall of the Gilbey's pit at the Dalgaranga Gold Mine

Appendix 1

Disclaimer

- This report has been prepared for the creditors of each company to assist them in evaluating their position as creditors and in deciding on the Companies' future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.
- This report is based on information obtained from the Companies' records, the directors and management of the Companies and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis that the information provided and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.
- This report may contain prospective financial information, including estimated outcomes for creditors, and other forward looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.
- We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.
- Creditors should seek their own advice if they are unsure how any matter in this report affects them.



Appendix 2

DOCA Term Sheet

Term Sheet for DOCA Proposal for GRL Group of Companies

NO.	SUBJECT	TERMS
1	Deed Administrators	Kate Warwick, Michael Ryan and Ian Francis (Administrators) will act as deed administrators of the DOCA (Deed Administrators).
2	Purpose	<p>2.1. The purpose of this term sheet is to record the key terms that will be set out in a Deed of Company Arrangement (DOCA) for:</p> <ul style="list-style-type: none">(a) Gascoyne Resources Ltd (GRL);(b) GNT Resources Pty Ltd (GNT);(c) Dalgaranga Operations Pty Ltd (DOPL); and(d) Gascoyne Resources (WA) Pty Ltd;(e) Egerton Exploration Pty Ltd;(f) Dalgaranga Exploration Pty Ltd; and(g) Gascoyne (Ops Management) Pty Ltd, <p>(together the GRL Group).</p> <p>2.2. It is proposed that the GRL Group will undertake a restructure of its debt and equity on the following basis:</p> <ul style="list-style-type: none">(a) GRL will raise an amount which is anticipated to be of the order of \$70M - \$80M, by way of an entitlement offer and placement of shares (the Capital Raising);(b) as a condition precedent to Completion, there will be a refinance of the debt due to the Banks;(c) as a condition precedent to Completion, NRW will agree to restructure its debt and enter into certain other arrangements with GNT and GRL; and(d) the unsecured creditors will release their debts pursuant to the DOCA in consideration for the right to participate as a beneficiary of the Creditors Trust, as contemplated at clauses 3 and 4 below.
3	Creditors' Trust	<p>3.1. A creditors trust will be established for the purposes of the DOCA, named the 'GRL Group Creditors Trust' (Creditors Trust).</p> <p>3.2. The Administrators will become the trustees of the Creditors Trust (Trustees).</p> <p>3.3. The purpose of the Creditors Trust will be to enable certain tasks ordinarily undertaken by deed administrators (including, but not limited to, the calling for and adjudication upon the claims of unsecured creditors and the distribution of funds to the unsecured creditors) to be performed by the Trustees, in order to:</p> <ul style="list-style-type: none">(a) facilitate the early termination of the DOCA, so that the GRL Group avoids having to trade 'Subject to DOCA', which may adversely impact upon its ability to acquire goods and services and to obtain credit; and(b) facilitate the Capital Raising. <p>3.4. The assets of the Creditors Trust will comprise:</p>

- (a) the sum of \$1 million, or if that sum is insufficient to pay all required amounts contemplated by clause 4.3(d)(1) below, such increased amount as it necessary to pay the amounts contemplated by clause 4.3(d)(1) (**Pool A Fund**), being part of the proceeds of the Capital Raising;
- (b) the shares in GRL contemplated by clause 4.3(d)(2) below;
- (c) funds paid into the Creditors Trust by GNT over time, as contemplated by clause 6,
(Trust Fund).

3.5. No other assets will be available to meet the claims of the unsecured creditors of the GRL Group.

3.6. The Trustees will be remunerated at the usual rates charged by FTI Consulting, as approved by the beneficiaries of the Trust from time to time.

4 **Position of Creditors**

4.1. Banks

- (a) National Australia Bank Ltd (**NAB**) and Commonwealth Bank of Australia (**CBA**) (together the **Banks**) hold first ranking security over all of the assets of the GRL Group to secure a debt of the order of \$80M (**Original Debt**)
- (b) As a condition precedent to Completion, the GRL Group will enter into an arrangement to refinance part of the Original Debt (**Refinance Debt**), and the balance of the Original Debt will be repaid out of the Capital Raising. The facility made available by the Banks to the Administrators will be repaid in full prior to Completion, or out of the Capital Raising.

4.2. NRW

- (a) NRW Pty Ltd in its own right and as trustee of the NRW Unit Trust (**NRW**) is:
 - the second ranking secured creditor behind the Banks, for a debt of approximately \$32.7M (**NRW Debt**); and
 - the mining contractor to GNT pursuant to the open pit mining contract dated 13 December 2017, as amended from time to time (**Mining Contract**).
- (b) As a condition precedent to Completion, NRW, GNT and the other relevant members of the GRL Group will enter into an agreement to:
 - (1) repay part of the NRW Debt, issue equity to satisfy part of the NRW Debt and release the balance; and
 - (2) enter into an agreement for the payment of an amount representing the balance which has been released (**NRW Contingent Debt**) upon the satisfaction of certain contingencies (**NRW Agreement**).

4.3. Unsecured Creditors

The Trust Fund will be distributed (and unsecured creditors will be paid) in the following order of priority:

(a) **Employees**

To the extent that there are any arrears or other amounts due and payable to Employees with respect to wages and other employee entitlements, which are due to Employees who are not retained by the GRL Group, the debts due to such Employees will be paid in full.

(b) **Costs of Conduct of Administration/DOCA**

To the extent that the remuneration and costs incurred by the Administrators (including as Deed Administrators) in the conduct of the administration and DOCA are not paid out prior to the Completion

of the DOCA, those amounts will be satisfied out of the Trust Fund;

(c) **Costs of Trustee of Creditors Trust**

The Trustees fees and remuneration will be paid out of the Trust Fund.

(d) **Unsecured Creditors**

- (1) **Pool A:** Unsecured creditors: The Pool A Fund will consist of \$1m, or such greater amount as is necessary to pay the amount referred to at 4.3(a) above and unsecured creditors:
- a. with debts of less than \$10,000, 100 cents in the dollar; and
 - b. with debts greater than \$10,000, with respect to the first \$10,000 of their debts, 100 cents in the dollar.
- (2) **Unsecured Creditors greater than \$10,000: (Large Creditors):**
- a. at the time of Completion under the DOCA, the Trustees will be issued with shares in GRL, with a value (calculated at the price at which the GRL shares are issued pursuant to the Capital Raising (**Issue Price**)) equivalent to 50% of the amount due to Large Creditors, less the amount paid to the Large Creditors pursuant to clause 4.3(d)(1)b above;
 - b. the Large Creditors will be given the option (to be elected prior to Completion) of either:
 - **OPTION 1:** the transfer to them of shares in GRL with a value representing 50% of the debt due to them (calculated at the Issue Price) in two tranches, namely:
 - half of the shares on the date which is one month after Completion; and
 - half of the shares on the date which is two months after Completion; or
 - **OPTION 2:** to direct the Trustees to sell the shares in GRL with a value representing 50% of the debt due to them, and remit the proceeds to the Large Creditor on a date which is 3 months after Completion. The payment to the Large Creditors who elect this option will reflect the average price achieved by the Trustee upon the sale of all shares in GRL of all Large Creditors who elect this option.

If no election is made by the Large Creditors with 21 days of the receipt of the shares by the Trustee then the Trustee will act as if Option 1 had been elected.
 - c. as to the balance due to Large Creditors, commencing on the date which is one month after the repayment of the Refinance Debt plus the NRW Contingent Debt (**Trigger Date**), cash instalments reflecting the payments made to the Creditors Trust in accordance with clause 6 below, until, having regard to:
 - the payment referred to at 4.3(d)(1)b;
 - the Issue Price of the shares referred to in clause 4.1(d)(2)b (ignoring the actual price of the GRL shares at the time of transfer pursuant to OPTION 1 under clause

NO.	SUBJECT	TERMS
		<p>4.3(d)(2)b or the amount actually received pursuant to OPTION 2 under clause 4.3(d)(2)b,</p> <p>they are paid 100c in the dollar.</p> <p>(e) Shareholder Claimants</p> <p>To the extent that shareholders have a claim against GRL, those shareholders will be entitled to the benefit of any insurance policy which responds to such claims.</p> <p>(f) PPSR claimants /Equipment Financiers</p> <p>Debts due to PPSR claimants and equipment financiers will not be released pursuant to the DOCA and will continue to be serviced in ordinary course.</p> <p>(g) Intercompany Debts</p> <p>Intercompany debts will not be released pursuant to the DOCA, but a GRL Group company cannot make demand for the repayment of an intercompany debt unless and until the debtor company has sufficient funds to repay that debt and all of the other debts which are then due and owing by it.</p>
5	Capital Raising	<p>The Capital Raising will:</p> <p>(a) be structured as a non-renounceable, underwritten entitlement offer of GRL shares, and a placement of shares to new and/or existing shareholders, in each case at an issue price to be determined by the Deed Administrators;</p> <p>(b) be subject to requisite shareholder approvals for the purposes of ASX Listing Rules; and</p> <p>(c) raise an amount which is anticipated to be of the order of \$70M - \$80M, such proceeds to be used for the purposes contemplated by the DOCA including the repayment of part of the Original Debt, the Administrators Facility and part of the NRW Debt, and for working capital purposes.</p>
6	Contribution Obligation	<p>GNT will pay to the Creditors Trust an amount sufficient to pay the Large Creditors the amount contemplated by clause 4.3(d)(2)c, as follows:</p> <p>(a) payment to the Creditors Trust will commence upon the Trigger Date; and</p> <p>(b) payment will be by way of a single lump sum payment or up to 12 equal monthly instalments.</p>
7	Documentation	<p>The key documents will be:</p> <p>(a) the DOCA, under which creditors of each of the entities in the GRL Group will be paid from a single pool;</p> <p>(b) the Creditors Trust deed;</p> <p>(c) a facility pursuant to which the Refinance Debt is made available to the GRL Group (Refinance Facility) and the grant of first ranking security over the assets of the GRL Group to secure the Refinance Debt (Refinance Security);</p> <p>(d) an agreement to release the security held by the Banks (Bank Security Release);</p>

NO.	SUBJECT	TERMS
		<ul style="list-style-type: none"> (e) the NRW Agreement; (f) a hedging facility with the financier who provided the Refinance Facility (Hedging Facility); and (g) in relation to the Capital Raising: <ul style="list-style-type: none"> (1) a prospectus issued by GRL for the purposes of the entitlement offer; (2) a placement letter and/or subscription agreement for each person participating in the placement of GRL shares; and (3) a notice of meeting issued by GRL seeking shareholder approval for the issue of new GRL shares (amongst other matters).
8	Conditions Precedent to Completion	<p>8.1. Completion of the DOCA will be conditional upon the satisfaction of the following Conditions Precedent:</p> <ul style="list-style-type: none"> (a) execution by the Banks, GNT, GRL and the other relevant entities in the GRL Group of the Bank Security Release; (b) the execution by the parties thereto of the Refinance Facility and the Refinance Security; (c) the payment of the Original Debt and debt due under the facility made available to the Administrators in full; (d) execution by the parties thereto of the Hedging Facility; (e) the execution by NRW, GNT and the other relevant GRL Entities of the NRW Agreement; (f) the if required by the NRW Agreement, the release of the NRW security; (g) the appointment of a managing director and two or more non-executive directors to the board of GRL; (h) completion of the Capital Raising; and (i) execution of the Creditors Trust Deed. <p>8.2. The Conditions Precedent may only be waived by the Deed Administrators, on notice to the creditors, in writing.</p>
9	Completion	<p>On Completion of the DOCA:</p> <ul style="list-style-type: none"> (a) the DOCA will terminate; (b) if not already appointed, the New Directors will become directors of GRL; (c) the Banks will be paid in full from the Refinance Debt and an agreed amount will be paid to the Banks out of the Capital Raising; (d) an agreed amount will be paid to NRW in partial satisfaction of the NRW Debt; (e) the Refinance Facility, Refinance Security and Hedging Facility will become operative; (f) the NRW Agreement will become operative and if required by the NRW Agreement, NRW will release its security; (g) the Pool A Fund will be paid to the Creditors Trust out of the Capital Raising; (h) shares in GRL will be issued to: <ul style="list-style-type: none"> (1) NRW in further partial satisfaction of the NRW Debt; and

NO.	SUBJECT	TERMS
		<p>(2) the Trustees, in accordance with clause 4.3(d)(2) above; and</p> <p>(i) the claims of all unsecured creditors (including shareholder claimants, except to the extent that such claims must remain valid to enable those shareholder claimants to access any insurance policy which responds to such claims) will be released.</p>
10	Excluded claims	<p>Claims against GRL that will not be the subject of the DOCA will be limited to:</p> <p>(a) claims by PPSR claimants and equipment financiers;</p> <p>(b) liabilities in respect of continuing employees (as described in clause 11);</p> <p>(c) intercompany debts; and</p> <p>(d) insured claims (as described in clause 13).</p>
11	Employees	<p>All of the existing employees of GRL and GNT will continue to be employed post Completion of the DOCA and will be paid their entitlements in the ordinary course of their employment.</p>
12	Directors	<p>12.1. The Deed Administrators will have the power to appoint directors and remove directors of GRL and the other companies in the GRL Group.</p> <p>12.2. Subject to appropriate limitations, any new directors appointed (New Directors) will be authorised to approve, issue and execute (where required) all documents associated with the Capital Raising on behalf of the relevant member of the GRL Group.</p>
13	Insured claims	<p>Insured claims will be excluded from the DOCA.</p> <p>An insured claim is a claim which a creditor has against GRL (or another entity in the GRL Group) which would have been entitled to the benefit of the priority contemplated by section 562 of the Corporations Act 2001 (Cth), being a claim where:</p> <p>(a) GRL (or another entity in the GRL Group) is insured against the claim under a contract of insurance entered into before the date of appointment of the Administrators; and</p> <p>(b) an amount in respect of that claim would be payable by the insurer to the GRL (or another entity in the GRL Group) under the contract of insurance,</p> <p>but only to the extent of such part of the claim as would be discharged by the payment from the insurer, and provided the creditor indemnifies GRL (or the other entity in the GRL Group in respect of all costs and expenses incurred by GRL(or the other entity in the GRL Group) in connection with such claim.</p>
14	Other provisions of DOCA	<p>14.1. Under the DOCA:</p> <p>(a) the Administrators will become the Deed Administrators;</p> <p>(b) the Deed Administrators and the New Directors will, subject to the limits of their powers and authority under the DOCA, be obliged to:</p> <p>(1) give effect to the terms of the DOCA;</p> <p>(2) use their best endeavours to ensure that the</p>

NO.	SUBJECT	TERMS
		<p>Conditions Precedent are satisfied; and</p> <p>(3) do all acts, matters and things, and sign all necessary documents as may be reasonably necessary for the purposes of the DOCA and the satisfaction of the Conditions Precedent;</p> <p>(c) the claims of all unsecured creditors will be released to the fullest extent possible; and</p> <p>(d) the Creditors Trust will be created and the creditors of the GRL Group will only be entitled to participate as beneficiaries of the Creditors Trust.</p> <p>14.2. During the period of the operation of the DOCA, any officer or member of the GRL Group or any creditor bound by the provisions of the DOCA must not make any application to wind up any entity in the GRL Group, continue such application or commence or continue any enforcement process in relation to the property of the GRL Group.</p> <p>14.3. The DOCA will terminate upon Completion, at which time control of GRL (and the GRL Group) will revert to the New Directors.</p> <p>14.4. The DOCA will have those other provisions which are usual in a DOCA of this nature.</p>
15	Distribution of Trust Fund	<p>15.1. The Trust Fund will be distributed from time to time by the Trustees as soon as reasonably practicable after the receipt of funds save that the amounts received by the Trustees pursuant to clause 6 will be distributed no later than 12 months after the Trigger Date.</p> <p>15.2. The terms of section 556, 560 and 561 of the <i>Corporations Act</i> shall apply as if the references to 'liquidator' were references to the 'Trustee', references to 'winding up' were references to the 'Creditors Trust' and with such other modifications as are necessary to give effect to the terms of this Term Sheet.</p> <p>15.3. Sections 444DA and 444DB of the Act will apply to the DOCA.</p>
16	Creditors Committee	There will not be a creditors committee under the DOCA.
17	Administrators/Trustees lien and remuneration	<p>17.1. The Administrators (and Deed Administrators) of the GRL Group are entitled to be indemnified out of, and will have a lien over, the cash held by the GRL Group at Completion, for their remuneration, costs, fees and expenses for work done in the performance of their duties as Administrators and Deed Administrators of the GRL Group.</p> <p>17.2. The Trustees of the Creditors Trust, the Administrators and Deed Administrators will be entitled to be indemnified out of and will have a lien over the funds in Creditors Trust for their remuneration, costs, fees and expenses incurred in adjudicating upon proofs of debt of creditors and distributing the funds in the Creditors Trust.</p>
18	Termination of DOCA	<p>In the event that the Completion does not occur by 30 November 2020 or such other date as may be specified in a written notice issued by the Deed Administrators to the creditors, then the Deed Administrators may:</p> <p>(a) cause the entities in the GRL Group to be placed into liquidation; and/or</p> <p>(b) convene a meeting of creditors to vary or terminate the DOCA.</p>

NO.	SUBJECT	TERMS
19	Other Terms	<p>19.1. Except for regulations 3(c) and 11, and except to the extent inconsistent with the terms of this Term Sheet, the terms and conditions contained in Schedule 8A of the Corporations Regulations will be incorporated into the DOCA.</p> <p>19.2. Section 440D of the Act will apply while the DOCA is on foot.</p>
20	Governing Law	Western Australia.



Appendix 3

Regulatory Guide 82 – Creditors' Trust



ASIC
Australian Securities &
Investments Commission

REGULATORY GUIDE 82

External administration: Deeds of company arrangement involving a creditors' trust

December 2018

About this guide

This guide is for registered liquidators appointed under Pt 5.3A of the Corporations Act as a voluntary administrator or deed administrator (administrator).

It explains:

- our interpretation of administrators' obligations under the Corporations Act and the general law where they are considering a proposed deed of company arrangement (DOCA) or a proposed variation of a DOCA (collectively, a DOCA proposal) involving a creditors' trust; and
- in particular, the information that we consider is material to creditors and should therefore be disclosed when a DOCA proposal involves a creditors' trust.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Document history

This guide was issued in December 2018 and is based on legislation and regulations as at the date of issue.

Previous versions:

- Superseded Guide 220, issued May 2005, rebadged as Regulatory Guide 82 on 5 July 2007

Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

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A Overview

Key points

A creditors' trust in a deed of company arrangement (DOCA) is a mechanism that is used to accelerate a company's exit from external administration.

It is important that voluntary administrators and deed administrators (administrators) are aware of their obligations and properly consider all the relevant issues raised by the use of a creditors' trust.

This guide indicates how we think administrators will adequately and properly perform all their duties and functions when a DOCA proposal involves a creditors' trust.

DOCAs and creditors' trusts

- RG 82.1 A creditors' trust in a DOCA is a mechanism used to accelerate a company's exit from external administration: see RG 82.6–RG 82.11.
- RG 82.2 We have issued this guide to outline our views on the use of creditors' trusts and indicate our interpretation of adequate and proper performance by administrators of their duties and functions in this situation.

Administrators' obligations about using creditors' trusts

- RG 82.3 Administrators should be aware of and properly consider all the relevant issues raised by the use of a creditors' trust, to avoid:
- (a) submitting a DOCA proposal to creditors that involves a creditors' trust without properly considering whether such an arrangement is appropriate in the company's circumstances;
 - (b) failing to disclose all the material information about the creditors' trust and its implications; and/or
 - (c) making an inappropriate recommendation about the DOCA proposal.

Is a creditors' trust appropriate in this situation?

- RG 82.4 We consider that DOCA proposals should not involve creditors' trusts unless administrators have:
- (a) adequately considered the appropriateness of using a creditors' trust in the particular case; and

- (b) disclosed all material information about the creditors' trust and its implications to enable creditors to consider the advantages and disadvantages for the company, the creditors and the administrator.

