Quarterly Report June 2011

GASCOYNE RESOURCES LIMITED

CORPORATE DETAILS

Company Information:

ASX Code GCY

Shares 101.15M

Share Price ....28.0 *cents*

Market Capitalisation

$29 Million

Directors

Non-Executive Chairman

Graham Riley

Managing Director

Michael Dunbar

Non Executive Directors

John den Dryver
Gordon Dunbar
Mike Joyce
Stan Macdonald

Assets

Cash **$5.0M**

Glenburgh Gold (100%)

360,000 oz Au

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Highlights

TECHNICAL

Glenburgh

- **The staged 35,000m Glenburgh drill program is well advanced; stage one (~15,000m) was completed during the June quarter and stage two consisting of a further 18,000m commenced on the 18th of July.**
- **Stage one RC results included;**
    - o **32m @ 2.4g/t Au inc. 6m @ 7.0g/t Au** from 59m in VRC470
    - o **15m @ 5.6g/t Au inc. 4m @ 11.3g/t Au** from 87m in VRC491
    - o 18m @ 1.7g/t Au from 103m in VRC464
- **Air- core drilling extended the shallow mineralisation at the central deposits, including;**
    - o 28m @ 1.2 g/t Au from surface, inc. 12m @ 2.2 g/t in GLAC033
    - o 12m @ 1.0 g/t Au from 16m, inc. 8m @ 1.2 g/t in GLAC010
    - o **11m @ 1.9 g/t Au from surface to EOH** in GLAC072
- **RAB drilling discovered a new target zone – the South Western zone with wide spaced drilling intersecting;**
    - o **28m @ 1.2 g/t Au from 4m, inc. 8m @ 3.23 g/t in GLR527**
    - o 8m @ 1.1 g/t Au from surface, inc. 4m @ 1.9 g/t in GLR590
- **A new exploration licence was granted expanding the project by 250km^2.**

Bassit Bore

- **Rock chip sampling completed on one of several mineralised quartz vein with results up to 73g/t (2.35oz) Au reported.**
- **Two new exploration licenses were granted extending the project by some 400 km^2.**

New Projects

- **An exploration tenement has been applied for in the northern Perth Basin region of Western Australia**

CORPORATE

- **The issue of 40 Million shares was completed during the quarter following the approval for the placement at the General Meeting held on the 20th of April.**
- **Mr Julian Goldsworthy has been appointed as General Manager – Business Development.**

GASCOYNE RESOURCES LIMITED

ACN: 139 522 900

REVIEW OF OPERATIONS

GLENBURGH E09/1325 & 1764, ELA 1865 & 1866 100% Gascoyne

During the June quarter, field activities were stepped up with a staged 35,000 metre drill program commencing, stage one consisting of approximately 15,000m of RC and RAB drilling has already been completed. The second stage of approximately 18,000m has commenced with RC drilling underway at the south western discovery.

Activities during the quarter include:

- Extensional RC drilling near the known resources, with the aim of delineating meaningful extensions to the 360,000 oz Inferred gold resource.
- Air-core drilling around the Tuxedo Deposit and between the Apollo and Mustang deposits, to define the shallow mineralisation currently excluded from the resource estimate.
- RAB drilling of the South West Target zone, where historical wide spaced drilling intersected broad low grade mineralisation.
- Continuation of the Glenburgh scoping study.
- Grant of the exploration tenement to the south and west of the existing Glenburgh tenement package.
- Commencement of stage two of the 2011 drill program - an 8,000m RC drill program and a 10,000m RAB / Aircore drill program.

Drilling Update

RC Drilling:
As announced in the March quarterly report, RC drilling commenced in mid March and was completed in May. This constituted part of stage one of the 2011 drill program which totals around 35,000m.

The drilling was primarily targeted on resource extensions, in particular between the Apollo and Icon gold deposits. The drilling was successful in extending the mineralisation between the two largest deposits at Glenburgh, with multiple holes between the deposits intersecting ~ 20m wide zones of mineralisation (see Figure 2). As released on 14th of April & 23th of May intersections included:

- 18m @ 1.7g/t Au from 103m in VRC464,
- 19m @ 1.0g/t Au from 120m in VRC467,
- 21m @ 1.1g/t Au from 66m in VRC456

Additional drilling was also undertaken to extend zones of mineralisation at Icon, with a number of high grade and wide intersections identified (see Figure 2). Icon intersections included:

- 32m @ 2.4g/t Au from 36m in VRC470 including 6m @ 7.0g/t Au,
- 19m @ 1.4g/t Au from 16m in VRC476,
- 15m @ 1.4g/t Au from 112m in VRC478

In addition to the drilling surrounding Icon, additional drilling was undertaken to extend the known mineralisation at the eastern deposits (as announced on 2nd June). The drilling at Zone 126, 102 and Hurricane intersected significant widths and grades including (see Figure 3):

- **Zone 126 – 15m @ 5.6g/t Au including 4m @ 11.3g/t Au** from 87m in VRC491,
- Zone 102 – 7m @ 1.9g/t Au from 102m in VRC490,
- Hurricane – 6m @ 1.5g/t Au from 102m in VRC480

As a result of the successful completion of stage one of the drill program, stage two, which consists of a further 18,000m of drilling is underway, with the 8,000m RC portion commencing on the 18th of July.

Air-core Drilling:
Air-core drilling was completed in the central resource area, to better define the shallow mineralisation between Apollo and Mustang as well as in and around Tuxedo that had previously been excluded from the resource estimates (see Figure 4).
The drilling identified a number of new mineralised positions, as well as defining a number of zones that were previously only tested by shallow RAB drilling (as announced on the 30th of June).

