

HIGHLIGHTS

Technical:

Glenburgh

- Inferred resource increased by **45 % to 13.8Mt @ 1.2g/t Au for 520,000 oz gold.**
- Further significant gold intersections from extensional RC drilling of the existing deposits at Glenburgh RC Intersections **outside the updated** resource include:
 - **20m @ 11.1 g/t gold**, including 2m @ 31.8g/t gold and 3m @ 30.5g/t gold
 - **17m @ 6.8 g/t gold**, including 6m @ 15.7g/t gold
 - **14m @ 5.3 g/t gold**, including 5m @ 13.9g/t gold
 - **5m @ 9.9 g/t gold**, including 2m @ 22g/t gold
 - **43m @ 2.3g/t gold**, including 16m @ 3.8g/t gold
 - **18m @ 2.1 g/t gold**
 - **13m @ 1.9 g/t gold**
 - **8m @ 2.2 g/t gold**
- Encouraging new Aircore gold intersections from the South Western Target area at Glenburgh including:
 - **28m @ 0.8 g/t gold, including 12m @ 1.5 g/t gold**
 - **8m @ 1.2 g/t gold**
 - **6m @ 1 g/t gold**
- Glenburgh Scoping Study well advanced, with completion expected shortly
- Two new tenement applications to the west of the Glenburgh Project completed

Bassit Bore

- Soil sampling ahead of RC drilling of the Harrier prospect was completed, identifying an anomalous gold trend broadly coincident with the mineralised quartz vein which returned up to 73g/t gold.
- RC drilling has been completed on the project with results expected in November.

New Projects

- New tenements have been granted in the Higginsville and Murchison regions
- A number of project opportunities are being assessed

Corporate:

- Share options were issued during the quarter to key employees, under the Employee option share scheme.

CORPORATE DETAILS

ASX Code: GCY
Shares: 101.5M
Share Price: 0.25 cents
Market Cap: \$25M

ASSETS

Cash: \$4.0 M
Glenburgh (100%) 520,000 oz Gold

BOARD

Non-Executive Chairman
Graham Riley

Managing Director
Michael Dunbar

Non-Executive Directors
John den Dryver
Gordon Dunbar
Mike Joyce
Stan Macdonald

CONTACT DETAILS

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REVIEW OF OPERATIONS

GLENBURGH

E09/1325 & 1764, ELA 1865, 1866, 1946 & 1947, PLA 09/471-744 - 100% Gascoyne

During the September quarter, RC and Air core drilling was accelerated, with one RC drill rig and one Air core rig on site for the bulk of the period. As a result approximately 20,000 metres of drilling has been completed at the Company's 100% owned Glenburgh Gold project in Western Australia during the quarter.

Activities completed during the quarter include:

- Updated Inferred Resource estimate resulting in **13.8Mt @ 1.2g/t Au for 520,000 oz contained gold**.
- Discovery of a high grade plunging gold shoot at Zone 126, **20m @ 11.1 g/t gold**
- Discovery of the Torino prospect from RC drilling, **18m @ 2.1 g/t gold and 43m @ 2.3 g/t gold**
- Extensional and exploration RC drilling, with the aim of delineating meaningful extensions of the 520,000oz Inferred Resource.
- Air core drilling of the South West Target zone, where wide spaced RAB drilling has identified two 3,000m long anomalous gold trends.
- Continuation of the Glenburgh Scoping Study. The study is in the final stages with completion expected shortly.
- New exploration tenement applications to the west of the existing Glenburgh project.

RESOURCE UPDATE

As announced on the 23rd of August, the Glenburgh resource estimate has been updated with the new drilling completed up until the end of June 2011. The Inferred Mineral Resource now stands at

13.8 Mt @ 1.2 g/t Au for 520,000 oz of contained gold at a 0.5g/t cut off.

This equates to an increase in gold resource ounces of 45% and an increase of 90% in resource tonnage over the last resource estimate, which was completed in November 2010.

The resource modelling and estimation has been completed in-house by Gascoyne Resources Limited and has been reviewed and audited by Runge Limited, an external and independent global resource consultancy.

The increase comes as a result of incorporating additional drilling, revision of the modelling parameters and a lowering of the cutoff grade due to the increases in the gold price since the last resource was completed.

A further resource update will be completed later in the year, once all the results from the current drilling have been received.

DRILLING UPDATE

RC Drilling:

During the quarter, five separate announcements have been released, outlining the RC drilling results. (See separate company announcements dated 18th August, 8th and 15th of September and 12th and 27th of October for full details). Note that all of these drilling results are outside the updated Glenburgh resource.

