

2 July 2019

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 “the Companies”)

Circular to Creditors and Suppliers

I refer to the appointment of Michael Joseph Patrick Ryan, Kathryn Guinivere Warwick and I, Ian Charles Francis as Joint and Several Voluntary Administrators (“**Administrators**”) of the Companies on 2 June 2019 and to our previous circular to creditors on 4 June 2019.

Following the Administrators’ initial assessment of the current state of operations at the Dalgaranga Gold Mine, and the mineral resource modelling and mine planning conducted in the first week of our appointment with Mining One, the Administrators determined that in order to achieve the best value for creditors, it would be preferable to trade the Dalgaranga Gold mine, rather than place it into care and maintenance. The Administrators were concerned that to place the Dalgaranga Gold Mine on care and maintenance would be destructive of value and would result in significant job losses.

The Administrators propose to pursue a ‘dual track’ process to realise value from the assets of the Companies for the benefit of the creditors, namely to investigate the possibilities of:

- A recapitalisation of Gascoyne Resources and/or GNT, through a capital raising or merger. Such a recapitalisation might provide a long term solution for the Companies, or might just provide sufficient funding to enable the Dalgaranga Gold Mine to complete its operational restructuring so as to become cash flow positive and therefore able to service its debt obligations (which might be compromised to some extent as part of the process); and
- The sale of Dalgaranga Gold Mine and other assets of the Companies.

I advise that pursuant to section 439A (6) of the *Corporations Act 2001* (“**the Act**”), an extension of the convening period of the second meeting of creditors for the Companies was granted by the Supreme Court of Western Australia on 27 June 2019.

The orders are attached to this circular. A summary of the orders are as follows:

1. The convening period within which the Administrators of the Companies must convene the second meeting of creditors, be extended to 4 November 2019.
2. The meeting of the creditors required by section 439A of the Act may be held at any time within the five business days after the end of the convening period.
3. Written notice of these orders and the details of any application for a further extension of the convening period is to be given to all stakeholders, including employees, lessors and creditors of the Companies.

The Administrators will issue a further notice to all creditors advising the exact time, date and place for the Second Meeting of Creditors. The Administrators must provide at least five (5) business days' notice of the Second Meeting of Creditors. The notice for the Second Meeting of Creditors will include a detailed report into the affairs of the Companies and detail the options available going forward.

If you have any questions about the contents of this letter please contact either Damon Brankstone or Jonah Un by email at damon.brankstone@fticonsulting.com or jonah.un@fticonsulting.com or by phone number on (08) 9321 8533.



Ian Francis
Joint and Several Administrator

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IN THE SUPREME COURT OF WESTERN AUSTRALIA
HELD AT PERTH

COR 134 of 2019

IN THE MATTER OF GASCOYNE RESOURCES LTD (ADMINISTRATORS
APPOINTED) (ACN 139 522 900) AND OTHERS

BETWEEN

**IAN CHARLES FRANCIS, MICHAEL JOSEPH
PATRICK RYAN AND KATHRYN GUINIVERE
WARWICK IN THEIR CAPACITY AS JOINT AND
SEVERAL VOLUNTARY ADMINISTRATORS OF
GASCOYNE RESOURCES LTD (ADMINISTRATORS
APPOINTED) (ACN 139 522 900), GASCOYNE
RESOURCES (WA) PTY LTD (ADMINISTRATORS
APPOINTED) (ACN 139 823 822), DALGARANGA
OPERATIONS PTY LTD (ADMINISTRATORS
APPOINTED) (ACN 616 858 550) GNT RESOURCES
PTY LTD (ADMINISTRATORS APPOINTED) (ACN
159 772 077), EGERTON EXPLORATION PTY LTD
(ADMINISTRATORS APPOINTED) (ACN 163 614
551), DALGARANGA EXPLORATION PTY LTD
(ADMINISTRATORS APPOINTED) (ACN 623 055
550) AND GASCOYNE (OPS MANAGEMENT) PTY
LTD (ACN 619 342 979)
and others, as set out in schedule 1**

Plaintiffs

ORDER OF MASTER SANDERSON MADE 27 JUNE 2019

UPON APPLICATION OF the plaintiffs by originating process filed 26 June 2019
AND UPON HEARING Mr D John of counsel for the plaintiffs IT IS ORDERED:

Convening Period

- 1 Pursuant to section 439A(6) of the *Corporations Act 2001*(Cth) (the Act), in relation to the voluntary administration of the second, third, fourth, fifth, sixth, seventh and eighth plaintiffs (**Companies**), the statutory convening period referred to in section 439A(5) of the Act be extended by the Court to 4 November 2019;

- 2 Pursuant to section 447A(1) of the Act, Part 5.3A of the Act is to operate in relation to each of the Companies such that, if the first plaintiffs determine that it is in the best interests of the creditors to do so, the second meeting of creditors of each of the Companies under section 439A of the Act can be convened more than 5 business days before the end of the convening period, provided that the first plaintiffs give notice of any such meeting in accordance with division 75-225 of the *Insolvency Practice Rules (Corporations) 2016* (Cth);

Funding Arrangements

- 3 Pursuant to section 90-15 of the IPS, the first plaintiffs are justified in causing:
- (a) the fifth plaintiff to borrow monies from Commonwealth Bank of Australia (**CBA**) pursuant to a Facility Agreement in the form of, or similar to, Attachment ICF34 to the Affidavit (**Administrators Facility Agreement**);
 - (b) the other Companies to enter into the Administrators Facility Agreement as guarantors; and
 - (c) the Companies to enter into a Consent Letter with National Australia Bank Limited (**NAB**) in its capacity as agent and security trustee under the existing banking facilities of the Companies with NAB and CBA, in relation to the Administrators Facility Agreement, in the form of, or similar to Attachment ICF35 to the Affidavit (**Consent Letter**);
- 4 Pursuant to section 447A(1) of the Act, and further or alternatively section 90-15 of the IPS:
- (a) an order that Part 5.3A of the Act is to operate in relation to the Companies such that the liability of the first plaintiffs in their capacity as joint and several administrators of the Companies under the Administrators Facility Agreement and Consent Letter will be treated in the manner provided for in those documents; and