Intersections included:

- **28m @ 1.2 g/t Au from surface, including 12m @ 2.2 g/t from 12m** in GLAC033
- 12m @ 1.0 g/t Au from 16m, including 8m @ 1.2 g/t from 20m in GLAC010
- **11m @ 1.9 g/t Au from surface to end of hole** in GLAC072
- 4m @ 2.6 g/t Au from 12m in GLAC045
- 8m @ 1.1g/t Au from 12m in GLAC067
- 16m @ 0.7 g/t Au from 12m to end of hole in GLAC039, including 4m @ 1.3g/t from Au 12m and 4m @ 1.3g/t Au from 24m to the end of the hole

As this drilling was air-core and relatively shallow, it is considered to be reliable for resource estimation, enabling the results to be incorporated into the next resource update.

RAB Drilling:
RAB drilling was undertaken at four prospects during the quarter. The drilling resulted in the discovery of a new mineralised system at the south west target area (as announced on the 6th & 29th of June). See Figure 5.
The south west discovery included the following intersections, on wide spaced drill lines:

- **28m @ 1.2 g/t Au from 4m, including 8m @ 3.23 g/t Au from 16m** in GLR527
- 4m @ 0.9 g/t Au from 40m to the end of hole, in GLR523,
- 10m @ 0.7 g/t Au from 24m in GLR533,
- **8m @ 1.1 g/t Au from surface, including 4m @ 1.9 g/t Au from 4m** in GLR590
- 4m @ 2.1 g/t Au from 32m in GLR606

The drilling has traced the new mineralised system for over 3,000m.

Confirmation RC drilling is now underway at the prospect as part of stage two of the 2011 drill program.

In addition to the RC drilling, a further ~ 8,000m of air-core drilling is planned for the area to infill the area to 100m spaced drill lines.

Scoping Study:
As announced in the March quarterly, a pit optimisation study was completed to evaluate at a conceptual level, the potential for development of the Glenburgh project. Conceptual pit shells identified between 4.5Mt and 5.5Mt of material with a grade of between 1.6 and 1.4 g/t Au could be extracted through conventional open cut mining. These optimisations showed a potential positive cashflow (excluding capital costs) of between $80 and $120 Million. As a result a scoping study is underway for the Glenburgh gold project. The study is assessing the preferred development option for the project, as well as highlighting if there are any "fatal flaws" for the project. To date, no significant impediments to the project have been identified.

The study is assessing the following areas:

- Resources
- Metallurgy/ process design
- Environmental / permitting
- Hydrogeology
- Infrastructure
- Mining
- Economic

The study is progressing well and is expected to be completed in August.

Grant of New Tenement:
During the quarter, the exploration licence application to the south and west of the Glenburgh, was granted. This covers the south western extension of the mineralised Glenburgh Shear zone that hosts the 360,000 ounce inferred gold resource. Historically, only broad spaced surface sampling has been completed on the tenement. Infilling of the surface geochemical data is a priority as is collection of additional geophysical data over the area. See Figure 6.

Forward Program
As mentioned above, Stage two of the 35,000m, 2011 Glenburgh drill program is underway and is expected to be completed by mid September.

The scoping study for the Glenburgh project is well advanced with completion expected by the end of August.

BASSIT BORE E09/1088, 1750 & 1751 100% Gascoyne

Two tenements E09/1750 & 1751 were granted during the quarter. These tenements add approximately 400km2 to the project. See Figure 7

Limited exploration was completed during the quarter as the focus remains at Glenburgh. However a small rock chip sampling program was completed within E09/1751 on one of the mineralised quartz veins, along strike from previous rock chip samples on the eastern side of the project (see Figure 7). A total of 13 rock chips were collected with 7 returning grades of greater than 0.5ppm Au, with the best result being 73g/t Au (or 2.35oz Au). Further soil sampling has been planned around the quartz vein system and is expected to be completed during the next quarter.

BUSTLER WELL E52/2348 and **MT JAMES** E52/2343 100% Gascoyne

Historical drilling at the Bustler Well project has intersected significant grades of mineralisation including 1m @ 37.4g/t Au, 2m @ 9.08 g/t Au and 3m @ 7.62 g/t Au from a 150m long quartz-shear lode. At Mt James, previous explorers had identified a zone of +1.0g/t Au mineralisation along a 2.5km strike length within a 300m thick package of sheared mafic amphibolites and BIF's.

A desktop review of the historical drilling and surface geochemistry has been undertaken during the quarter and has highlighted a number of targets that require follow-up.

No on ground exploration was undertaken during the quarter.

NEW PROJECTS

One tenement application has been made in the northern Perth Basin region of Western Australia. This tenement is not expected to be granted until later this calendar year.

In addition to the new tenement application, a number of prospective projects have been reviewed during the quarter. The company continues to review a number of opportunities, both at a project level as well as at a corporate level.

CORPORATE

During the June quarter, the changes highlighted during the March quarter, were implemented. These included finalising the capital raising and strengthening the executive team, to set the company up for a period of significant growth over the medium term. A summary of the changes are summarised below.

Issue of Shares
(Announced on 3rd of May 2011)
As outlined in the March quarterly report, following the general meeting held on the 20th of April where approval for the placement of 40 million shares was received, the issue of 40 million shares was completed on the 3rd of May 2011.