The results are summarised by prospect area below (see Figure one for prospect locations and figures 2-4 for intersection locations):

Zone 126:

Discovery of a high grade plunging shoot of mineralisation was made and announced on the 15th of September. The results included 20m @ 11.1 g/t gold and 17m @ 6.8 g/t gold.

Additional RC drilling has been completed targeting 50m further down plunge of these intersections, however the assay results have not as yet been received.

Torino:

The discovery of significant mineralisation at the Torino prospect was made (and announced) on the 18th of August, with further results released on 27th October. The RC drilling following up previous RAB drilling results, returned assay results of 18m @ 2.1 g/t gold including 7m @ 3.1g/t gold, 43m @ 2.3g/t gold including 16m @ 3.8g/t gold and a number of broad low grade intersections. The Torino area remains open along strike and down dip, additional RC drilling is currently being planned.

Zone 102:

Extensional drilling at Zone 102 (announced 12th October), identified a number of high grade intersections including up to 14m @ 5.3g/t gold (including 5m @ 13.9g/t gold), 13m @ 1.9 g/t gold and 5m @ 3.3 g/t gold. These intersections suggest that within the zone 102 deposit, a higher grade plunging shoot occurs, similar to the high grade plunging shoot that has been identified at Zone 126, a further 600m to the east.

Apollo:

Extensional drilling intersections at the Apollo deposit were announced on the 12th of October. The results include a number of high grade intersections that fall outside the current resource, but within the Apollo conceptual pit. The intersections include 5m @ 3.1 g/t gold, 8m @ 2.2 g/t gold and 7m @ 2.3 g/t gold. These intersections will increase the amount of the resource that could be exploited from open cut mining.

Icon:

Drilling outside the Icon resource, but within the conceptual pit intersected a number of significant mineralised zones, including 12m @ 1.5 g/t gold, 18m @ 0.7 g/t gold and 3m @ 2.1 g/t gold (as announced on the 12th of October). It is expected that these results will have a positive impact on the amount of the resource that could be exploited from open cut mining.

Tuxedo:

Exploration drilling around the Tuxedo prospect identified a number of shallow intersections, including 11m @ 0.7 g/t gold, 4m @ 2.3 g/t gold, 5m @ 0.9 g/t gold and 2m @ 4.0 g/t gold. (as announced on the 12th of October).

Mustang:

Exploration drilling to the west of Mustang, intersected a number of anomalous zones of mineralisation, including 18m @ 1.0g/t gold (including 3m @ 2.8g/t Au), 12m @ 0.7 g/t gold and numerous zones of shallow low grade mineralisation. See table one for significant intersections and table two for drill hole location data.

South West Target Zone:

As announced on the 8th of September, a high grade quartz vein was intersected in an exploration RC hole, which returned assays of 5m at 9.9g/t gold (including 2m @ 22 g/t Au) from 77m. Follow up RC drilling along strike failed to repeat the initial RC intersection. Additional geological mapping and interpretation of recent air core drill results will be completed prior to additional RC drilling in the area. See table two for drill hole location data for drill holes that have not been previously released.

Air Core Drilling:

Further Aircore drilling gold results were announced on the 12th of October. They represent around two thirds of the holes drilled in the South Western Target area of the Glenburgh project. A number of significant anomalies have been identified including 8m @ 1.2g/t gold from 12m in GLAC262, 6m @ 1 g/t gold from 16m in GLAC203 and 28m @ 0.8 g/t gold from 8m including 12m @ 1.5 g/t gold in GLAC113. There are a number of significant gold anomalies to the end of hole which represent compelling RC drill targets. These encouraging shallow intersections highlight the potential for discovery of new gold prospects similar to the Torino Deposit in the South Western Target area. See Figure 4

The remaining air core drilling results are expected to be received in November.

SCOPING STUDY

As previously announced, a scoping study on the viability of the Glenburgh Gold project is being completed. This study, while taking longer than originally anticipated, is progressing well, with completion expected shortly.

The study has assessed the following areas:

- o Resources
- o Exploration potential
- o Metallurgy/ conceptual process flow design
- o Environmental / Permitting
- o Hydrogeology
- o Infrastructure
- o Mining
- o Economic

The completed study is expected to be received from the Company's engineering consultants shortly, and it is anticipated that the results will be reported to ASX in early November.