RG 82.5 DOCAs involving a creditors' trust create special risks for creditors. Once the creditors' trust has been constituted and the DOCA terminates, the arrangement is no longer governed by Pt 5.3A of the *Corporations Act 2001* (Corporations Act) and the protective mechanisms of that part—including the supervisory and remedial jurisdiction of the courts—cease to apply. Administrators recommending a creditors' trust bear a heavy burden of explaining to creditors the implications of adopting such a proposal.

B DOCA and creditors' trusts

Key points

A creditors' trust in a DOCA is a mechanism used to accelerate a company's exit from external administration.

The company and/or third parties promise to make payment (or transfer other property) to the trustee to satisfy the creditors' claims, and to extinguish their rights, against the company.

We consider that there are different and additional risks for creditors where a DOCA proposal involves a creditors' trust.

We are aware that creditors (particularly of large companies) have been asked to approve a 'holding' DOCA.

What is a creditors' trust?

- RG 82.6 A creditors' trust in a DOCA is a mechanism used to accelerate a company's exit from external administration. It has been used most commonly (but not exclusively) in connection with the rehabilitation of public companies listed on ASX. In some cases, this leads to a 'backdoor' listing.
- RG 82.7 Typically, under the terms of the DOCA and one or more interconnected deeds, a trust entity is created and the company's obligations to some or all of the creditors bound by the DOCA are compromised and transferred to the trust. Those creditors become beneficiaries of the trust. Occasionally, there may be separate creditors' trusts for employee and non-employee creditors, or for secured and unsecured creditors.
- RG 82.8 The company and/or third parties promise to make one or more payments (or transfer other property) to the trustee to satisfy the creditors' claims against the company. In return, the creditors' rights against the company are extinguished.
- RG 82.9 The trustee of the new trust becomes solely responsible to the former creditors (now beneficiaries) for:
- (a) ensuring that the company and/or other third parties perform their payment and other obligations to the trustee;
 - (b) determining how much each of the former creditors is entitled to receive from the trust; and
 - (c) in due course, making any distribution to those former creditors.

- RG 82.10 Usually, the DOCA is 'effectuated' (and terminates) after the creditors' claims against the company have been removed in this way. In most cases, the DOCA terminates immediately on creation of the trust, which usually occurs when or shortly after the DOCA is executed.
- RG 82.11 When the DOCA terminates, the company ceases to be externally administered, the directors regain full control of the company and the company is no longer required to use the notification 'subject to deed of company arrangement' on its public documents (as otherwise would be required by s450E(2) of the Corporations Act).

What are the special risks for creditors?

- RG 82.12 We consider that there are different and additional risks for creditors where a DOCA proposal involves a creditors' trust. The significance of the risks in a particular case will depend on the quality of the information the administrator provides to creditors and the actual terms of the DOCA, trust deed and any other related documentation.
- RG 82.13 The key additional risks are that:
- (a) under the DOCA proposal, the DOCA may be effectuated and creditors' rights against the company extinguished before:
 - (i) the amount available for distribution to creditors of the company/beneficiaries of the trust has been ascertained;
 - (ii) the trust fund has been received in full by the trustee; or
 - (iii) creditors of the company/beneficiaries of the trust have received any payment from either the deed administrator or the trustee;
 - (b) creditors may have fewer (or, in some circumstances, no) legal rights if the DOCA proposal is not fully complied with by all relevant parties; and
 - (c) creditors may agree to the DOCA proposal without being aware (or fully appreciating the implications) of these matters.
- RG 82.14 The following factors increase the severity of these risks:
- (a) creditors' lack of knowledge and inexperience;

Note: The use of a creditors' trust in a DOCA will be beyond the reasonable knowledge or experience of most creditors bound by the DOCA. Creditors (particularly unsecured creditors) of an insolvent company usually have limited knowledge of (or previous experience with) corporate insolvency laws and processes. Any previous experience is likely to be with the Corporations Act and ASIC as the relevant regulator, and they will generally expect their claims against the company and their dealings with the external administrator to be governed by the Corporations Act. Many creditors will have no or limited knowledge of trust law.

- (b) inadequate disclosure by administrators of material information about the DOCA proposal;
- (c) the additional complexity of the legal and documentary arrangements needed to support the use of a creditors' trust under a DOCA;
- (d) the trustee's identity, skills, remuneration and insurance arrangements;
- (e) non-uniformity of the state and territory Trustee Acts governing trusts and trustees;
- (f) differences in the ways trustees and registered liquidators are regulated and supervised, particularly by ASIC and the courts;
- (g) potential difficulties for ASIC and creditors (as beneficiaries of the trust) in monitoring and enforcing proper conduct by the trustee; and
- (h) legal uncertainties and other issues for ASIC, creditors bound by the DOCA or other persons in challenging a DOCA that has already terminated.

'Holding' DOCAs

RG 82.15 Creditors are sometimes asked to approve a 'holding' DOCA. A holding DOCA may be proposed when it is not in the interests of creditors that the administration end, nor that the company be wound up. Holding DOCAs give a voluntary administrator more time to develop proposals for restructuring or otherwise resuscitating the company. Where this is the case, the voluntary administrator does not need to seek an extension from the court of the convening period for the second creditors' meeting under s439A.

Note: See *Mighty River International Limited v Hughes* [2018] HCA 38.

RG 82.16 Generally, we think a holding DOCA should not propose the subsequent creation of a creditor's trust unless all the information specified in this guide is provided to creditors voting on the holding DOCA. We think it is unlikely that information will be available to a voluntary administrator at the time of proposing a holding DOCA, given the nature and purpose of a 'holding' DOCA. In our view, the appropriate course is to obtain express creditor approval of the creditors' trust by means of a formal variation of the DOCA when that information is available.

RG 82.17 Where a holding DOCA is proposed, we consider that its terms should:

- (a) exclude an open-ended or very lengthy period to formulate a concrete proposal for continuing the company or its business; and
- (b) include a program for interim reporting to creditors on steps taken and results obtained by the deed administrator, so that creditors can monitor the deed administrator's efforts.

C Administrators' obligations about creditors' trusts

Key points

Administrators have an overriding obligation to perform their duties and functions adequately and properly. Where a DOCA proposal is concerned, we consider that an administrator who is fulfilling this obligation will:

- evaluate the proposal before submitting it to creditors (see RG 82.20–RG 82.23);
- disclose all material information about the proposal to creditors (see RG 82.24–RG 82.27), and
- express an opinion about the proposal that adequately protects the interests of creditors (see RG 82.28–RG 82.30).

Administrators may be subject to disciplinary or other action if they do not fulfil their obligations when a DOCA proposal involving a creditors' trust is put to creditors.

What are the obligations of administrators?

- RG 82.18 Administrators have an overriding obligation to perform their duties and functions adequately and properly. This includes ensuring that the interests of creditors are adequately protected. Where a DOCA proposal is concerned, we consider that an administrator who is fulfilling this obligation will:
- (a) evaluate the proposal before submitting it to creditors (see RG 82.20–RG 82.23);
 - (b) disclose all material information about the proposal to creditors (see RG 82.24–RG 82.26); and
 - (c) express an opinion about the proposal that adequately protects the interests of creditors (see RG 82.28).
- RG 000.19 Administrators may be subject to disciplinary or other action if they do not fulfil their obligations when a DOCA proposal involving a creditors' trust is put to creditors.

Evaluating the proposal

- RG 82.20 Before submitting any DOCA proposal to creditors, administrators should consider whether the proposal is suitable to submit. For example, it will rarely be appropriate for an administrator to submit a DOCA proposal to creditors where the administrator does not have sufficient concrete details to comply with all of their disclosure obligations: see RG 82.24–RG 82.26.

RG 82.21 Where the DOCA proposal involves a creditors' trust, administrators should specifically consider whether such a mechanism is appropriate in the company's circumstances. We think this includes considering whether the DOCA proposal (if accepted) may be an abuse of Pt 5.3A or otherwise contrary to the public interest. If so, it may be appropriate for the administrator to seek directions from the court before submitting the DOCA proposal to creditors.

RG 82.22 Section 435A sets out the policy objective of Pt 5.3A:

... for the business, property and affairs of an insolvent company to be administered in a way that:

- (a) maximises the chances of the company, or as much as possible of its business, continuing in existence; or
- (b) if it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

RG 82.23 We consider that any mechanism for a creditors' trust should only be included in a DOCA:

- (a) when there is a sound commercial reason that persuades the administrators that in all the circumstances it is in the best interests of creditors to adopt a DOCA with a creditors' trust—to obtain a better return than from an immediate winding-up;
- (b) if it is consistent with the policy objective of Pt 5.3A, as outlined in s435A; and
- (c) if it is consistent with the public interest.

Note 1: We consider, for example, that it is likely to be an abuse of Pt 5.3A, or otherwise contrary to the public interest, for a DOCA to involve a creditors' trust where the DOCA proposal contemplates that the company would or could (after the DOCA has been effectuated in accordance with its terms) continue in existence in an insolvent financial condition. See Australian Law Reform Commission, [Report No. 45, General Insolvency Inquiry](#), 13 December 1988 (the Harmer Report), vol. 1, pp. 62–63.

Note 2: See *Re Beville Pty Ltd (in voluntary administration)* [2011] NSWSC 417. Regarding the importance of the statutory regime under Pt 5.3A and the protections or advantages provided to creditors see also *Sydney Land Corp P/L v Kalon P/L* (1998) 26 ACSR 427 at 430, *Young v Sherman* (2002) 170 FLR 86, *Bovis Lend Lease P/L v Wily* (2003) 45 ACSR 612 and *Blacktown City Council v Macarthur Telecommunications P/L* (2004) 47 ACSR 391.

Disclosing material information

RG 82.24 Section 75–225 of the Insolvency Practice Rules (Corporations) 2016 (Insolvency Practice Rules) sets out matters that a voluntary administrator must include in their report and statement that accompany the notice of the second meeting of creditors convened under s439A of the Corporations Act.

The report must contain all information that is material to the creditors' decision, including material details of what a proposed DOCA will contain.

Note: See *M&S Butler Investments Pty Ltd v Granny May's Franchising Pty Ltd* (1997) 24 ACSR 695 and *Commissioner of Taxation v Comcorp Australia Ltd* (1996) 70 FCR 356; 21 ACSR 590 which were decided under the predecessor to s75–225 of the Insolvency Practice Rules and s439A(4) of the Corporations Act.

- RG 82.25 Section 445D of the Corporations Act reinforces the disclosure obligations of administrators by providing that the court may terminate a DOCA if (among other things) information that is material to the creditors' decision to approve the proposed DOCA was omitted or was false or misleading.
- RG 82.26 When submitting a DOCA proposal to creditors that involves a creditors' trust, administrators should disclose all the information that is material to the creditors' decision about whether to accept the particular risks associated with the proposal. In Section D, we set out the information we think is material to that decision.

Disclosure before variation of DOCA

- RG 82.27 We consider that deed administrators have an implied obligation to include similar matters in the documents that accompany a notice of meeting when a DOCA variation is proposed.

Expressing an opinion that protects creditors' interests

- RG 82.28 Administrators have an obligation to provide creditors with a statement setting out (among other things) the administrator's opinion about whether it would be in the creditors' interests for the company to execute a proposed DOCA or DOCA variation and the reasons for that opinion: see s75–225(3)(b) of the Insolvency Practice Rules and RG 82.27.
- RG 82.29 Where a DOCA proposal involves a creditors' trust, we consider that administrators fulfilling this obligation will discuss the advantages and disadvantages for creditors of the proposed creditors' trust when making their recommendation.
- RG 82.30 We also consider that the obligation to ensure the interests of creditors are adequately protected means that there are some circumstances when an administrator should not recommend that creditors approve a DOCA proposal involving a creditors' trust: see Table 1.

Table 1: Examples of circumstances when an administrator should not recommend a proposal involving a creditors' trust

Circumstance	Details
The proposed value of the creditors' trust fund cannot be reasonably estimated	<p>When the proposed value of the creditors' trust fund cannot be reasonably estimated at the time the proposal will be voted on by the creditors. This is because the amount that may become available to the creditors (as beneficiaries of the trust) will be so speculative that it will never be in the creditors' interests for the company to execute a DOCA that terminates, almost immediately, their status and rights as creditors.</p> <p>Note: DOCAs that do not involve a creditors' trust may, in some cases, propose a return to creditors that could be described as speculative. However, in those cases, the interests of creditors are different because the creditors' status as creditors (and their rights against the company under Pt 5.3A) will not be prematurely extinguished as may occur when a creditors' trust is used.</p>
There is concern about whether the trustee will receive all of the trust fund	<p>When the administrator has reason for concern about whether the trustee will receive all of the trust fund, or at least adequate and enforceable security for the trust fund, before the DOCA terminates and the creditors' rights (as creditors) against the company are extinguished. This is because it will rarely be in the creditors' interests to place on them (and the trustee) all the risks of failure of the trust if there is future non-performance of obligations undertaken under the DOCA by the company or a third party.</p> <p>Note: See also <i>Kalon v Sydney Land Corp P/L</i> (1998) 26 ACSR 593 upholding <i>Sydney Land Corp P/L v Kalon P/L</i> (1998) 26 ACSR 427.</p>
The DOCA or trust deed provisions will permit the trustee (or any replacement trustee) of the creditors' trust to be a person who does not have the necessary skills and experience	<p>When the DOCA or trust deed provisions will permit the trustee (or any replacement trustee) of the creditors' trust to be a person who does not have the necessary skills and experience or is otherwise unsuitable to be the trustee. The risk to creditors from an unsuitable trustee is severe. In our view, the interests of creditors are likely to be adequately protected if the trustee of the creditors' trust is a registered liquidator, but will never be adequately protected if the trustee will or could be the company the subject of the proposed DOCA.</p> <p>Note: This does not imply that the trustee should always be the same person as the deed administrator; the trustee could be another registered liquidator.</p>
Concern about adequate civil liability insurance for the trustee	<p>When there is reason for concern about whether the proposed trustee will have adequate civil liability insurance for their conduct as trustee of the creditors' trust.</p>
DOCA/trust will not provide rights at least as favourable as rights of creditors under the Corporations Act	<p>When the DOCA and/or the trust deed will not provide processes and rights that are at least as favourable to the beneficiaries as the processes for and rights of creditors under the Corporations Act.</p>
Concrete details about the proposed structure and terms of the DOCA and trust deed cannot be provided	<p>When concrete details about the proposed structure and terms of the DOCA and trust deed cannot be provided. Because of the additional complexity of creditors' trust arrangements, we do not consider that a broad outline of the proposed DOCA and proposed creditors' trust deed is sufficient. In practical terms, we think it is unlikely that administrators will be able to satisfy their disclosure obligations to creditors unless a draft DOCA and a draft trust deed have been prepared.</p> <p>Note: See also <i>Kirwan v Cresvale Far East Ltd (in liq)</i> [2002] NSWCA 395 at [382] per Young CJ; (2003) 44 ACSR 21 and <i>Commissioner of Taxation v Comcorp Australia Ltd</i> (1996) 70 FCR 356 at 389; 21 ACSR 590 at 624.</p>

D Disclosing material information

Key points

Administrators have an obligation to give creditors material information that will enable them to understand a DOCA proposal for a creditors' trust and make an informed decision whether to approve it.

Table 2 lists some of the types of information we consider an administrator must disclose to creditors and/or express an opinion about.

What is material information?

RG 82.31 Administrators have an obligation to give creditors material information that will enable them to:

- (a) understand a DOCA proposal; and
- (b) appreciate the legal and practical implications for them of authorising the company to execute the proposed DOCA (or DOCA variation).

RG 82.32 In this section, we set out what we think is material information when a DOCA proposal involves a creditors' trust. Depending on the particular case, administrators may also need to disclose other material information.

Note: Parts of this section may also be relevant to DOCAs that do not involve a creditors' trust.

RG 82.33 The information should be set out in the report and statement made under s75–225 of the Insolvency Practice Rules (or explanation that accompanies the notice of meeting where a DOCA variation is proposed) as simply, clearly and succinctly as possible in the circumstances.

RG 82.34 When the DOCA proposal involves a creditors' trust, we consider this obligation means that information should be provided that enables creditors to understand the actual and potential implications and specific risks for them of the proposed creditors' trust arrangements. Creditors should be able to make a realistic and informed assessment of the proposal and whether they should approve it (including, but not limited to, whether they are likely to receive a better return under the particular DOCA proposal, under a DOCA that does not involve a creditors' trust, or under a winding-up). In *Parkview Constructions Pty Ltd v Tayeh and Others* [2009] NSWSC 186 at [76], Justice Barrett said that:

Administrators recommending to creditors the adoption of a deed of company arrangement that will give birth immediately to a creditors' trust and then itself promptly die bear a heavy burden of explaining to creditors

the implications of the shift from a regime incorporating a court administered scheme of creditor protection to one in which creditors become passive trust beneficiaries.

- RG 82.35 Much of the information that we think should be provided to creditors will describe the administrator's understanding of the law. Therefore, we consider that administrators should base such information on legal advice received by them that is applicable to the particular DOCA proposal.
- RG 82.36 Because of the additional complexity involved in a DOCA proposal involving a creditors' trust, we consider that creditors should be given adequate opportunity to obtain (if they wish) professional advice about the proposal, its implications and risks before they vote on the proposal. This may affect the appropriate period of notice of a meeting, the need for an extension of the convening period, or the need for an adjournment of the meeting.
- RG 82.37 ASIC, creditors and the public can only properly understand the DOCA by also understanding the associated arrangements. Where a DOCA (or DOCA variation) involving a creditors' trust is approved and executed, we expect administrators to lodge the DOCA (or DOCA variation) with ASIC, as well as lodging:
- (a) a copy of the creditors' trust deed; and
 - (b) any other associated document (such as an 'implementation deed') that is referred to in the DOCA or is otherwise necessary to support the creditors' trust arrangements.

Table 2: Material information to disclose to creditors

Information	Description	Reference
Reasons	The reasons why the DOCA proposal involves a creditors' trust	RG 82.38–RG 82.40
Key events	The anticipated sequence of key events if the DOCA proposal is approved, and the implications for creditors	RG 82.41–RG 82.42
Return	The anticipated return to creditors/beneficiaries	RG 82.43
Trustee particulars	The identity, skills, experience and insurance of the proposed trustee	RG 82.44
Remuneration	The proposed remuneration and expenses of the deed administrator and trustee	RG 82.46–RG 82.47
Indemnities	Details of any indemnities for fees or liabilities	RG 82.48
Powers	The differences between the powers of a deed administrator under the Corporations Act and the trustee under the DOCA proposal	RG 82.49–RG 82.50

Information	Description	Reference
Claims	How creditors' claims will be dealt with under the DOCA proposal and in what priority	RG 82.51–RG 82.52
Other creditor/beneficiary differences	A comparison of the protections and rights of creditors under the Corporations Act and of beneficiaries under the DOCA proposal	RG 82.53–RG 82.56
Fair Entitlements Guarantee scheme (FEG)	Any effect on employee entitlements under FEG	RG 82.57
Compliance opinion	An opinion on the capability of the company (and relevant third parties) to comply with obligations to the trustee	RG 82.58
Solvency statement	The basis for an opinion that the company will be solvent at the date of effectuation of the DOCA	RG 82.59
Tax issues for company/trust	Details of the taxation and stamp duty implications for the company and the trust	RG 82.61
Tax issues for individual creditor/beneficiary	Potential differences in taxation implications for creditors and beneficiaries	RG 82.62
Other	Any other material aspects or implications	RG 82.63–RG 82.64

Reasons

- RG 82.38 Administrators should provide an explanation of the reasons why the DOCA proposal involves a creditors' trust, instead of a DOCA where creditors' claims and rights would be dealt with directly under the DOCA and the Corporations Act.
- RG 82.39 We expect this explanation to include identification of any legal or commercial reasons, and a discussion of why it is considered to be in the interests of creditors as a whole to use the proposed creditors' trust.
- RG 82.40 If one of the stated reasons is to enable listing of the company or re-quotations of the company's financial products on a financial market such as ASX, the administrator should also provide details of:
- (a) the market operator's requirements for listing or re-quotations and how it is proposed that the company would meet those requirements; and
 - (b) how and why listing or re-quotations would be in the interests of the creditors (as opposed to the directors, shareholders or some other party).