The 4 million dollars raised have allowed the company to accelerate drilling at the company's 100% owned Glenburgh gold project. As described above, a staged program of 35,000m of drilling is underway at Glenburgh aimed at growing the resource base, accelerating the regional exploration, with the ultimate goal to provide the foundation for development decision for the project within the next twelve months.

Appointment of General Manager – Business Development
(Announced on 3rd of June)

Mr Julian Goldsworthy has joined the company as General Manager – Business Development effective 1st of July. Julian's primary role will be identifying new growth opportunities as well as assisting the existing technical team in identifying opportunities within our existing projects.

Prior to joining Gascoyne, Julian was the Exploration Manager for Giralia Resources, where he was instrumental in building the exploration portfolio and resource base that resulted in the successful takeover by Atlas Iron Ltd for approximately $828 million.

GASCOYNE RESOURCES LIMITED
ACN: 139 522 900

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.

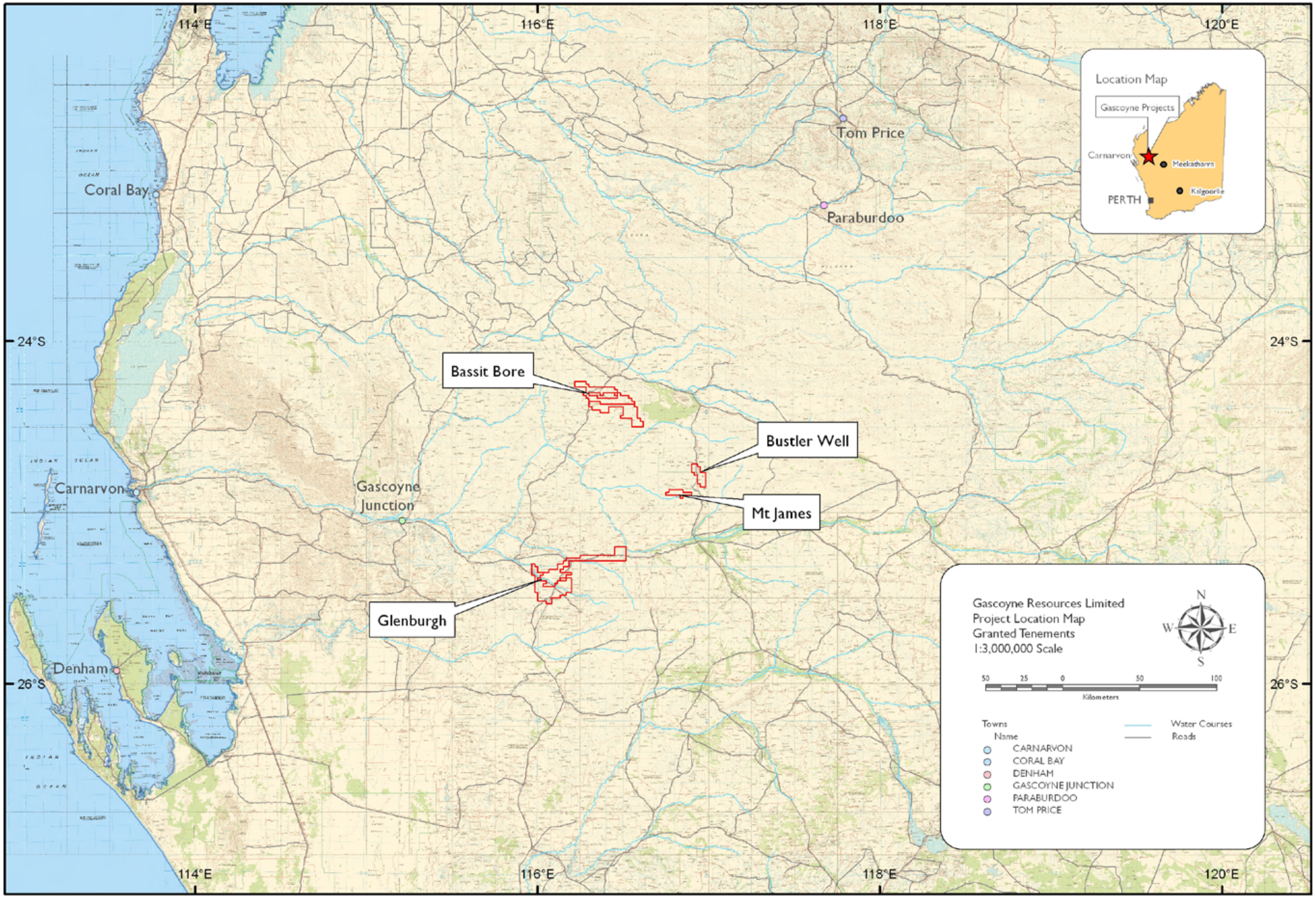
Gascoyne Resources is endowed with

- The Glenburgh Project that has an inferred resource estimate of: 7.2Mt @ 1.6g/t Au for 360,000oz gold from several prospects within a 20km long shear zone.
- Untested soil geochemical anomalies and number of mineralised quartz veins at Bassit Bore ready to be drilled.
- Advanced exploration projects at Mt James and at Bustler Well.
- A number of exploration tenements that are expected to be granted during 2011.

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 lead to the development of a gold project based on the Glenburgh gold deposits.