NEW TENEMENT APPLICATIONS

During the quarter, two additional exploration tenements have been applied for further to the west of the current Glenburgh project area. These tenements cover the eastern margin of the Carnarvon basin, along strike from the "Glenburgh Shear Zone target". The tenements also cover areas which are considered prospective for water exploration that will be needed to support any development at Glenburgh. The western most tenement covers a corridor from the main Glenburgh project across to the Dampier to Bunbury natural gas pipe line. This tenement has been applied for to provide water exploration targets as well as provide a potential corridor for any gas pipeline that may be needed for the development of the Glenburgh project. See Figure 5

FORWARD PROGRAM

The RC drill program has been completed, with results expected to continue being received for the next month. The forward program includes:

- A further update to the resource estimate.
- Additional RC and diamond drilling along strike from the Torino prospect and down plunge from the high grade shoots at Zone 126.
- Additional Aircore drilling once all the aircore results are received and interpreted.
- Completion of the Scoping Study.

BASSIT BORE

E09/1088, 1750 & 1751 100% Gascoyne

Soil sampling at the Harrier prospect ahead of drilling has been completed. The sampling identified an anomalous gold trend broadly coincident with the mineralised quartz vein previously rock chip sampled returning up to 73 g/t gold.

RC drilling has been completed on the prospect with results expected in November.

BUSTLER WELL AND MT JAMES

E52/2348 E52/2343 100% Gascoyne

No exploration was undertaken during the quarter.

NEW PROJECTS

A number of tenements have been granted around the Higginsville and Murchison regions of Western Australia. Exploration activities will now commence on the tenements beginning with reviewing historical exploration and developing forward work programs.

In addition to the new tenements, a number of new opportunities have been (and are being) reviewed. If these opportunities are progressed further, they will be announced.

CORPORATE

During the quarter, a number of staff incentive options were issued to the key employees of the company. The number issued to each of the employees varied depending on their position, length of service to the company and potential impact that they can have on the company. It is considered appropriate to supplement their base salaries with incentive options. The options have an exercise price of 40c and expire in three years.

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Table One: Significant Glenburgh RC drill intersections (not previously announced). See separate company announcements dated 18th August, 8th and 15th September, 12th and 27th of October for full details of previously reported results

Hole	From (m)	To (m)	Interval (m)	Au Grade g/t
VRC554	9	11	2	0.9
VRC555	60	62	2	0.5
VRC556	51	56	5	0.5
VRC556	75	84	9	0.6
VRC559	39	51	12	0.7
VRC561	49	51	2	0.6
VRC561	84	87	3	0.6
VRC562	3	21	18	1.0
inc	3	6	3	2.8
VRC565	28	34	6	0.6

Table Two: Glenburgh RC drill hole details (not previously announced)

Hole_ID	MGA		Local		RL	Depth	Dip	MGA	Local	Prospect
	East	North	East	North				Azimuth	Azimuth	
VRC553	410515.9	7191690	12000	9960	330	108	-60	155	180	MUSTANG
VRC554	410553	7191729	12050	9980	330	90	-60	155	180	MUSTANG
VRC555	410590.1	7191768	12100	10000	330	108	-60	155	180	MUSTANG
VRC556	410573.3	7191805	12100	10040	330	108	-60	155	180	MUSTANG
VRC557	410523.2	7191914	12100	10160	330	102	-60	155	180	MUSTANG
VRC558	410489.7	7191986	12100	10240	330	90	-60	155	180	MUSTANG
VRC559	410674.6	7191824	12200	10015	330	108	-60	155	180	MUSTANG
VRC560	410862.6	7191894	12400	10000	330	96	-60	155	180	MUSTANG
VRC561	410903.8	7191924	12450	10010	330	114	-60	155	180	MUSTANG
VRC562	411077.7	7191905	12600	9920	330	96	-60	155	180	MUSTANG
VRC563	409940.1	7191387	11350	9925	330	102	-60	155	180	APOLLO
VRC564	410002.9	7191250	11350	9775	330	156	-60	155	180	APOLLO
VRC565	410606.8	7191732	12100	9960	330	180	-60	155	180	MUSTANG
VRC566	405236	7187735	5550	8575	330	72	-60	155	180	SW AREA
VRC567	405226	7187758	5550	8600	330	120	-60	155	180	SW AREA
VRC568	405327	7187777	5650	8575	330	66	-60	155	180	SW AREA
VRC569	405316	7187800	5650	8600	330	126	-60	155	180	SW AREA

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 or aircore 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 down hole surveys taken every 30m down hole.