Key events

RG 82.41 Administrators should explain the anticipated sequence and relative timing for each of the following key events if the DOCA proposal is approved, and the implications of each event for creditors:

- (a) execution of the DOCA;
- (b) creation of the creditors' trust;
- (c) termination of the DOCA;
- (d) receipt of the creditors' trust fund by the trustee; and
- (e) distribution to creditors/beneficiaries.

RG 82.42 The explanation of implications should include the nature of the legal relationship of the creditors to the company after each event (and specifically, when they would cease to be creditors), and what will happen if any of these events, or their timing, does not occur as anticipated.

Return to creditors

RG 82.43 Administrators should provide information about the anticipated return to creditors/beneficiaries under the DOCA proposal, including:

- (a) the anticipated date(s) when the trust fund will be received by the trustee and from which sources;
- (b) the anticipated value of the total trust fund and of the portion that would be available for distribution to beneficiaries, with an explanation of any difference in those values;

Note: See also Table 1.

- (c) the anticipated date(s) for distribution by the trustee to the beneficiaries;
- (d) the anticipated rate(s) of distribution by the trustee;
- (e) risks to creditors/beneficiaries associated with any delay in receipt of the trust fund by the trustee, or in distribution by the trustee to the beneficiaries; and
- (f) the potential return to creditors if the DOCA proposal did not involve a creditors' trust.

Note: We consider that the information in this paragraph should be linked to other information provided (e.g. information about remuneration, expenses and taxation) so that creditors are able to identify and weigh up the additional overall costs involved because of the creditors' trust and any potential increase in the distribution to them, against the likelihood of, and any delay in, receiving that distribution.

Trustee particulars

- RG 82.44 Administrators should provide information about the proposed trustee, including:
- (a) why that trustee is proposed and is considered appropriate, with details of their qualifications, skills and relevant experience to perform the duties and functions they will have as trustee of the creditors' trust;

Note: See also Table 1.

- (b) whether the DOCA proposal requires the trustee (and any replacement trustee) of the creditors' trust to be the deed administrator or other person registered by ASIC under s20–30 of Sch 2 to the Corporations Act as a liquidator;
- (c) whether ASIC or any other government regulator will have supervisory powers over conduct by the proposed trustee in that capacity, and if so, the nature of those powers;

Note: Administrators should note our view that ASIC has certain supervisory powers under Div 40 of Sch 2 to the Corporations Act over conduct by the trustee where the DOCA and trust deed provide that the trustee is a registered liquidator.

- (d) whether the proposed trustee would have any potential conflict of interests when acting as trustee, and, if so, the nature of the conflict and how it would be managed; and
- (e) whether the proposed trustee has civil liability insurance (including professional indemnity and fidelity) that will cover conduct by them in their capacity as trustee of the proposed trust, and the nature and aggregate value of any such insurance.

Note: See also Table 1 and RG 82.45.

- RG 82.45 If the proposed trustee is a registered liquidator, administrators should confirm whether that insurance policy covers conduct by the registered liquidator in the capacity of trustee. If not, additional insurance would be needed.

Remuneration and expenses

- RG 82.46 Administrators should provide details of the remuneration and anticipated expenses of the deed administrator and proposed trustee, and a comparison of the remuneration process for the deed administrator and the trustee.

- RG 82.47 The information should cover:

- (a) how and when the deed administrator and trustee would be paid and at what rates;

- (b) the effect of the fees and expenses of each of the deed administrator and trustee on the anticipated distribution to beneficiaries of the trust (see also RG 82.43). This includes identifying any additional fees and expenses involved because of the use of a creditors' trust (such as through duplication of activity); and
- (c) the rights that beneficiaries would have to approve and/or challenge fees charged by the trustee (including what law and courts would decide those rights), compared with the rights they would have as creditors of a company subject to a DOCA.

Note: See also Table 1.

Indemnities

- RG 82.48 Administrators should provide the details and implications for creditors/beneficiaries of any indemnity for fees or liabilities that has been (or will be) provided to the deed administrator or trustee, including the relationship between the indemnifier, the company, the deed administrator and the trustee. This includes any indemnity or lien in favour of the deed administrator or trustee over the assets of the company or over the trust fund under the proposed terms of the DOCA or trust deed.

Powers

- RG 82.49 Administrators should explain the differences between the powers of a deed administrator under the Corporations Act and the powers the trustee would have under the proposed trust deed and the relevant state or territory Trustee Act.
- RG 82.50 This includes identification of any likely deficiencies in the powers of the trustee to perform the functions envisaged under the proposed trust deed, and which may lead to applications to court (and associated costs) by the trustee that would not be necessary for a deed administrator.

Claims

- RG 82.51 Administrators should explain how creditors' claims against the company will be dealt with under the DOCA proposal and in what priority. This includes whether the value of those claims will be determined by the deed administrator or by the trustee. If by the trustee, there should be an explanation of what the process of determination will be and confirmation that the trustee will have unrestricted and free access to all the books and records of the company necessary to determine claims.

RG 82.52 If unsecured creditors' priorities (as beneficiaries of the trust) will not follow the priorities set out in s556 of the Corporations Act, the nature of and reasons for the divergence from s556 should be explained. If the claims adjudication processes by the trustee and the associated rights of beneficiaries would differ from the processes and rights under the Corporations Act for creditors' claims, the differences and their implications for beneficiaries should also be explained.

Note: See also Table 1.

Other creditor/beneficiary differences

RG 82.53 The difference between Pt 5.3 of the Corporations Act, a creditors' trust and general trust law must be drawn to the attention of creditors. The use of a creditors' trust results in the loss of court supervision under the Corporations Act. Although courts can still provide relief under the general law of trusts, the safeguards available to creditors under Pt 5.3A are no longer available.

RG 82.54 Administrators should provide a comparison of the protections and rights that creditors would have under the Corporations Act as creditors of a company subject to a DOCA, and the protections and rights they would have as beneficiaries of the proposed creditors' trust.

RG 82.55 In relation to creditors, we expect this comparison to include explanation of the ability of a creditor to:

- (a) challenge decisions, actions or omissions by a deed administrator, including decisions about the value of their claim against the company;
- (b) be informed (including through reports to creditors, meetings of creditors, and lodgement of statements of receipts and payments with ASIC, where these are required) about the progress of the external administration;
- (c) require a deed administrator to call a meeting of creditors to put a resolution to vary or terminate a DOCA;
- (d) apply to the court for the DOCA to be varied, terminated or avoided; and
- (e) complain to ASIC about conduct by the deed administrator.

RG 82.56 In relation to beneficiaries of the proposed trust, we expect this comparison to include explanation of:

- (a) the law that would govern interpretation of the trust deed and the trustee's powers and duties;
- (b) how beneficiaries, individually and collectively, would be able to monitor and enforce compliance by the trustee, the company and any relevant third parties with the terms of the DOCA, the trust deed and any 'implementation deed' or other document setting out obligations

- connected with the creditors' trust. This includes the rights that beneficiaries would have (and against whom) if any part of the trust fund is not paid to the trustee in accordance with the proposed DOCA, trust deed or other aspect of the arrangements;
- (c) the rights that a beneficiary would have to challenge decisions, actions or omissions by the trustee, including decisions about the value of their entitlement to a distribution out of the trust fund;
 - (d) how, when and by whom the terms of the trust deed could be varied, including the rights that a beneficiary would have to call, or require the trustee to call, a meeting of beneficiaries to vary or terminate the trust deed; and
 - (e) how, and to which supervisory body, a beneficiary could complain about decisions or other conduct by the trustee.

Fair Entitlements Guarantee scheme

- RG 82.57 Administrators should disclose the effect (if any) for employee creditors of becoming a beneficiary of a creditors' trust on their rights under the FEG, or on the Australian Government's rights of subrogation under FEG.

Compliance opinion

- RG 82.58 Administrators should state:
- (a) the inquiries they have made about the capability (including financial capability) of the company and any relevant third party to comply with their obligations under the DOCA proposal;
 - (b) the information they have received in response to those inquiries; and
 - (c) based on this information, their opinion on whether the company (and any relevant third party) is capable of complying and is likely to comply with its obligations to the trustee, if the DOCA proposal is approved by creditors.

Note: See also Table 1.

Solvency statement

- RG 82.59 Administrators should state the reasons why they have formed the opinion that the company will be solvent at the date of effectuation of the DOCA, if the DOCA is wholly effectuated on the terms proposed.
- RG 82.60 An administrator who has not formed or cannot form this opinion should re-evaluate the proposal: see RG 82.23.

Taxation issues for company and trust

RG 82.61 Administrators should provide details of the taxation (including capital gains tax), stamp duty and other financial implications for the company and for the trust of:

- (a) establishing the trust;

Note: Trusts are entities that are subject to Australian Business Number (ABN) registration requirements and to Australian income tax legislation.

- (b) transferring to the trust the company's liabilities to its creditors and, where applicable, other property of the company;
- (c) where applicable, realising trust assets; and
- (d) distributing trust assets to the beneficiaries.

RG 82.62 This should include explanation of how these costs will impact on the anticipated return to creditors/beneficiaries: see also RG 82.45.

Taxation issues for individual creditor/beneficiary

RG 82.63 Administrators should provide a statement in general terms about the potential taxation implications for a creditor of receiving distributions (in their capacity as beneficiary) from a trust, rather than payment from the company in their capacity as creditors, with a statement advising creditors to seek professional advice about their individual taxation circumstances.

Other issues

RG 82.64 Administrators should provide information about any other material aspects or implications of the particular DOCA proposal, such as:

- (a) whether an Australian financial services (AFS) licence or authorisation would be needed by the trustee and, if so, the financial and other implications for creditors/beneficiaries;

Note: Administrators should note that the automatic AFS licensing exemptions available to external administrators under s911A(2)(f) of the Corporations Act may not apply to registered liquidators acting as trustee of a creditors' trust.

- (b) if the DOCA proposal involves preservation of the corporate shell, any independent opinion about the estimated value of the corporate shell; and
- (c) if the DOCA proposal involves a proposed equity raising and reorganisation of the company's share capital, information about what this would involve (including costs and the implications of those costs for the return to creditors/beneficiaries), and the implications of relevant fundraising or takeover laws.

Key terms

Term	Meaning in this document
ABN	Australian Business Number
administrator	Has the meaning given in s9 of the Corporations Act Note: It therefore includes both deed administrators and voluntary administrators.
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services Note: This is a definition contained in s761A.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the exchange market operated by ASX Limited
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
deed administrator	A person appointed to administer a deed of company arrangement under Pt 5.3A of the Corporations Act
DOCA	A deed of company arrangement
DOCA proposal	A proposed DOCA or proposed variation of a DOCA
FEG	Fair Entitlements Guarantee scheme
Insolvency Practice Rules	Insolvency Practice Rules (Corporations) 2016
Pt 5.3A (for example)	A part of the Corporations Act (in this example numbered 5.3A), unless otherwise specified
registered liquidator	A person registered by ASIC under s20–30 of Sch 2 to the Corporations Act
s439A (for example)	A section of the Corporations Act (in this example numbered 439A), unless otherwise specified
voluntary administrator	An administrator of a company but not of a deed of company arrangement

Related information

Headnotes

creditors' trust, deed of company arrangement, DOCA, material information, registered liquidator

Regulatory guides

[RG 33](#) *Security deposits*

Legislation

Corporations Act, Pt 5.3A; s435A, 439A, 445D, 450E(2), 556, 911A; Sch 2, Div 40, s20–30

Insolvency Practice Rules, s75–225

Cases

Blacktown City Council v Macarthur Telecommunications P/L (2004) 47 ACSR 391

Bovis Lend Lease P/L v Wily (2003) 45 ACSR 612

Commissioner of Taxation v Comcorp Australia Ltd (1996) 70 FCR 356; 21 ACSR 590

Kalon v Sydney Land Corp P/L (1998) 26 ACSR 593

Kirwan v Cresvale Far East Ltd (in liq) [2002] NSWCA 395; (2003) 44 ACSR 21

M&S Butler Investments Pty Ltd v Granny May's Franchising Pty Ltd (1997) 24 ACSR 695

Mighty River International Limited v Hughes [2018] HCA 38

Parkview Constructions Pty Ltd v Tayeh and Others [2009] NSWSC 186

Re Bevillesta Pty Ltd (in voluntary administration) [2011] NSWSC 417

Sydney Land Corp P/L v Kalon P/L (1998) 26 ACSR 427

Young v Sherman (2002) 170 FLR 86



Appendix 4

DIRRI

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES (“DIRRI”)

GASCOYNE RESOURCES LTD ACN 139 522 900
GASCOYNE RESOURCES (WA) PTY LTD ACN 139 823 822
DALGARANGA OPERATIONS PTY LTD ACN 616 858 550
GNT RESOURCES PTY LTD ACN 159 772 077
EGERTON EXPLORATION PTY LTD ACN 163 614 551
DALGARANGA EXPLORATION PTY LTD ACN 623 055 550
GASCOYNE (OPS MANAGEMENT) PTY. LTD. ACN 619 342 979
(ALL ADMINISTRATORS APPOINTED)
(TOGETHER “GCY GROUP” OR “COMPANIES”)

The Corporations Act 2001 (Cth) and professional standards require Practitioners appointed to an insolvent entity make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i. the circumstances of the appointment;
 - ii. any relationships with the Companies and others within the previous 24 months;
 - iii. any prior professional services for the Companies within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of us, Michael Joseph Patrick Ryan, Ian Charles Francis, and Kathryn Guinivere Warwick, our fellow Senior Managing Directors and Managing Directors, FTI Consulting (Australia) Pty Ltd (“**FTI Consulting**” or “**Firm**”) and associated entities.

A. INDEPENDENCE

We, Michael Joseph Patrick Ryan, Ian Charles Francis, and Kathryn Guinivere Warwick of FTI Consulting have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators (“**Administrators**”) of the Companies in accordance with the law and applicable professional standards.

This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

i. Circumstances of appointment

On 25 October 2018, Rodney (Mike) Joyce, Director of Gascoyne Resources Limited, approached Andrew Bantock, a Senior Managing Director of FTI Consulting, following a referral from Allion Partners.

Andrew Bantock, Ian Francis, both Senior Managing Directors of FTI Consulting and James Tranter, a Managing Director of FTI Consulting, met with Rodney (Mike) Joyce on 25 October 2018 to discuss the resignation of two (2) directors of Gascoyne Resources Limited and whether the Company required:

- (a) Investor relations or public relations assistance; and
- (b) Interim finance function assistance as the incumbent Chief Financial Officer, Michael (Mike) Ball, was to transition to interim Chief Executive Officer.

Andrew Bantock and Rodney (Mike) Joyce held a subsequent telephone discussion on 29 October 2018 as a follow on to the matters discussed in the initial meeting on 25 October 2018. No formal advice or work was conducted by FTI Consulting with respect to the above discussions.

During the period 8 November 2018 to 23 February 2019, FTI Consulting held 12 meetings with various directors and employees of the Companies and their advisors with respect to a limited scope review of GCY Group's financial position and a rebuild of their financial model by FTI Consulting. The engagement is detailed further in section (B)(ii) and details of each meeting held are disclosed in Appendix 1.

On 18 March 2019, FTI Consulting provided GCY Group with a document titled "Overview of the VA Process Paper" which provided:

- (a) A general overview of the voluntary administration process;
- (b) How a voluntary administration differs from a receivership appointment;
- (c) How a voluntary administration may be utilised to affect a restructure in GCY Group's circumstances; and
- (d) Implications for creditors and shareholders in a voluntary administration scenario.

Subsequently, on 29 May 2019, Michael Ryan a Senior Managing Director of FTI Consulting and Matthew Chivers, a Managing Director of FTI Consulting, attended a meeting with Richard Hay, Chief Executive Officer of GCY Group, and Michael (Mike) Ball, Chief Financial Officer of GCY Group. The purpose of the meeting was to:

- (a) Discuss GCY Group's recent operating performance, cash flow and financial position;
- (b) Having regard to GCY Group's financial position, explain the various forms of insolvency appointments, potential options available to GCY Group, and the consequences of the various types of insolvency appointments; and
- (c) To outline the process following an insolvency appointment.

We did not receive any remuneration with respect to the meeting held on 29 May 2019.

We believe this referral does not result in a conflict of interest or duty because of the following reasons:

- (a) Allion Partners has not to our knowledge previously referred insolvency-related or other work to FTI Consulting;
- (b) FTI Consulting is not reliant upon referrals from Allion Partners, who are one of a considerable number of firms, organisations and persons who may refer work to, or seek advice from, FTI Consulting. This engagement is not financially significant to FTI Consulting and the receiving or otherwise of other referrals from Allion Partners is not material to FTI Consulting;
- (c) Work referrals arising from networks of business professionals, advisors and other persons are normal and accepted arrangements, and do not inherently impact on us discharging our statutory duties and obligations with independence and impartiality;
- (d) There are no conditions on the conduct or outcome of this administration arising from the referral, including no fees/commissions, agreements for work in the administration, or other benefits; and
- (e) FTI Consulting has not previously undertaken an engagement in relation to the GCY Group either on referral from Allion Partners or otherwise.

ii. Prior professional services to GCY Group

On 6 November 2018, we were engaged by GCY Group to provide assistance in assessing GCY Group's financial position. The engagement included:

- (a) A review GCY Group's current financial position and the turnaround plan developed by management;
- (b) A review of GCY Group's economic modelling / cashflow forecasting systems and tools; and
- (c) A rebuild of GCY Group's financial model to reflect the transitioning in GCY Group's operations from mine exploration/development only to include the mining operations at the Dalgara mine.

We commenced work on 8 November 2018. Our work involved:

- (a) Between the period 8 November 2018 to 19 January 2019, we completed a rebuild of GCY Group's financial model as referred to above. Mike Ball advised the model was not implemented by GCY Group prior to the appointment of the Administrators; and
- (b) On 19 December 2018, we provided our findings in a report delivered to David John of Herbert Smith Freehills ("**HSF**") in his capacity as GCY Group's legal advisor. Our report provided an overview of GCY Group's financial position and a review of a turnaround plan developed by GCY Group management.

Independent to our report, the Board of Directors ("**Board**") of GCY Group sought legal advice from David John with respect to whether Safe Harbour protections available under the *Corporations Act, 2001 (Cth)* were available to the Board.

We did not provide any advice with respect to whether GCY Group should enter Safe Harbour.

On 23 February 2019, Michael Ryan met with Sally-Anne Layman (at the time, Chairperson of the Board) and advised that FTI Consulting had completed its work and would attend to final matters to close the file.

We received remuneration and disbursements totalling \$163,615.36 (excluding GST) for our work pursuant to the Firm's engagement letter dated 6 November 2018.

In April 2019, GCY Group embarked on an equity raising process seeking \$24.5 million. We understand GCY Group raised \$5.4 million in equity and during this time negotiated a restructure of its facilities with project financiers and a major supplier. FTI Consulting had no involvement in this process nor did the Firm provide any advice in relation to these matters.

In our opinion, our pre-appointment engagement with the GCY Group does not affect our independence for the following reasons:

- (a) our dealings with GCY Group were focused on providing a review of GCY Group's financial position, overview of management's turnaround plan, and a rebuild of GCY Group's financial model which was not adopted by GCY Group with respect to operating the Dalgaranga mine. The nature of this work would not be subject to review and challenge during the course of the voluntary administration;
- (b) the Courts and relevant professional bodies recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment;
- (c) no advice has been given to the directors in their capacity as directors of the Companies, or in relation to their personal circumstances, and we remain independent of them; and
- (d) the nature of the work we undertook will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the Voluntary Administration of GCY Group in an objective and impartial manner.

