

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 Dalgara 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