RC Intersections have been reported using a 0.5g/t cut off 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

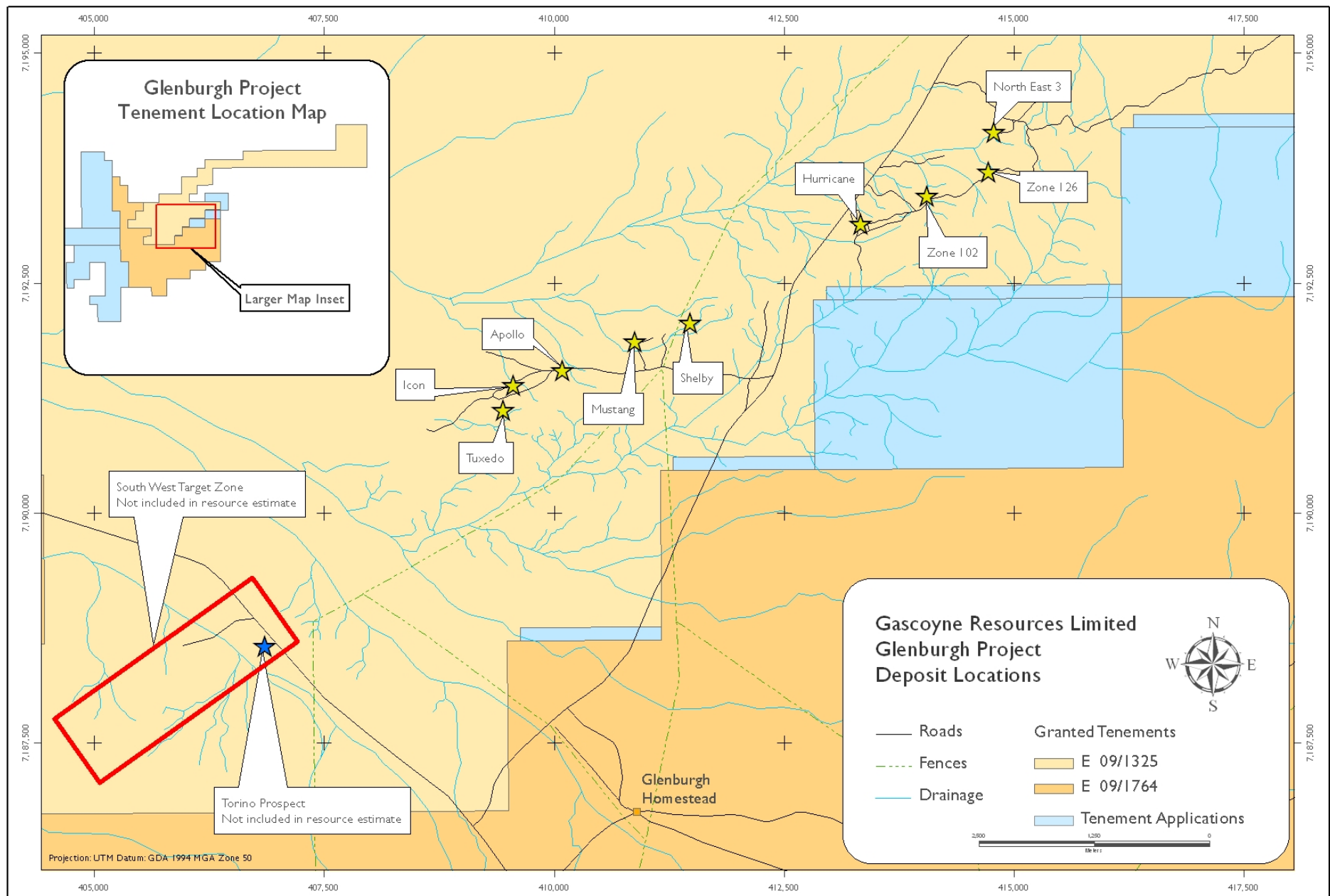