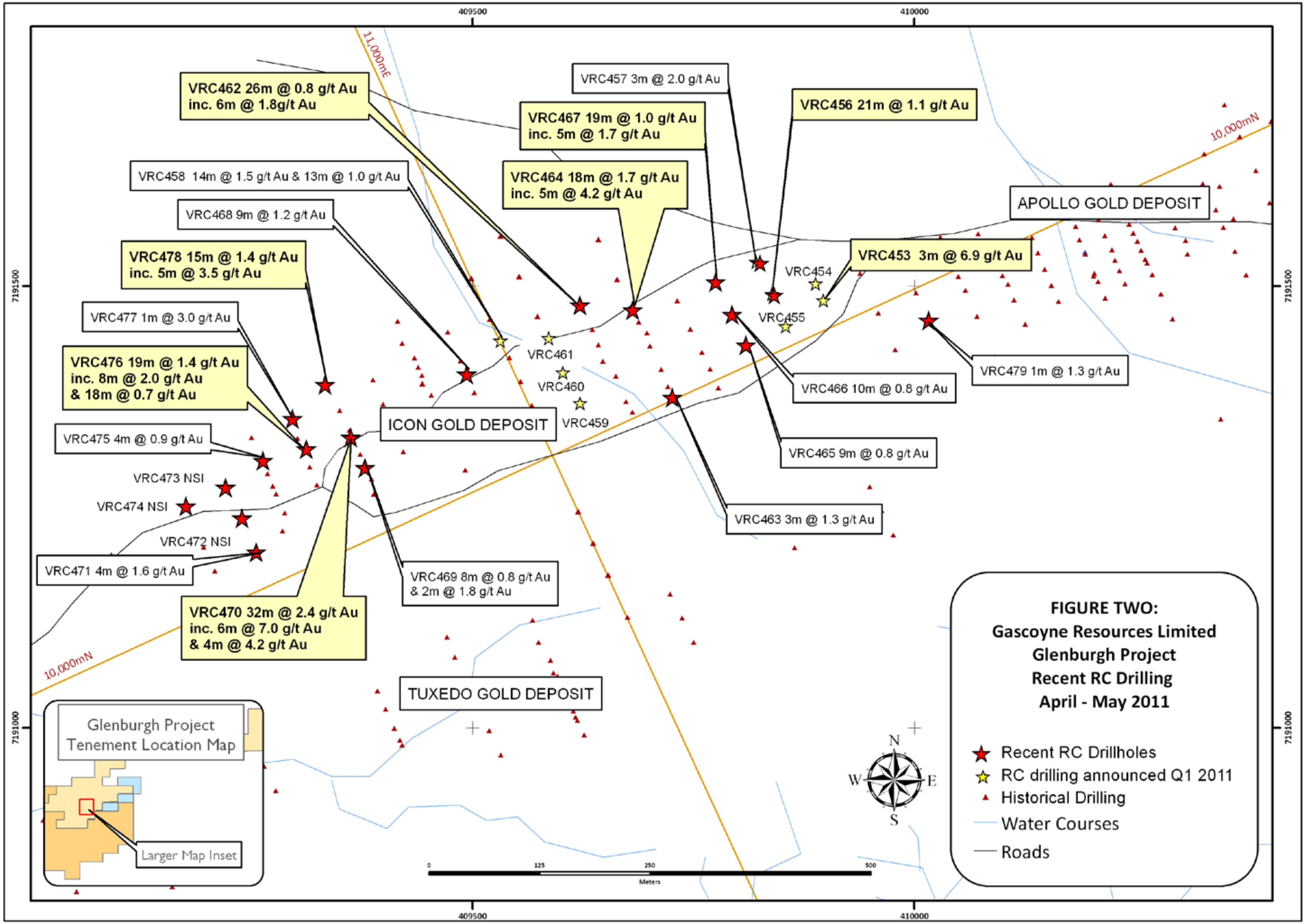
Competent Persons Statements

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by the company's Managing Director Mr M 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 he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Projection: GCS GDA 1994

Figure One: Gascoyne Province Project Locations



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
VRC468 9m @ 1.2 g/t Au
APOLLO GOLD DEPOSIT
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
VRC460
VRC459
VRC479 1m @ 1.3 g/t Au
VRC476 19m @ 1.4 g/t Au
inc. 8m @ 2.0 g/t Au
& 18m @ 0.7 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
VRC471 4m @ 1.6 g/t Au
VRC469 8m @ 0.8 g/t Au
& 2m @ 1.8 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
Glenburgh Project
Tenement Location Map
Larger Map Inset
0
125
250
500
Meters
N
S
W
E
FIGURE TWO:
Gascoyne Resources Limited
Glenburgh Project
Recent RC Drilling
April - May 2011
Recent RC Drillholes
RC drilling announced Q1 2011
Historical Drilling
Water Courses
Roads

