GASCOYNE RESOURCES LIMITED

ACN: 139 522 900

23rd May 2011
Australian Stock Exchange Limited
Via Electronic Lodgement

ICON GOLD DEPOSIT CONTINUES TO GROW

HIGHLIGHTS:

- Drilling between Icon and Apollo and extensional drilling around Icon continues to intersect significant shallow mineralisation including:
    - 32m @ 2.4 g/t Au from 36m including 6m @ 7.0 g/t from 59m and 4m @ 4.2 g/t Au from 120m in VRC470
    - 18m @ 1.7 g/t Au from 103m in VRC 464 including 5m @ 4.2 g/t Au from 104m,
    - 19m @ 1.4 g/t Au from 16m in VRC476 including 8m @ 2.0 g/t Au from 16m,
    - 21m @ 1.1g/t Au from 66m in VRC 456,
    - 19m @ 1.0 g/t Au from 120m in VRC467
- 5,000m RC drill program has been completed
- 10,000m RAB / Aircore drill program has been completed
- Next 5,000 – 8,000m RC program planned for June after results from the recent program assessed.

Gascoyne Resources Limited is pleased to announce that the RC drilling at Icon and between Icon and Apollo on the Glenburgh Gold project, has continued to intersect significant widths and grades of gold mineralisation. The 15,000m drilling program has been completed, with 5,000m of RC and 10,000m of RAB and Aircore having been drilled. Results for the first 27 RC holes (results for the first seven were released on the 14th of April) have been received with significant intersections in 23 of these holes. This completes the initial extensional drilling around the Icon gold deposit and between Icon and Apollo deposits.

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Drilling between Icon and Apollo and extensional drilling around Icon has intersected significant widths and grade of gold mineralisation, with intersections of 32m @ 2.4 g/t Au from 36m including 6m @ 7.0 g/t from 59m in VRC 470, 18m @ 1.7 g/t Au from 103m in VRC 464, 19m @ 1.4 g/t Au from 16m in VRC476 including 8m @ 2.0 g/t Au from 16m, 21m @ 1.1g/t Au from 66m in VRC 456, 19m @ 1.0 g/t Au from 120m in VRC467 (see Figure one and two).

A full list of intersections received to date is contained in Table 1 and the hole locations and details are in Table 2.

These intersections along with the high grade shallow mineralisation announced in April, has confirmed the company's belief that the Glenburgh area had only been partially tested by the historical drilling. Considerable potential remains around the deposits with the recent drilling only testing the shallow potential. As a result, the deposits still remain open down dip, down plunge and still require additional drilling along strike to close off the mineralisation.

Now that the initial stage of extensional drilling has been completed around the Icon and Apollo gold deposits, the resource estimate will be updated with the resulting resource model used in the current scoping study.

In addition to the RC drilling, RAB and Aircore drilling of the regional targets has also been completed. This drilling covered the recently announced geochemical anomalies on the Icon trend, historical targets in the south west portion of the project as well as further testing of the shallow potential between the Apollo and Mustang deposits and the shallow potential around the Tuxedo deposit. The first 700 sample results are expected to be returned from the laboratory in the next two weeks with the remainder in approximately 3 weeks.

Forward Program:

Drilling:

As mentioned above, stage one of the accelerated drill program has been completed. All the results from this drilling are expected to be returned within the next few weeks, however to provide more detail, the results are expected to be returned as follows:

- The extensional RC drilling of the eastern deposits in the next two weeks.
- The first batches of RAB drilling are expected within two weeks.
- The remaining RAB and Aircore drill results within the next three weeks.

As soon as the results from stage one are compiled, Stage two of the accelerated drill program will commence, with the RC rig already booked with an expected to return date of mid June. This program (depending on results of stage one) will involve between 5,000 and 8,000m of RC drilling as well as around 1,500 – 2,000m of Diamond drill core to provide additional metallurgical material and better geological control on the mineralisation.

Scoping Study Update:

The study is continuing, with consultants appointed for the key areas. The metallurgical program is well advanced and has been designed to test the main options for the project. Including heap leach column tests and "standard" CIP / CIL test work. This program is the longest lead time item for the study, but is on track for completion in the next 6 weeks.

In addition to the metallurgical test work, desk top hydro geological studies have commenced as well as initial environmental studies including field surveys for flora and fauna to ensure that there are no fatal flaws for the project.