Figure 1: Glenburgh Prospect locations

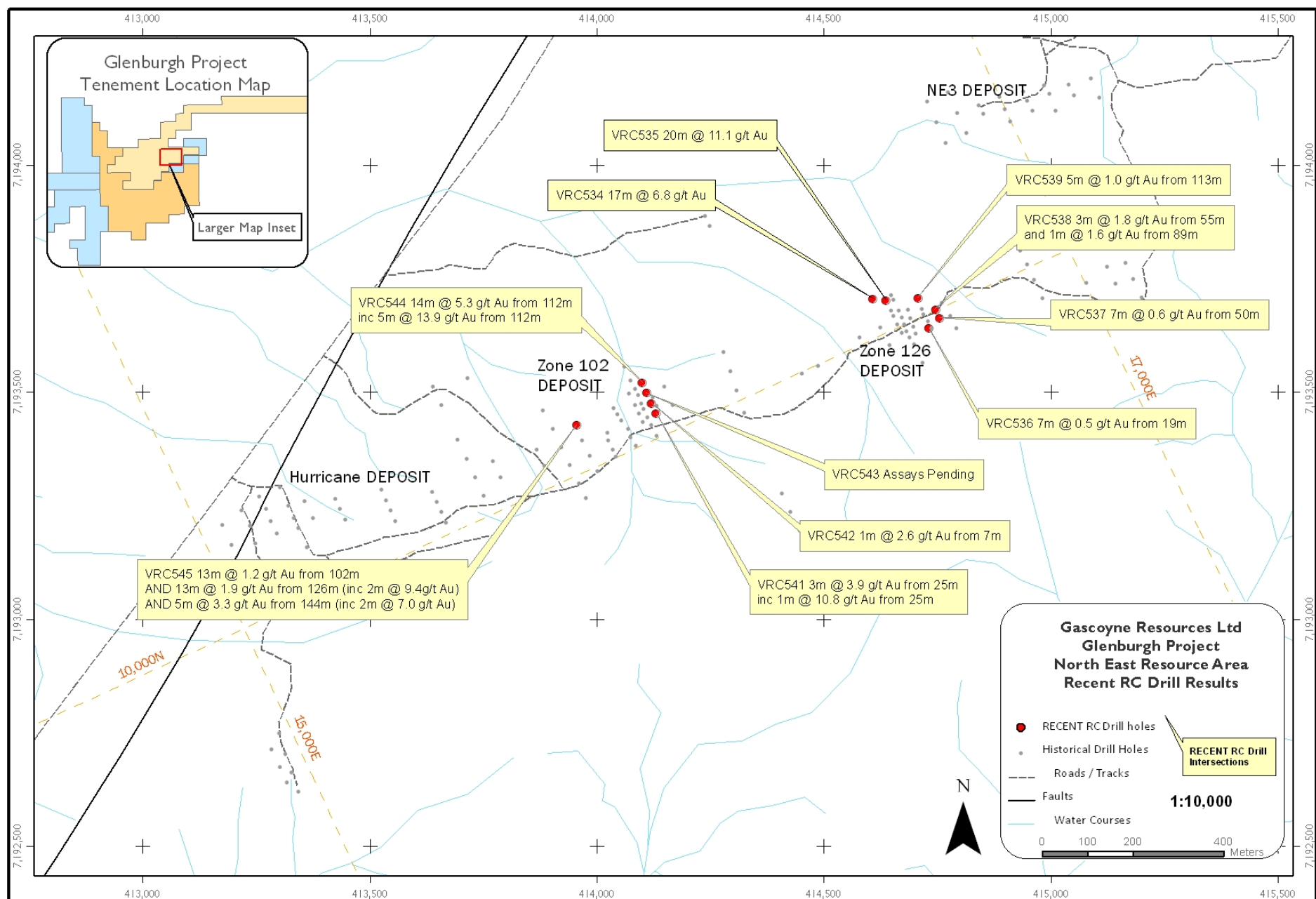


Figure 2: RC Drill Intersections from the