Other than detailed above, neither we, nor our Firm, have provided any professional services to GCY Group, its directors, employees or advisors in the previous 24 months.

iii. *Relevant Relationships (excluding Professional Services to the Insolvent)*

We or a member of our Firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons
Commonwealth Bank of Australia Ltd (“CBA”) and National Bank of Australia Ltd (“NAB”)	<p>CBA and NAB provide funding facilities to the GCY Group and have been granted security in the form of General Security Agreements by certain Companies within the GCY Group (refer table below).</p> <p>FTI Consulting has had relationships with the CBA and NAB by virtue of the nature of its business. FTI Consulting undertakes corporate recovery and advisory work from time to time on instructions from each of CBA and NAB.</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> ▪ Each professional engagement undertaken for either of CBA or NAB in relation to a particular entity or group of entities is conducted on an entirely separate basis, which has no bearing on this appointment; ▪ These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders; and ▪ FTI Consulting has not undertaken an engagement for either of CBA or NAB with respect to the Companies. <p>Given these factors, our independence in acting as Voluntary Administrators of GCY Group has not been affected.</p>

Tabled below are creditors that hold an All Present and After Acquired Property (“**ALLPAAP**”) registration against the relevant company, registered on the Personal Properties Securities Register:

Company	ACN	Creditors - ALLPAAP Registrations
Gascoyne Resources Limited	139 522 900	NAB, CBA & Fleetco Rentals Pty Ltd
Gascoyne Resources (WA) Pty Ltd	139 823 822	NAB
Dalgaranga Operations Pty Ltd	616 858 550	Nil
GNT Resources Pty Ltd	159 772 077	NAB & NRW Pty Ltd
Egerton Exploration Pty Ltd	163 614 551	Nil
Dalgaranga Exploration Pty Ltd	623 055 550	Nil
Gascoyne (Ops Management) Pty. Ltd.	619 342 979	Nil

iv. No other relevant relationships to disclose

Neither we, nor any member or associate of FTI Consulting, have identified any other relevant relationships, including personal, business and professional relationships, from the previous 24 months with the GCY Group, an associate of GCY Group, a former insolvency practitioner appointed to the GCY Group, or any person or entity that has security over the whole or substantially whole of the GCY Group’s property that should be disclosed.

C. APPOINTMENT OF VOLUNTARY ADMINISTRATORS

On 2 June 2019, Michael Joseph Patrick Ryan, Ian Charles Francis, and Kathryn Guinivere Warwick of FTI Consulting, were appointed as joint and several Administrators of the Companies within the GCY Group.

D. INDEMNITIES AND UP-FRONT PAYMENTS

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

E. APPOINTMENTS TO MEMBERS OF A CORPORATE GROUP

As specified on page one of this DIRRI, we have been appointed as Voluntary Administrators of the Companies.

We have obligations with respect to each of the Companies in the GCY Group over which we have been appointed (as defined by Section 435A of the Corporations Act 2001) individually and not to the GCY Group as a whole. Notwithstanding this, we are of the view that the appointment to all companies within the GCY Group will have significant benefits to the conduct of the Voluntary Administrations, particularly as this will offer cost-savings and enable an accurate as possible view to be obtained of the activities and financial position of GCY Group as a whole.

We are aware that there are inter-company transactions between the companies in the GCY Group but at this time are not aware of any potential conflicts of interest between the companies in the GCY Group arising from our appointments. If it becomes apparent that pre-appointment dealings between the companies within the GCY Group may give rise to a conflict which may impact the outcome for creditors of each company within the Group, we undertake to disclose any such conflicts to the creditors and as appropriate, seek Court directions as to the means of resolving the potential conflict.

Dated: 5 June 2019



Michael Joseph Patrick Ryan



Ian Charles Francis



Kathryn Guinivere Warwick

NOTES:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this DIRRI and provide a copy to creditors with our next communication as well as table a copy of any replacement DIRRI at the next meeting of the GCY Group creditors. This DIRRI, along with any replacement DIRRI, will be lodged with the Australian Securities and Investments Commission as soon as practical.

-
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioners are no longer independent. The purpose of the disclosures in the DIRRI is to disclose relationships that, while they do not result in the Practitioners having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioners nevertheless remains independent.

Appendix 1 – Meetings between FTI Consulting staff and GCY Group representatives / other third parties

Meeting Date	FTI Attendees	External Attendees	Agenda / Purpose / Discussion
25/10/18	Andrew Bantock, Ian Francis, James Tranter	Rodney (Mike) Joyce	Discuss: 1) Resignation of directors; 2) Investor relations or public relations assistance; and 3) Interim finance function assistance
29/10/2018	Andrew Bantock	Rodney (Mike) Joyce	Follow up telephone discussion after meeting on 25 October 2018.
08/11/18	Michael Ryan and Thomas Foo	Mike Ball	Introduction and general background discussion
15/11/18	Michael Ryan and Thomas Foo	Mike Ball	Initial discussion of draft financial model and financial position for GCY Group.
26/11/18	Michael Ryan	Mike Ball Sally-Anne Layman David John (Herbert Smith Freehills (HSF))	The engagement of HSF as Safe Harbour Advisors.
4/12/18	Matthew Chivers, Thomas Foo	Mike Ball	Initial discussion on draft financial model and assumptions
12/12/18	Matthew Chivers, Thomas Foo	Mike Ball	Discuss draft FTI Consulting report and draft financial model assumptions
19/12/18 11/01/19 15/01/19	Mike Ryan, Matthew Chivers, Thomas Foo	Mike Ball	Discuss draft financial model
17/01/19	Matthew Chivers	Mike Ball Tye Gerrard (Macquarie Capital) Joel Turco (Macquarie Capital)	Discuss draft financial model
19/02/19	Matthew Chivers	Mike Ball	General update discussion regarding GCY Group
23/02/19	Michael Ryan	Sally-Anne Layman	Discuss closing out engagement.
29/05/19	Michael Ryan and Matthew Chivers	Richard Hay Mike Ball	Discuss GCY Group operating performance, cash flow and implications of various insolvency appointment types on various stakeholders.

GCY Group Attendees (position held at the date of meeting)

Name	Position / Title Held	Representing
Sally-Anne Layman	Non-Executive Chairperson and Director of multiple companies within GCY Group.	GCY Group Board of Directors
Rodney (Mike) Joyce	Non-Executive Chairperson and Director of multiple companies within GCY Group.	GCY Group Board of Directors
Richard Hay	Chief Executive Officer of GCY Group	GCY Group
Michael (Mike) Ball	Chief Financial Officer of GCY Group	GCY Group



Appendix 5

Events Leading Up To Administrators' Appointment

Appendix 5

Project History Overview

Summary Timeline

- GCY first listed on the ASX in December 2009 following the amalgamation of the gold assets held by Helix Resources Ltd and Giralia Resources NL in the Gascoyne region of Western Australia.
- GCY later acquired the majority of the Dalgaranga Gold Project in 2012 adding to its highly prospective package of advanced gold projects.
- Following extensive exploration and project development GCY now owned:
 - the Dalgaranga Gold Project (in production at ~70koz pa);
 - the Glenburgh Gold Project comprising of 1Moz of Resources, granted mining leases and mining approvals in place; and
 - advanced gold projects including Mt Egerton (180km from Glenburgh), Mumbakine Well and Beebyn.
- The Dalgaranga Project Feasibility Study was completed in 2016.
- A total of A\$76m of new equity and A\$60m of project finance debt (executed with CBA and NAB along with a 164koz gold hedging facility) was raised in 2017 to fund the construction of the Dalgaranga Gold Mine.
- During the second half of CY2018, GCY raised:
 - A\$24m of additional equity; plus
 - a A\$12m working capital facility with NRW (Gascoyne's mining contractor) to provide further working capital during ramp-up phase.
- In April 2019, an additional A\$24.5M new equity was raised to further support the GCY Group's ongoing working capital.
- The Administrators were subsequently appointed 2 June 2019.

Dalgaranga Gold Mine

- Discovered in the 1990s. Developed and operational from 1996 to 2000 by Equigold in JV with Western Reefs NL producing 229,000oz Au including 4.4Mt @ 1.5g/t Au mined from the Gilbey's open pit.
- GCY acquired the project in 2012 and mining lease was granted in 2013.
- Feasibility study completed in 2016 supporting a 100koz p.a., 6-year project with a pre-production capital cost of A\$86m. A key aspect of the Feasibility Study was a major cut back of the historical Equigold Gilbey's pit to access the depth extension of GMZ ore body for a further 300m below the old 200m deep pit.
- The Feasibility Study mine plan also included sourcing ore from two satellite pits (Golden Wings and Sly Fox). Mining of Sly Fox completed in May 2019, and mining of Golden Wings due for completion in July 2020.
- Processing Plant construction was completed under budget and ahead of schedule with first gold poured on 30 May 2018.
- GCY Group experienced operating challenges during the ramp up of operations between August and September 2018 which included reconciliation issues with the existing OK resource model, particularly in the upper oxide levels of Gilbey's and Golden Wings.
- An updated resource estimate incorporating grade control drilling was prepared in November 2018 resulting in a reduction in contained gold in the oxide and transitional ore in the upper levels of the pits. Reconciliation issues persisted and in the March 2019 quarter, Gascoyne reported 66% of ounces recovered relative to the ore reserve.
- Key issues impacting gold reconciliations have now been identified:
 - incorrect interpretation of peripheral gold lodes in the cutback; and
 - depletion of gold during weathering in the oxide zone.
- These issues were remodelled in the latest updated resource estimate and reconciliations have significantly improved.

Appendix 5

Transition from Junior Gold Explorer to Gold Producer

GCY commenced the transition from junior gold explorer to gold producer in March 2017, completed its first gold pour in May 2018 and achieved full production status in August 2018.

Dalgaranga Definitive Feasibility Study

- In November 2016, a definitive feasibility study for the Golden Wings and Gilbey's deposits at Dalgaranga concluded that the Dalgaranga gold project was viable and provided a robust development at a gold price of A\$1,600/oz.
- The study identified a life of mine of 6 years based on a processing plant throughput of 2.5mtpa.

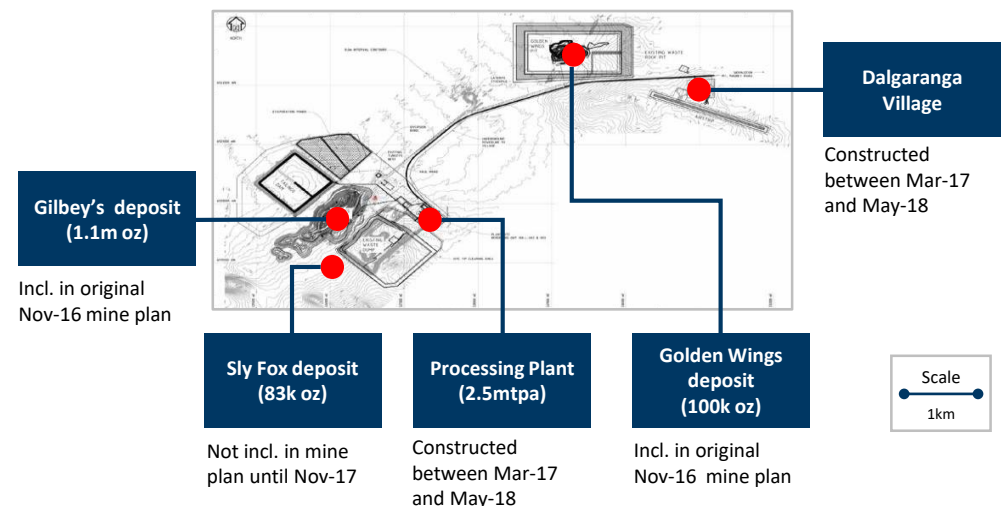
Development of the Dalgaranga Gold Mine

- In March 2017, following a \$51.9m capital raising (after costs), GCY commenced development works at Dalgaranga, including the construction of a 2.5mtpa processing plant and accommodation village.
- In November 2017, GCY updated the mine plan for the Dalgaranga gold project following the discovery of the Sly Fox deposit and revisions to the open pit designs for the Golden Wings and Gilbey's deposits.
- In November 2017, GCY raised a further \$20.2m (after costs) to fund the on-going development works. In addition to funding the development works, GCY also intended to use \$6.5m of the funds raised for exploration at Dalgaranga and Glenburgh, with the aim of extending mine life and expanding the resource base.
- In December 2017, CBA and NAB provided GCY with a \$60m project loan facility (secured by a first ranking charge over the assets of GCY, GNT, and Dalgaranga Operations). The project loan was repayable from future cashflows over 3.5 years commencing 31 December 2018.

- GCY used the project loan to fund the completion of the Dalgaranga gold project and for working capital purposes.

Commencement of Operations

- **December 2017:** GCY contracted NRW to provide open pit mining services, drill and blast operations and associated services over the life of the mine.
- **March 2018:** NRW commenced mining operations, initially at the Sly Fox and Golden Wings deposits, and subsequently at the upper levels of the Gilbey's deposit.
- **May 2018:** GCY completed construction of the processing plant, village and associated infrastructure.



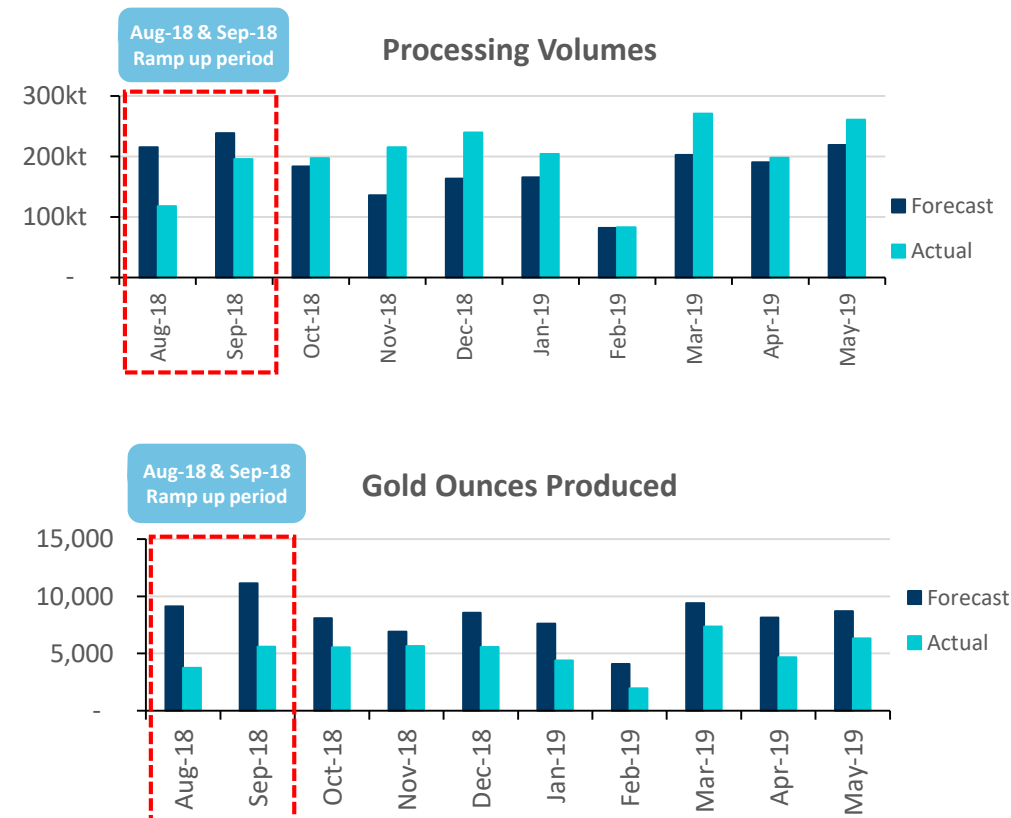
Appendix 5

Ramp Up Difficulties and Accounting Impairment of the Mine

GCY Group’s gold production remained below forecast despite resolving ‘ramp up’ issues. GCY Group subsequently issued an updated ore reserve in November 2018, which contained 22koz less gold (4% of deposit) and impaired the carrying value of the Mine by \$33.5m.

Difficulties With Production Ramp Up and Grade Reconciliation

- GCY Group experienced operating challenges during the ramp up of operations between August and September 2018.
- These issues (e.g. grade smearing and mill processes) were resolved, resulting in processing volumes exceeding forecasts after October 2018.
- However, GCY Group continued to experience issues with reconciliation to Ore Reserves and Mineral Resource models which were materially below expectations, impacting the level of gold ounces produced.
- Mining consultants were subsequently appointed to undertake grade control drilling and to review the existing Dalgaranga resource model and reconciliation process.
- In November 2018, the mining consultants found that the Dalgaranga gold project contained higher ore tonnes at lower grades than previously estimated, principally due to ore depletion in the upper section of the Gilbey’s pit.
- The updated ore reserve estimated a reduction of 22k ounces (4% of reserve deposit) in future production and in December 2018, GCY wrote down the carrying value of the Dalgaranga gold project by \$33m (19% of the asset book value of the Mine).



Source: GCY Group management information

Appendix 5

Key Events in the GCY Group's Restructure Plan

Event	Date	Detail
Capital Raise	Sep 2018	<ul style="list-style-type: none"> ■ GCY Group completed a \$22.5m capital raising (after costs) to fund its on-going working capital requirements, including grade control drilling. The capital raising did not, as circumstances unfolded, provide sufficient working capital to allow GCY Group to remain cash positive over the medium term.
Restructure Plan Approved	Nov 2018	<ul style="list-style-type: none"> ■ The Board approved a plan to improve its working capital position. At the same time, GCY Group continued to investigate the reasons for the difficulties in reconciling mined grades to existing resource model.
Project Loan Facility	Nov 2018	<ul style="list-style-type: none"> ■ GCY negotiated a waiver of debt covenants which formed part of the project loan facility. GCY pledged the assets of GRWA (Glenburgh gold project) as additional security for its repayment obligations as a condition of the waiver.
Short Term Debt Funding	Dec 2018	<ul style="list-style-type: none"> ■ NRW agreed to provide a short term second ranking secured loan of \$12m repayable in 6 monthly instalments, commencing 31 July 2019. ■ No physical payment was made to GCY under the loan agreement, as GCY had agreed to pay the full amount of the loan to NRW on account of outstanding invoices (\$10m), loan facility fee (\$800k) and prepaid interest (\$1.2m). ■ In addition to taking security for repayment of the loan amount, a term of the loan agreement also allowed NRW to take security for all future amounts payable under the NRW mining services contract.
Asset Sales/Further Capital Raisings	Dec 2018 – May 2019	<ul style="list-style-type: none"> ■ In December 2018, Macquarie Bank was appointed to explore and implement various M&A and fundraising options including the sale of GCY's assets, further capital raisings and a potential takeover of GCY. ■ GCY completed a \$22.3m capital raising (after costs) but Macquarie Bank was unable to negotiate the sale of GCY's assets or a takeover offer prior to the appointment of the Administrators.
Debt Deferral	Mar 2019	<ul style="list-style-type: none"> ■ In March 2019, GCY obtained short term relief from CBA/NAB and NRW, who each agreed to defer debt repayments under the project loan facility and the NRW loan agreement. The renegotiated terms reduced repayments under the project loan facility between March 2019 and December 2019 by \$20m (from \$24m to \$4m) and extended the date of the first repayment to NRW by 6 months to 31 January 2020.
Capital Raise	May 2019	<ul style="list-style-type: none"> ■ GCY completed a \$22.3m capital raising (after costs) partly sub-underwritten by NRW (\$6m). ■ Following a shortfall in applications, NRW (as sub-underwriter) was issued with 82.5m shares at an issue price of 5c (\$4.3m), which was applied by agreement against NRW's January 2019 outstanding invoice. ■ The balance of the capital raising (\$18m) was used to pay further amounts owing to NRW (\$10.56m relating to February 2019 and part of March 2019) and provide on-going working capital (\$7.8m).

Appendix 5

Events in Late May 2019

Ongoing reconciliation issues with previous OK resource model, development of the new LUC resource model, and inability to address a significant forecast cashflow shortfall based on revised mining schedules, resulted in the Board appointing the Administrators on 2 June 2019.

Updated modelling

- After November 2018, GCY Group continued to investigate the issues with reconciliation to Ore Reserves and Mineral Resource models which were impacting the level of ounces GCY Group was able to produce.
- On 28 May 2019, the new preliminary unclassified LUC resource model for the Gilbey's deposit was produced by the GCY Group's resource consultants.
- GCY Group's in-house resource geologist also advised the LUC model to the Board on 30 May 2019 as a better fit with drill data and a more reliable forecasting tool than the previous December 2018 OK model.
- The LUC model, although supporting the global gold inventory, defined a higher tonnage lower grade deposit than the previous OK model.