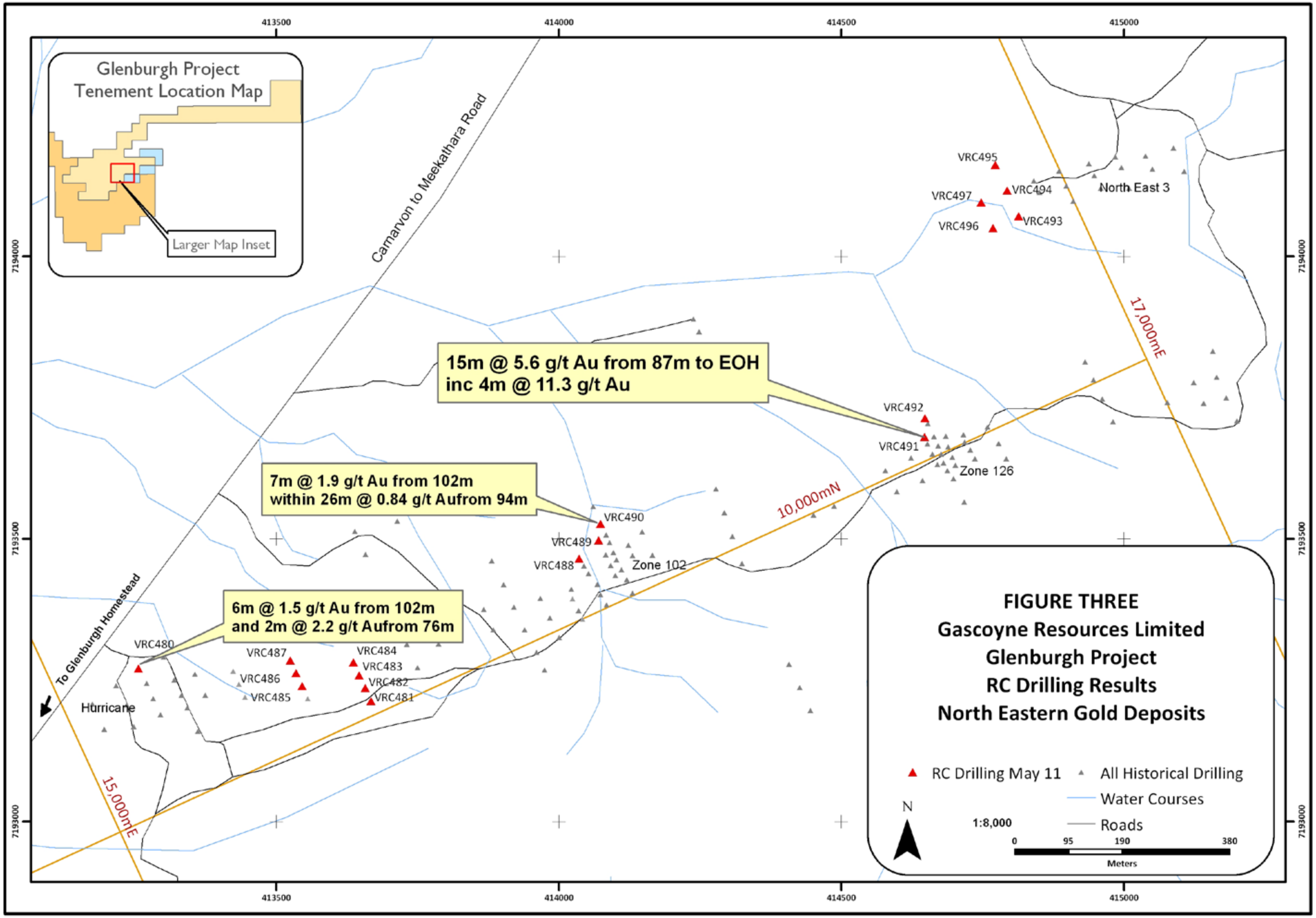
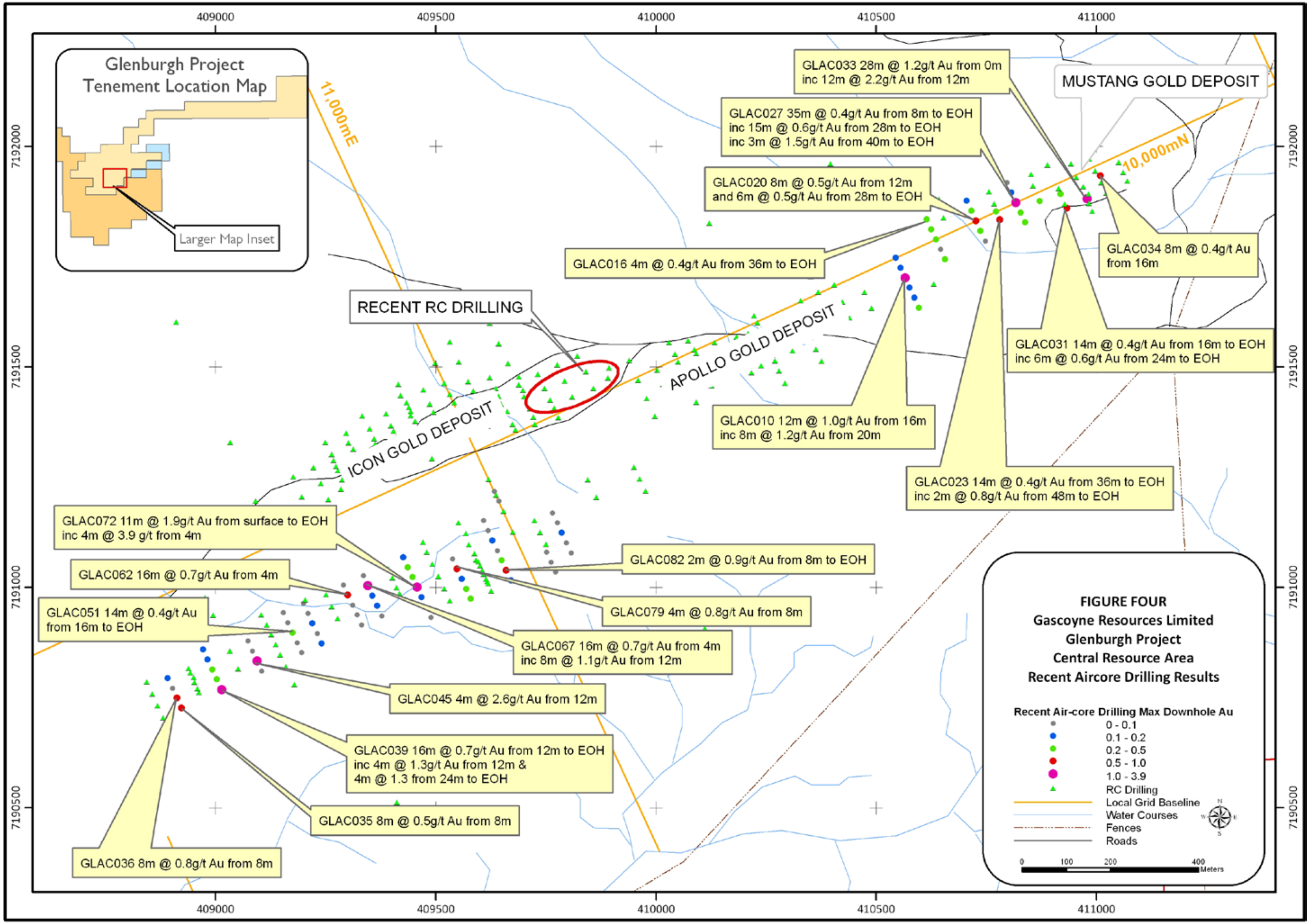