(b) an order that section 443A(1) of the Act is modified, insofar as it relates to the first plaintiffs in their capacity as joint and several administrators of the fifth plaintiff with respect to the Administrators Facility Agreement and Consent Letter so that, if the property of the Companies is insufficient to satisfy the debts and liabilities incurred by the first plaintiffs under the Administrators Facility Agreement or the Consent Letter, for which the right of indemnity exists under section 443D of the Act, the first plaintiffs will not be personally liable to repay such debts and liabilities to the extent of that insufficiency;

5 Pursuant to section 90-15 of the IPS, that the first plaintiffs are justified in using funds advanced to the fifth plaintiff under the Administrators Facility Agreement or which are generated in the course of the administration of the fifth plaintiff, for the purposes of meeting obligations of the other Companies, by way of intercompany loans to those other Companies;

6 Pursuant to section 447A(1) of the Act, and further or alternatively s90-15 of the IPS, an order that Part 5.3A of the Act is to operate as if the personal liability of each of the first plaintiffs under section 443A of the Act excludes any liability for:

(a) any loans or advances from the fifth plaintiff to any of the second, third, fourth, sixth, seventh and eighth plaintiffs, arising out of the payments referred to at Order 5; and

(b) any loans, advances or other debts between two or more of the Companies;

Corporate adviser

7 Pursuant section 90-15 of the IPS, the first plaintiffs are justified in causing the second, third, fifth and sixth plaintiffs (**Core Companies**) to enter into an agreement with Investec Australia Limited (**Investec**) for the provision of corporate advice services in the form of, or similar to, Attachment ICF36 to the Affidavit (**Investec Engagement Terms**);

8 Pursuant to section 447A of the Act, and further or alternatively section 90-15 of the IPS:

- (a) an order that Part 5.3A of the Act is to operate in relation to the Core Companies such that the liability of the first plaintiffs in their capacity as joint and several administrators of the Core Companies under the Investec Engagement Terms will be treated in the manner provided for by the Investec Engagement Terms;
- (b) an order that section 443A(1) of the Act is modified, insofar as it relates to the first plaintiffs in their capacity as joint and several administrators of the Core Companies with respect to the Investec Engagement Terms so that, if the property of the Core Companies is insufficient to satisfy the debts and liabilities incurred by the first plaintiffs under the Investec Engagement Terms, for which the right of indemnity exists under section 443D of the Act, the first plaintiffs will not be personally liable to repay such debts and liabilities to the extent of such insufficiency;

Other

9 There be liberty to apply on two business days' notice to any person who can demonstrate sufficient interest to apply to the Court for an order discharging or varying any of Orders 1 to 8 above;

10 The first plaintiffs, within five business days of the date of these orders, are to take all reasonable steps to give notice of this application and the Orders at 1 to 9 above to the Companies' creditors (including persons claiming to be creditors), by means of a circular:

- (a) to be sent by email transmission to creditors for whom the first plaintiffs have a current email address; and
- (b) to be sent by ordinary post to creditors for whom the first plaintiffs only have a postal address;

- (c) to be posted on the website of the Administrators' firm, FTI Consulting, being:

<https://www.fticonsulting-asia.com/creditors/gascoyne-resources-ltd-and-subsidiaries>

- 11 The costs of the application be costs and expenses in the administration of the Companies.
- 12 The plaintiffs have liberty to apply.
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BY THE COURT

C. W. Sanderson
MASTER SANDERSON

SCHEDULE 1**SCHEDULE OF PARTIES**

Ian Francis, Michael Ryan And Kathryn Guinivere Warwick in their capacity as joint and several voluntary administrators of Gascoyne Resources Ltd (Administrators Appointed) (ACN 139 522 900), Gascoyne Resources (WA) Pty Ltd (Administrators Appointed) (ACN 139 823 822), Dalgaranga Operations Pty Ltd (Administrators Appointed) (ACN 616 858 550), GNT Resources Pty Ltd (Administrators Appointed) (ACN 159 772 077), Egerton Exploration Pty Ltd (Administrators Appointed) (ACN 163 614 551), Dalgaranga Exploration Pty Ltd (Administrators Appointed) (ACN 623 055 550) and Gascoyne (Ops Management) Pty Ltd (ACN 619 342 979)	First Plaintiffs
Gascoyne Resources Ltd (Administrators Appointed) (ACN 139 522 900)	Second Plaintiff
Gascoyne Resources (WA) Pty Ltd (Administrators Appointed) (ACN 139 823 822)	Third Plaintiff
Dalgaranga Operations Pty Ltd (Administrators Appointed) (ACN 616 858 550)	Fourth Plaintiff
GNT Resources Pty Ltd (Administrators Appointed) (ACN 159 772 077)	Fifth Plaintiff
Egerton Exploration Pty Ltd (Administrators Appointed) (ACN 163 614 551)	Sixth Plaintiff
Dalgaranga Exploration Pty Ltd (Administrators Appointed) (ACN 623 055 550)	Seventh Plaintiff
Gascoyne (Ops Management) Pty Ltd (Administrators Appointed) (ACN 619 342 979)	Eighth Plaintiff