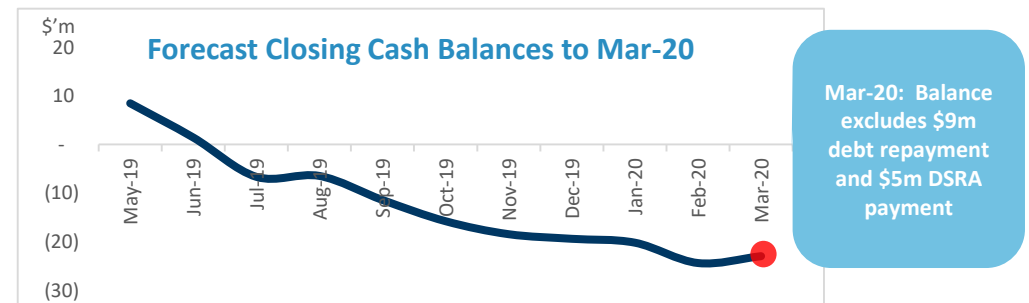
Forecast Cash Shortfall Over the Medium Term

- GCY amended its near term mine plan to reflect the reduced forecast recoveries by targeting a reduction in waste movements. However, high level cash flow analysis indicated GCY Group would likely face a significant cash shortfall from operations over the next six months as it progressed the cutback required to access the GMZ. GCY Group was unable to prepare a near term mine plan that would allow GCY Group to remain cash positive after June 2019.

- The graph shows GCY Group's forecast closing cash balances based on the amended near term mine plan to March 2020, with an average gold price of \$1,750 per ounce and assumed that GCY Group would have been able to defer \$9m of debt repayments scheduled for that month and that CBA/NAB would waive the requirement for GCY Group to transfer \$5m into a debt service reserve account.

Additional Debt and Equity Funding

- Following the preparation of the near term mine plan, GCY Group unsuccessfully sought additional debt and equity funding to allow it to develop a new long term mine plan to reflect the updated modelling.
- GCY Group was, however, unable within the limited time available, to provide funders with sufficient comfort that a profitable long term mine plan could be developed, and GCY could not obtain the necessary funding.
- Without the additional funding, GCY Group was unable to continue operations and the Board appointed the Administrators on 2 June 2019.



Source: GCY Group management forecast



Appendix 6

Statutory Information and Historical Financial Information

Appendix 6

Incorporation and Directors

Date of Incorporation

- As shown in the adjacent table, the GCY Group companies were incorporated on various dates between 25 September 2009 and 24 November 2017 as shown in the adjoining table.

Registered Office and Principal Place of Business

- ASIC's records disclose that the registered office and principal place of business of the GCY Group is Level 1, 41-47 Colin Street, West Perth WA 6005.
- As noted previously, GNT, GRWAPL and EEPL also carry on mining and exploration operations at the Dalgaranga, Glenburgh and Egerton tenements in Western Australia respectively.

Directors and Officers at Appointment

- The directors and officers of the GCY Group at appointment are shown in the adjoining table.
- As show in the tables, Michael Joyce and James Kerry were directors of all GCY Group companies on appointment, whilst Julian Goldsworthy was a director of all companies except for Dalgaranga Operations and GNT Resources.
- Mr Goldsworthy became a director of GCY on the appointment date, so that the Board would have a quorum to pass a resolution to appoint Administrators following the resignations of Sally-Anne Layman and Simon Le Messurier on 28 May 2019, after the Board was advised that the GCY Group was unable to raise funds to continue operations over the short to medium term.

Date of Incorporation

Company	Date
Gascoyne Resources Limited	25/09/2009
GNT Resources Pty Ltd	03/08/2012
Gascoyne Resources (WA) Pty Ltd	05/10/2009
Egerton Exploration Pty Ltd	06/05/2013
Dalgaranga Operations Pty Ltd	17/01/2017
Dalgaranga Exploration Pty Ltd	24/11/2017
Gascoyne (Ops Management) Pty Ltd	25/05/2017

Directors and Officers on Appointment

Name	GCY	DOPL	GNT	DEPL
Directors				
Michael Joyce	20/04/2011	16/08/2017	29/07/2013	24/11/2017
James Kerr	21/11/2017	5/11/2018	5/11/2018	4/12/2018
Secretary				
Eva O'Malley	12/01/2011	16/08/2017	03/08/2012	24/11/2017
Name				
EEPL				
GOMPL				
GRWAPL				
Directors				
Michael Joyce	6-May-13	25-May-17	29-Jul-13	
James Kerr	4-Dec-18	4-Dec-18	4-Dec-18	
Secretary				
Eva O'Malley	6-May-13	25-May-17	12-Jan-11	

Source: ASIC records

Appendix 6

Directors and Shareholders

Director Resignations in the 12 Months Prior to Appointment

Name	GCY		Subsidiaries	
	Appt	Resign	Appt	Resign
Graham Riley	19/10/2009	08/10/2018	-	-
Stanley McDonald	20/04/2011	08/10/2018	-	-
Ian Murray	08/10/2018	24/10/2018	-	-
Michael Dunbar	31/03/2011	25/10/2018	Various	25/10/2018
Sally-Anne Layman	07/06/2017	31/05/2019	16/08/2017	31/05/2019
Simon Le Messurier	08/10/2018	31/05/2019	-	-
Julian Goldsworthy	24/11/2017	31/05/2019	Various	31/05/2019

- The directors shown above resigned from their positions as directors of companies in the GCY Group in the 12 months prior to the Administrators' appointment.

Resignation of Company Secretaries in the 12 months prior to appointment

- On 15 June 2018, David Lim resigned his appointment as company secretary of the GCY Group. Mr Lim had been appointed to those positions on various dates between 1 June 2016 and 24 Nov 2017.

Shareholders

Rank	Shareholder	Shares ('000)	%
1	Deutsche Balaton/Delphi	185,316	18.4%
2	Citicorp Nominees Pty Limited	101,330	10.1%
3	HSBC Custody Nominees (Australia) Limited	90,358	9.0%
4	NRW Holdings Ltd	86,238	8.6%
5	JP Morgan Nominees Australia Pty Limited	65,527	6.5%
6	BNP Paribas Nominees Pty Ltd	39,277	3.9%
7	Lim Advisors Ltd	32,133	3.2%
8	Jamie Anthony McDowell	18,200	1.8%
9	Rodney Michael Joyce	15,634	1.6%
10	Stanley MacDonald	14,595	1.5%
11	CS Fourth Nominees Pty Limited	12,197	1.2%
12	Argonaut Securities Pty Limited	10,944	1.1%
13	Gold Elegant (HK) Investment Limited	9,000	0.9%
14	Argonaut Securities (Nominees) Pty Ltd	8,750	0.9%
15	Graham Riley	8,500	0.8%
16	Troca Enterprises Pty Ltd	8,226	0.8%
17	CS Third Nominees Pty Limited	7,717	0.8%
18	AM Riley Pty Ltd	6,238	0.6%
19	Vingo Holdings Ltd	5,768	0.6%
20	Jamax Holdings Pty Limited	5,300	0.5%
Total Top 20 Shareholders		731,251	72.8%
Remaining - 20 shareholders		273,614	27.2%
Total Fully Paid Ordinary Shares		1,004,865	100.0%

- On the appointment date, GCY had 1,004,864,955 shares on issue, with a paid up capital of \$178,610,342 as shown in the table.

Appendix 6

Security Interests

Details of Security Interests and Charges

- The following tables summarise the security interests registered on the PPSR with respect to GCY, GNT, and GRWAPL.
- No security interests and charges are registered on the PPSR with respect to the remaining GCY Group subsidiaries.

Security Interests and Charges

Date Registered	Secured Party	Collateral
Gascoyne Resources Ltd		
30/01/2012	Westpac Banking Group	General intangible
07/11/2017	Commonwealth Bank of Australia	Currency
07/11/2017	Commonwealth Bank of Australia	General intangible
04/07/2018	Strike Drilling Pty Ltd	Motor Vehicle
11/12/2018	National Australia Bank Ltd	All PAAP with exceptions
11/12/2018	Fleetco Rentals	All PAAP with exceptions
Various	Multiple (16 registrations)	Other goods
GNT Resources Pty Ltd		
06/12/2017	National Australia Bank Ltd	All PAAP with exceptions
07/01/2019	NRW Pty Ltd	All PAAP no exceptions
Various	Multiple (42 registrations)	Motor Vehicle
Various	Multiple (34 registrations)	Other Goods
Gascoyne Resources (WA) Pty Ltd		
11/12/2018	National Australia Bank Ltd	All PAAP with exceptions

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Appendix 6

Historical Financials – Consolidated Profit & Loss

GCY Group's financial accounts are audited by Grant Thornton. The FY2019 audited results were released on the ASX on 31 January 2020.

Consolidated Profit and Loss Statement

- The GCY Group's audited consolidated profit and loss statements for FY2017 to FY2019 is shown in the adjacent table.
- Change in accounting recognition of revenue and operating expenses:
 - As per the Australian accounting standards, the manner in which GCY recognised revenue and operational expenses changed when the Dalgaranga gold project reached operating status on 1 August 2018.
 - Prior to 1 August 2018, GCY capitalised revenues derived from mining activities and associated costs on the balance sheet.
 - On reaching operating status:
 - revenues and costs were no longer capitalised and were, instead, recognised through the profit and loss statement; and
 - depreciation and amortisation of the Mine's capitalised expenses and fixed assets commenced.
- Impairment loss:
 - In December 2018, GCY recognised an impairment loss of ~\$33.5m against the Mine due to poor grade reconciliations and a 22k oz Au reduction in the Gilbey's resource announced on 28 November 2018.
 - No additional impairment loss was required to be recognised, which was confirmed during the FY2019 audit process conducted by Grant Thornton.

\$'000	FY17 Audited	FY18 Audited	FY19 Audited	FY17-FY19 Audited
Revenue				
Gold sales	-	54	95,702	95,756
Silver sales	-	-	75	75
Other revenue	164	-	-	164
Total revenue	164	54	95,777	95,995
Cost of sales				
Cash costs of production	-	-	(125,401)	(125,401)
Deferred stripping costs capitalised	-	-	35,770	35,770
Inventory product movement	-	-	5,804	5,804
Inventory product provision	-	-	(541)	(541)
Depreciation and amortisation	-	-	(32,894)	(32,894)
Royalties and selling costs	-	-	(2,414)	(2,414)
Total cost of sales	-	-	(119,676)	(119,676)
Gross profit/(loss)	164	54	(23,899)	(23,681)
Other income				
Gain on settlement of hedge	-	-	1,168	1,168
Other income (not categorised)	-	1,793	-	1,793
Total other income	-	1,793	1,168	2,961
Operating expenses				
Selling, general and admin. expenses	(2,724)	(2,873)	(6,503)	(12,100)
Fair movement in derivative instruments	-	-	(1,160)	(1,160)
Expl. and eval. expenditure written off	-	(54)	(145)	(199)
Depreciation and amortisation	(19)	(29)	(77)	(125)
Impairment loss	(20)	-	(33,494)	(33,514)
Share-based payments expense	-	-	(252)	(252)
Other operating expenses (not categorised)	(325)	-	-	(325)
Total operating expenses	(3,088)	(2,956)	(41,631)	(47,675)
Finance income				
Interest income	-	324	189	513
Foreign exchange gains	-	156	-	156
Total finance income	-	480	189	669
Finance costs				
Interest expense	(287)	-	(7,058)	(7,345)
Borrowing costs	-	(274)	(250)	(524)
Unwinding of discount on provisions	-	-	(400)	(400)
Other finance costs	-	-	(30,332)	(30,332)
Total finance costs	(287)	(274)	(38,040)	(38,601)
Loss before tax	(3,211)	(903)	(102,213)	(106,327)
Income tax benefit	1,767	344	(4,892)	(2,781)
Net Profit / (Loss)	(1,444)	(559)	(107,105)	(109,108)

Source: GCY Group audited financial accounts

Appendix 6

Historical Financials – Consolidated Balance Sheet

Consolidated Balance Sheet

- The GCY Group's audited consolidated balance sheet for FY2017 to FY2019 is shown in the adjacent table.
- Transfer between asset classes (Dalgaranga Gold Mine):
 - Mine properties under development represents the costs incurred in preparing the Mine for production and includes plant and equipment under construction and operating costs incurred before production commenced.
 - On reaching operating status, the cost of mine properties under development is transferred to plant and equipment and mine properties, which is depreciated/amortised over the life of the mine.
- Impairment charges:
 - The FY2019 balance sheet values for mine properties and plant & equipment include impairment charges totalling ~\$33.5m, being equivalent to the amount of the impairment loss for FY2019.
 - The GCY Group records a Net Asset position of ~\$55m for FY2019.

\$'000	30-Jun-17 Audited	30-Jun-18 Audited	30-Jun-19 Audited
Current assets			
Cash and cash equivalents	41,774	25,145	16,729
Trade and other receivables	1,303	2,690	3,793
Inventory	-	1,439	8,139
Other financial assets	-	-	633
Derivative financial instruments	-	703	-
Total Current Assets	43,077	29,977	29,294
Non-Current assets			
Dalgaranga gold project			
Mine properties (under dev.)	18,530	174,455	-
Mine properties	-	-	101,272
Deferred stripping asset inc. amor.	-	-	6,389
Development assets	15,264	-	59,937
Plant & equipment	56	134	167,598
Total Dalgaranga Gold Project	33,850	174,589	167,598
Other non-current assets			
Exploration & Evaluation Expenditure	23,124	28,062	28,971
Derivative financial instruments	-	1,090	-
Other Financial Assets	-	209	379
Deferred Tax Asset	3,307	3,820	-
Other assets (not categorised)	511	-	-
Total other non-current assets	26,943	33,181	29,350
Total Non-Current Assets	60,793	207,770	196,948
Total Assets	103,870	237,747	226,242
Liabilities			
Current			
Trade and other payables	(7,081)	(33,047)	(32,956)
Borrowings	-	(11,313)	(71,938)
Derivative financial instruments	-	-	(30,326)
Provisions	(215)	(597)	(2,052)
Total Current Liabilities	(7,296)	(44,957)	(137,272)
Non-Current			
Trade and other payables	(99)	-	-
Borrowings	-	(61,125)	(9,335)
Provisions (incl rehab)	(358)	(15,143)	(23,882)
Total Non-Current Liabilities	(457)	(76,268)	(33,217)
Total Liabilities	(7,754)	(121,225)	(170,489)
Net Assets / (Liabilities)	96,116	116,522	55,753

Source: GCY Group audited financial accounts

Appendix 6

Historical Financials – Consolidated Cashflow Statement

Consolidated Cashflow Statement

- The GCY Group's audited consolidated cashflow statement for FY2017 to FY2019 is shown in the adjacent table.
- The cashflow statement shows that:
 - operating activities commenced in FY2019 generating a net cash inflow of ~\$8.5m;
 - GCY Group raised ~\$126m in equity and ~\$71m in debt from FY2017 to FY2019 to fund:
 - significant net cash outflows from investing activities of ~\$182m - primarily relating to plant, property & equipment during the construction and commissioning of the Mine; and
 - operating losses incurred during FY2019 of ~\$107m.

\$'000	FY17 Audited	FY18 Audited	FY19 Audited	FY17-FY19 Audited
Cash flows from operating activities				
Receipts from customers	-	-	95,777	95,777
Payments to suppliers and employees	(2,491)	(2,906)	(85,965)	(91,362)
Other revenue received	36	54	1,163	1,253
Interest received	147	324	189	661
Interest paid	-	-	(2,754)	(2,754)
Finance charges paid	-	(1,080)	(123)	(1,203)
Income tax refund - research and development	-	-	264	264
Net cash from/(used in) operating activities	(2,308)	(3,608)	8,551	2,636
Cash flows from investing activities				
Payments for exploration and evaluation	(7,589)	(3,525)	(2,579)	(13,692)
Payments for project acquisitions	(5,917)	-	-	(5,917)
Payments for property, plant and equipment	(9,825)	(92,109)	(67,788)	(169,722)
Sale of pre-production inventories	-	2,760	4,239	6,999
Transfer from/(to) security deposits	(179)	(1)	(170)	(349)
Net cash used in investing activities	(23,510)	(92,874)	(66,298)	(182,682)
Cash flows from financing activities				
Proceeds from issue of shares	55,923	21,499	48,662	126,084
Transaction costs	(3,211)	(2,660)	(3,683)	(9,554)
Proceeds from borrowings	-	61,109	10,352	71,461
Repayment of borrowings	-	(250)	(4,916)	(5,166)
Payments for borrowings transaction costs	-	(1,329)	(1,084)	(2,413)
Net cash from financing activities	52,712	78,369	49,331	180,411
Net change in cash and cash equivalents	26,894	(18,114)	(8,416)	365
Effects of E/R on cash and cash equivalents	-	156	-	156
Cash and cash equivalents at beginning	14,880	41,774	25,145	14,880
Cash and cash equivalents at end	41,774	23,816	16,729	15,400

Source: GCY Group audited financial accounts

Appendix 6

Directors ROCAP

The Directors have provided a statement about the business, property, affairs and financial circumstances of the GCY Group, in the form of a ROCAP.

- A summary of the ROCAP (provided by one of the GCY Group's directors) is shown in the adjacent table.
- No ERVs were provided in the ROCAP but we have recorded the amounts based on our investigations into the affairs of the GCY Group.
- Certain amounts e.g. ERV on material asset values have been withheld on the basis they are 'commercial in confidence' and may prejudice the dual track sale and recapitalisation process for the GCY Group.
- We note the figures in the adjacent table were obtained from the GCY Group's May 2019 management accounts which were subsequently part of the FY2019 audit by Grant Thornton.

Note 1: Cash and Cash Equivalents

Cash on deposit with the CBA. On our appointment, the Senior Secured Lenders set this amount off against the amount that GNT owed under the Project Loan Facility, drawing funds of c.12.4m.

Note 2: Receivables

GST, storage bonds and prepayments are estimated to be collected in full.

\$'000	Notes	GCY		GNT		Subsidiaries	
		Book	ERV	Book	ERV	Book	ERV
Current assets							
Cash	1	7,760	7,760	4,654	4,654	-	-
Receivables	2	108	108	2,044	2,044	-	-
Derivatives	3	-	-	633	633	-	-
Inventory	4	-	-	6,514	6,514	-	-
Total current assets		7,868	7,868	13,845	13,845	-	-
Non-current assets							
Exploration & evaluation	5	2,107	W/held	-	-	22,795	W/held
Mine properties	6	-	-	93,618	W/held	-	-
Fixed Assets	7	152	W/held	66,423	W/held	-	-
Investments-JV	8	3,820	W/held	-	-	-	-
Loans to subsidiaries	9	121,068	121,068	-	-	-	-
Deferred tax assets		13,132	13,132	7,831	7,831	-	-
Contingent Asset	10	129	Unknown	250	unknown	-	-
Total current assets		140,407	134,200	168,122	7,831	22,795	-
Total assets		148,275	142,067	181,966	21,676	22,795	-
Liabilities							
Trade & ATO payables	11	(245)	(245)	(5,389)	(5,389)	-	-
Secured Debt	12	(3)	(3)	(119,764)	(133,187)	-	-
Employees	13	(256)	(256)	(527)	(527)	-	-
Provision Royalties		-	-	(461)	(461)	-	-
Loans from GCY		-	-	(104,049)	(104,049)	(17,018)	(17,018)
Rehabilitation	14	-	-	(15,504)	(15,504)	-	-
Deferred tax liability		-	-	(3,385)	-	(5,917)	-
Total Liabilities		(504)	(504)	(249,078)	(259,116)	(22,936)	(17,018)
Net Deficiency		147,770	141,563	(67,112)	(237,440)	(141)	(17,018)
Contingent Liabilities	15	(74,789)	-	(18,050)	-	(74,789)	-

Receivables

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
GST Receivable	55	55	1,546	1,546	-	-
Storage Bond	4	4	-	-	-	-
Prepayments	49	49	498	498	-	-
Total	108	108	2,044	2,044	-	-

Source: GCY Group audited financial accounts

Appendix 6

Notes to ROCAP

Note 3: Derivatives

Relates to the close out of the Singapore Gas and Oil swaps.

Note 4: Inventory

The value of inventory at the Dalgaranga Gold Mine is calculated based on net realisable value, being the lower of cost or market value.