North Eastern Prospects at Glenburgh

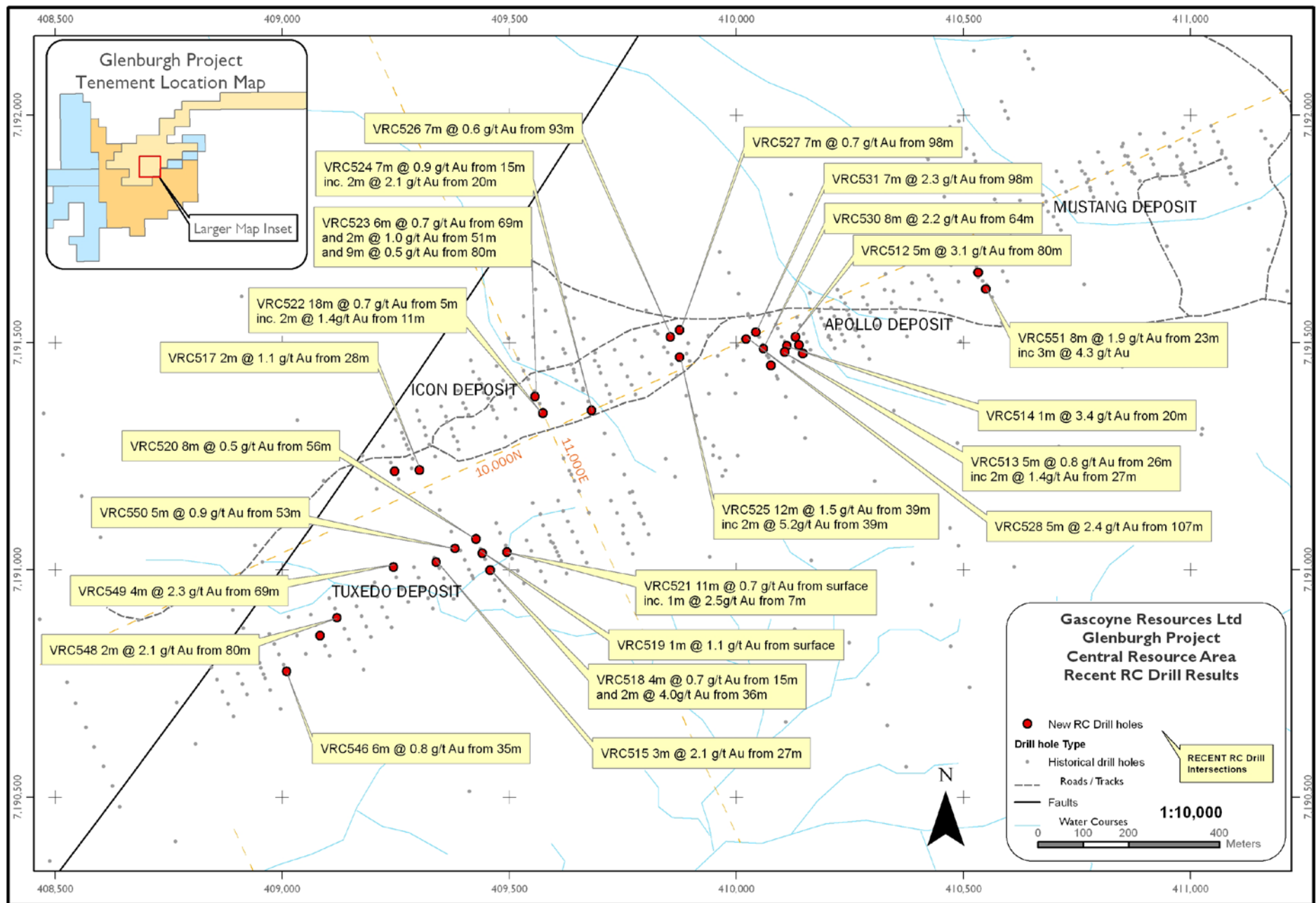


Figure 3: RC Drill Intersections from the Central Prospects at Glenburgh