FIGURE THREE
Gascoyne Resources Limited
Glenburgh Project
RC Drilling Results
North Eastern Gold Deposits



Glenburgh Project
Tenement Location Map
Larger Map Inset
11,000mE
10,000mN
MUSTANG GOLD DEPOSIT
RECENT RC DRILLING
ICON GOLD DEPOSIT
APOLLO GOLD DEPOSIT
GLAC033 28m @ 1.2g/t Au from 0m
inc 12m @ 2.2g/t Au from 12m
GLAC027 35m @ 0.4g/t Au from 8m to EOH
inc 15m @ 0.6g/t Au from 28m to EOH
inc 3m @ 1.5g/t Au from 40m to EOH
GLAC020 8m @ 0.5g/t Au from 12m
and 6m @ 0.5g/t Au from 28m to EOH
GLAC016 4m @ 0.4g/t Au from 36m to EOH
GLAC034 8m @ 0.4g/t Au
from 16m
GLAC031 14m @ 0.4g/t Au from 16m to EOH
inc 6m @ 0.6g/t Au from 24m to EOH
GLAC010 12m @ 1.0g/t Au from 16m
inc 8m @ 1.2g/t Au from 20m
GLAC023 14m @ 0.4g/t Au from 36m to EOH
inc 2m @ 0.8g/t Au from 48m to EOH
GLAC072 11m @ 1.9g/t Au from surface to EOH
inc 4m @ 3.9 g/t from 4m
GLAC082 2m @ 0.9g/t Au from 8m to EOH
GLAC062 16m @ 0.7g/t Au from 4m
GLAC079 4m @ 0.8g/t Au from 8m
GLAC051 14m @ 0.4g/t Au
from 16m to EOH
GLAC067 16m @ 0.7g/t Au from 4m
inc 8m @ 1.1g/t Au from 12m
GLAC045 4m @ 2.6g/t Au from 12m
GLAC039 16m @ 0.7g/t Au from 12m to EOH
inc 4m @ 1.3g/t Au from 12m &
4m @ 1.3 from 24m to EOH
GLAC035 8m @ 0.5g/t Au from 8m
GLAC036 8m @ 0.8g/t Au from 8m
409000
409500
410000
410500
411000
7192000
7191500
7191000
7190500
FIGURE FOUR
Gascoyne Resources Limited
Glenburgh Project
Central Resource Area
Recent Aircore Drilling Results
Recent Air-core Drilling Max Downhole Au
0 - 0.1
0.1 - 0.2
0.2 - 0.5
0.5 - 1.0
1.0 - 3.9
RC Drilling
Local Grid Baseline
Water Courses
Fences
Roads
0
100
200
400
Meters