Note 5: Capitalised Exploration and Evaluation

Capitalised costs relate to tenement exploration and evaluations. The ERV has been withheld to not prejudice a future sale process:

- GCY: Murchison region Tenement; and
- Subsidiaries: Glenburgh and Egerton Tenements.

Note 6: Mine properties

Mine properties is representative of the book value of the Dalgaranga Gold Mine, inclusive of impairment charges. The ERV has been withheld, as it may prejudice a future sale process of the Mine.

Receivables

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
Warehouse	-	-	1,539	1,539	-	-
Inventory – Reagents	-	-	856	856	-	-
Ore Stockpile	-	-	2,236	2,236	-	-
Inventory – Gold in Circuit	-	-	1,883	1,883	-	-
Inventory – Bullion on Hand	-	-	-	-	-	-
Total	-	-	6,514	6,514	-	-

Mine Properties

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
Pre-Production Costs Capitalised	-	-	17,821		-	-
Capitalised Borrowing Costs	-	-	977		-	-
Power Plant	-	-	9,463		-	-
Mobilisation Costs (Mining Contractor)	-	-	4,209		-	-
Access Roads	-	-	239		-	-
Evap Ponds	-	-	810		-	-
Tailings facility	-	-	1,219		-	-
Airstrip	-	-	727		-	-
Capitalised Clearing/Grubbing	-	-	181		-	-
Deferred Waste Capitalised	-	-	31,124		-	-
Rehabilitation Asset	-	-	11,203		-	-
Exploration and Evaluation Expenditure	-	-	15,645		-	-
Total	-	-	93,618	W/held	-	-

Source: GCY Group audited financial accounts

Appendix 6

Notes to ROCAP

Note 7: Fixed Assets

Fixed Assets constitutes the depreciated value of property, plant and equipment at GCY's head office and at the Dalgaranga Gold Mine.

Note 8: Joint Venture

- 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, Murchison JV and McDowell JV, 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.

Note 9: Loans to Subsidiaries/Loans from GCY

- GCY Group maintained intercompany loans between GCY and the GCY Group subsidiaries, to allow for the proceeds of capital raisings by GCY to be transferred to the subsidiaries and used for exploration, capital expenditure and working capital purposes. The loan account balances on appointment are shown in the adjacent table.
- The Administrators have reviewed the loan accounts and bank ledger extracted from the GCY Group's accounting software. The Administrators consider that the inter-company loans were made in the ordinary course of business and that the loan account balances show the true financial positions between GCY and the GCY Group subsidiaries.

Fixed Assets

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
Property Plant & Equipment	12	-	53,164	-	-	-
Buildings	-	-	328	-	-	-
Village	-	-	4,817	-	-	-
Computer equipment	65	-	238	-	-	-
Office and gen furn & fittings	-	-	196	-	-	-
Capital spares	-	-	1,011	-	-	-
Mobile equipment	-	-	454	-	-	-
Vehicles	74	-	494	-	-	-
Capital Work in Progress	-	-	5,722	-	-	-
Total (incl depn)	152	W/held	66,423	W/held	-	-

Loans to Subsidiaries/Loans from GCY

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
Loan to GNT	104,049	104,049	(104,049)	(104,049)	-	-
Loan to GRWA	14,267	14,267	-	-	(14,267)	(14,267)
Loan to Egerton	1,649	1,649	-	-	(1,649)	(1,649)
Loan to DOPL	1	1	-	-	(1)	(1)
Loan to DEPL	1,102	1,102	-	-	(1,102)	(1,102)
Loan to GOMPL	0	0	-	-	(0)	(0)
Total	121,068	121,068	(104,049)	(104,049)	(17,018)	(17,018)

Source: GCY Group audited financial accounts

Appendix 6

Notes to ROCAP

Note 10: Contingent Assets

Contingent assets include the Security Bond on Gascoyne's West Perth premises and a term deposit provided in favour of the Shire of Mount Magnet held on trust for access to the road for transport of goods and freight for servicing the Dalgarranga Gold Mine.

Note 11: Trade payables

All trade payables are now believed to have crystallised. GNT was in a receivable position for its pre-appointment BAS period, and therefore, no taxation liabilities have been recognised in trade payables.

Note 12: Secured loans

The secured loans comprise amounts owed by GNT under the project loan facility, the close out of the Hedge Position, a NAB and Zenith asset finance facility, a the secured loan from NRW and amounts due to NRW under the mining contract. Details of the loan balances are shown in the adjacent table. Management's assessment of the project loan facility balance is prior to CBA's set off of the amount held in the CBA bank accounts on our appointment as detailed in note 1 above. The loans do not include any ongoing interest continuing to accrue during the administration appointment.

Note 13: Employees

Employees constitutes time in lieu owed, accrued annual leave, and accrued long service leave.

Trade Payables

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
Trade Creditors	(143)	(143)	(5,389)	(5,389)	-	-
PAYG Withholding	(101)	(101)	-	-	-	-
Total	(245)	(245)	(5,389)	(5,389)	-	-

Secured Loans

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
Project Loan Facility	(3)	(3)	(44,462)	(57,981)	-	-
Hedge Close Out	-	-	(30,326)	(29,693)	-	-
Finance Leases	-	-	(11,908)	(11,908)	-	-
NRW - Loan Agreement	-	-	(12,000)	(12,000)	-	-
NRW - Mining Contract	-	-	(21,067)	(21,605)	-	-
Total	(3)	(3)	(119,764)	(133,187)	-	-

Employees

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
Time in Lieu	(11)	(11)	(95)	(95)	-	-
Annual leave	(197)	(197)	(431)	(431)	-	-
Long service leave	(49)	(49)	-	-	-	-
Total employee provisions	(256)	(256)	(527)	(527)	-	-

Source: GCY Group audited financial accounts

Appendix 6

Notes to ROCAP

Note 14: Rehabilitation

Represents the rehabilitation provision as calculated at 31 May 2019.

Note 15: Contingent liabilities

Represent those liabilities that are yet to crystallise. NRW have submitted a claim for an early termination payment under the mining contract totalling \$15,347,681. In the event the mining contract is terminated, an adjudication as to their debt will be undertaken.

Contingent Liabilities

\$'000	GCY		GNT		Subsidiaries	
	Mgmt	ERV	Mgmt	ERV	Mgmt	ERV
NRW - Standby Claim	-	-	(1,802)	Unknown	-	-
NRW - Demob Costs (Mining contract)	-	-	(900)	Unknown	-	-
NRW - ETP (Mining contract)	-	-	(15,348)	Unknown	-	-
Secured Guarantee to CBA/NAB	(74,789)	-	-	-	(74,789)	(74,789)
Total	(74,789)	-	(18,050)	Unknown	(74,789)	-

Source: GCY Group audited financial accounts

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Appendix 7

Other Actions Taken During the Administration

Appendix 7

Other Actions Taken During the Administration

Occupational Health and Safety / COVID-19

- OHS has continued to remain a key focus for the Administrators, GCY Group's management team and staff, and mining contractor NRW, with any safety incidents addressed in a prompt and professional manner.
- On appointment, we engaged AJG to undertake a review of the OHS systems and processes in place and an assessment of any industrial risks identified with the operations. Two hazards were identified which were immediately addressed by onsite staff.
- Management continues to meet daily to discuss safety incidents, hazards and proactive actions to address any concerns regarding OHS.
- GCY Group has established procedures in accordance with the COVID-19 Mineral Resources Framework and Implementation Plan endorsed by the Industry and WA Government for FIFO operations.
- Management has been proactively:
 - monitoring developments of the COVID-19 pandemic; and
 - refining COVID-19 prevention/contingency plans as the situation has developed.
- Key measures implemented to mitigate COVID-19 risk include:
 - 14 day isolation period for interstate workers before returning to site and to remain in WA;
 - review of rosters to extend site swings, reduce impost on individuals, and reduce number of FIFO changeovers;
 - temperature testing of all passengers with strict instructions no one is to board a Maroomba Airlines charter flight to the mine site if a fever is detected; and

- a temporary increase in the number of flights to/from site to improve social distancing.

- To date, there have been no COVID-19 positive tests for any employee.

DMIRS Engagement

- We engaged with DMIRS at the outset of our appointment ensuring the mining tenements remained in good standing.
- Additionally, we sought from DMIRS and were granted a payment arrangement for the FY2019 MRF levy (pre-appointment debt) to assist with operational cashflow. We have now paid the FY2019 MRF levy in full.

Conservation Park

- In late August 2019, we were advised by the WA Government that it has plans to establish a potential conservation park over 5m hectares of land in WA. One of the proposed conservation park areas covers a large parcel of GCY Group exploration tenements adjoining the Mine.
- We met with senior policy advisors to the offices of WA Premier, Mining Minister, Environmental Minister, DMIRS and DBCA Department Directors concerning this matter.
- On 14 October 2019, we received a letter of comfort from the Department of Biodiversity, Conservation and Attractions recognising *“the significant economic benefits and employment outcomes that Gascoyne’s Dalgara Mining Project is delivering”* and that a refinement to the proposed conservation park is being considered to minimise any potential impact on GCY Group’s exploration tenements.

Appendix 7

Other Actions Taken During the Administration – Extend Convening Period

Extension of the Convening Period

- The Administrators applied to the WA Supreme Court on three (3) separate occasions to extend the time by which the Administrators are required to convene the second meeting of creditors and issue their report pursuant to s75-225 of the IPR :

Extended Convening Date	Date Granted	Purpose
04/11/2019	27/06/2019	<ul style="list-style-type: none"> ■ Allow adequate time to complete a technical evaluation of the underlying gold mineral resource and ore reserve model, and in turn, determine the overall viability of the Mine’s future operations; ■ Develop new LoMP based on the updated mineral reserve and explore additional mine optimisation strategies to enhance value; ■ Pursue a dual track process sale and recapitalisation process.
06/03/2020	31/10/2019	<ul style="list-style-type: none"> ■ Undertake accelerated waste movement of the western wall between October 2019 to February 2020 which has resulted in the main Gilbey’s deposit (main ore body) now being exposed, which is the mainstay of ore supply under the LoMP; ■ Continue dual track process sale and recapitalisation process.
30/06/2020	20/12/2019	<ul style="list-style-type: none"> ■ Key events in December 2019/January 2020 as detailed in Section IV Dual Track Sale and Recapitalisation Process. ■ Provide an opportunity for the mine to produce a track record of results against the new LUC model, and thus, increase confidence in the geological modelling; ■ Continue dual track process sale and recapitalisation process.

Appendix 7

Other Actions Taken During the Administration – Mining Technical Work

Stages 1 and 2: Technical Review and Interim Mine Plan

- A key priority in the first month of our appointment was to critically evaluate the near term mine plan (i.e. through to CY2019) and if necessary, develop an alternative plan.
- The resulting Interim Mine Plan focused on increased ore delivery over the immediate term to assist with short-term cash flow, whilst preserving longer term mine NPV value.

Stage 3(a): Updated Mineral Resource and Ore Reserves

- We worked closely with GCY Group’s mining consultants, Cube Consulting, and Mining One, to interrogate the applicability and findings of the LUC methodology for the Mine’s orebodies.
- The LUC resource model resulted in better correlations with the Mine’s production results versus the previous OK resource model and therefore provided the basis for using the LUC resource model to:
 - forecast future cashflows for the Mine;
 - develop an updated LoMP;
 - revise the Mineral Resource and Ore Reserve in accordance with JORC code.
- The updated Mineral Resource and Reserve was subsequently released to the ASX on 28 August 2019 and 3 October 2019 which showed:
 - ore reserve estimate of 16.9Mt at 0.9g/t for 501,800 ounces; and
 - +90% of the Ore Reserve located within the wide and continuous GMZ.

Stage 3(b): Updated LoMP

- We engaged a new senior long term mine plan engineer to prepare a LoMP based on the Updated Mineral Resource and Reserves.
- This culminated into an economic model to derive value of the Mine and provided to interested parties in the dual track sale and recapitalisation process.

Stages 4 and 5: Implement LoMP and Monitor Reconciliations

- Management began implementing the Updated LoMP around late October 2019, superseding the earlier Interim Mine Plan.
- Reconciliations ongoing however GMZ only batch trials have been promising with excellent reconciliation results to LUC model (combined batches result in 18% more tonnes, 6% higher grade for 25% more ounces).

Pit Optimisations / Cost Improvement Opportunities

- Management have incorporated the wall steepening and wall redesign into the Updated LoMP, which is supported with an independent report from SRK.
- Management continue to explore further pit optimisation / cost improvement opportunities.

Appendix 7

Other Actions Taken During the Administration – FY2019 Accounts, ASX

FY2019 Accounts and Audit

- On 5 December 2019, under section 250P of the Act, ASIC granted an extension to the period within which GCY must hold its 2019 AGM to 29 February 2020 (refer ASX announcement dated 9 December 2019).
- The extension allowed the 2019 AGM to be held closer in time to the second meeting of creditors.
- The Company was required to complete and lodge the FY2019 annual accounts by 31 January 2020. Ongoing discussions with Grant Thornton to finalise audit report without disclaimer of opinion.
- As previously stated, the 2019 AGM was held on Thursday 30 April 2020 via teleconference and at the meeting:
 - Mike Joyce retired as a director of GCY and its associated entities;
 - a general update was provided to the meeting concerning the dual track sale and recapitalisation process; and
 - a summary was provided of the positive March 2020 Quarterly Activities Report.

ASX Announcements

- We have continued to comply with GCY Group's ASX continuous disclosure obligations.

Date	ASX Announcement
14/06/2019	Update on the Voluntary Administration
15/07/2019	June 2019 Operations update
31/07/2019	June 2019 Quarterly Activities and Cash Flow Report
16/08/2019	July 2019 Operational Update
31/07/2019	June 2019 Quarterly Activities and Cash Flow Report
16/08/2019	July 19 Operational Update
28/08/2019	Updated mineral resource model
20/09/2019	August 2019 Operational Update
03/10/2019	Updated reserves model
31/10/2019	September 2019 Quarterly Activities and Cashflow Report
09/12/2019	Update on Administration
28/01/2020	December 2019 Quarterly Activities and Cashflow Report
31/01/2020	Financial Year 2019 Full Statutory Accounts
06/02/2020	January 2020 Production Results
17/02/2020	Update on Administration process
06/03/2020	Notification of Date of Annual General Meeting
13/03/2020	Half Yearly Report and Accounts
20/03/2020	Company Secretary Appointment (Mr Shane McBride)
20/03/2020	February 2020 Production Results (Record monthly head grade of 0.96 g/t Au)
30/03/2020	Notice of 2019 Annual General Meeting
14/04/2020	March 2020 Quarter Production Results (Record 18,841oz Au recovered)
30/04/2020	March 2020 Quarter Activities and Cashflow Report
30/04/2020	Results of FY 2019 AGM, Final Directors' Interest Notice, Retirement of Director
06/05/2020	Results of RC Drilling Program (GMZ wide, continuous, higher grade down dip zone confirmed)
14/05/2020	April 2020 Production Update (Record processed grade of 0.98 g/t Au)
21/05/2020	GMZ batch trials exceed expectations
09/06/2020	May 2020 Production Update (Records 7,189 oz Au recovered, at record processed grade of 1.09 g/t Au)
10/06/2020	Dalgaranga Updated Mineral Resource

Source: ASX announcements



Appendix 8

Investigations, Analysis and Information

Appendix 8

General Information and Considerations

Date of Insolvency

- In order to ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date a company became insolvent.
- Proving the date on which a company became insolvent is an essential element of recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.
- Recovery actions require the liquidator to prove that the particular company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

What is Insolvency?

- Solvency is defined in section 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.
- Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant).
- Consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of these assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources is relevant to considering a company’s solvency position.

General and Commercial Considerations

- Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of claims. Legal advice on the merits of claims is generally required.
- Typically, insolvent trading claims are defended and directors may seek to rely on the statutory defences available to them.
- Legal proceedings are often necessary for liquidators to pursue claims. This adds to the time and costs involved in pursuing claims. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.
- The capacity of a party to pay any successful claim to a liquidator is also a relevant consideration in determining whether or not pursuing an action is likely to be in the interest of creditors.
- Liquidators may not have funds to pursue actions. At other times, the liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets when otherwise a small dividend to creditors could be paid). In these circumstances, it is possible that a creditor or a litigation funder may wish to fund an action to pursue a claim. This typically occurs only when there is a very strong case and high prospect of success.

Appendix 8

General Information and Considerations

Factors to Take into Account

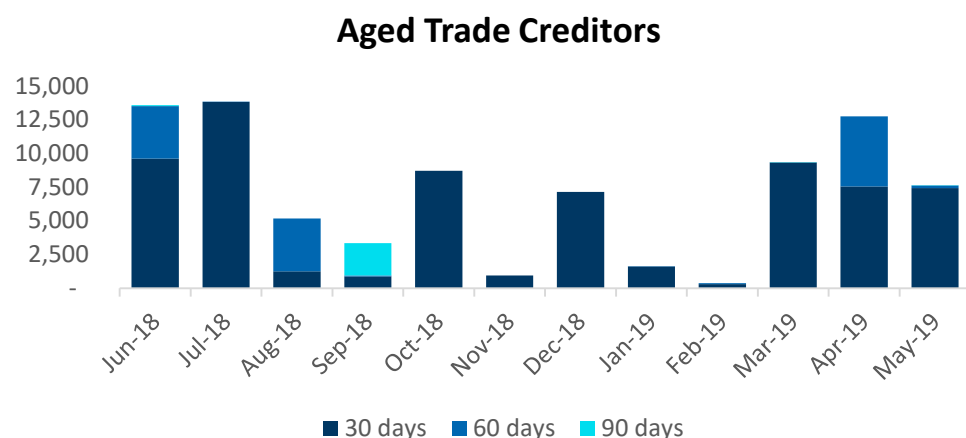
- ASIC's view is that these are some of the factors that a reasonable person would take into account when determining whether a company is insolvent.
- The list of factors below is not intended to be exhaustive. There may be other factors that would indicate to a reasonable person that a company may be insolvent.
 - The company has a history of continuing trading losses.
 - The company is experiencing cash flow difficulties.
 - The company is experiencing difficulties selling its stock, or collecting debts owed to it.
 - Creditors are not being paid on agreed trading terms and/or are either placing the company on cash-on-delivery terms or requiring special payments on existing debts before they will supply further goods and services.
 - The company is not paying its Commonwealth and state taxes when due (e.g. pay-as-you-go instalments are outstanding, goods and services tax (GST) is payable, or superannuation guarantee contributions are payable).
 - Cheques are being returned dishonoured.
 - Legal action is being threatened or has commenced against the company, or judgements are entered against the company, in relation to outstanding debts.
 - Company directors have resigned, citing concerns about the financial position of the company or its ability to produce accurate financial information on the company's affairs.
- The company has reached the limits of its funding facilities and is unable to obtain appropriate further finance to fund operations—for example, through:
 - negotiating a new limit with its current financier; or
 - refinancing or raising money from another party.
- The company is unable to produce accurate financial information on a timely basis that shows the company's trading performance and financial position or that can be used to prepare reliable financial forecasts.
- The company auditor has qualified their audit opinion on the grounds there is uncertainty that the company can continue as a going concern.
- The company has defaulted, or is likely to default, on its agreements with its financier.
- Employees, or the company's bookkeeper, accountant or financial controller, have raised concerns about the company's ability to meet, and continue to meet, its financial obligations.
- It is not certain that there are assets that can be sold in a relatively short period of time to provide funds to help meet debts owed, without affecting the company's ongoing ability to continue to trade profitably.
- The company is holding back cheques for payment or issuing post-dated cheques.

Appendix 8

Other Analysis and Offences

Aged Trade Creditors

- As shown in the chart below, over the 12 months prior to the Administrators' appointment, trade creditors (except for two (2) major creditors) remained within 30 day terms. The two (2) major creditors agreed to a temporary extension of payment terms when requested. Prior to appointment, creditors either remained within 30 day terms, or returned to 30 day terms in the proceeding month, again suggesting a temporary lack of liquidity rather than insolvency.



Statutory Liability Position

- Our investigations show that in the 12 months prior to the Administrators' appointment, the GCY Group paid all statutory liabilities, including superannuation, when required – which is consistent with the group being solvent.

Funding Sources

- Our investigations show that in the 12 months prior to the Administrators' appointment, the GCY Group had access to external funding and was able to raise \$55m (net of costs) in debt and equity to pay down creditors and provide future working capital.