Once the results from all the drilling are received and interpreted, the resource will be re-estimated to allow inclusion of the most up to date data into the scoping study and to allow the most up to date models to be used in the mining portions of the scoping study.

The scoping study is expected to be completed within the next 3 months.

Further results and information will be provided as they become available.

On behalf of the Board of
Gascoyne Resources Ltd

Michael Dunbar
Managing Director

Information in this announcement relating to mineral resources and exploration results is based on data compiled by Gascoyne's Managing Director Mr Michael Dunbar who is a member of The Australasian Institute of Mining and Metallurgy. Mr Dunbar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dunbar consents to the inclusion of the data in the form and context in which it appears.

The drilling was conducted using RC drilling with samples being collected at one metre intervals and a riffle split subsample of approximately 2-4 kg was sent to Genalysis Laboratory Services Pty Ltd in Perth Western Australia. The sample was fully pulverized and analysed for gold using a 50 gram lead collection fire assay digest and an atomic absorption spectrometry finish to a 0.01ppm Au detection limit. Full analytical quality assurance – quality control (QA/QC) is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicate, repeats, blanks and grind size analysis.

The spatial location of the samples is derived using surveyed local grid co-ordinates, GPS collar survey pickups, and Reflex single shot downhole surveys taken every 30m down hole.

Intersections have been reported using a 0.5g/t cutoff and allowance for up to 4m of internal waste. Some +0.5g/t intersections have not been reported if they are single metre intersections or are not considered to be significant due to their isolated position compared to other intersections.

True widths have not been determined as the level of detail needed to calculate accurate true widths is not yet available, as a result down hole widths have been reported, however true widths are not expected to significantly change from the down hole widths.

Table 1: Recent RC Drill Intersections

hole	from	to	interval	Au g/t
VRC456	**66**	**87**	**21**	**1.1**
inc	**83**	**87**	**4**	**2.3**
VRC456	96	100	4	0.6
VRC457	127	133	6	0.5
VRC457	138	141	3	2.0
VRC462	65	67	2	3.3
VRC462	123	149	26	0.8
inc	127	133	6	1.8
VRC462	156	160	4	1.1
VRC463	27	30	3	1.3
VRC464	**103**	**121**	**18**	**1.7**
inc	**104**	**109**	**5**	**4.2**
VRC465	17	26	9	0.8
VRC466	78	88	10	0.8
VRC467	36	38	2	1.5
VRC467	**120**	**139**	**19**	**1.0**
inc	**123**	**128**	**5**	**1.7**
VRC468	0	9	9	0.5
VRC468	23	24	1	7.8
VRC468	102	111	9	1.2
VRC468	123	124	1	1.2
VRC468	133	135	2	3.2
VRC469	2	4	2	0.9
VRC469	13	18	5	0.8
VRC469	57	65	8	0.5
VRC469	80	85	5	0.8
VRC469	93	95	2	1.8
VRC470	**36**	**68**	**32**	**2.4**
inc	**59**	**65**	**6**	**7.0**
VRC470	78	80	2	0.5
VRC470	**120**	**124**	**4**	**4.2**
VRC471	4	8	4	1.6
VRC475	129	136	7	0.6
VRC475	132	136	4	0.9
VRC475	153	157	4	0.5
VRC476	**16**	**35**	**19**	**1.4**
INC	**16**	**24**	**8**	**2.0**
VRC476	75	93	18	0.7
VRC476	114	116	2	1.1
VRC477	41	42	1	3.0
VRC477	108	110	2	0.6
VRC478	**112**	**127**	**15**	**1.4**
inc	**122**	**127**	**5**	**3.5**
VRC478	174	178	4	0.7
VRC479	3	4	1	1.3