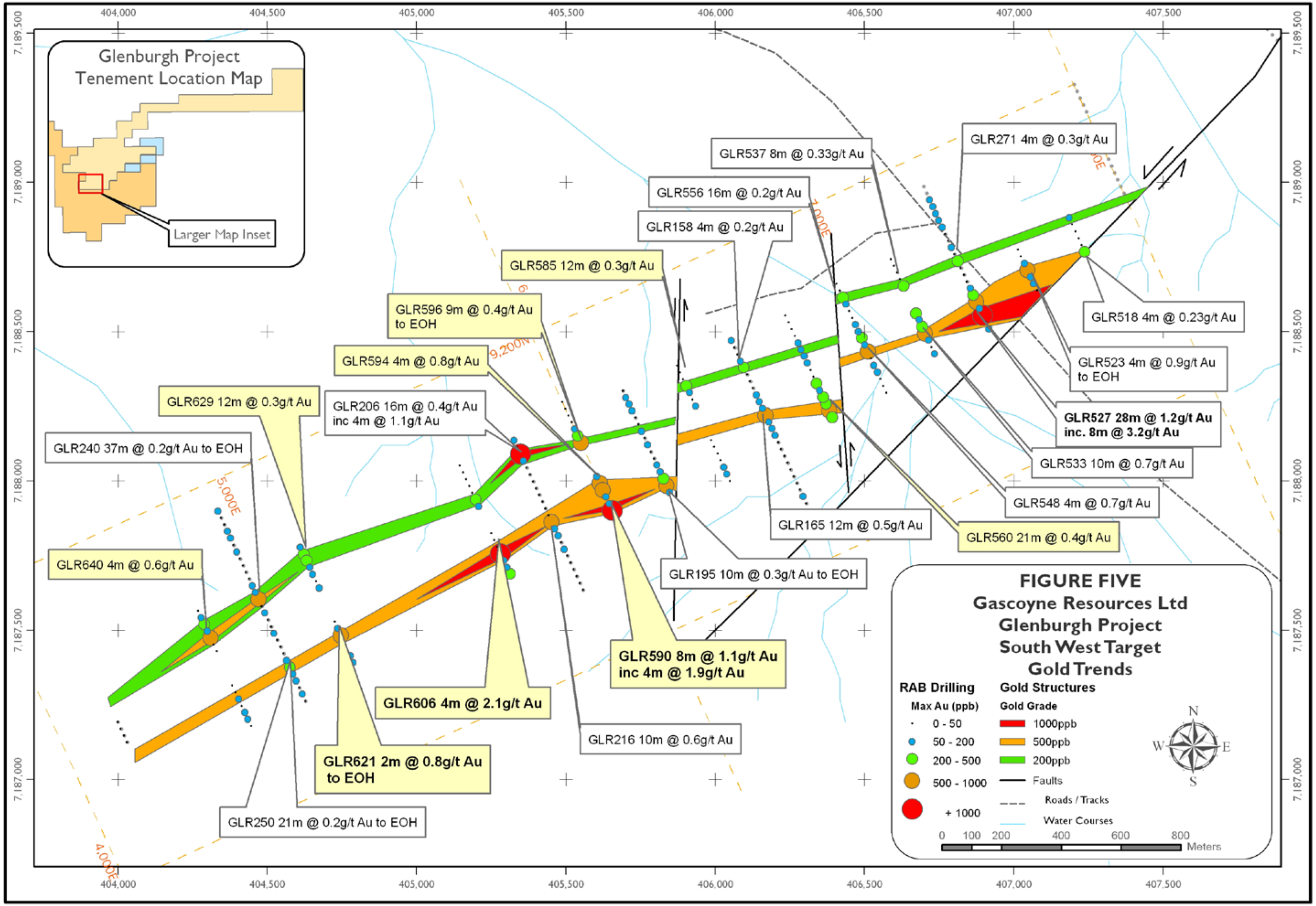


FIGURE FIVE
Gascoyne Resources Ltd
Glenburgh Project
South West Target
Gold Trends