Opinion About Books and Records

- Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance, and would enable true and fair financial statements to be prepared and audited.
- In considering compliance with this section, we have:
 - reviewed various financial reports to help us understand the GCY Group's asset and liability positions;
 - reviewed various correspondence files and documents relevant to the GCY Group's financial position and performance;
 - undertaken investigations and reviews incorporating financial records and data; and
 - discussed the GCY Group's finance function, processes and record keeping practices with its directors and management.
- In our view, as at the date of the Administrators' appointment the financial records of the GCY Group appear to have been maintained in accordance with section 286 of the Act.

Appendix 8

Offences

Opinion About Obligations of Directors and Officers

- Sections 180 to 183 of the Act require a director or other officer of a corporation to:
 - exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:
 - were a director of a corporation in the corporation's circumstances; and
 - occupied the office held by, and had the same responsibilities within the corporation as, the director or officer;
 - act in good faith in the best interests of the corporation, and for a proper purpose.
 - not improperly use their position to gain an advantage or cause detriment to the corporation; and
 - not improperly use information provided to gain an advantage or cause detriment to the corporation.
- We have investigated the Directors' actions prior to the Administrators' appointment.
- Of specific note, GCY undertook two capital raises and various debt restructures in the 12 months prior to the Administration in order to meet interim cash flow shortfalls, with the last capital raise conducted in May 2019 (approximately 1 month prior to appointment). These measures were part of GCY Group's broader restructure plan.
- In our view, the Directors and officers of the GCY Group, may have reasonably held the belief that the capital raise in May 2019 was sufficient to provide the GCY Group with the adequate runway to continue operations through to when the Mine was forecast to become cash flow positive, based on the information that was available to the Directors at that point in time.



Appendix 9

Creditor Information Sheet

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.



Appendix 10

Notes for Estimated Return to Creditors

Appendix 10

Liquidation

Secured Creditors

- It is estimated the Senior Secured Lenders will receive a combined return between **99 to 100 cents in the dollar** from the GCY Group (inclusive of dividends paid by GCY subsidiaries as guarantors to the loans).
- In the case of the GNT liquidation, NRW is estimated to receive a return of between **0 to 100 cents in the dollar**.

Priority Creditors

- In a liquidation there is **likely to be a return to priority creditors** from circulating asset realisations (which take priority over the secured creditor debts). The quantum of priority creditor claims in the liquidation is dependent upon whether the purchaser of GCY Group assumes employee liabilities as part of the sale.
- The return, if any, is not expected to be paid within 3 months of the date of liquidation. Accordingly, to expedite payment of employees' outstanding entitlements, terminated employees will be referred to the Fair Entitlements Guarantee Scheme.

Unsecured Creditors

- It is estimated unsecured creditors will receive a return between:
 - GNT: **0 to 32 cents in the dollar**; and
 - GCY: **0 to 100 cents in the dollar**.

Item	Note	GNT (\$'000)		GCY (\$'000)		Subsidiaries (\$'000)	
		Low	High	Low	High	Low	High
Assets							
Surplus / (Deficit) from Trading to Completion of Sale	1	5,728	7,001	(898)	(735)	-	-
Net Proceeds from Sale of Mine / Tenements	2	69,944	146,511	-	-	9,103	28,319
Total Asset Realisations		75,673	153,512	(898)	(735)	9,103	28,319
Professional Costs							
VA Fees & Disb (unpaid - actual)	3	(557)	(557)	(253)	(253)	-	-
VA Fees & Disbursements (to completion - est.)	3	(624)	(624)	(374)	(374)	-	-
Liquidators' Fees & Disb.	3	(3,500)	(2,000)	(1,000)	(600)	(35)	(45)
Other (Legal Fees / Brokers)	3	-	-	(864)	(746)	-	-
Total Professional Costs		(4,682)	(3,182)	(2,490)	(1,973)	(35)	(45)
Net Realisable Assts		70,991	150,331	(3,388)	(2,708)	9,068	28,274
Recoveries							
Voidable and Antecedent Transactions	4	-	-	-	-	-	-
Insolvent Trading	4	-	-	-	-	-	-
Dividends (intergroup loans)	5	-	-	-	50,501	-	-
Total Recoveries		-	-	-	50,501	-	-
Total Realisations & Recoveries		70,991	150,331	(3,388)	47,793	9,068	28,274
Secured creditors							
Senior Secured Debt	6	(80,079)	(80,079)	Guarantors	Guarantors	-	-
Cents in the dollar - Senior Secured Debt		89	100	-	-	-	-
Surplus after Senior Secured Debt		-	70,252	-	47,793	9,068	28,274
Shortfall Senior Secured Debt (Guarantors)	6	-	-	(9,088)	-	(9,088)	-
Second ranking secured debt	7	(51,029)	(34,780)	-	-	-	-
Total Second Ranking or Guarantor Debt		(51,029)	(34,780)	(9,088)	-	(9,088)	-
Cents in the dollar to Second Ranking or Guarantor Debt		-	100	-	-	99	-
Surplus after Second Ranking / Guarantor Debt		-	35,471	-	47,793	-	28,274
Employees							
Employees Pre-Appointment Leave on Termination	8	(141)	(141)	(77)	(77)	-	-
Employees Retrenchment (PILN / Redund)	8	-	-	-	-	-	-
Total Employee Claims		(141)	(141)	(77)	(77)	-	-
Cents in the dollar to Priority Creditors		-	100	-	100	-	100
Surplus / (Deficit) after Priority Creditors		-	35,330	-	47,717	-	28,274
Unsecured creditors							
Trade Suppliers	9	(5,742)	(5,742)	(233)	(233)	-	-
GCY Intergroup Debt	5	(104,049)	(104,049)	-	-	(17,018)	(17,018)
Total Unsecured Claims		(109,792)	(109,792)	(233)	(233)	(17,018)	(17,018)
Cents in the dollar to unsecured creditors		-	32	-	100	-	100
Surplus Funds after unsecured creditor dividend		-	-	-	47,483	-	11,256

Appendix 10

Notes on Liquidation Scenario

Note	Item	Comments
1	Surplus / (Deficit) from Trading	The liquidation scenario is based on the assumption it will take 3 months to complete a sale, completing around 30 September 2020. The Administrators and Liquidators trading up to the date of completion of a sale is forecast to generate a cash surplus of \$5.7m to \$7m for GNT, after trading costs. For GCY, a cashflow deficit of (\$735k) to (\$898k) is forecast to the completion of a sale. The trading surplus / (deficit) is inclusive of professional fees drawn to the date of this report.
2	Mine Value & Tenements (net sale proceeds)	<ul style="list-style-type: none"> ■ The Administrators undertook a sale campaign for the GCY Group, concluding around November 2019. The offers received for the Mine and subsidiary exploration tenements have been withheld as 'commercial in confidence' as they may prejudice any future sale campaign. ■ For the purposes of the estimated return, we have prepared a valuation of the Mine using discounted cash flow methodology, based on the project LoMP cashflows and market based assessment using a resource multiple. A high and low range has been provided after consideration of factors including project risk (rates of returns) and orderly liquidation sales. ■ We estimate the Mine may achieve a value of between \$69.9m and \$146.5m and the subsidiary mining tenements may achieve a value of \$9.1m to \$28.3m. The estimate is inclusive of all plant, property & equipment, intellectual property and goodwill associated with the Mine and tenements.
3	Professional Costs	Final professional costs will vary depending upon the time to realise assets and any claims identified and pursued by a liquidator. The liquidators estimated fees of \$2.6m in the 'High' scenario is an interim estimate only.
4	Voidable and Antecedent Transactions	As noted in Section VI. Investigations, Offences and Voidable Transactions , no voidable or antecedent transactions have been identified that would likely provide a return to creditors. Further investigations will be undertaken if the GCY Group is placed into liquidation.
5	Dividend (intergroup loan)	<ul style="list-style-type: none"> ■ GCY has advanced funds to GNT and other subsidiaries in the Group that total \$121m. GCY is entitled to submit proofs of debt as an unsecured creditor in the administrations of those subsidiaries. ■ On the Liquidation (high) scenario, unsecured creditors are anticipated to receive a dividend in the liquidation of GNT and the subsidiaries. ■ Accordingly, GCY is anticipated to receive a dividend from the liquidations of \$33.3m from GNT and \$17m from the subsidiaries.

Appendix 10

Notes on Liquidation Scenario

Note	Item	Comments
6	Senior Secured Debt	The Senior Secured Debt is calculated as at 31 May 2020. Additional interest and will accrue up until the date the debt is discharged.
7	Second Ranking Secured Debt	<p>NRW holds a registered General Security Agreement granted by GNT Resources. NRW's secured debt is calculated under two scenarios:</p> <ul style="list-style-type: none"> ■ Liq (low): Under an asset sale for GNT, the mining contract may be voided between GNT and NRW resulting in early termination charges and demobilisation costs under the contract being claimed by NRW. Under that scenario, the total debt of NRW is estimated to be: <ul style="list-style-type: none"> — loan provided to GNT (\$12m); plus — all amounts due under the mining contract up to 2 June 2019 (\$22.78m including GST); plus — we have received a claim of \$16.3m from NRW for early termination charges and demobilisation (yet to be adjudicated on). ■ Liq (high): The GCY Group is sold as a whole and the mining contract continues on foot, or otherwise renegotiated, and no early termination payments or demobilisation charges are provable in the liquidation.
8	Employee Entitlements	<ul style="list-style-type: none"> ■ Following a sale of GCY Group, we have assumed that all staff of GCY and GNT will have their employment transferred to the purchaser and entitlements assumed. However, we note in reality there is likely to be an unknown number of staff that will not be transferred to the purchaser and therefore made redundant. ■ For the purposes of the estimated return, outstanding employee entitlements represent those employees who resigned during the voluntary administration and are owed annual leave and time in lieu, accrued prior to the voluntary administration.
9	Trade Supplier Debts	<ul style="list-style-type: none"> ■ Unsecured debts are based on the Group's records and has been updated for proofs of debts as and when received from creditors. The quantum is subject to change as further proofs of debt are received.



Appendix 11

Remuneration Approval Report

18 JUNE 2020

REMUNERATION APPROVAL REPORT

GASCOYNE RESOURCES LTD
(ADMINISTRATORS APPOINTED)
ACN 139 522 900
(THE "COMPANY")

Introduction

Information included in report

This remuneration approval report provides you with the information that you need to make an informed decision regarding the approval of our prospective remuneration for undertaking the Deed Administration of Gascoyne Resources Ltd (Administrator Appointed) ACN 139 522 900.

This report has the following information included:

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Part 1: Declaration.....	3
Part 2: Executive Summary.....	3
Part 3: Remuneration.....	3
Part 4: Disbursements.....	5
Part 5: Summary of Receipts and Payments.....	8
Part 6: Queries.....	8
Schedule 1: Table of Major Tasks for Resolution 1 Remuneration Approval (if DOCA approved).....	9
Schedule 2: FTI Consulting Schedule of Rates.....	12
Schedule 3: Statement of Receipts and Payments from 2 June 2019 to 15 June 2020.....	13

Part 1: Declaration

Ian Francis, Kathryn Warwick and I, Michael Ryan of FTI Consulting have undertaken a proper assessment of the prospective claim for remuneration for the potential appointment as Deed Administrators of Gascoyne Resources Ltd ACN 139 522 900 in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, to be properly performed, in the conduct of the appointment and further, that the disbursements that have been incurred in the conduct of the external administration are necessary and proper.

Part 2: Executive Summary

The following information is provided to assist creditors in considering the appropriateness of the remuneration that is being sought. Your approval of this remuneration will be sought at the **concurrent second meeting of creditors to be held on Thursday, 25 June 2020 at 12pm AWST.**

Remuneration currently claimed and previously approved for the Voluntary Administration is summarised in the below table.

Table 1: Remuneration Currently Claimed and Previously Approved		
Period	Reference	Amount (excl GST) \$
Voluntary Administration		
Remuneration previously approved by the Committee of Inspection ("COI"): 2 June 2019 to 30 April 2020*		1,611,273.18
Remuneration approval sought from the COI: 1 May 2020 to 25 June 2020*		379,396.61
Total – Voluntary Administration		1,990,669.79
If a Deed of Company Arrangement ("DOCA") is approved:		
Resolution 1: Remuneration of Deed Administrators from commencement to conclusion of the DOCA (inclusive)**	Table 2 and Schedule 1	250,000.00
Resolution 2: Strategic Communication Remuneration (non-insolvency services) to completion of DOCA	Schedule 1	20,000.00
Total – Deed of Company Arrangement		270,000.00

* Includes Non-Insolvency Services charged by FTI Consulting of \$39,403.00.

** Approval for the future remuneration sought is based on an estimate of the work necessary to complete the Deed Administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to that lesser amount.

Part 3: Remuneration

Remuneration Claim Resolutions

We will be seeking approval of the prospective remuneration of the Deed Administrators (if appointed) and the prospective remuneration for non-insolvency professional services delivered by Strategic Communications, a division of FTI Consulting. Details to support the resolutions are shown immediately below the resolutions and in the schedule to this report.

Resolution 1: Remuneration from Commencement to Conclusion of the DOCA (Inclusive)

“The future remuneration of the Deed Administrators of Gascoyne Resources Ltd ACN 139 522 900 for the period from commencement to conclusion of the DOCA (inclusive) is determined and approved for payment at a sum equal to the cost incurred by the Deed Administrators and staff of FTI Consulting, calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 April 2020, up to the amount of \$250,000 plus GST, and the Deed Administrators may draw the remuneration as required.”

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates which appear at Schedule 2 to this report.

Resolution 2: Remuneration of Strategic Communications During DOCA (Inclusive)

“The cost of Non-Insolvency Services provided to Gascoyne Resources Ltd ACN 139 552 900 for work performed during the Deed of Company Arrangement, in accordance with the agreement executed with Gascoyne Resources Ltd on 22 May 2020, is determined and approved for payment in the amount of \$20,000 plus GST and the Deed Administrators can draw the cost of these Non-Insolvency Services.”

At this stage, based on the information presently available to us, we do not consider that it will be necessary to seek further approval from creditors. However, the position may change depending on the progress of the external administration and any issues that may arise.

Details to Support Resolution

The basis for calculating the remuneration claim is summarised below and the details of the major tasks to be performed and the costs associated with each of those major tasks are contained in Schedule 1 of this report.

Resolution 1: Remuneration from commencement to conclusion of the DOCA (inclusive)

The table below sets out the expected costs for the major tasks likely to be performed by the Deed Administrators and their staff from commencement to conclusion of the DOCA (inclusive) which is the basis of Resolution 1 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amount below, are contained in Schedule 1.

Table 2: Expected costs for the major tasks from commencement to conclusion of DOCA (inclusive)						
\$	Total	Task Area				
		Assets	Creditors	Trade on	Dividend	Administration
Total	\$250,000.00	\$25,000.00	\$100,000.00	\$50,000.00	\$40,000.00	\$35,000.00
GST	\$25,000.00	\$2,500.00	\$10,000.00	\$5,000.00	\$4,000.00	\$3,500.00
Total (Incl GST)	\$275,000.00	\$27,500.00	\$110,000.00	\$55,000.00	\$44,000.00	\$38,500.00

Resolution 2: Remuneration of Strategic Communications During DOCA (Inclusive)

Gascoyne Resources Ltd executed an agreement with Strategic Communications, a division of FTI Consulting, on 22 May 2020, for the provision of corporate communication services. The services relate to public communications management, which include but not limited to, GCY's recapitalisation plan, the proposed capital raise, re-listing preparation and aftermarket services relating to investor relation communications (post re-listing).

A retainer fee amount of \$10,000 (excluding GST) per month has been agreed for the provision of these services, to be in effect whilst GCY remains under DOCA, expected to be for approximately 2 months.

Likely Impact on Dividends

The *Corporations Act 2001* sets the order for payment of claims against the Company and it provides for remuneration the external administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover, and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Please refer to the Administrators report pursuant to 75-225 of the *Insolvency Practice Rules (Corporations) 2016* for details on the likelihood of a dividend. If we do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

Part 4: Disbursements**Explanatory Note on Disbursements**

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

Creditor approval is not required in relation to externally provided professional and non-professional costs or disbursements charged at cost. Where payments to third parties have been made from the bank account of the external administration, those payments are disclosed in the summary of receipts and payments. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

Creditor approval is not required for payment of internal disbursements which have been charged at cost. Internal disbursements not charged at cost, however, must be approved by creditors before we can draw the cost of those disbursements from this external administration. As we have chosen not to charge the external administration for internally-generated FTI disbursements where they have not been charged at cost (such as internal photocopying and printing charges for the use of FTI's photocopiers, printers etc), this approval is not required.

Notwithstanding that the following disbursements have been charged at cost and do not need to be approved by creditors before we can draw the cost of these disbursements from this external administration, we have set out in the table below a list of disbursements incurred during the voluntary administration to date.

Table 3: Disbursements Incurred to Date		
Disbursements claimed	Basis of charge excl GST \$	Amount excl GST \$
Externally Provided Non-Professional Costs		
Travel - Flights	At cost	41,509.33
Travel - Accommodation	At cost	6,430.98
Travel - Taxi	At cost	3,135.46
Travel - Parking	At cost	760.10
Travel - Public Transport	At cost	302.07
Meals (Travel and Corporate)	At cost	1,359.72
Meeting Room Hire	At cost	1,074.94
Searches	At cost	802.40
Telephone Conference	At cost	788.02
Software subscriptions	At cost	539.66
Safety equipment	At cost	90.00
Stationery	At cost	36.96
Subtotal		56,829.64
Internal Disbursements		
Postage		90.09
Subtotal		90.09
Total		56,919.73

Basis on which future disbursements will be charged

Future disbursements will be charged to the administration on the basis of the Schedule of FTI Consulting Internal Disbursement Rates as shown in the table below.

Table 4: Schedule of FTI Consulting Disbursement Rates		
Disbursement type	Charge Type	Charge Rate (excl GST)
Advertising	External, non-professional	At cost
ASIC Industry Funding Levy – registered liquidator metric events	External, non-professional	At cost (at prescribed ASIC rates)
Couriers and deliveries	External, non-professional	At cost
Data Room Charges	External, professional	At cost
Facsimile	Internal (FTI)	Not charged
Legal Fees	External, professional	At cost
Postage	External, non-professional	At cost
Photocopying – internal	Internal (FTI)	Not charged
Photocopying – outsourced	External, non-professional	At cost
Printing – internal	Internal (FTI)	Not charged
Printing – outsourced	External, non-professional	At cost
Records costs – storage, destruction, boxes	External, non-professional	At cost
Search fees	External, non-professional	At cost
Staff motor vehicle use - mileage	Cents per km	At prescribed ATO rates
Staff travel – accommodation, meals etc	External, non-professional	At cost
Stationery and other incidental disbursements	External, non-professional	At cost
Telephone	Internal (FTI)	Not charged
Valuation Fees	External, professional	At cost
Other externally provided professional services		At cost
Other externally provided non-professional services		At cost

Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the voluntary administration for 2 June 2019 to 15 June 2020 appears at Schedule 3 of this report.

If any large or exceptional receipts and payments are received or made after this report is prepared but before the meeting at which this claim for remuneration will be considered, additional information will be provided at the meeting.

Part 6: Queries

If you have any queries or require any further information concerning our claim for remuneration please contact Damon Brankstone on +61 8 9321 8533 or via email on damon.brankstone@fticonsulting.com.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for “insolvency information sheets”).



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Joint and Several Administrator



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About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

Schedule 1: Table of Major Tasks for Resolution 1 Remuneration Approval (if DOCA approved)

The schedule below provides a description of the work to be undertaken in each major task from commencement to conclusion of the DOCA (inclusive).