Table 2: Drill Hole Locations and Details

Hole Number	GDA 94 co-ords		Local Grid co-ords		RL	Depth (M)	Dip	Azimuth (local)	Azimuth (GDA)	Location
	Easting	Northing	Easting	Northing						
VRC456	409841	7191489	11300	10060	330	102	-60	180	155	Between Icon and Apollo
VRC457	409822	7191525	11300	10100	330	150	-60	180	155	Between Icon and Apollo
VRC462	409623	7191476	11100	10140	330	162	-60	180	155	Icon extensional
VRC463	409725	7191370	11150	10000	330	50	-60	180	155	Icon extensional
VRC464	409689	7191477	11150	10100	330	150	-60	180	155	Icon extensional
VRC465	409810	7191432	11250	10020	330	50	-60	180	155	Between Icon and Apollo
VRC466	409793	7191468	11250	10060	330	102	-60	180	155	Between Icon and Apollo
VRC467	409776	7191504	11250	10100	330	150	-60	180	155	Between Icon and Apollo
VRC468	409495	7191397	10950	10120	330	150	-60	180	155	Icon extensional
VRC469	409378	7191293	10800	10075	330	102	-60	180	155	Icon extensional
VRC470	409363	7191325	10800	10110	330	126	-60	180	155	Icon extensional
VRC471	409256	7191199	10650	10040	330	90	-60	180	155	East of Icon
VRC472	409239	7191235	10650	10080	330	132	-60	180	155	East of Icon
VRC473	409223	7191271	10650	10120	330	150	-60	180	155	East of Icon
VRC474	409177	7191251	10600	10120	330	120	-60	180	155	East of Icon
VRC475	409264	7191301	10700	10130	330	162	-60	180	155	East of Icon
VRC476	409314	7191313	10750	10120	330	132	-60	180	155	East of Icon
VRC477	409297	7191350	10750	10160	330	162	-60	180	155	East of Icon
VRC478	409334	7191389	10800	10180	330	180	-60	180	155	Icon extensional
VRC479	410016	7191461	11450	9960	330	84	-60	180	155	Between Icon and Apollo

BACKGROUND ON GASCOYNE RESOURCES

Gascoyne Resources Limited was listed on the ASX in December 2009 following the amalgamation of the gold assets of Helix Resources Limited and Giralia Resources NL in the Gascoyne Region and a capital raising.