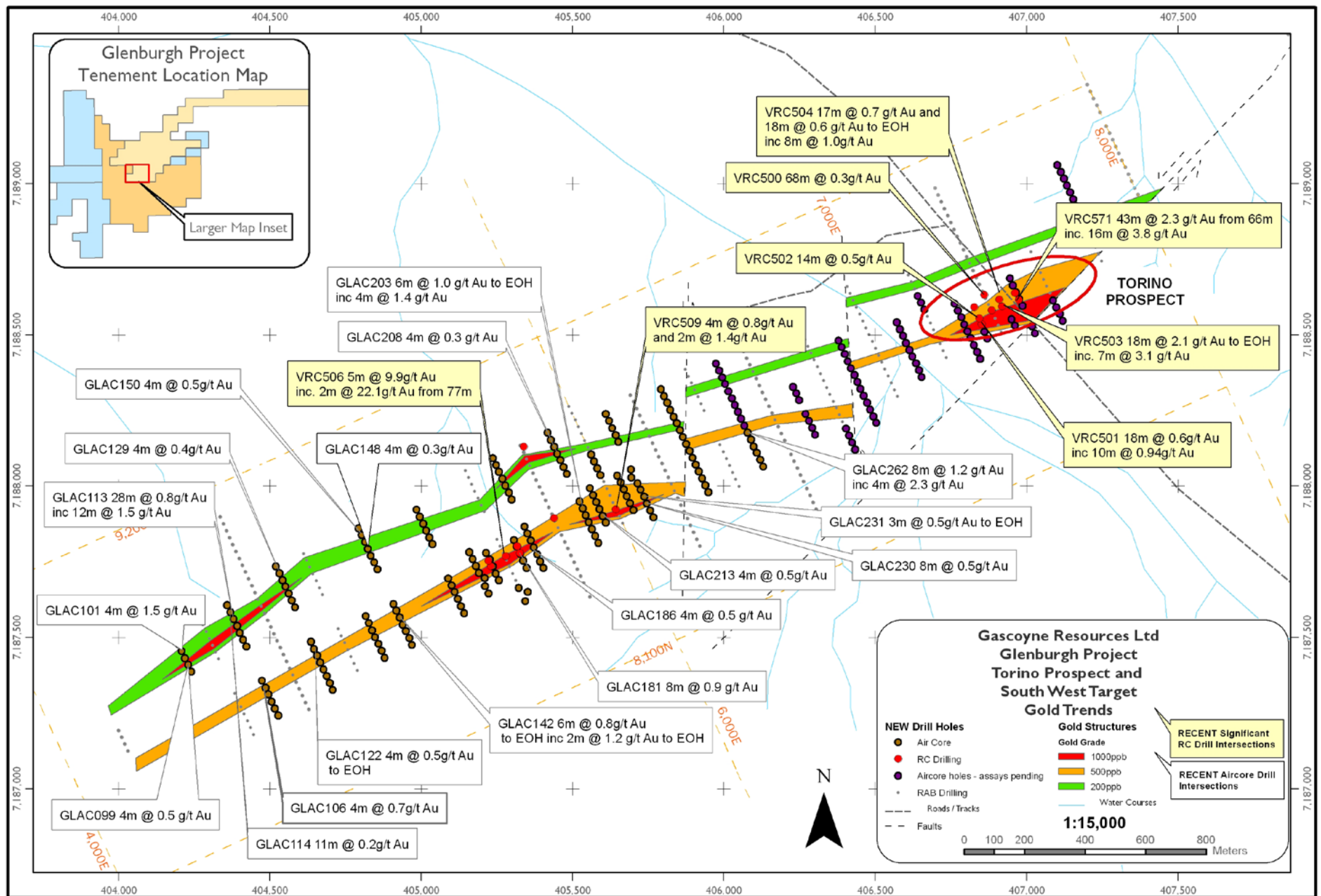


Figure 4: RC and Air core Drill Intersections from the South Western Area at Glenburgh