Task Area	General Description	Includes
Assets 48 hours \$25,000.00	Dual Track Sale and Refinancing/Recapitalisation Process	<ul style="list-style-type: none"> ▪ Attending various meetings with corporate advisor, broker, legal advisor and GCY Management regarding status of recapitalisation tasks; ▪ Various discussions on the recapitalisation generally with corporate advisor, broker, legal advisor, secured lender, major creditors and GCY Management; ▪ Hold due diligence committee meetings regarding the potential recapitalisation; ▪ Preparing presentations to shareholders and potential equity investors including incorporating cashflow forecasts; ▪ Tasks associated with capital raise including financial modelling, considering and appointing brokers, discussions with legal team and secured lender, devise course of action and consideration to quantum; ▪ Communications with the Australian Stock Exchange regarding the proposed equity raise and relisting; ▪ Review and execute multiple documents relating to the recapitalisation; ▪ Internal meetings regarding status of process.
	Transitional Trading period	<ul style="list-style-type: none"> ▪ Communicate to stakeholders of change in management and day to day control of business and assets to the new board of directors. ▪ Preparing and executing agreements with secured creditors for the repayment of their debts. Relevant to obtaining releases of their security over the Company's assets; ▪ Reviewing full form prospectus for the upcoming capital raise; ▪ Post completion transitional support for the Company in relation to business and assets; ▪ Comply with post completion obligations in line with the DOCA with respect to Company assets.
Creditors 193 hours \$100,000.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Responding to creditors and their representatives via telephone, email and post; ▪ Monitoring and responding to creditor queries sent to 'Gascoyne_Enquiries' email;

Task Area	General Description	Includes
		<ul style="list-style-type: none"> ▪ Considering reasonableness of creditor requests; ▪ Compiling information requested by creditors.
	Shareholders	<ul style="list-style-type: none"> ▪ Correspondence and discussions with shareholders as required; ▪ Declaration of share value.
	Creditor reports and meetings	<ul style="list-style-type: none"> ▪ Preparing communications to unsecured creditors regarding execution of DOCA and operation of creditors trust; ▪ Lodge minutes of the second meeting of creditors, committee of inspection meeting and the eligible employee creditor meeting.
	Creditors Trust	<ul style="list-style-type: none"> ▪ Creation of GCY Group creditors trust, including reviewing and executing trust deed; ▪ Communications with creditors regarding the function of the Trust and their transition to becoming beneficiaries of the Trust; ▪ Respond to any queries regarding the Trust from creditors or ASIC; ▪ Monitor collection of payments and share distributions owing to the Trust, per the terms of the DOCA; ▪ Adjudication of beneficiaries claims in preparation for a dividend.
Dividend 77 hours \$40,000.00	Proofs of Debt	<ul style="list-style-type: none"> ▪ Receipt of proofs of debt; ▪ Maintenance of proof of debt register; ▪ Correspondence with statutory bodies regarding the calculation and admissions of their proofs of debt.
	Dividend procedures	<ul style="list-style-type: none"> ▪ Correspondence with creditors regarding dividend to beneficiaries of the Trust; ▪ Adjudicating PODs; ▪ Obtaining further substantiating information from creditors as required; ▪ Preparation of correspondence to claimant advising outcome of adjudication; ▪ Advertise intention to declare dividend to beneficiaries of the Trust.
Trade On 96 hours \$50,000.00	Trade On Management	<ul style="list-style-type: none"> ▪ Communicating with suppliers of Dalgaranga Gold Mine regarding the transfer of control of the business to the board of Directors; ▪ Closing of supplier accounts with the voluntary administrators;

Task Area	General Description	Includes
		<ul style="list-style-type: none"> ▪ Finalising trading liabilities relevant to the voluntary administration and delineating between DOCA period trading costs; ▪ Liaising with relevant state authorities, including the Office of State Revenue, Department of Mines, Industry Regulation and Safety and WA Government regarding liability of ongoing costs; ▪ Assisting the transition of control of the Company to the new board of directors.
Administration 67 hours \$35,000.00	ASX / ASIC Statutory Compliance Document Maintenance/File review/Checklist ATO and other statutory reporting Bank account administration Planning / Review	<ul style="list-style-type: none"> ▪ Preparing and reviewing ASX announcements; ▪ Reviewing all necessary documentation required by the ASX with respect to GCY's re-listing; ▪ Preparing and lodging ASIC forms with respect to DOCA; ▪ Correspondence with ASIC regarding statutory forms. <ul style="list-style-type: none"> ▪ Filing of documents; ▪ File reviews; ▪ Updating checklists. <ul style="list-style-type: none"> ▪ Preparing of Business Activity Statements, Royalty Charges, Payroll Tax and other statutory bodies. <ul style="list-style-type: none"> ▪ Bank account reconciliations; ▪ Processing receipts and payments. <ul style="list-style-type: none"> ▪ Discussions regarding status of administration; ▪ Reviewing and updating task lists; ▪ Attending meetings discussing status of the administration.
Other Professional Services 35 hours \$20,000.00	Strategic Communications	<ul style="list-style-type: none"> ▪ Public communications management for; <ul style="list-style-type: none"> ○ GCY's recapitalisation plan; ○ proposed capital raise; ○ preparation for ASX re-listing; ○ aftermarket investor relation services.

Schedule 2: FTI Consulting Schedule of Rates

FTI Consulting CF&R Standard Rates effective 1 April 2020 (excluding GST)		
Typical classification	All Offices \$/hour	General guide to classifications
Senior Managing Director	720	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	660	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	580	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	520	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	470	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	430	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	390	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	360	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	335	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	220	Undergraduate in the latter stage of their university degree.
Administration 2	170	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	185	Undergraduate in the early stage of their university degree.
Administration 1	165	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

Schedule 3: Statement of Receipts and Payments from 2 June 2019 to 15 June 2020

Summary of Receipts and Payments	Amounts (Incl GST)
Receipts	\$
Intercompany Loan	8,355,000
Other Receipts*	46,543
Total Receipts	8,401,543
Payments	
Payroll	(2,079,347)
Corporate Costs	(1,733,200)
Tenement Rents & Shire Rates	(381,554)
Price Protection	(625,800)
Insurance	(719,450)
BAS	(508,107)
Administrators' Fees	(1,480,893)
Administrators' Disbursements and Third Party Costs	(864,302)
Total Payments	(8,392,652)
Net Surplus / (Deficiency) Represented by Cash at Bank	8,890

*Other receipts includes refunds relating to corporate office rent, tenement rents paid and incidental interest.

18 JUNE 2020

REMUNERATION APPROVAL REPORT

GNT RESOURCES PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 159 772 077
(THE "COMPANY")

Introduction

Information included in report

This remuneration approval report provides you with the information that you need to make an informed decision regarding the approval of our prospective remuneration for undertaking the Deed Administration of GNT Resources Pty Ltd (Administrator Appointed) ACN 159 772 077.

This report has the following information included:

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Part 1: Declaration

Ian Francis, Kathryn Warwick and I, Michael Ryan of FTI Consulting have undertaken a proper assessment of the prospective claim for remuneration for the potential appointment as Deed Administrators of GNT Resources Pty Ltd (Administrators Appointed) ACN 159 772 077 in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, to be properly performed, in the conduct of this appointment and further, that the disbursements that have been incurred in the conduct of the external administration are necessary and proper.

Part 2: Executive Summary

The following information is provided to assist creditors in considering the appropriateness of the remuneration that is being sought. Your approval of this remuneration will be sought at the **concurrent second meeting of creditors to be held on Thursday, 25 June 2020 at 12pm AWST.**

Remuneration currently claimed and previously approved during the Voluntary Administration is summarised in the below table.

Table 1: Remuneration Currently Claimed and Previously Approved		
Period	Reference	Amount (excl GST) \$
Voluntary Administration		
Remuneration previously approved by the Committee of Inspection ("COI"): 2 June 2019 to 30 April 2020		4,298,861.50
Remuneration approval sought from the COI: 1 May 2020 to 25 June 2020		624,408.00
Voluntary Administration		4,923,269.50
If the Company is to Execute a Deed of Company Arrangement:		
Resolution 1: Remuneration from commencement to conclusion of the DOCA (inclusive)*	Table 2 and Schedule 1	500,000.00
Total – Deed of Company Arrangement		500,000.00

* Approval for the future remuneration sought is based on an estimate of the work necessary to complete the administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to that lesser amount.

Part 3: Remuneration

Remuneration Claim Resolutions

We will be seeking approval of the prospective remuneration of the Deed Administrators (if appointed). Details to support the resolution is shown immediately below the resolution and in the schedule to this report.

Resolution 1: Remuneration From Commencement to Conclusion of the DOCA (Inclusive)

“The future remuneration of the Deed Administrators of GNT Resources Pty Ltd ACN 159 772 077 for the period from commencement to conclusion of the DOCA (inclusive) is determined and approved for payment at a sum equal to the cost incurred by the Deed Administrators and staff of FTI Consulting, calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 April 2020, up to the amount of \$500,000 plus GST, and the Deed Administrators may draw the remuneration as required.”

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates which appear at Schedule 2 to this report.

Details to support resolutions

The basis of calculating the remuneration claim is summarised below and the details of the expected tasks to be performed and the costs associated with each of those major tasks, are contained in Schedule 1 of this report.

Resolution 1: Remuneration From Commencement to Conclusion of the DOCA (Inclusive)*

The table below sets out the expected costs for the major tasks likely to be performed by the Deed Administrators and their staff from commencement to conclusion of the DOCA (inclusive) which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amount below, are contained in Schedule 1.

Table 2: Expected Costs for the Major Tasks From Commencement to Conclusion of DOCA (Inclusive)						
\$	Total	Task Area				
		Assets	Creditors	Trade On	Dividend	Administration
Total	\$500,000.00	\$50,000.00	\$175,000.00	\$125,000.00	\$100,000.00	\$50,000.00
GST	\$50,000.00	\$5,000.00	\$17,500.00	\$12,500.00	\$10,000.00	\$5,000.00
Total (Incl GST)	\$550,000.00	\$55,000.00	\$192,500.00	\$137,500.00	\$110,000.00	\$55,000.00

Likely Impact on Dividends

The *Corporations Act 2001* sets the order for payment of claims against the Company and it provides for remuneration of the external administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrators receive payment for the work done to recover assets, investigate the Company’s affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover, and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Please refer to the Administrators report pursuant to 75-225 of the *Insolvency Practice Rules (Corporations) 2016* for details on the likelihood of a dividend. If we do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

Part 4: Disbursements

Explanatory note on disbursements

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

Creditor approval is not required in relation to externally provided professional and non-professional costs or disbursements charged at cost. Where payments to third parties have been made from the bank account of the external administration, those payments are disclosed in the summary of receipts and payments. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

Creditor approval is not required for payment of internal disbursements which have been charged at cost. Internal disbursements not charged at cost, however, must be approved by creditors before we can draw the cost of those disbursements from this external administration. As we have chosen not to charge the external administration for internally-generated FTI disbursements where they have not been charged at cost (such as internal photocopying and printing charges for the use of FTI's photocopiers, printers etc), this approval is not required.

Notwithstanding that the following disbursements have been charged at cost and do not need to be approved by creditors before we can draw the cost of these disbursements from this external administration, we have set out in the table below a list of disbursements incurred in the external administration to date.

Table 3: Disbursements Incurred to Date		
Disbursements claimed	Basis of charge excl GST \$	Amount excl GST \$
Externally Provided non-professional costs		
Travel - Flights	At cost	43,621.87
Travel - Accommodation	At cost	5,469.17
Travel - Taxi	At cost	4,467.40
Travel - Public Transport	At cost	302.06
Travel - Parking	At cost	934.36
Travel - Meals	At cost	29.72
Room Hire	At cost	1,462.94
Meals	At cost	1,013.89
Telephone Conference	At cost	851.24
Safety equipment	At cost	720.90
GNT Staff Entertainment	At cost	481.37
IT Expenses	At cost	279.00
Medical test	At cost	65.00
Telephone	At cost	54.31
Stationery	At cost	27.87

Subtotal	59,781.10
Internal Disbursements	
Postage	205.30
Stationery	3.73
Subtotal	209.03
Total	59,986.40

Basis on which future disbursements will be charged

Future disbursements will be charged to the administration on the basis of the Schedule of FTI Consulting Internal Disbursement Rates as shown in the table below.

Table 4: Schedule of FTI Consulting Disbursement Rates		
Disbursement type	Charge Type	Charge Rate (excl GST)
Advertising	External, non-professional	At cost
ASIC Industry Funding Levy – registered liquidator metric events*	External, non-professional	At cost (at prescribed ASIC rates)
Couriers and deliveries	External, non-professional	At cost
Data Room Charges	External, professional	At cost
Facsimile	Internal (FTI)	Not charged
Legal Fees	External, professional	At cost
Postage	External, non-professional	At cost
Photocopying – internal	Internal (FTI)	Not charged
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Printing – internal	Internal (FTI)	Not charged
Printing – outsourced	External, non-professional	At cost
Records costs – storage, destruction, boxes	External, non-professional	At cost
Search fees	External, non-professional	At cost
Staff motor vehicle use - mileage	Cents per km	At prescribed ATO rates
Staff travel – accommodation, meals etc	External, non-professional	At cost
Stationery and other incidental disbursements	External, non-professional	At cost
Telephone	Internal (FTI)	Not charged
Valuation Fees	External, professional	At cost
Other externally provided professional services		At cost
Other externally provided non-professional services		At cost

Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the voluntary administration for 2 June 2019 to 15 June 2020 appears at Schedule 3 of this report.

If any large or exceptional receipts and payments are received or made after this report is prepared but before the meeting at which this claim for remuneration will be considered, additional information will be provided at the meeting.

Part 6: Queries

If you have any queries or require any further information concerning our claim for remuneration please contact Damon Brankstone on +61 8 9321 8533 or via email on damon.brankstone@fticonsulting.com.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for “insolvency information sheets”).



Michael Ryan
Joint and Several Administrator



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Schedule 1: Table of Major Tasks for Resolution 1 Remuneration Approval (if DOCA approved)

The schedule below provides a description of the work to be undertaken in each major task from commencement to conclusion of the DOCA (inclusive).

Task Area	General Description	Includes
Assets 106 hours \$50,000.00	Dual Track Sale and Refinancing/Recapitalisation Process	<ul style="list-style-type: none"> ▪ Attending various meetings with corporate advisor, broker, legal advisor and GCY Management regarding status of recapitalisation tasks; ▪ Various discussions on the recapitalisation generally with corporate advisor, broker, legal advisor, secured lender, major creditors and GCY Management; ▪ Hold due diligence committee meetings regarding the potential recapitalisation; ▪ Preparing presentations to shareholders and potential equity investors including incorporating cashflow forecasts; ▪ Tasks associated with capital raise including financial modelling, considering and appointing brokers, discussions with legal team and secured lender, devise course of action and consideration to quantum; ▪ Communications with the Australian Stock Exchange regarding the proposed equity raise and relisting; ▪ Review and execute multiple documents relating to the recapitalisation; ▪ Internal meetings regarding status of process.
	Transitional Trading period	<ul style="list-style-type: none"> ▪ Assisting the transition of control of the Company to the new board of directors; ▪ Communication of handover of business and ceasing of Administrators' liability, to key stakeholders including suppliers, employees and government agencies; ▪ Preparing and executing agreements with secured creditors for the repayment of their debts. Relevant to obtaining releases of their security over the Company's assets; ▪ Reviewing full form prospectus for the upcoming capital raise; ▪ Post completion transitional support for the Company; ▪ Comply with post completion obligations in line with the DOCA with respect to Company assets.
Creditors 372 hours	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Responding to creditors and their representatives via telephone, email and post;

Task Area	General Description	Includes
\$175,000.00		<ul style="list-style-type: none"> ▪ Monitoring and responding to creditor queries sent to 'FTI_Enquiries' email; ▪ Considering reasonableness of creditor requests; ▪ Compiling information requested by creditors.
	Shareholders	<ul style="list-style-type: none"> ▪ Correspondence and discussions with shareholders; ▪ Declaration of share value.
	Secured Creditors	<ul style="list-style-type: none"> ▪ Finalising agreements for the repayment of secured creditors debts; ▪ Revise and were required, execute documents for the refinance of the senior secured debt.
	Creditor reports and meetings	<ul style="list-style-type: none"> ▪ Preparing communications to unsecured creditors regarding execution of DOCA and operation of creditors trust; ▪ Lodge minutes of the second meeting of creditors, committee of inspection meeting and the eligible employee creditor meeting.
	Creditors Trust	<ul style="list-style-type: none"> ▪ Creation of GCY Group creditors trust, including reviewing and executing trust deed; ▪ Communications with creditors regarding the function of the Trust and their transition to becoming beneficiaries of the Trust; ▪ Respond to any queries regarding the Trust from creditors or ASIC; ▪ Monitor collection of payments and share distributions owing to the Trust, per the terms of the DOCA; ▪ Adjudication of beneficiaries claims in preparation for a dividend.
Dividend 212 hours \$100,000.00	Proofs of Debt	<ul style="list-style-type: none"> ▪ Receipt of proofs of debt in preparation for dividend; ▪ Maintenance of proof of debt register; ▪ Correspondence with statutory bodies regarding the calculation and admissions of their proofs of debt.
	Dividend procedures	<ul style="list-style-type: none"> ▪ Correspondence with creditors regarding dividend to beneficiaries of the Trust; ▪ Adjudicating PODs; ▪ Obtaining further substantiating information from creditors as required; ▪ Preparation of correspondence to claimant advising outcome of adjudication; ▪ Advertise intention to declare dividend to beneficiaries of the Trust.

Task Area	General Description	Includes
Trade On 266 hours \$125,000.00	Trade On Management	<ul style="list-style-type: none"> ▪ Communicating with suppliers of Dalgaranga Gold Mine regarding the transfer of control of the business to the proposed board of Directors; ▪ Closing of supplier accounts with the voluntary administrators; ▪ Finalising trading liabilities relevant to the voluntary administration; ▪ Liaising with relevant state authorities, including the Office of State Revenue, Department of Mines, Industry Regulation and Safety and WA Government.
Administration 107 hours \$50,000.00	ASX / ASIC Statutory Compliance	<ul style="list-style-type: none"> ▪ Preparing and reviewing ASX announcements; ▪ Reviewing all necessary documentation required by the ASX with respect to GCY's re-listing; ▪ Preparing and lodging ASIC forms with respect to DOCA; ▪ Correspondence with ASIC regarding statutory forms.
	Extraordinary General Meeting (EGM)	<ul style="list-style-type: none"> ▪ Send notice and prepare for meeting of Extraordinary General Meeting of Shareholders; ▪ Attendance at EGM.
	Document Maintenance/File review/Checklist	<ul style="list-style-type: none"> ▪ Filing of documents; ▪ File reviews; ▪ Updating checklists.
	ATO and other statutory reporting	<ul style="list-style-type: none"> ▪ Preparing of Business Activity Statements, Royalty Charges; Payroll Tax and other statutory bodies.
	Bank account administration	<ul style="list-style-type: none"> ▪ Bank account reconciliations; ▪ Processing receipts and payments.
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration; ▪ Reviewing and updating task lists; ▪ Attending meetings discussing status of the administration.

Schedule 2: FTI Consulting Schedule of Rates

FTI Consulting CF&R Standard Rates effective 1 April 2020 (excluding GST)		
Typical classification	All Offices \$/hour	General guide to classifications
Senior Managing Director	720	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	660	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	580	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	520	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	470	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	430	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	390	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	360	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	335	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	220	Undergraduate in the latter stage of their university degree.
Administration 2	170	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	185	Undergraduate in the early stage of their university degree.
Administration 1	165	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

Schedule 3: Statement of Receipts and Payments from 2 June 2019 to 15 June 2020

Summary of Receipts and Payments		\$ (Incl GST)
Receipts		
Gold Receipts		172,467,822
Silver Receipts		555,134
BAS Refund		18,449,862
Other Receipts		164,678
Total Receipts		191,637,496
Payments		
NRW		(92,881,305)
Trade Creditors		(62,509,921)
Payroll (Inc retention scheme)		(9,097,750)
Statutory Payments		(3,758,689)
Hire Purchase		(410,520)
Major Expenditures (Inc capex)		(4,665,188)
Tenement Rents, Commitments & Levies		(273,455)
Other Payments (Inc price protection)		(269,631)
Intercompany Loan		(8,355,000)
Administrators' Fees		(4,115,553)
Administrators' Disbursements		(40,045)
Administrators' Third Party Costs		(1,320,447)
Total Payments (Incl GST)		(187,697,504)
Net Surplus / (Deficiency) Represented by Cash at Bank		3,939,992