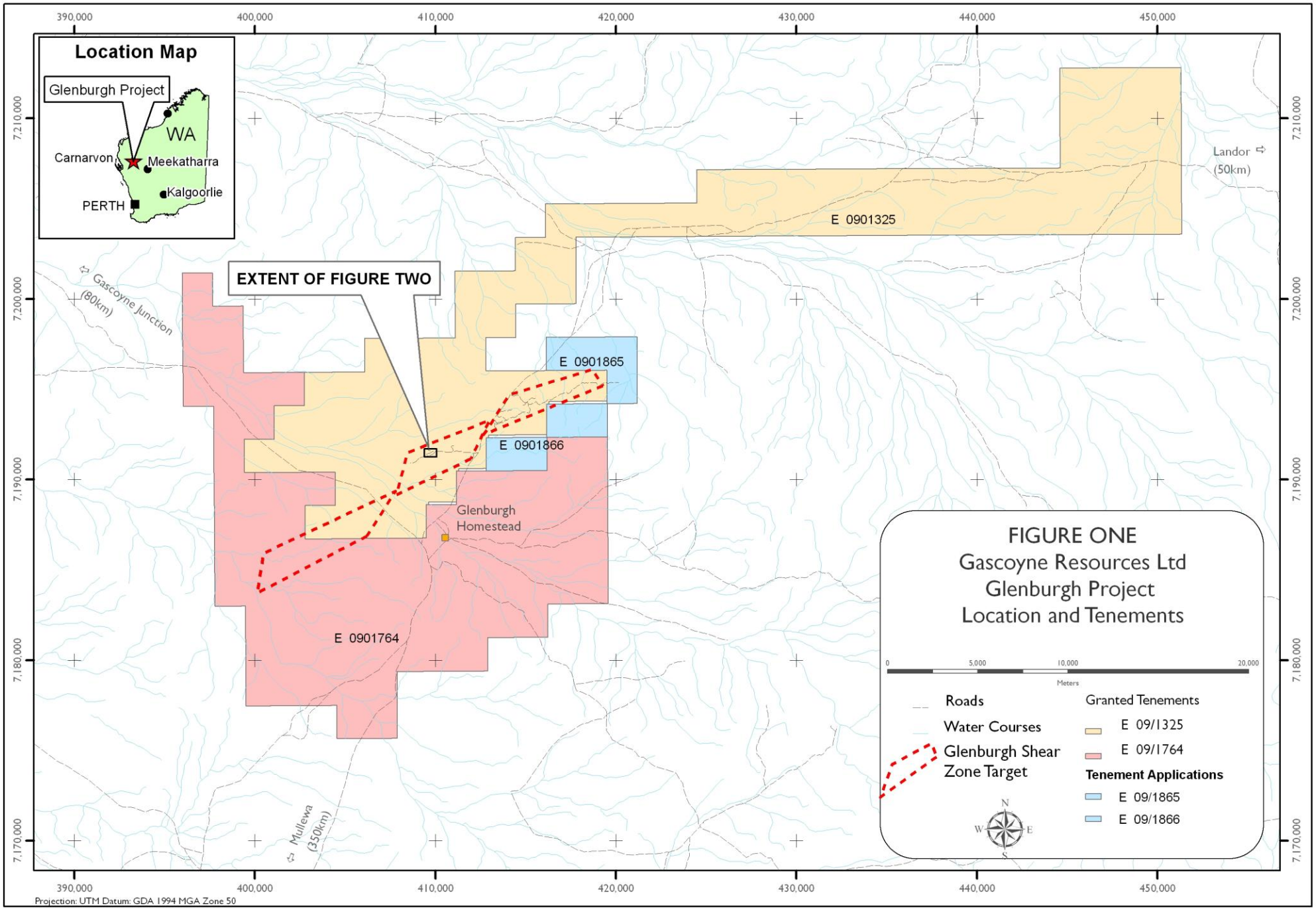
Gascoyne Resources is endowed with

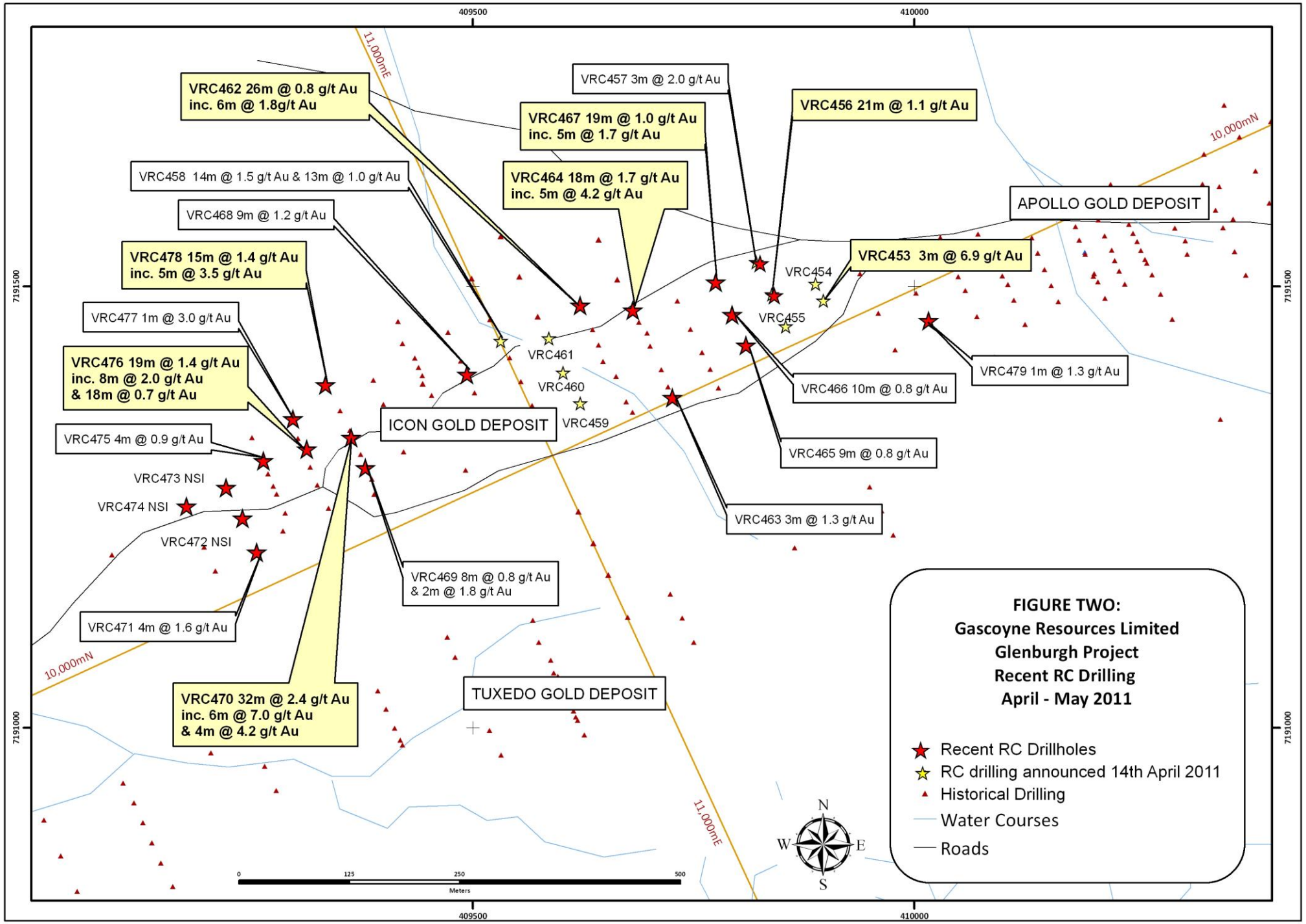
- The Glenburgh Gold Project, located approximately 250km east of Carnarvon in Western Australia, has an inferred resource estimate of: 7.2Mt @ 1.6g/t Au for 360,000oz gold from several deposits within a 20km long shear zone. The deposits remain open along strike and down dip, with significant potential to increase the current resource.