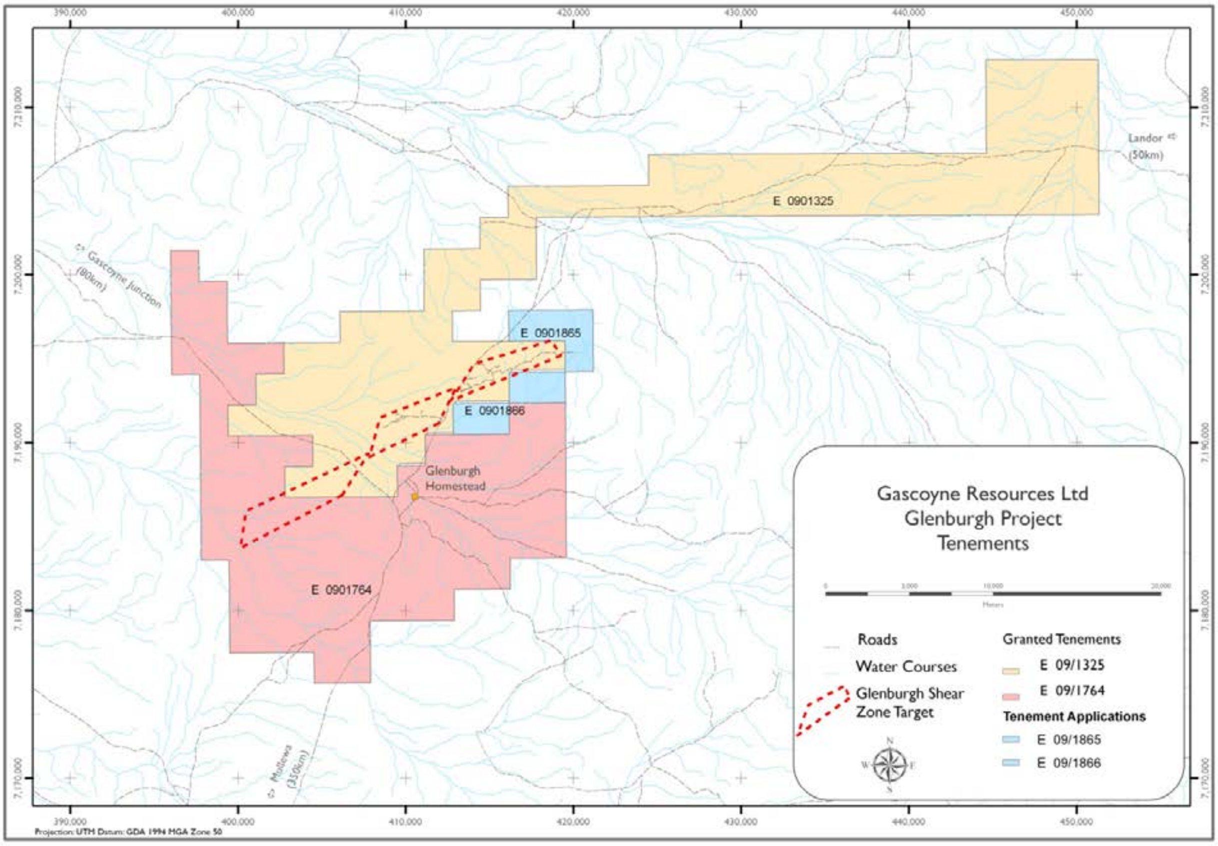


Figure Six: Glenburgh Project Tenements

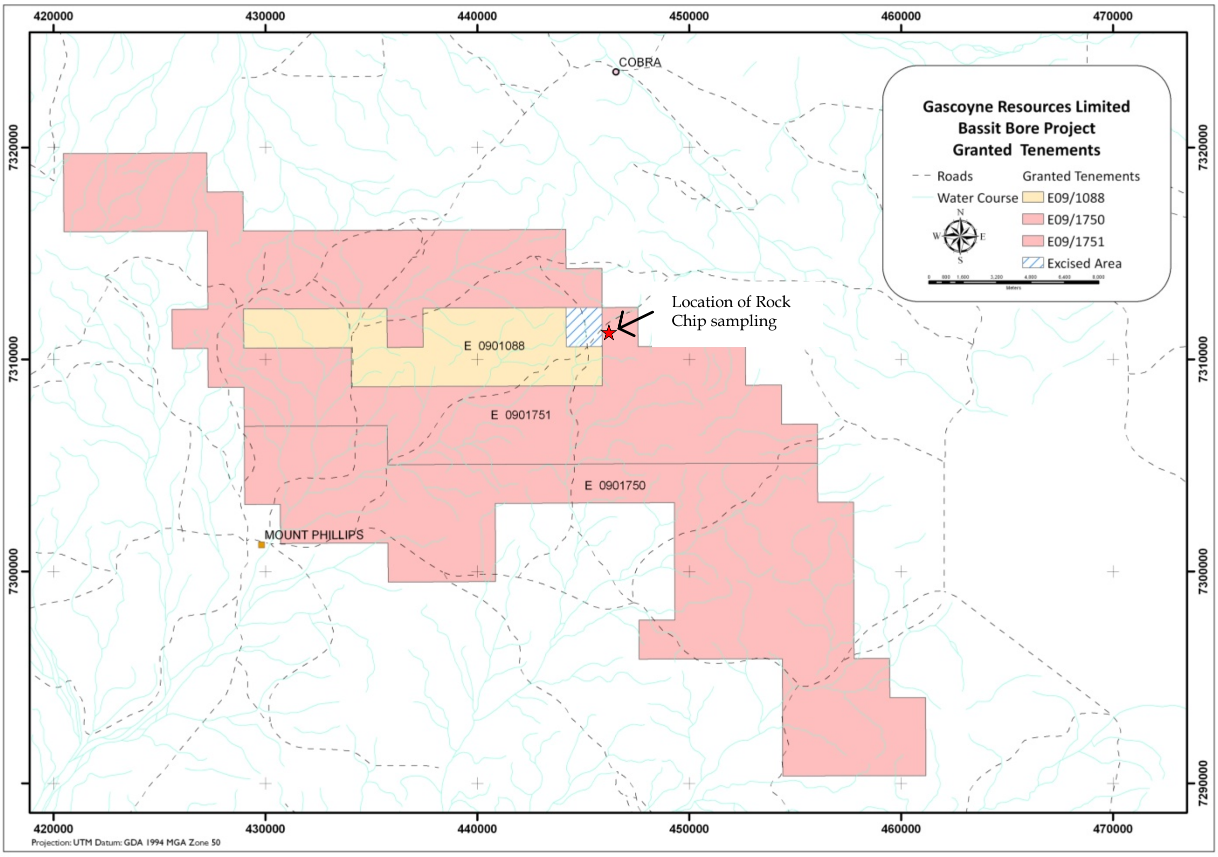


Figure Seven: Bassit Bore Project Tenements

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Gascoyne Resources Limited

ABN	Quarter ended ("current quarter")
57 139 522 900	30 June 2011

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (12 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(1,156)	(2,660)
	(b) development		
	(c) production		
	(d) administration	(195)	(535)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	19	159
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (Stamp Duty)		(282)
	Net Operating Cash Flows	(1,332)	(3,318)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(9)	(72)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(9)	(72)
1.13	Total operating and investing cash flows (carried forward)	(1,341)	(3,390)

1.13	Total operating and investing cash flows (brought forward)	(1,341)	(3,390)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,000	4,000
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Share Issue Costs)	(33)	(33)
	Net financing cash flows	3,967	3,967
	Net increase (decrease) in cash held	2,626	577
1.20	Cash at beginning of quarter/year to date	2,331	4,380
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	4,957	4,957

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	92
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Managing Director salary $68k
Non-executive Director fees $24k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,260
4.2	Development	
4.3	Production	
4.4	Administration	274
	Total	**1,534**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	57	331
5.2	Deposits at call	4,900	2,000
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	4,957	2,331

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased	E09/1750 E09/1751 E09/1764 E70/4106	Granted Granted Granted Application	100% 100% 100% 0%	100% 100% 100% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	101,149,600	93,126,898		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	40,000,000	40,000,000		
7.5	**+Convertible debt securities** *(description)*				

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	2,700,000	Nil	*Exercise price* *$0.25*	*Expiry date* *30 November 2011*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: (Company secretary) Date: 25 July 2011

Print name: Eva O'Malley

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.