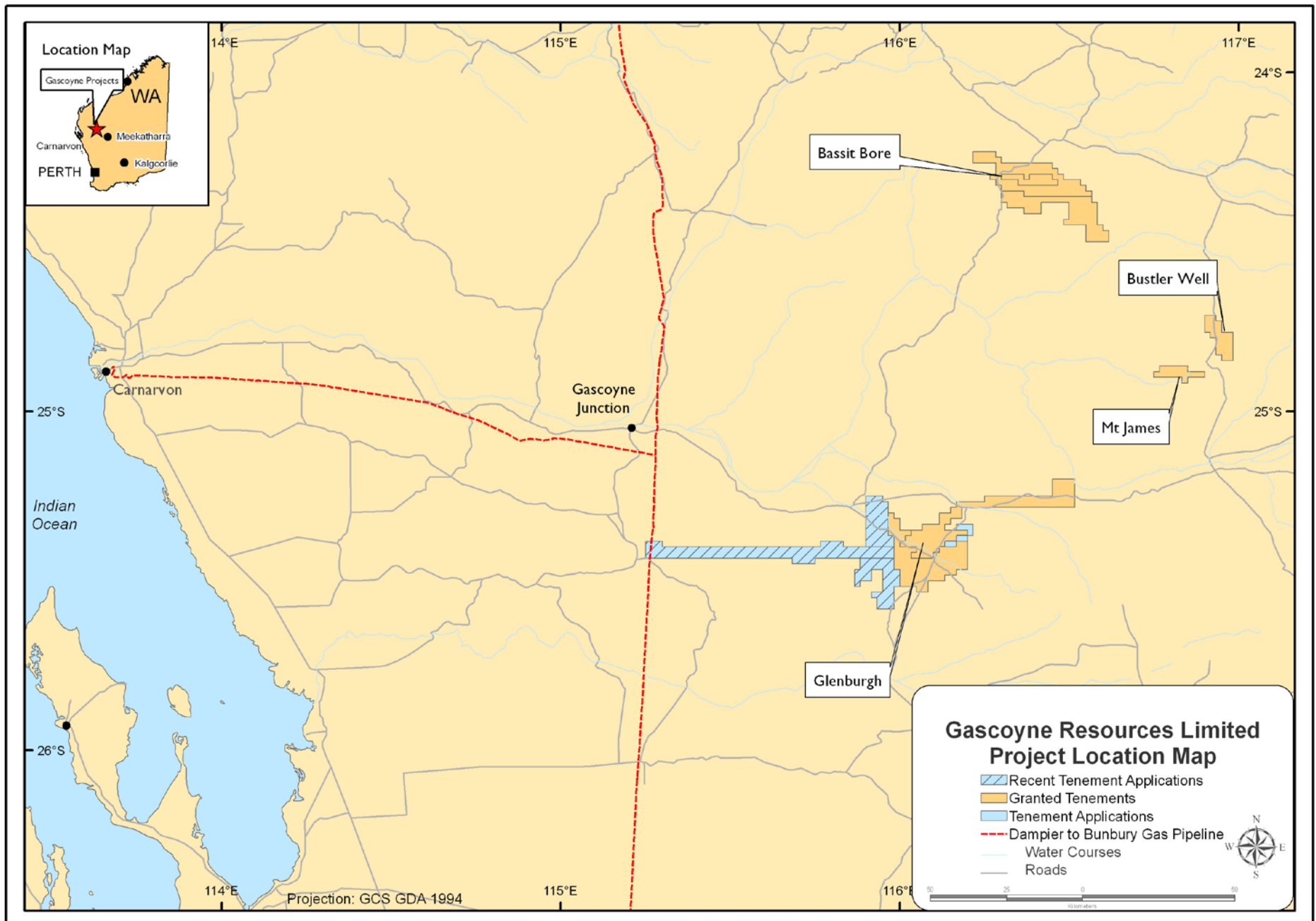


Figure 5: New Tenement Applications at Glenburgh

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 of Western Australia.

Gascoyne Resources is endowed with

- 100% of the Glenburgh Project in Western Australia, which has an inferred resource of: 13.8 Mt @ 1.2g/t Au for 520,000oz gold from several prospects within a 20km long shear zone. Considerable resource growth potential exists around the deposits as well as at regional targets that have had limited exploration over the last 15 years.
- Advanced exploration projects at Mt James where drilling has outlined a +1 g/t Au mineralisation over at least 2.5km strike within a 300m thick package of sheared mafic amphibolites and BIFs: and at Bustler Well where previous RC drilling returned narrow high grade intersections 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.
- Untested soil geochemical anomalies at Bassit Bore ready to be drilled and rock chip results of up to 73g/t Au.

Gascoyne Resources' immediate primary 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 is expected to lead to the development of a gold project based on the Glenburgh gold deposits.

Further information is available at www.gascoyneresources.com.au

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

57 139 522 900

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(865) (148)	(865) (148)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	65	65
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (Stamp Duty)		
	Net Operating Cash Flows	(948)	(948)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	 (23)	 (23)
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 Payments for security deposits	 (10)	 (10)
	Net investing cash flows	(33)	(33)
1.13	Total operating and investing cash flows (carried forward)	(981)	(981)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(981)	(981)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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)		
	Net financing cash flows		
	Net increase (decrease) in cash held	(981)	(981)
1.20	Cash at beginning of quarter/year to date	4,957	4,957
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,976	3,976

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	103
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 \$35k

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	1,250
4.2 Development	
4.3 Production	
4.4 Administration	250
Total	1,500

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	576	57
5.2 Deposits at call	3,400	4,900
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,976	4,957

+ See chapter 19 for defined terms.

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	E09/1946 Application E09/1947 Application P09/0471 Application P09/0472 Application P09/0473 Application P09/0474 Application E15/1265 Granted P15/5570 Granted P15/5571 Granted P15/5572 Granted P15/5573 Granted E58/0399 Granted	0% 0% 0% 0% 0% 0% 100% 100% 100% 100% 100% 100%	100% 100% 100% 100% 100% 100% 100% 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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	2,700,000 1,000,000	Nil Nil	<i>Exercise price</i> \$0.25 \$0.40	<i>Expiry date</i> 30 November 2011 31 August 2014
7.8	Issued during quarter	1,000,000	Nil	\$0.40	31 August 2014
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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: 31 October 2011

Print name: Eva O'Malley

+ See chapter 19 for defined terms.

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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