- Untested soil geochemical anomalies and number of mineralised quartz veins at the Bassit Bore Project ready to be drilled. These targets include outcropping mineralized quartz veins with rock chip results of up to 36g/t Au, as well as a number of untested soil anomalies.

- Advanced exploration projects at Mt James and at Bustler Well.

Gascoyne Resources' immediate focus is to continue the evaluation of the Glenburgh gold deposits to delineate meaningful increases in the resource base and to identify and test additional targets in the Glenburgh mineralised system and to explore for additional gold resources on the exploration properties. Success in these activities could to lead to the development of a gold project based on the Glenburgh gold deposits.


Location Map
Glenburgh Project
WA
Carnarvon
Meekatharra
Kalgoorlie
PERTH
EXTENT OF FIGURE TWO
E 0901325
E 0901865
E 0901866
E 0901764
Glenburgh Homestead
Gascoyne Junction (80km)
Landor (50km)
Mullewa (350km)
390,000
400,000
410,000
420,000
430,000
440,000
450,000
7,210,000
7,200,000
7,190,000
7,180,000
7,170,000
FIGURE ONE
Gascoyne Resources Ltd
Glenburgh Project
Location and Tenements
0
5,000
10,000
20,000
Meters
Roads
Water Courses
Glenburgh Shear Zone Target
Granted Tenements
E 09/1325
E 09/1764
Tenement Applications
E 09/1865
E 09/1866
N
W
E
S
Projection: UTM Datum: GDA 1994 MGA Zone 50


409500
410000
7191500
7191000
11,000mE
10,000mN
VRC462 26m @ 0.8 g/t Au
inc. 6m @ 1.8g/t Au
VRC457 3m @ 2.0 g/t Au
VRC467 19m @ 1.0 g/t Au
inc. 5m @ 1.7 g/t Au
VRC456 21m @ 1.1 g/t Au
VRC458 14m @ 1.5 g/t Au & 13m @ 1.0 g/t Au
VRC464 18m @ 1.7 g/t Au
inc. 5m @ 4.2 g/t Au
APOLLO GOLD DEPOSIT
VRC468 9m @ 1.2 g/t Au
VRC478 15m @ 1.4 g/t Au
inc. 5m @ 3.5 g/t Au
VRC453 3m @ 6.9 g/t Au
VRC454
VRC455
VRC477 1m @ 3.0 g/t Au
VRC461
VRC476 19m @ 1.4 g/t Au
inc. 8m @ 2.0 g/t Au
& 18m @ 0.7 g/t Au
VRC460
VRC459
VRC479 1m @ 1.3 g/t Au
VRC466 10m @ 0.8 g/t Au
ICON GOLD DEPOSIT
VRC475 4m @ 0.9 g/t Au
VRC465 9m @ 0.8 g/t Au
VRC473 NSI
VRC474 NSI
VRC463 3m @ 1.3 g/t Au
VRC472 NSI
VRC469 8m @ 0.8 g/t Au
& 2m @ 1.8 g/t Au
VRC471 4m @ 1.6 g/t Au
VRC470 32m @ 2.4 g/t Au
inc. 6m @ 7.0 g/t Au
& 4m @ 4.2 g/t Au
TUXEDO GOLD DEPOSIT
0
125
250
500
Meters
N
W
E
S
FIGURE TWO:
Gascoyne Resources Limited
Glenburgh Project
Recent RC Drilling
April - May 2011
Recent RC Drillholes
RC drilling announced 14th April 2011
Historical Drilling
Water Courses
Roads