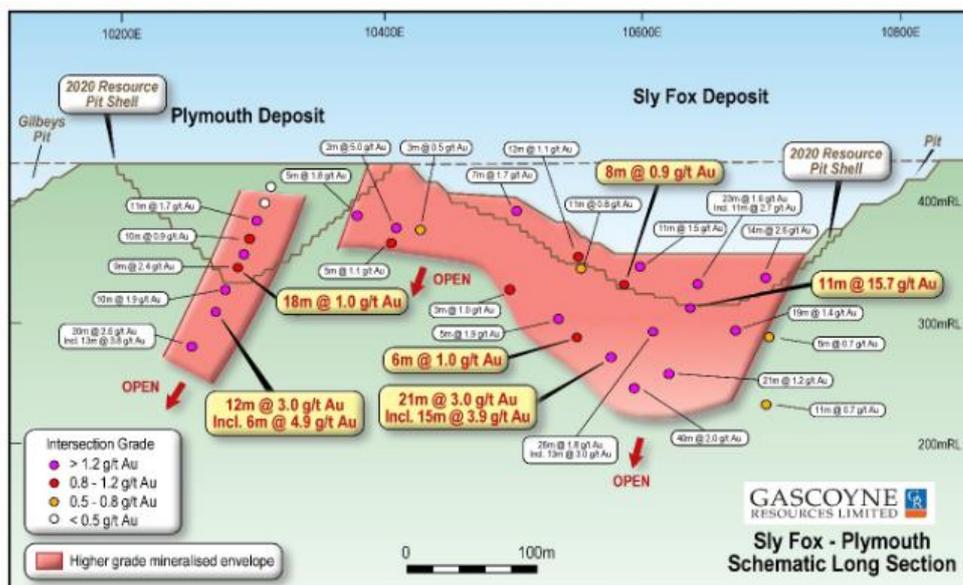




## Gascoyne Resources (GCY AU, \$0.45, market cap \$113m)

### Encouraging exploration results in 'the shadow of the headframe'

- It comes as little surprise to us that GCY's exploration is turning up highly encouraging exploration results so soon after recapitalisation. What does surprise us is where an intercept of 11m at 15.7gpt was encountered: right at the base of the old Sly Fox open cut located just to the south of the Dalgara mill.
- As shown on the following long section, there seems to be little doubt that additional tonnes will be identified beneath Sly Fox. This high-grade intercept (assisted by a single metre at 140gpt) is well supported by a number of moderate grades over significant widths (eg 21m at 3gpt and 40m at 2gpt). Note that the current ROM grade from Gilbey's is 1-1.1gpt. Sly Fox appears to be open at depth over a strike length of over 300m.



Source: GCY release 7 December 2020

- Further drilling may also establish continuity between Sly Fox and the Plymouth deposit, and perhaps also into the south of the main Gilbey's orebody. Encouraging results were also obtained from within the Plymouth deposit (12m at 3gpt and 18m at 1gpt).
- Still very early days for exploration at Dalgara. GCY has a single rig operating around the existing operations with an air core rig testing regional targets. We look forward to GCY cranking up exploration into 2021 with at least 2 rigs next year, hopefully more. The exploration success obtained thus far seems to be able to justify several RC rigs in and around the old pits.
- Our valuation for GCY is now \$1.07/share (previously \$1/share) as the company locks in 18 months of hedging at A\$2667/oz (40% of production) against our assumption of A\$2500/oz. This has also driven up our earnings, especially in 21/22e (up 44% to \$39m). With an EV/EBITDA of under 2x for this year and next, GCY looks very inexpensive to us.

**MiFID II compliance statement:** Bridge Street Capital Partners acted as co-manager to the recent \$85m raising and receive fees for services provided. See disclaimer/disclosure for more detail. By downloading this report, you acknowledge receipt of our Financial Services Guide, available on our web page [www.bridgestreetcapital.com.au](http://www.bridgestreetcapital.com.au).

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### Disclosures

Dr Chris Baker, an authorised representative of BSCP, certifies that the advice in this report reflects his honest view of the company. He has 29 years investment experience in wholesale capital markets. He worked as a mining analyst for brokers BZW and UBS for 11 years and has a further 16 years' experience as a mining analyst and portfolio manager with Colonial First State and Caledonia Investments. He now provides independent financial advice on a part time basis. He may own securities in companies he recommends but will declare this when providing advice. He currently owns shares in GCY. He is remunerated by BSCP but is not paid a specific fee for providing this report. BSCP, its directors and consultants may own shares and options in GCY and may, from time to time, buy and sell the securities of GCY.

**BSCP earned fees from the recent capital raising undertaken by GCY and were co-managers to the issue.**

## Appendix 1

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